



MINUTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
TUESDAY, 24 JULY 2018

Held at 7.00 pm in the Council Chamber Area B, Rushcliffe Arena, Rugby Road,
West Bridgford

PRESENT:

Councillors K Beardsall (Chairman), G Davidson (Vice-Chairman), A Brown, N Clarke (substitute for F Purdue-Horan), B Cooper, J Greenwood, N Lawrence, A MacInnes and Mrs J Smith (substitute for R Hetherington)

ALSO IN ATTENDANCE:

A Bush	Director KPMG
A Collston	KPMG
C Williams	Head of Internal Audit - RSM

OFFICERS IN ATTENDANCE:

L Ashmore	Service Manager - Transformation
M Elliott	Constitutional Services Team Leader
P Linfield	Executive Manager - Finance and Corporate Services
S Whittaker	Financial Services Manager
J Wilkinson	Safety and Risk Management Advisor

APOLOGIES:

Councillors R Hetherington and F Purdue-Horan

1 Declarations of Interest

There were no declarations of interest.

2 Minutes of the Meeting held on 10 May 2018

The Minutes of the meeting held on 10 May, 2018 were approved as a correct record and signed by the Chairman.

3 Corporate Governance Group Annual Report 2017/18

Members of the Group considered the Corporate Governance Group Annual Report 2017/18.

It was **RESOLVED** that the Corporate Governance Group Annual report be approved and submitted to Council for consideration.

4 Health and Safety Annual Report 2017-18

The Safety and Risk Management Advisor presented the report of the Executive Manager - Transformation and Operations to provide a summary of the Council's occupational health and safety performance during the year 1 April 2017 to 31 March 2018. It was noted that the Annual Report was structured in such a way as to reflect Health and Safety Executive guidance. It summarises the Council's health and safety policies, procedures and activities that had taken place over the last year. The report also provided details on training programmes delivered, as well as provides numerical and statistical data and the proposed health and safety objectives for the year.

The Safety and Risk Management Advisor provided a presentation to highlight the main areas of the report. The presentation provided information on:

- the progress made in achieving goals, including:
 - reviewing the effectiveness of health and safety aspects at Rushcliffe Arena,
 - developing and evaluating the use of Lone working devices for the Council,
 - the Implementation of a new electronic accident form.
- Health and Safety training delivered to staff.
- the number of working days lost due to accidents.
- accidents involving members of the public.

Councillor Mrs Smith enquired whether the number of working days lost to accidents were due to long or short-term absences. The Safety and Risk Management Advisor advised that a great number of the days lost were due to a few long-term absences and provided information on the types of accidents and the number of working days lost that had contributed to the total number of working days lost. Councillor Davidson asked about the incidence rate for working days lost and how this was calculated. The Safety and Risk Management Advisor advised how the rate was calculated and advised that this calculation enabled direct comparisons to be made between years when the number of staff employed by the Council had reduced. Councillor Brown asked whether driver assessments were carried and out and was advised by the Safety and Risk Management Advisor that assessments were carried out for all employees who drove HGV or fleet vehicles. Members of the Group asked about the support offered to employees who were absent due to illness or injury to return to work. The Safety and Risk Management Advisor advised that where possible employees were encouraged to return to work and that this could be helped by the use of the fit note process by the GP which allowed employees to return to work early on a phased return and/or with adaptations to duties.

The Chairman asked about the provision of Health and Safety training for Councillors. The Safety and Risk Management Advisor advised that the personal safety training had been provided for Councillors during 2017, the Executive Manager – Finance and Corporate Services advised that Health and Safety training could be included on the Member Development Plan or provided by e-learning opportunities. The Chairman also enquired whether COSHH training was provided as this information had not been provided in the

report. The Safety and Risk Management Advisor advised that this training was offered cyclically but did not happen each year as most of the staff to whom this was relevant to were employed by Streetwise.

The Chairman and members of the Group thanked the Safety and Risk Management Advisor for attending and for answering their questions.

It was **RESOLVED** that the report be noted.

5 **Annual Fraud Report**

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal auditors attended the meeting to present the Annual Fraud Report. It had been resolved at its meeting on 10 May 2018 that an annual fraud report be brought to the July 2018 meeting of the Corporate Governance Group for approval (Minute No.45 2017/18). The purpose of this report was to provide an overview of general and specific fraud related issues that had arisen at the Council during 2017/18.

It was noted that in carrying out its functions and responsibilities Rushcliffe Borough Council was firmly committed to dealing with fraud or corruption and that it would deal equally with attempted and perpetrated fraud or corruption from inside or outside the Council. Mr Williams advised that the Council did not have a dedicated fraud prevention resource; however, it was the responsibility of managers as part of the internal control environment to identify fraud and if required, request RSM as the internal auditors to investigate any allegations of fraud. It was also noted that RSM in the course of their audits may also identify any fraud.

Mr Williams advised that the Council encouraged all individuals to raise any concerns that they had about the conduct of others within the Council via a whistleblowing policy which applied to all employees and those contractors working for the Council on Council premises, for example, agency staff. It was noted that there had been no whistleblowing concerns reported during 2017/18. It was noted that the National Fraud Initiative (NFI) was a data matching exercise that matched electronic data within and between public and private sector bodies to prevent and detect fraud. The officer's report provided information errors and fraud for Housing benefit awards, localised Council Tax support awards, taxi and alcohol licences, Council payroll records and Council Tax single person awards. It was noted that while no fraudulent activities had been detected there had been a number of errors found. The Executive Manager - Finance and Corporate Services advised that action was being taken to recover the housing benefit overpayments that had been made. Mr Williams advised that two allegations of fraud had been made during 2017/18 with subsequent Investigations being undertaken by management and for the one incident of fraud that had been identified members were reassured that control mechanisms had been improved to avoid any similar occurrence happening in the future.

Councillor Davidson asked whether the amounts of Council Tax single person discounts found to be erroneous were over or under payments. Mr Williams advised that the figures in the officer's report were net figures. The Chairman asked in the absence of dedicated staff resource for fraud detection what

processes were in place to enable suspected fraud to be reported and investigated. The Executive Manager advised that procedures were in place for the reporting and investigation of fraud. Members of the Group also asked several specific questions about the figures in the report.

The Chairman and members of the Group thanked Mr Williams for attending the meeting and for answering their questions.

It was **RESOLVED** that the report be noted.

6 **External Auditors Annual Governance Report 2017/18**

The Executive Manager – Finance and Corporate Services submitted a report requesting that the Corporate Governance Group received the report to those Charged with Governance and determined what comments, if any, should be referred to Council along with the Statement of Accounts. It was noted that the Council had continued to maintain a good quality Statement of Accounts and supporting working papers and that no significant issues had been identified during the audit.

The Executive Manager advised that as part of the final accounts process KPMG as the Council's appointed auditor, provided a detailed report on the conduct of the audit of the final accounts alongside representations on specific matters such as the Council's financial standing and whether the transactions with the accounts were legal and unaffected by fraud. The Report to those Charged with Governance, which covered these issues was attached as an appendix to the officer's report. It was noted that over the past few years significant improvements had been made to the year-end closedown process resulting in both a good quality Statement of Accounts and supporting working papers. This approach had helped the Council meet the new statutory deadline with the financial statements now having to be made available by 31 May and finalised for publication by the 31 July. The officer's report confirmed the improvement has been maintained which had assisted with a speedier closedown process leading to more time to quality assure documents and making the audit process more efficient. The Executive Manager advised that KPMG's Annual Governance Report 2017/18 confirmed an unqualified audit opinion would be issued along with a positive value for money conclusion.

The Executive Manager provided members of the committee with an overview of the Statement of Accounts that was attached as an appendix at agenda item 7 of the committee's agenda pack. Councillor Lawrence asked for a breakdown of the amount of income received from Government grants. The Executive Manager advised that this source of income was rapidly disappearing and that 47% of money received from Government grants was for the payment of housing benefit payments that the Council administered. Councillor Lawrence also asked about the "unusable reserves" that were referred to in the report. The Executive Manager provided information on these noting that they were in effect notional and accounting figures only. Councillor Clarke enquired how much of the Council's income was controllable and non-controllable. The Executive Manager advised that it was very hard to differentiate between controllable and non-controllable, as there were so many variables involved. Councillor MacInnes asked about the decline in income from investment properties and was advised by the Executive Manager that this was due to the

loss of income from tenants in the former Civic Centre building. The Chairman asked how often the Council's investment portfolio was reviewed and refreshed. The Executive Manager advised that officers worked with Arlingclose, who advised the Council on Treasury Management to regularly review where investments were made.

Mr Andrew Bush and Mr Alistair Collston of KPMG, the Council's external auditors, presented their Annual Governance Report 2017/18, which had been circulated prior to the meeting, and attached as an appendix to the officer's report, which provided headline findings and information. Mr Bush thanked the Executive Manager and the finance team for their support throughout the audit process.

The Chairman asked about the Council's Asset Investment Strategy which included the loan to Nottinghamshire County Cricket Club and the risks involved. Mr Bush advised that risk levels varied across all investments but that the risk that the Council was exposed to was at an acceptable level, he also assured the committee that KPMG, as the Council's external auditors were fully satisfied with the governance arrangements for managing the Cricket Club loan. The Chairman also asked whether it was possible to have a more detailed breakdown on the specific risks linked to each individual investment property. The Executive Manager advised that information on this had been provided at previous meetings of the Corporate Governance Group and that while risk varied between investments, reassured the committee that all risk had been properly and diligently assessed. The Chairman asked whether the risk for each investment could be shown on a scale of risk. Mr Bush advised that risk in this context was either significant or not, and as such could not be broken down further.

The Chairman and members of the committee thanked Mr Bush and Mr Collston for their excellent work in preparing the Annual Governance Statement and for attending the meeting to answer their questions.

It was **RESOLVED** that the External Auditor's Report to those Charged with Governance 2017/18 be supported.

7 **Statement of Accounts 2017/18**

The Executive Manager – Finance and Corporate Services submitted a report seeking approval for the Statement of Accounts for 2017/18 and for the Draft Management Representation letter to be submitted to Full Council for approval. The Statement of Accounts for 2017/18 and for the Draft Management Representation letter were attached as appendices to the officer's report.

It was **RESOLVED** that:

- a) the Statement of Accounts for 2017/18 be supported and referred to Full Council for approval.
- b) the Draft Management Representation letter, be approved for referral to Full Council.

8 Treasury Management Outturn 2017/18

The Executive Manager – Finance and Corporate Services and the Financial Services Manager presented a report to summarise the transactions undertaken during the 2017/18 financial year as part of the Treasury Management function. The report also provided information on the Council's commercial investment activity with regard to the new CIPFA Code ensuring there was both transparency and scrutiny in terms of both treasury and asset investment decision making. The Executive Manager – Finance and Corporate Services advised that the Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2017/18. It was noted that the report met the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Finance in Local Authorities (the Prudential Code).

The Financial Services Manager outlined the key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year. The Financial Services Manager provided information on the Council's debt and investment position, noting that the investments made in the CCLA Property Fund and with Newcastle City Council were delivering significant returns in a challenging investment market. Councillor Clarke asked why there had been an underspend for the Council's Capital Programme. The Executive Manager – Finance and Corporate Services advised that all the money allocated for asset investment had been spent. It was noted that the underspend related to the requirement for the reallocation of unspent growth deal funding to support other projects to be approved by the LEP as the money had originally been given to the Council by the LEP for specific projects which were either no longer required (and potential transfer to other projects) or programme slippage.

The Executive Manager advised that Government and CIPFA had recently issued new guidance on Treasury Management activity, which particularly focused on the role of longer-term investments specifically held to make a commercial return and noted that the Council's Asset Investment Strategy fell within this definition. The Executive Manager outlined the work of the Asset Investment Group's including current investments and its future plans. The Executive Manager advised that the Council's current property portfolio had a good spread of risk but noted that no investment was totally risk free. The Executive Manager also advised that moving forward the Asset Investment Group would be looking to take a more varied approach to investments and not just looking at property investment opportunities.

Councillor Mrs Smith asked about the 99-year lease on the Finch Close property and whether this would be written down annually. The Service Manager – Transformation advised that the property would be sold before the lease end. Councillor MacInnes enquired about the provision of training for councillors in commercialism to enable them to increase their understanding and to scrutinise effectively the Council's commercial investments. The Executive Manager advised that this would be included in the Treasury Management training (to be provided by Arlingclose) scheduled for November 2018. The Chairman noted his disappointment at the level of returns delivered by many of the Council's investments. The Executive Manager advised that the

information on returns included in the report provided a snapshot only of performance and noted that when making investments the primary concerns were security and liquidity rather than yield. The Executive Manager also noted the importance of liquidity so that assets could be accessed immediately if a good investment opportunity arose which would allow investment to be made with current assets rather than by using borrowing.

It was **RESOLVED** that the Treasury Management Outturn 2017/18 report be approved.

9 **Work Programme**

The committee considered its Work Programme.

It was **RESOLVED** that the Work Programme, as detailed below be approved.

20 September 2018

- Internal Audit Progress Report 2018/19
- Revenue and Capital Budget Monitoring – Quarter 1 2018/19
- Annual Audit Letter
- Work Programme

4 December 2018

- Internal Audit Progress Report – Quarter 2 2018/19
- Health and Safety Interim Report
- Treasury Management 2018/19 – Six Monthly Update
- Risk Management Progress Report
- Revenue and Capital Budget Monitoring - Quarter 2 2018/18
- Work Programme

7 February 2019

- Internal Audit Progress Report – Quarter 3 2018/19
- Treasury Management Strategy 2019/20
- Revenue and Capital Budget Monitoring – Quarter 3 2018/19
- Certification of Grants and Return Annual Report 2017/18
- Work Programme

9 May 2019

- External Audit Plan 2019/20
- Internal Audit Progress Report 2018/19
- Internal Audit Annual Report 2018/19
- Internal Audit Strategy 2018 – 2021
- IT Progress Report
- Risk Management Progress Report
- Annual Governance Statement
- Work Programme

The meeting closed at 9.03 pm.

CHAIRMAN