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Our reference:
Your reference:
Date: Monday, 16 July 2018



To all Members of the Corporate Governance Group

Dear Councillor

A Meeting of the Corporate Governance Group will be held on Tuesday, 24 July 2018 at 7.00 pm in the Council Chamber Area B, Rushcliffe Arena, Rugby Road, West Bridgford to consider the following items of business.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julian Crowle'.

Julian Crowle
Monitoring Officer

AGENDA

1. Apologies for absence
2. Declarations of Interest
3. Minutes of the Meeting held on 10 May 2018 (Pages 1 - 10)
4. Health and Safety Annual Report 2017-18 (Pages 11 - 18)

The report of the Executive Manager – Transformation and Operations.
5. External Auditors Annual Governance Report 2017/18

The report of the Executive Manager – Finance and Corporate Services.

Report to follow.
6. Statement of Accounts 2017/18

The report of the Executive Manager – Finance and Corporate Services.

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9am - 1pm

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Report to follow.

7. Treasury Management Outturn 2017/18 (Pages 19 - 36)

The report of the Executive Manager – Finance and Corporate Services.

8. Annual Fraud Report (Pages 37 - 42)

The report of the Executive Manager – Finance and Corporate Services.

9. Corporate Governance Group Annual Report 2017/18 (Pages 43 - 54)

The report of the Executive Manager – Finance and Corporate Services.

10. Work Programme (Pages 55 - 56)

The report of the Executive Manager – Finance and Corporate Services

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**MINUTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY, 10 MAY 2018**

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

PRESENT:

Councillors K Beardsall (Chairman), A Dickinson (substitute for A Brown),
M Buckle, R Hetherington (substitute for Mrs J Smith), N Lawrence,
A MacInnes, S Matthews and F Purdue-Horan

ALSO IN ATTENDANCE:

A Bush	Director KPMG
P Linfield	Executive Manager - Finance and Corporate Services
N Carter	Service Manager - Finance & Commercial Services
T Coop	Constitutional Services Officer
L Ashmore	Service Manager - Transformation
K Thompson	Interim Chief Information Officer
C Williams	Head of Internal Audit - RSM

APOLOGIES:

Councillors G Davidson, A Brown and Mrs J Smith

36 Declarations of Interest

There were no declarations of interest.

37 Minutes of the Meeting held on 8 February 2018

The minutes of the meeting held on 8 February 2018 were accepted as a true record.

38 External Audit Plan 2017/18

Mr Andrew Bush, a Director at KPMG, the Councils external auditors, provided a report that summarised their plan for external audit activity with regard to the final accounts process and their approach to value for money work in relation to the financial year 2017/18.

Mr Bush highlighted a number of risks concerning the audit, focusing on both financial statements and value for money. Mr Bush provided examples in respect of pension liability, financial resilience and ensuring that our accounts are closed down in a timely manner given the tighter constraints in the new legislation commencing this year.

The Executive Manager – Finance and Corporate Services provided supporting information and noted that due to new legislation the audit cycle had now changed which meant that Statement of Accounts was now required to be approved by Council by the end of July, rather than by the end of September, as in previous years. It was noted the conclusion of the work undertaken by KPMG, the final Statement of Accounts, and the auditors Annual Governance Report, are to be considered by Corporate Governance Group on the 17 July 2018 and by Council on 26 July 2018. Members of the Group asked several specific details about the plan.

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

It was RESOLVED that the External Audit Plan 2017/18 be supported.

39 **Internal Audit Progress Report 2017/18**

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal auditors presented the Council's Internal Audit Progress Report 2017/18. It was noted that the progress report was the third report for the financial year 2017/18 and that it provided the current position on the audit programme, along with details of any significant recommendations concerning the audits completed during this period.

Mr Williams advised the Group that the Internal audit Plan 2017/18 had included 14 planned reviews, all of which had been completed. The report highlighted the completion and issuing of 8 reports:

- Corporate Governance
- Main Accounting
- Data Protection
- Contract Management
- Creditors and e-procurement
- Follow up
- Allowances
- Cyber Security an ISO27001

Mr Williams noted that all assignments had received a positive assurance. In terms of findings there were four medium priority recommendations:

- Corporate Governance – Transparency Code information needed to be kept up to date on the Council's website.
- Contract Management – The Council's Contract Register needed to be reviewed and updated
- Contract Management – to ensure that formal agreements were in place with all contractors
- Follow up – one medium priority relating to Land charges reconciliation which remained outstanding

Members of the group considered the report and questioned the risk in respect of cyber security and ISO27001 and whether RSM had the expertise in house

to conduct audits in these areas. The Executive Manager – Finance and Corporate Governance assured the group that RSM had the required expertise to manage this type of audit. Mr Williams advised that because of the testing undertaken by RSM, the six low priority findings that had been identified had had management actions agreed in respect of the findings.

Members of the Group expressed concerns on the findings and implications in respect of Contract Management, where out of the 20 samples that had been tested three were found to not have a formal signed contract or could not be located. The Executive Manager – Finance and Corporate Services provided assurance that an additional step would be added to the procurement process to ensure that the contract could not be marked as complete until a formal contract had been entered into with the Contractor, adding that the target date that all contracts would be up to date and completed is by 31 July 2018.

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

40 **Internal Audit Annual Report 2017/18**

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal auditors, presented the Council's Internal Audit Annual Report 2017/18. It was noted that the report was the last report for the financial year and showed that all audits had been completed for the year, along with recommendations made.

The report highlighted the completion of the Internal Audit Plan for 2017/18 in accordance with the Public Sector Internal Audit Standards. Mr Williams advised that the overall opinion was positive and that the Council response to previous audits and recommendations was good. Mr Williams advised that RSM had concluded that the Council had an adequate and effective framework for risk management, governance and internal control.

The group considered the report and questioned on what basis were areas considered for audit sampling. Mr Williams advised that the plan was flexible and provided a broad spectrum for internal audit and felt that a 3-year plan was sufficient.

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

41 **Internal Audit Strategy 2018-2021**

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal auditors presented a report and on the Internal Audit Strategy 2018/19 – 2020/21. Mr Williams advised that the approach that RSM had developed the audit plan with regard to the Council's corporate objectives, risk profile and assurances framework, as well as other factors affecting the Council in the year ahead, including changes within the public sector.

Mr Williams concurred with the Council's view that it was best practice to produce an annual fraud report and that this was not currently included within the Council's plan for 2018/19. Mr Williams proposed, with the support of the Executive Manager – Finance and Corporate Services that, 2-3 days should be allocated from the 10 days contingency included in the plan for a fraud report to be produced, with a view to it being considered by Corporate Governance

Group at its meeting in July 2018.

Members of the Group considered the report and raised their concerns regarding business continuity and the Council's ability to respond as a result of a 'disaster', for example; cyber-attack, fire or flu pandemic. The Executive Manager – Finance and Corporate Services informed members that business continuity did not currently form part of the strategy and suggested that he met with Mr Williams at a later date with a view to adding it into the Strategy (possibly taking some of the days from the Health and Safety Audit). The Interim Chief Communication Officer added that IT had recently completed a disaster recovery exercise successfully.

It was **RESOLVED** that:

- a) the Internal Audit Strategy and Audit Plan 2018/19 to 2020/21 be approved.
- b) an annual fraud report be included in the Audit Strategy and Audit Plan 2018/19 to 2020/21, with the intention that the report be brought to the July 2018 meeting of the Corporate Governance Group for approval.

42 **GDPR & ISO27001 Update**

The Interim Chief Information Officer provided a report and presentation to provide an update on the implementation the General Data Protection Regulation (GDPR) and the progress being made towards ISO27001.

It was noted that with regard to the implementation of actions and changes in readiness for the General Data Protection Regulation (GDPR) on the 25 May 2018, the Council had made good progress in identifying, assessing and implementing the changes required to meet its obligations associated with the new data protection legislation.

The Interim Chief Information Officer noted that November 2017 a formal GDPR Project Board had been established and that an action plan had been implemented based on the twelve work streams recommended by the Information Commissioners Office regarding the implementation of GDPR. The Interim Chief Information Officer advised that the Project Board had met regularly to assess progress and to review and update the GDPR action plan. To date it was reported that significant progress had been achieved and the action plan was providing an effective framework for delivering and embedding further improvements relating to information management and data protection.

The Interim Chief Information Officer advised that the Council has been tracking its Information management arrangements and compliance against the Information Security Management Standard ISO27001:2013 (Standard). The ISO27001:2013 standard was a more comprehensive set of controls covering not just technical controls but addressing areas related to GDPR such as physical security, human resources, training, information classification, supplier management and compliance with legal and contractual requirements. The Interim Chief Information Officer advised that the progress the Council had made in relation to management and due diligence around its IT systems and supplier contracts had had a positive impact on some control areas within the

standard.

The Interim Chief Information Officer noted that consideration was being given in regard to applying for external assessment against the ISO27001 standard and added that achieving certification would demonstrate the Council's professional approach to ICT management which would be a positive achievement as the Council sought further commercialisation opportunities in the future.

Members of the Group supported the ambition of the Council for applying for the ISO27001 accreditation and the Chairman noted that this was an internationally recognised assessment and suggested that the Council should consider applying for a UKAS accreditation.

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

43 **Risk Management Update**

The Service Manager – Transformation presented a report on the progress made since the meeting on 8 December 2017 and to provide a summary of the activities associated with updating the Council's risk register and the work relating to the Council's emergency planning and business continuity functions.

The Service Manager – Transformation advised that there were currently 34 corporate risks and that this number was unchanged since the last report. The number of operational risks had remained at 29, with one risk deleted and a new one added bringing the total number of risks to 63. Members of the Group were assured that the risk register was a live document which was reviewed regularly by risk holders and the Executive Management Team. Members of the Group requested that for the next Corporate Risk Update that a matrix be added to the table, so that comparisons could be made with the figures previously reported.

The Service Manager – Transformation updated the Group on Emergency Planning and provided an overview of the work carried out by the Emergency Planning Officer. Members were assured that training had been delivered to three staff on the Resilience Direct mapping software, providing support to the Executive Management Team and multi-agency coordinating groups. Training on water awareness had also been delivered to three new depot officers who would be responsible for responding to flooding incidents. It was noted that work was being conducted around counter terrorism and hostile vehicle mitigation measures and that this work was being led by the Nottinghamshire County Council Emergency Planning Team. Members of the Group were advised that the main focus of this work was the replacement of the temporary barriers around the Forest Ground and Trent Bridge cricket ground. The Service Manager – Transformation advised the group that multi-agency emergency planning exercises had been implemented and that members of the Executive Management Team and the Emergency Planning Officer had attended these events.

Members of the Group expressed concerns over Councillors expectations and involvement in the emergency planning processes, and proposed that Councillors be provided with information on their role regarding emergency

planning. Members of the Group noted that in the event of an emergency that it was not for the ward Councillor to be contacted by residents in the first instance. The Executive Manager – Finance and Corporate Services proposed that that he would come back with a response for the next meeting..

It was **RESOLVED** that:

- a) the report be noted.
- b) That the Executive Manager – Finance and Corporate Services provide further information on Members’ role with regards to Emergency Planning by the next meeting..
- c) the actions taken to review the risk management arrangements and implement internal audit recommendations be supported.
- d) the work of the Emergency Planning Officer be supported and that the work of the Local Resilience Forum be endorsed.

44 **Annual Governance Statement**

The Service Manager – Finance and Corporate Services presented the Annual Governance Statement 2017/18 in accordance with the Accounts and Audit Regulations 2015.

The Service Manager – Finance and Corporate Services highlighted the significant governance issues covered in the statement as well as what remedial action would be taken in order to address the risks identified. Members of the Group were satisfied that an action plan addressing issues and risks would be incorporated into the final version of the Annual Governance Statement which would be considered by the Corporate Governance Group, alongside the Statement of Accounts 2017/18 at its meeting on 17 July 2018.

It was **RESOLVED** that Annual Governance Statement 2017/18 be approved.

45 **Work Programme**

The Executive Manager – Finance and Corporate Services provided a report that set out the Work Programme for Corporate Governance Group for the next year, adding that the Group’s Annual Fraud Report would be considered at the meeting on 18 July 2018.

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

Work Programme

17 July 2018

- Statement of Accounts 2017/18
- External Auditors Annual Governance Report 2017/18
- Health and Safety Annual Report

- Corporate Governance Group Annual Report 2017/18
- Fraud Annual Report 2017/18
- Work Programme

20 September 2018

- Internal Audit Progress Report Quarter 1 2018/19
- Treasury Management Outturn 2017/18
- 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 2018/19
- 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

Action and Sheet

CORPORATE GOVERNANCE GROUP – THURSDAY 10 MAY 2018

Minute No.	Action	Officer Responsible
41	That an annual fraud report be included in the Audit Strategy and Audit Plan 2018/19 to 2020/21, with the intention that the report be brought to the July 2018	Executive Manager – Finance and Corporate Services

	meeting of the Corporate Governance Group for approval.	
43	That the Executive Manager – Finance and Corporate Services provide further information on Councillors’ role with regards to Emergency Planning by the next meeting.	Executive Manager – Finance and Corporate Services


The meeting closed at 9.07 pm.

CHAIRMAN

ACTION SHEET RESPONSES- 24 July 2018

Minute No	Action	Officer	Response
41	An annual fraud report be included in the Audit Strategy and Audit Plan 2018/19 to 2020/21, with the intention that the report be brought to the July 2018 meeting	Executive Manager – Finance and corporate Services	Annual Fraud Report included in the Agenda for 24 July 2018
43	Further information is provided on Members' role with regards to Emergency Planning by the next meeting	Executive Manager – Finance and Corporate Services	Information provided in Councillors Connection on 15 May 2018

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 <p>Rushcliffe Borough Council</p>	<p>Corporate Governance Group</p> <p>24 July 2018</p> <p>Health and Safety Annual Report 2017/18</p>
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Report of the Executive Manager – Transformation and Operations

1. Summary

- 1.1. Attached to this report is an abridged version of the Council's Health and Safety Annual Report which provides a summary of the Council's occupational health and safety performance during the year 1 April 2017 to 31 March 2018. The full version of the annual report is available on the Member's Extranet.
- 1.2. The Annual Report is 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 which have taken place over the last year. It also sets out training programmes delivered, provides numerical and statistical data and the proposed health and safety objectives for the year.
- 1.3. A powerpoint presentation will be delivered to Corporate Governance Group which will highlight the main points to consider within the report.

2. Recommendation

- 2.1. It is RECOMMENDED that the Corporate Governance Group:
 - a) considers the detailed information contained within the Annual Health and Safety Report,
 - b) notes the significant progress made against the health and safety goals and objectives previously agreed by the Group for the financial year 2017/18; and
 - c) endorses the proposed health and safety objectives for 2018/19 as set out in the report.

3. Implications

3.1. Finance

- 3.1.1. There are no financial implications.

3.2. Legal

3.2.1. There are no legal implications.

3.3. Corporate Priorities

3.3.1. Maintaining and enhancing our residents' quality of life.

3.4. Other Implications

3.4.1. None

For more information contact:	Joanne Wilkinson Health and Safety Advisor 0115 914 8561 jwilkinson@rushcliffe.gov.uk
Background papers Available for Inspection:	Health and Safety Annual Report 2017/18
List of appendices (if any):	Appendix 1 – Health and Safety Annual Report 2017/18 – abridged version

HEALTH AND SAFETY ANNUAL REPORT

April 2017 to end March 2018

1. INTRODUCTION

- 1.1 This annual report sets out the Council's occupational health and safety performance during the year 1 April 2017 to 31 March 2018. It provides a summary of the effectiveness and success of the health and safety control measures the Council has in place with evidence showing training delivered, progress towards meeting health and safety aims and objectives and the number of accidents recorded.

2. KEY ACTIVITIES

2.1 Table of Staff Training

Course Subject	Number of Staff attended	% of those requiring training who have been trained
Health and safety Induction	22	100%
Personal Safety	12	80%
Arena Fire procedure for Facilities Staff	10	100%
Emergency First Aid	33	90%
Water Awareness	2	100%
Resilience training for Managers	30	68%
Resilience training for staff	23	
Working Safely	24	96%
Driver CPC	25	100%
Manual Handling practical training	41	100%
Fire safety Training e-learning	33* (164 total)	79%
Display Screen Equipment e-learning	37* (169)	78%
Legionella awareness e-learning	31	66%
Asbestos awareness e-learning	26	49%
Manual handling e-learning	30* (98 total)	51%

* this figure shows the number trained in this 12 month period, the figure in brackets shows the cumulative total within the last three years.

2.2 Meetings of Health and Safety Groups

Meeting	Frequency of meetings	attendees
Corporate Health and Safety Group	Six monthly	Executive Management Team
Employee Health and Safety Group	six monthly July 2017 January 2018	Executive Manager Transformation and Operations, Health and Safety Advisor, 8 work place representatives
Legionella, Asbestos and Tree Management Group	twice yearly September 17 April 2018	Executive Manager Transformation and Operations Relevant managers Health and Safety Advisor
Depot	monthly team meetings	all collection teams

2.3 Occupational Health

	Attendance numbers Apr 17 to end March 18	Comment
Pre-employment medicals	42	All potential new employees are assessed through a pre-employment questionnaire at the time of job offer and prior to commencing their role with the Council
HGV Medical	6	Medical assessments as required for HGV drivers
Flu injections		October 2017

3. PROGRESS TOWARDS ACHIEVING HEALTH AND SAFETY GOALS

Review the effectiveness of health and safety aspects relating to the Arena	Completed by February 2018 and findings shared with health and safety groups. Main findings <ul style="list-style-type: none"> • positioning of the first aid boxes • reminder to staff about workstation assessments whilst hot desking and remote working
Develop and evaluate the use of Lone working devices for the Council	Reviewed via a working Group. Review ensured all service areas have adequate controls in place based on the risks. The Group determined that there was no desire to look at implementing an external monitoring device at this time.

Implementation of a new electronic accident form	The electronic form is now in place and available to all staff who have access to the Intranet. A paper copy is still available.
Work towards Silver award for Workplace Health (submission June 2018)	Awarded the Nottinghamshire's Workplace Health Silver Award in June 2017 a year earlier than anticipated.
Review and update the following policies: - Health and safety policy for the safe use of mobile phones - Policy for the safe driving at work	The Mobile Phone Policy was reviewed and updated in May 2017. The Driving at Work Policy has been reviewed and updated and currently undergoing consultation
To audit Streetwise in two of its high risk areas to be determined	Audits completed on the following high risk areas; Removal of flytipped asbestos, Quad bike weed spraying.

4. PERFORMANCE

4.1 Accident report forms completed

Establishment figure head count	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	388	370	358	340	338-303*	291	285	275
Depot	83	38	45	34	19	24	18	15
Civic (Arena)	9	4	5	5	4	2	2	3
Community Contact Centre	0	0	1	1	1	1	1	0
Community Facilities	2	5	5	2	1	1	1	1
Total	94	47	56	42	25	28	22	19

*The establishment figure dropped from 338 to 303 from 1st September with the move of Streetwise.

4.2 Accident Report Forms by type

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Struck by Moving Object	21	16	14	8	4	9	4	5
Strike against fixed object	8	7	6	5	1	5	6	2

Slip / Trip / Fall	26	12	26	9	11	4	5	9
Manual Handling	21	8	6	12	6	8	7	3
Animal attack (e.g. dog)	9	1	3	3	2	0	0	0
Other (Shock/Contact with liquids)	9	3	1	5	1	2	0	0
Total	94	47	56	42	25	28	22	19

4.3 The number of employee days lost due to accidents

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18
Number of days lost	155.5	36	166	38	102	262.5	77	161

4.4 The following table shows the incident and injury type for those accidents which resulted in time lost

Incident Type	Injury type	Location	Time lost in days
Manual handling	Shoulder	R2Go	97
Slip trip fall	Strained ankle	R2Go	13
Manual handling	Back strain	Facilities	3
Struck by moving object	Injury to arm	R2Go	46
Struck by moving object	Bruised arm	R2Go	2
Total			161 days

4.5 The number of RIDDOR injuries, illnesses and dangerous occurrences involving Council employees

2017 – 2018	3 RIDDOR reports
2016 – 2017	4 RIDDOR reports
2015 – 2016	7 RIDDOR reports
2014 – 2015	3 RIDDOR reports

4.6 Accidents to the public

	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18
Member of Public	9	14	10	10	15	25	10	2
Contractor	0	0	0	0	1	1	0	0

5. LEISURE CENTRE FACILITY FIGURES

See table in Appendix 1

- 322 accidents to members of the public in this 12 month period
- This compares to 363 for 2016/17

6. CONCLUSION AND NEW OBJECTIVES

6.1 The information reported in relation to the management of health and safety indicates that figures for number of accidents has decreased when compared to the previous year 2016/17, which is encouraging.

6.2 The figure for days absent from work as a result of an accident whilst at work has increased significantly when compared to the previous year, however this figure does fluctuate greatly from year to year. Within this 12 month period, 5 of the accidents resulted in time off from work. As always, employees are encouraged to return to work and this can be helped by the use of the fit note process by the GP which allows employees to return to work earlier on phased return and/or with adaptations to duties.

6.3 All the Health and safety objectives set at the beginning of the financial year have been met.

6.4 In order to ensure continuing development in health and safety policies and practice the following objectives have been determined for the forthcoming year. These objectives have been identified by giving due regard to the issues highlighted in the report.

- Completion of low risk health and safety audits across the authority (last completed 2014/15)
- Review policies that are greater than 3 years old
- Look at new standard for Gold award for Workplace Health and work towards achieving if appropriate
- To audit Streetwise in two of its high risk areas to be determined

Table of accident statistics for Leisure Centres 2017/18

	Apr 17	May 17	Jun 17	July 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	RIDDOR	Total Accidents Public	Total Staff	Total attendance figures
East Leake	3	5	6	5	2	3	2	5	1	5	2	5	0	44	0	216,630
Bingham Leisure Centre	6	4	1	2	4	0	2	10	5	7	8	12	0	61	3	294,431
Cotgrave Leisure Centre	12	4	6	10	8	12	9	5	4	4	7	12	0	93	8	226,246
Rushcliffe Arena	4	7	5	11	14	4	10	7	3	10	8	8	1	91	4	547,453
Keyworth Leisure Centre	4	2	5	3	3	0	3	2	2	4	3	2	0	33	0	116,106
Total	29	22	23	31	31	19	26	29	15	29	28	39	1	322	15	1,400,866



Corporate Governance Group

24 July 2018

Rushcliffe
Borough Council

Treasury Management Outturn 2017/18

Report of the Executive Manager – Finance and Corporate Services

1 Summary

- 1.1 The purpose of this report is to summarise the transactions undertaken during the 2017/18 financial year as part of the Treasury Management function.
- 1.2 During the year the Corporate Governance Group received the half-yearly treasury management update report on 5 December 2017 and a training session from the Council's treasury advisors, Arlingclose, which was well received by Members across the Council.
- 1.3 The report also provides information on the Council's commercial investment activity as it embraces the new CIPFA Code ensuring there is both transparency and scrutiny in terms of both treasury and asset investment decision making.

2 Recommendations

- 2.1 It is recommended that the report is agreed by the Corporate Governance Group.

3 Reasons for Recommendation

- 3.1 This 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. This report meets 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).

4 Supporting Information

Treasury Management

Prudential Indicators Summary

- 4.1 During 2017/18 the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year are as follows:

Prudential and treasury indicators	2016/17 Actual £000	2017/18 Estimate £000	2017/18 Actual £000
Capital expenditure	18,364	22,535	9,816
Capital Financing Requirement	9,563	14,336	9,300
Investments	(33,903)	(12,000)	(23,982)

- 4.2 The approved capital programme for 2017/18 was £22.535 million, with a further £114,000 accelerated from 2018/19. Actual expenditure against the approved programme was £9.816 million, with carry forwards of £12.175 million approved by Cabinet on 12 June 2018 and there were savings totalling £658,000. The reduction in the investment balance between years reflects the increase in investment asset acquisitions.

Capital Expenditure and Financing

- 4.3 The Council undertakes capital expenditure on both its own long-term assets and on grants that can be capitalised under statute (capital payments to third parties). These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc) which has no resulting impact upon the Council's borrowing need; or
 - If insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 4.4 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed:

	2016/17 Actual £000	2017/18 Estimate £000	2017/18 Actual £000
Capital Expenditure	18,364	22,535	9,816
Less Financed by:			
Capital Receipts	(3,538)	(15,277)	(6,455)
Capital Grants	(3,525)	(3,886)	(2,119)
Reserves	(1,233)	(689)	(505)
Increase in Borrowing Need	10,068	2,683	737

The Council's Overall Borrowing Need

- 4.5 The Council's underlying need to borrow for capital expenditure is called the Capital Financing Required (CFR). The CFR represents the net capital expenditure in 2017/18 and prior years that has not yet been paid for by revenue or other resources.
- 4.6 Part of the Council's treasury management activity is to organise the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be through utilising temporary cash resources within the Council (internal borrowing) or sourced through borrowing from external bodies, for example, the Public Works Loan Board (PWLb).

- 4.7 Where a positive CFR exists, the Council is required by statute to make an annual charge called the Minimum Revenue Provision (MRP) to reduce the CFR based on the life of the relevant assets. This provision effectively raises cash to either help repay loans or replenish internal borrowing
- 4.8 The total CFR can be reduced by:
- The application of additional resources (such as unapplied capital receipts); or
 - Charging more than the statutory revenue charge (MRP) each year through a voluntary revenue provision (VRP).
- 4.9 For 2017/18 the Council decided to set the MRP at £1m mainly to recover internal borrowing for the Arena.
- 4.10 The Council's CFR for 2017/18 represents a key prudential indicator and is shown below. The table shows that the additional borrowing need of £737,000 in 2017/18 has given rise to a reduction in the CFR of £263,000, after deducting the MRP of £1m.

Capital Financing Requirement (CFR)	2016/17 Actual £000	2017/18 Actual £000
Opening Balance	(505)	9,563
Add: unfinanced Capital Expenditure (per above)	10,068	737
Less: MRP/VRP	0	(1,000)
Closing Balance	9,563	9,300

Net Borrowing, CFR, Authorised Limit and Operational Boundary

- 4.11 The borrowing activity is normally constrained by prudential indicators for net borrowing, the CFR and by the Authorised Limit for external debt.
- 4.12 The authorised limit is the "affordable borrowing limit" required by section 3 (1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited and was set at £31m.
- 4.13 As the Council did not need to resort to external borrowing during 2017/18 these indicators are not applicable
- 4.14 Similarly, the Council is required to set an operational boundary, which is the expected borrowing position of the Council during the course of the year. The operational boundary is not a limit and actual borrowing can be either below or over the boundary subject to the authorised limit not being breached. The Operational Boundary was set at £26m, however, no borrowing was undertaken.

The Ratio of Financing Costs to Net Revenue Streams

- 4.15 This compares net financing costs (borrowing costs, including interest foregone from the use of cash balances less investment income) to net

revenue income. This indicator shows how the proportion of net income used to pay for financing costs is changing over time and is negative as a result of investment yields exceeding borrowing costs.

	2016/17 Actual £000	2017/18 Estimate £000	2017/18 Actual £000
General Fund	-3.04%	-2.15%	-2.46%

Incremental Impact of Capital Investment Decisions

- 4.16 This is an indicator of affordability that shows the incremental impact of capital investment decisions on Council Tax. The indicator identifies the revenue costs associated with the capital programme for a particular year.

	2016/17 Actual £	2017/18 Estimate £	2017/18 Actual £
Increase in Council Tax – Band D	2.14	-13.50	-6.58

Upper Limits for Fixed and Variable Rate Exposure

- 4.17 The purpose of these indicators is to allow the Council to manage the extent to which it is exposed to changes in interest rates:

	2017/18 Limit	2017/18 Actual
Fixed		
Upper Limit for Fixed Interest Rate Exposure on Debt	100%	N/A
Upper Limit for Fixed Interest Rate Exposure on Investments over 1 year	25%	10%
Upper Limit for Fixed Interest Rate Exposure on Investments up to 1 year	100%	22%
Variable		
Upper limit for Variable Interest Rate Exposure on Debt	100%	N/A
Upper Limit for Variable Interest Rate Exposure on Investments	100%	88%

Upper Limit for Total Principal Sums invested over 1 year

- 4.18 This limit is intended to contain the exposure to the possibility of any loss that may arise as a result of the Council having to seek early repayment of any investments made. If an investment had to be repaid before its natural maturity date due to cash flow requirements then, if market conditions were unfavourable, there would be an adverse impact on the Council.

	2017/18 Limit £000	2017/18 Actual £000
Upper Limit for Total Principal Sums Invested over 364 days	3,625	3,000

Treasury Position at 31 March 2018

- 4.19 The Council's debt and investment position is managed by the treasury team in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities in line with the approved treasury strategy. Procedures and controls to achieve these objectives are established through the Member reporting detailed in paragraph 23 of the treasury strategy and through officer activity detailed in the Council's Treasury Management Practices. The following table details the Counterparties that the Council had placed investments with at the end of 2017/18.

Financial Institution	Amount £000	Length of Investment	Interest Rate
CCLA Property Fund	2,114,599	Ongoing	4.58%
Royal London Cash Plus Fund	1,005,930	Ongoing	0.42%
Newcastle City Council	3,000,000	4 years	2.04%
Thurrock Council	1,000,000	3 months	0.45%
BlackRock	52,128	MMF/Call	0.39%
Federated	2,106,435	MMF/Call	0.45%
HSBC	333,629	MMF/Call	0.28%
Invesco	309,897	MMF/Call	0.42%
Standard Life	2,996,638	MMF/Call	0.46%
CCLA Property Fund	273,923	MMF/Call	0.46%
Santander	2,083,307	Call	0.40%
Bank of Scotland	4,004,762	32 day notice	0.57%
Barclays	970,248	32 day notice	0.52%
Santander	13,674	31 day notice	0.30%
Santander	820,157	60 day notice	0.35%
Handelsbanken	2,873,446	35 day notice	0.35%
Residual MMF/Call Account balances eg Aviva, Bank of Scotland etc	23,081	MMF/Call	0.2% to 0.4%
Total Investments /Average Interest Rate	23,981,854		0.68%

The strategy for 2017/18

- 4.20 The expectation for interest rates within the strategy for 2017/18 anticipated that short term money market rates would remain at very low levels and that the Bank Rate would remain at 0.25%. The Council continued with the prudent investment of the treasury balances to achieve the objectives of security of capital and liquidity of its investments whilst achieving the optimum return on investments. The continuing instability of the market resulted in restrictions remaining on which counterparties investments could be placed with, which

affected the level of interest that could be achieved from investments. Given the impact of 'Bail-in' legislation the Council continues to diversify its investment portfolio.

Investment Rates and Outturn Position in 2017/18

- 4.21 The Bank Rate increased from 0.25% to 0.50% on 2nd November 2017 and short term money market rates also remained at very low levels which continued to have a significant impact on investment income. Whilst the Council continues to ensure investments are secure the Council is proactively looking to maximise its rate of return. The overall rate of return on investments for the year was 0.68% which compares with the budgeted rate of 0.35%. This improved return together with underspend on the capital programme has resulted in an increased return on investments of £283,500 against a budget of £271,900.
- 4.22 The Council's investment policy is governed by the annual Treasury Management Strategy approved by Council on 2 March 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, for example, rating outlooks and credit default swaps information. The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties.
- 4.23 The Council's longer term cash balances comprise primarily of revenue and capital resources, although these will be influenced by cash flow considerations and the need for working balances and contingencies. The Council's core cash resources are detailed in the following table and confirm that whilst the Council has delivered a capital programme and has to operate with an increasingly constrained revenue budget, its reserves and balances remain in a healthy position given the on-going financial challenges going forward.

Balance Sheet Resources	31 March 2017 £000	31 March 2018 £000
General Fund Balance	2,604	2,604
Earmarked Reserves	10,215	10,532
Usable Capital Receipts	13,929	8,168
Capital Grants Unapplied	54	108
Total	26,802	21,412

Conclusion – Treasury Management

- 4.24 Overall the Council has successfully achieved its objectives of ensuring investments were held with relatively secure counterparties; ensuring there was sufficient liquidity to operate efficiently and enable the delivery of objectives; and achieve the maximum yield on investment returns possible within the constraints placed upon the Council.

ASSET INVESTMENT STRATEGY

Overview

4.25 The Government and CIPFA have recently issued new guidance on Treasury Management activity, which particularly focuses on the role of longer term investments specifically held to make a commercial return. The Council's Asset Investment Strategy falls within this definition.

4.26 This section of the report reviews the current position and the issues that influenced the Asset Investment Group's future approach to investments.

Investments 2017/18

4.27 During 2017/18 the Asset Investment Group agreed to proceed with two new investments. An investment of £1.917m in Bardon was completed on 2nd October 2017, and reported to CGG on 5 December 2017.

4.28 On 29 March 2018 the Council acquired an investment in Finch Close for £925,000. Details of the investment appraisal are attached at Appendix A, and can be summarised as follows:

- Comprises office and warehousing space off Lenton Lane, Nottingham
- A 93 year remaining long leasehold tenure in a solid, prime location
- Annual rental income of £66,500
- 100% funding from available internal resources
- An expected net present value of £0.45m after 40 years
- A corresponding internal rate of return of 5.18%

Current Position

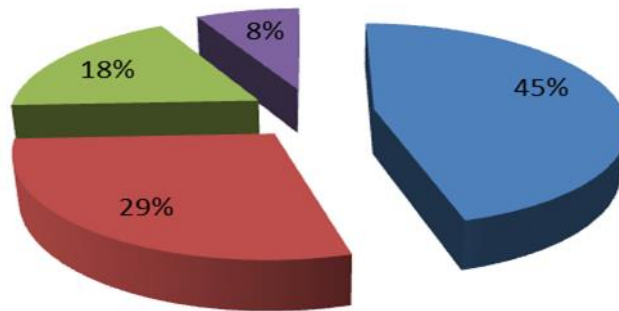
4.29 In terms of the Asset Investment Strategy and the fund the table below exemplifies the current position and significant work undertaken primarily by the Property, Legal and Finance teams. Currently £7.548m remains outstanding from the original £20m allocation.

Total (including associated costs)	Returns		2017-18	2018-19	2019-20	2020-21	2020-21	2021-22
£2,700,000	4.31%	NCCC Loan (interest)	69,003	107,750	116,370	116,370	116,370	116,370
£1,372,495	5.03%	Trent Boulevard (Co-op)		69,000	69,000	69,000	69,000	69,000
£934,000	7.12%	Finch Close		66,500	66,500	66,500	66,500	66,500
£1,917,000	6.26%	Bardon	50,000	120,000	120,000	120,000	120,000	120,000
£2,500,000	6.48%	Cotgrave - New Offices		12,000	40,000	40,000	40,000	40,000
		Cotgrave- Ind Units		122,000	122,000	122,000	122,000	122,000
£1,278,000	5.48%	Trowell		25,000	70,000	70,000	70,000	70,000
1,750,000	4.86%	Ind Units Moorbridge		0	25,000	85,000	85,000	85,000
12,451,495	5.53%	Totals	119,003	522,250	628,870	688,870	688,870	688,870
£7,548,505	5.50%	Outstanding balance		477,750	415,168	415,168	415,168	415,168

4.30 If we look at the Council's overall property portfolio (this obviously excludes the loan to NCCC) there is a good spread of risk (classifying by the rental earned or the asset value), as depicted below:

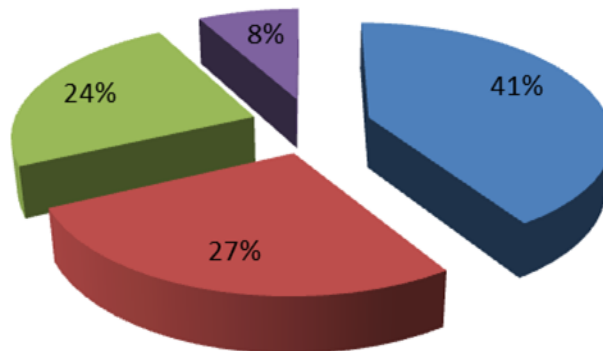
% split by rent

■ Industrial ■ Office ■ Retail ■ other



% split by asset value

■ Industrial ■ Office ■ Retail ■ other



- 4.31 From the above there is more investment in the industrial sector given much of the property investment has been about economic growth and regeneration within the Borough, as well as generating an income stream.
- 4.32 In terms of risk in relation to the Council's budget the following extract from the Council's Capital and Investment Strategy 2018/19 demonstrates that whilst property income is important for the Council's budget; there is not an over emphasis upon property income and there are other income streams. Taking into account Business rates and Council Tax the 25% stated below halves to around 12.5% of income.

Commercial Investment income and costs

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Commercial Property Income	(1,027)	(1,629)	(1,933)	(1,971)	(2,005)	(2,013)
Running Costs	360	314	326	326	326	326
Net Contribution to core functions	(667)	(1,315)	(1,607)	(1,645)	(1,679)	(1,687)
Interest from Commercial Loans	(87)	(108)	(116)	(116)	(116)	(116)
Total Contribution	(754)	(1,423)	(1,723)	(1,761)	(1,795)	(1,803)
Sensitivity:						
+/- 10% Commercial Property Income	103	163	193	197	201	201
Indicator:						
Investment Income as a % of total Council Income	15.0%	22.5%	25.4%	25.2%	25.5%	25.6%

The Way Forward

- 4.33 The Council's original intention was to look at generating around £1m of additional property rental income to help bridge the anticipated budget deficit. Around 66% of this will have been achieved based on the current activity profile. The Asset Investment Group considered whether the Council should now be even more selective with a view to looking at investing in other projects which may give a longer lead in-time given the following risks and opportunities:
- There is much risk in the property market and the recent issues concerning both high street shops (Debenhams, House of Fraser, Marks and Spencers etc) and restaurants (Carluccio's, Jamie Oliver) will no doubt have a domino effect;
 - Experience gained from investigating investment proposals demonstrated the benefit of local knowledge and seeing tenants. If we can invest in our own assets with greater knowledge and gain a similar return, this is a strategy carrying less risk;
 - The new CiPFA Treasury Code restricts borrowing to finance property acquisitions outside of the Borough purely for commercial reasons; and
 - There are a number of opportunities where we will require our own resources (both direct financial resource and our own staff commitment). For example potential investment in West Bridgford and Cotgrave.

4.34 The issue with deferring the investment (or waiting for returns that are not immediate) is that there is an immediate pressure on the revenue budget. Options to mitigate this risk include the following:

- a) Use of reserves for a couple of years (at least) –around £0.5m;
- b) A more optimistic view surrounding business rates assumptions for the budget (ie assume the 'baseline' rather than the 'safety net position' – this will give us around £500k for 2 years dependent on the risks surrounding business rates appeals and particularly the power station). Everything being equal this is an approach we could take there are national reforms of business rates and the Fair Funding review which will impact on future resources for local authorities.;
- c) Focus on other income streams / efficiencies to bridge the gap.

Conclusion

4.35 In the light of the issues identified above the Asset Investment Group have agreed that there is a refocusing of the Asset Investment Strategy, with the aim of funding Borough Council projects and gaining financial returns as well as wider socio-economic benefits. This is not to say the Council will not consider future asset investments. Accepting in the short term we may have to draw on reserves if other efficiencies are not identified (given the lead-in time in delivering projects). This will be considered and reported as part of the MTFs 2019/20 budget process and to report on in financial reports in 2018/19.

5 Risk and Uncertainties

The report covers many treasury risks including counterparty and interest rate risk.

6 Implications

6.1 Finance

Financial implications are covered in the body of the report.

6.2 Legal

Compliance with the Local Government Act 2003.

6.3 Corporate Priorities

Efficient treasury management enables the Council to achieve its corporate priorities.

6.4 Other Implications

None.

For more information contact:	Name; Peter Linfield Executive Manager – Finance and Corporate Services 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Statement of Accounts 2017/18; Treasury Management Strategy 2017/18; Treasury Management 6 Month Monitoring Report 2017/18
List of appendices (if any):	Glossary of Terms Appendix A – Investment Appraisal, 4 Finch Close, Lenton Lane

Glossary of Terms

Money Market Funds – these funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks.

CCLA Property Fund - this a local authority property investment fund. The property fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

Covered Bonds – these investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means they are exempt from bail-in.

Pooled Funds – shares in diversified investment vehicles consisting of different investment types including banks, equity shares and property, these funds have the advantage of providing wide diversification of investment risks

Investment Appraisal

4 Finch Close, Lenton Lane

Background

On 30 January 2018 the asset Investment Group agreed to progress this bid, with agreement to go no higher than £1.1m. Initially we bid £975k and subsequent to this we challenged the rental level and therefore the value of the asset; resulting in a final offer being accepted of £925k and the rental reducing to £66,500 (was £69,600). To protect the rental stream and give greater certainty a 'cap and collar of 3% and 1% respectively' has been agreed at the 5 yearly rent review period rather than a market rent review. Below gives some analysis of the impact of the changes compared to our original assumptions.

Commentary

4 Finch Close Lenton Lane, Nottingham, has a single tenant Snowdon Healthcare, trading as Baby Start, trading products – the business looks to assist with fertility.

Some contextual analysis is provided below together with some sensitivity analysis surrounding assumptions on inflation and rental increases. Using 100% Council resources the analysis identifies a positive net present value (for the central case) of around £0.45m after 40 years and an internal rate of return after financing costs of 5.18%. Typically Government Green Book projects aim for 3.5% IRR.

To complete, highlight the applicable box and 50% of answers should be in Excellent, Good or Satisfactory - to be appraised alongside the contextual information in tab 2

PROPERTY	4 Finch Close, Lenton Lane, Nottingham, NG7 2NN				
PROPERTY TYPE	Office with warehouse				
TENANT	Snowden Healthcare Ltd				
ASSESSMENT CRITERIA	Excellent / very good	Good	Satisfactory	Marginal	Uncertain
Tenancy strength	Multiple tenants with strong financial covenant	Single tenant with strong financial covenant	Single or multiple tenants with good financial covenant	Tenants with average financial covenant	Tenants with poor financial covenant strength
Lease length and break (for main tenants/income)	>15 years	11 - 15 years	10 - 8 years	7 - 5 years	<5 years or vacant (unless reflected in price)
Rate of Return - % rent against capital	>8%	7%-8%	5%-7%	3%-5%	<3%
Portfolio mix (asset type is balanced in portfolio - no more than x% of portfolio)	<50%	50%-60%	>60%-70%	70%-80%	>80% of portfolio
Property Sector & Risk	Industrial (lower risk)	Office (lower-mid risk)	Warehouse Retail (med risk)	Retail, Leisure (higher risk)	Residential (not part of investment strategy)
Void (after Lease end including marketing, fit out and rent free)	0-9 months	9-12 months	12-18 months	18-24 months	>18 months
Location	Prime	Not prime but in established location	Secondary	Remote from other developments	Isolated, undeveloped area, limited infrastructure links
Tenure	Freehold	Lease >200 years	Lease 100 - 199 years	Lease 75 - 99 years	Lease <75 years
Repairing terms links to Building quality	Full repairing & insuring	Internal repairing 100% recoverable	Internal repairing partially recoverable	Internal repairing non recoverable	Landlord
Building Quality/Age	<10 years	10-20 years	21-30	31-35	>35
Rental Growth	within 1 year	within 2-5 years	within 6-7 years	within 8-10 years	>10 years
Purchase Price	<£2m	Between £2m and £3m	Between £3m and £4m	Between £4m and £7m	>£7m
Proximity to Borough	within Borough	within Nottinghamshire	within East Midlands	within the Midlands	National
Energy Rating (2018 legislation can't let with F/G assessment)	A/B	C	D	E	F/G

23/08/2023

CONTEXTUAL INFORMATION			
PROPERTY			
Address	4 Finch Close, Lenton Lane, Nottingham		
Location/Situation (ie what is nearby)	Solid prime nottingham location located off the ring road; strong local business and retail area Home to many of the city's quality marque Car Dealerships (eg Ferrari and Maserati, Sytner for BMW and Mini and Stratstone for Porsce		
Description of Asset (ie age, layout, construction, services, car park)	High quality recently refurbished two storey office with ancilliary accommodation at the front with warehousing and further stores to the front and rear. Steel portal frame with brick and insulated sheet cladding Gas fired central heating, LED lighting, double glazed aluminium windows, intruder and fire alarms and monitored CCTV, high quality kitchen and toilets 3 phase electricity in the warehouse, single electric roller shutter door with gas space heating, with a maximum useable height of 5.95m 26 parking spaces, fenced and landscaped with two vehicle entry points		
Size/site area	854m2 (9,192sq ft)		
Planning ie use/class	B1		
Conditions of sale	Not known		
COSTS			
	Total Capital Purchase costs	Total Annual Revenue Costs	Total Annual Income
Purchase price	£925,000	In-house mgmt	£66,500
Purchase costs ie SDLT, legal, agents, survey fees	£60,125		
Refurbishment costs	£0		
Borrowing costs/Capital costs	£3,700		
Business Rates	£0		
Management costs & Sinking Fund	£3,325		
Service charge apportionment	£0		
Rent/Income			£66,500
Total	£985,125	£7,025	£66,500
Net Annual Profit			£59,475
Life Costs ie current condition	In good condition with refurb in last 1-2 years. Tenant specific fit out may mean costs to relet if vacant		
Yield	6.80%		
Return on Investment (years)	17		
IRR			
Rental growth	After year 5		
Opportunity to add value (ie lease/tenant mgmt, regearing, building changes)	No		
Other costs			

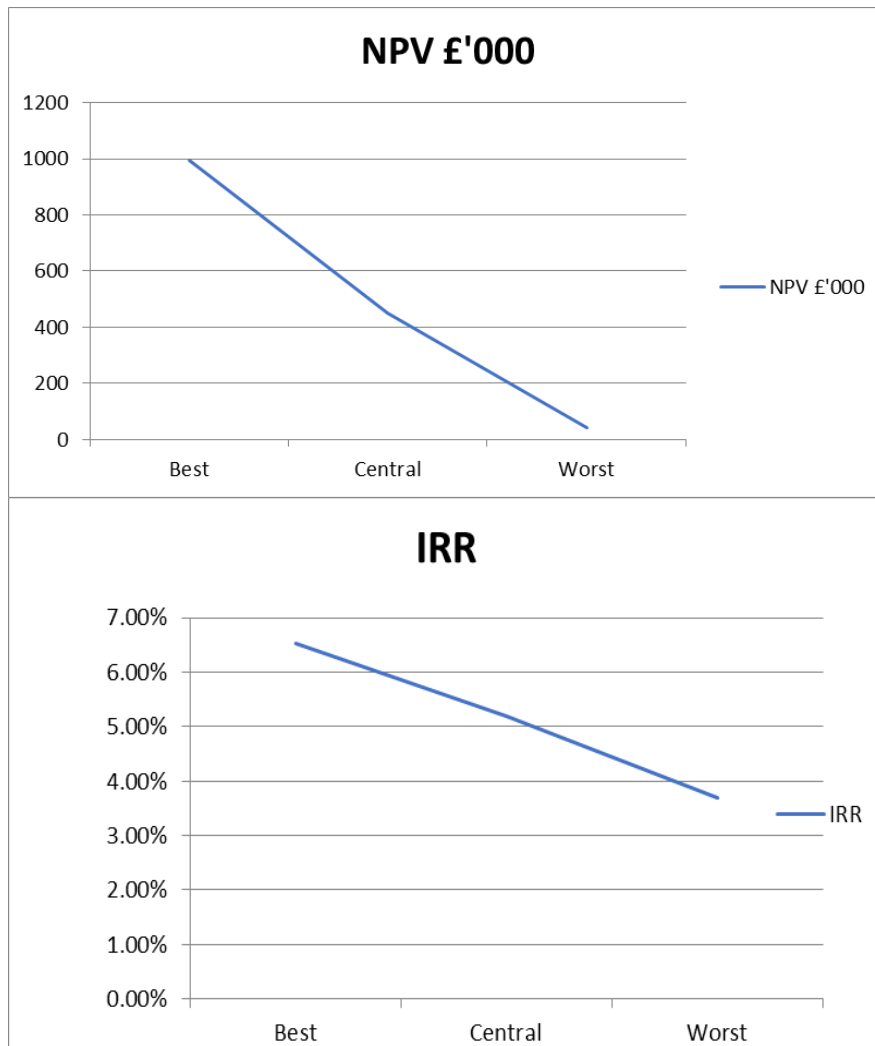
LEASE TERMS	
Tenure ie Freehold/Leasehold	125 year lease - 93 years remaining
Tenant/Tenant Mix	Single tenant, Snowdon Healthcare but trading as Babystart; a healthcare company developing and selling products to enable fertility.
Tenant covenant strength	Good - gold rating with Red Flag Credit Scoring
Lease term & breaks	10 years, no breaks
Rent review & terms	At year 5, upwards only, 1% collar, 3% cap
Key lease conditions ie alienation	Not known
Cashflow risk ie to rents	If tenant goes into administration or at year 10
Void ie current/expected	12-18 months
Lease type ie FRI (repairing obligation)	FRI
OTHER	
Economic Factors ie market commentary	Solid prime nottingham location; strong local business and retail market Home to many of the city's quality marque Car Dealerships (eg Ferrari and Maserati, Sytner for BMW and Mini and Stratstone for Porsche.)
Potential uses/alternative uses	None currently
Benefits	Good covenant, good lease term remaining of 10 years, with upwards only rent reiew at year 5, recently refurbished property, strong location, low purchase price and rent provide limited cashflow risk
Risks	Bespoke fitout/refurbishment for existing tenant, could require capital investment to relet, no EPC and not viewed so more information needed
Liquidity	
Local economic benefits	
Local Search info	
Delivery Model ie set up a new company, JV, with another Council	
Summary	Stong investment in a prime Nottingham location. Sale and leaseback with 10 years remaining and upwards only rent review at year 5. Risk regarding tenant specific fit out and question over reason behind sale and leaseback. Overall appears to be a solid investment.

Sensitivity Analysis

1. The following assumptions have been made ranging from worst, central to best case scenarios:

Sensitivity	Best (pa)	Central (pa)	Worst (pa)	Rationale
Inflation for management costs and repairs	1.7%	2.0%	2.3%	Central case being Government inflation target
Inflation on rent and asset value; rent review 5 yearly	3%	2.0%	1%	Linked to 'cap and collar'
Vacancy factor	Assume 18 months vacancy at year 5, 10 etc			

2. Using the above assumptions and assuming disposal in Year 40 gives a positive Net Present Value ranging from £993k to £41k and an internal rate of return ranging from 3.69% to 6.53%.



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Rushcliffe
Borough Council

Corporate Governance Group

24 July 2018

Annual Fraud Report 2017/18

Report of the Executive Manager - Finance and Corporate Services

1. Summary

1.1 The purpose of this report is to summarise the incidence of fraud and fraud prevention activities at the Council during the year 2017/18.

2. Recommendation

2.1 It is RECOMMENDED that the Corporate Governance Group notes the Annual Fraud Report for 2017/18.

3. Reasons for Recommendation

3.1 To conform with best practice and Public Sector Internal Audit Standards and give assurance to the Corporate Governance Group regarding the Council's fraud prevention environment.

4. Supporting Information

4.1 The Corporate Governance Group, at its meeting on 10 May 2018, resolved that an annual fraud report be brought to the July 2018 meeting of the Corporate Governance Group for approval. This accords with the Terms of Reference of the Group. The purpose of this report is to provide an overview of general and specific fraud related issues that have arisen at the Council during 2017/18.

4.2 In its Annual Fraud and Corruption Tracker Summary Report for 2017 CIPFA (Chartered Institute of Public Finance and Accountancy) estimates that across local authorities more than 75,000 frauds have been detected or prevented in 2016/17 with a total value of £336.2m. The number of fraud cases investigated or prevented dropped in 2017, but the average value per fraud increased from £3,400 to £4,500; the reason for this could be that local authorities are focusing on cases with a higher financial value.

4.3 The report also revealed that procurement, adult social care and council tax single person discount are perceived as the three greatest fraud risk areas. Adult social care fraud has shown the largest growth in the past year, with an estimated £5.6m investigated compared with £3.0m in 2016; and the highest number of investigations related to council tax fraud (76%) with a value of £25.5m.

5. Preventing and Detecting Fraud

- 5.1 Fraud and conduct issues can involve council employees, elected members, partners, customers and the general public. Both conduct and fraud issues can be identified/raised in a number of ways:
- a. Pro-active investigation work, undertaken internally or externally, for example as part of the National Fraud Initiative.
 - b. Referral by employees, elected members, partner organisations, or members of the public Identification by management.
- 5.2 In carrying out its functions and responsibilities Rushcliffe Borough Council is firmly committed to dealing with fraud or corruption and will deal equally with attempted and perpetrated fraud or corruption from inside or outside the Council.
- 5.3 The Council does not have a dedicated fraud prevention resource; however, it is 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. RSM in the course of their audits may also identify any fraud.

6. Whistle-blowing Policy

- 6.1 It is important to any organisation that any fraud, misconduct or wrong doing by workers or officers of the organisation is reported and properly dealt with. The Council encourages all individuals to raise any concerns that they may have about the conduct of others within the Council. The policy applies to all employees and those contractors working for the Council on Council premises, for example, agency staff, builders. It also covers suppliers and those providing services under a contract with the Council in their own premises.
- 6.2 There have been no whistleblowing concerns reported during 2017/18.

7. National Fraud initiative (NFI)

- 7.1 The National Fraud Initiative (NFI) is a data matching exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. A national exercise is undertaken every two years. Once the data-matching process for each exercise is completed, the NFI will make the output available to the relevant participating body for consideration and investigation via the secure NFI software. Participating bodies are then responsible for investigating any matches.
- 7.2 From the exercise the Council have taken action as follows:

Council Tax Single Person Discount

2016/17	2017/18	
847	699	Number of matches reviewed
0	0	Number of frauds identified
110	148	Number of errors identified
£71,746.22	£92,600.09	Amount of Council Tax errors identified

Housing benefit awards, localised Council Tax support awards, taxi and alcohol licences and Council payroll records.

2016 -18

1260	Number of matches reviewed
0	Number of frauds identified
9	Number of errors identified
£7,773.26	Amount of overpayments identified

8. Investigations 2017/18

- 8.1 There were two allegations of fraud during 2017/18. Investigations were undertaken by management. For the one issue identified controls have been improved to avoid any similar occurrence.

2	Number of allegations of fraud/financial misconduct reported
0	Number referred to other agencies (e.g. Police)
2	Number of Investigations completed
0	Resigned/ Dismissed
1	Other action taken (including management advice, warnings)
1	No issue identified
0	Investigations ongoing

9. Benefit Fraud Investigations conducted by SFIS

- 9.1 The Council no longer investigates Housing Benefits frauds. These are undertaken by the DWP Fraud and Error Service (FES).
- 9.2 The DWP has a suite of Management Information that allows Local Authorities (LAs) to monitor the progress of referrals made to FES and also allow LAs to see what outcomes FES are achieving on their behalf. Additionally, it enables LAs to make a comparison of the volume of referrals that they have made against the national average.
- 9.3 For the Council the following data was received for quarter one:

<u>2017/2018</u>	Local Service Investigation	Local Service Compliance	Total cases
Referrals	1	4	5
Outcomes	5	2	7
Positive Outcomes	4	0	4
Ad Pens	0		0
Prosecutions	1		1
LA average referrals per caseload	0.04%		
Great Britain average referrals per caseload	0.16%		

Key:

Referrals	The total number of HB fraud referrals received by DWP in the quarter as a result of HB processing.
Outcomes	Number of FES cases with an outcome recorded in the quarter.
Positive Outcomes	Number of FES cases with an outcome recorded in the quarter. Includes all outcome categories listed in 'Outcomes' except for 'No Result'
Ad Pens	Number of FES cases with an outcome of 'Admin Penalty' recorded in the quarter.
Prosecutions	Number of FES cases with an outcome of 'Prosecution' recorded in the quarter.

10. Other Options Considered

10.1 Not Applicable.

11. Risk and Uncertainties

11.1 If any recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

12. Implications

12.1 Finance

One instance of fraud relating to business rates resulted in a minor financial loss to the Council recovered through the Council's bad debt provision.

13. Legal

None.

14. Corporate Priorities

Not applicable.

15. Other Implications

None.

For more information contact:	Peter Linfield Executive Manager – Finance and Corporate Services plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices:	None

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Rushcliffe
Borough Council

Corporate Governance Group

24 July 2018

Corporate Governance Group Annual Report 2017/18

Report of the Executive Manager - Finance and Corporate Services

1. Summary

1.1. This annual report reviews the work undertaken by the Corporate Governance Group during 2017/18. Each of the scrutiny groups prepares an annual report and these will be presented to Council in September 2018. The Group has met five times during the year.

1.2. During the year Corporate Governance Group has considered the following:

- Internal Audit. Including Progress Report 2017/18, Annual Report 2017/18 and Strategy 2018 - 21
- External Audit Plan 2017/18
- Local Government Pension Scheme (LGPS) and the Nottinghamshire Pension Fund
- Capital and Investment Strategy 2018/19
- Annual Governance Statement
- Approval of the Statement of Accounts 2016/17
- External Auditors Report to Those Charged with Governance 2016/17
- Annual Audit Letter
- Revenue and Capital Budget Monitoring 2017/18
- Risk Management Review and Emergency Planning
- Health and Safety Annual Report 2016/17 and Interim Report
- Certification of Grants and Returns
- Treasury Management outturn and mid-year report
- Implementation of GDPR
- Progress report on ISO27001
- Review of the Constitution

1.3. The Corporate Governance Group is asked to review the report and consider if it fully reflects the work undertaken by the Group.

2. Recommendation

It is RECOMMENDED that the Corporate Governance Group approve the report and forward it on to Council for consideration.

3. Risk and Uncertainties

There are no direct risks and uncertainties arising from this report.

4. Implications

4.1. Finance

There are no direct financial issues arising from this report.

4.2. Legal

There are no legal issues arising from this report.

4.3. Corporate Priorities

The Corporate Priorities are considered as an integral part of the Group's Work Programme.

4.4. Other Implications

There are no other issues arising from this report.

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	Appendix 1 - Corporate Governance Group Annual Report 2017/18

Corporate Governance Group

Chairman's Foreword

This brief foreword looks back on the busy year of the Corporate Governance Group in 2017/18. It has been an interesting and challenging role, particularly in these changing times and a period of on-going financial austerity; however, I am pleased to report that due to the dedication of the staff the Council has had a successful year which reflects well on the governance arrangements in place.

The scrutiny process is vital to challenge and influence how the Council makes decisions to ensure a high service quality. This report demonstrates the variety of areas which the Corporate Governance Group has scrutinised over the past year and the actions taken to ensure the probity and soundness of the Council's decision making. The group over the past year have judiciously and robustly scrutinised the Council's finances, approach to risk, as well as other corporate issues including associated financial implications such as the Council's pension liability. We also set a working group to review the Council's Constitution, and via this process we have made a significant impact developing the proposals for the introduction of public speaking at Cabinet and Council meetings and the ensuing increased transparency that this brings; and have made the Constitution fit for purpose and becoming more relevant for councillors, officers and residents.

Councillor Kevin Beardsall
Chairman Corporate Governance Group



**Councillor Kevin Beardsall
Chairman**



**Councillor George Davidson
Vice Chairman**

What we are responsible for?

The Corporate Governance Group's responsibilities include:

- **Statement of Accounts** To examine the outturn and statement of accounts and make comments and recommendations to Council.
- **Annual Governance Statement** To consider the annual report on applying the Council's system of internal control and make recommendations to Cabinet on improvements/changes in practice and the acceptance of a draft Statement. This statement ultimately comprises a key element of the Council's Statement of Accounts.
- **Treasury Management** To consider the annual and interim reports on Treasury Management activity and ensure that practice has complied with the approved Treasury Management Strategy, making recommendations to Cabinet as appropriate. Including changes to the Treasury and Capital Codes of Practice, which includes how we account for Commercial Investments.
- **Protecting against fraud** To consider the annual report on fraud and irregularities in order to make an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements. To consider any matters arising as a result of irregularity referred to it by Cabinet.
- **Capital and Revenue Budget Monitoring** To consider regular reports on progress against the revenue and capital budget, making recommendations to Cabinet on matters requiring its approval and where progress is considered to be unsatisfactory.
- **Internal Audit** To consider periodic reports on the more significant findings of internal audit in order to make an informed judgement on corporate governance and internal control statements, making recommendations to Cabinet on improvements.
- **Risk Management** To consider periodic reports on controls over key risk areas as identified in the risk register in support of making an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements.

Our work this year

During this year the Group considered many service areas and issues within its scrutiny role, particularly:

- Internal Audit including Progress Report 2017/18, Annual Report 2017/18 and Strategy 2018 - 2021
- External Audit Plan 2017/18
- Local Government Pension Scheme (LGPS) and the Nottinghamshire Pension Fund

- Capital and Investment Strategy 2018/19
- Annual Governance Statement
- External Auditors Report to Those Charged with Governance 2016/17
- Approval of the Statement of Accounts 2016/17
- Annual Audit Letter
- Revenue and Capital Budget Monitoring 2017/18
- Risk Management Review and Emergency Planning
- Health and Safety Annual Report 2016/17 and Interim Report
- Certification of Grants and Returns
- Treasury Management outturn and mid-year report
- Implementation of GDPR
- Progress report on ISO27001
- Review of the Constitution

Internal Audit

Internal Audit Progress Reports 2017/18

The Group received three progress reports on the internal audit plan throughout the year. Members of the Group were pleased to note when they received the final report that the audit plan, which contained 14 assignments had been completed on time and that all assignments had received a positive assurance.

Internal Audit Annual Report 2017/18

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal auditors, attended the May meeting of the Group and presented the Council's Internal Audit Annual Report 2017/18. It was noted that the report was the last report for the financial year and showed that all audits had been completed for the year, along with the recommendations made. The report highlighted the completion of the Internal Audit Plan for 2017/18 in accordance with the Public Sector Internal Audit Standards. Members of the Group were advised that RSM had concluded that the Council had an adequate and effective framework for risk management, governance and internal control.

The Group considered the report and questioned on what basis were areas considered for audit sampling and how far audits were planned. Members of the Group were advised that the plan was flexible and provided a broad spectrum for internal audit for which a 3-year plan was sufficient.

Internal Audit Strategy 2018 to 2021

The Group received for approval the proposed Internal Audit Strategy 2018/19 – 2020/21. The audit plan had been developed with regard to the Council's corporate objectives, risk profile and assurances framework, as well as other factors affecting the Council in the year ahead, including changes within the public sector. Members of the Group welcomed and approved the adoption and implementation of the strategy.

External Audit Plan 2017/18

Mr Andrew Bush, a Director at KPMG, the Councils external auditors, provided a report for the Group that summarised their plan for external audit activity with regard to the final accounts process and their approach to value for money work in relation to the financial year 2017/18.

Mr Bush highlighted a number of risks concerning the audit, focusing on both financial statements and value for money. Mr Bush provided examples in respect of pension liability, financial resilience and ensuring that the Council's accounts were closed down in a timely manner given the tighter constraints for their completion in the new legislation commencing this year.

The Executive Manager – Finance and Corporate Services provided supporting information and noted that due to new legislation the audit cycle had now changed which meant that Statement of Accounts was now required to be approved by Council by the end of July, rather than by the end of September, as in previous years. Members of the Group welcomed the contents of the External Audit Plan and asked several detailed questions on its content.

Capital and Investment Strategy 2018/19

Members of the Group received a report detailing the Capital and Investment Strategy for 2018/19 to 2022/23 that replaced the Treasury Management and Capital Strategies approved by Full council in previous years.

A report detailing the Capital Prudential Indicators, Minimum Revenue Provision (MRP), Treasury Management Strategy and Commercial Investments were attached to the officer's report and highlighted the future position of the Council's Capital, Commercial Investments and Treasury plans. The report identified the risks relating to interest rates, use of counterparties for investments and the returns from commercial investments.

The Chairman and members of the Group welcomed the Investment Strategy and noted that it provided a robust spread of risk across the Council's investments and thanked officers for their efforts in creating the strategy.

Annual Governance Statement

The Group received the Annual Governance Statement 2017/18 in accordance with the Accounts and Audit Regulations 2015.

Members of the Group were provided with information and an analysis of the significant governance issues covered in the statement as well as what remedial action would be taken in order to address the risks identified. Members of the Group were satisfied that an action plan addressing issues and risks would be incorporated into the final version of the Annual Governance Statement which would be considered by the Corporate Governance Group, alongside the Statement of Accounts 2017/18 at its meeting in July 2018.

External Auditors Report to Those Charged with Governance 2016/17

Mr Andrew Bush of KPMG presented the Group with the External Auditor's Report to those Charged with Governance 2016/17. The report provided a summary of the key findings arising from the audit of the Council's financial statements for the year ending 31 March 2017 as well as an assessment of the Council's arrangements to secure value for money in its use of resources. Members of the Group were pleased to note that there were no major issues to report and were that any matters outstanding were on schedule for successful completion.

Approval of the Statement of Accounts 2016/17

The Statement of Accounts for 2016/17, along with the draft management representation letter was presented to the Group for their approval in advance of being presented at Full Council. Members of the Group were advised that the past year had been particularly challenging for the Finance Team due to the disposal of the Civic Centre and the valuation of the Council's new offices at Rushcliffe Arena. Members were also advised that the increased levels of the Council's various reserves was to deal with future potential risks such as the impact of the United Kingdom leaving the European Union, changes to New Homes Bonus and the localisation of business rates. Members of the Group were satisfied with the actions being taken to mitigate future financial risks, but expressed concern about the Council's ongoing pension liabilities and requested that a representative from Nottinghamshire County Council, who administer the local government pension scheme and the Nottinghamshire Pension Fund, be invited to a future meeting of the Group to provide further information on this issue of concern

Annual Audit Letter

Members of the Group received the Annual Audit Letter that concluded that no significant issues had arisen during the 2016/17 financial year.

Revenue and Capital Budget Monitoring

The Group received three revenue and budget monitoring reports during the year. At the September meeting the group considered the budget position for both revenue and capital as of 30 June 2017. The Financial Services Manager outlined the key areas of the report and advised that there were currently projected revenue and capital budget surpluses for the year comprising of £12,000 revenue efficiencies and £2,425,000 from capital scheme rephrasing and potential savings. It was noted that this position could improve throughout the remainder of the year as managers continued to drive cost savings, and raise income, against existing budgets. The Financial Services Manager advised that the net efficiency of £2.4 million was mainly due to Highways England not awarding the £1.7 million funding for the A46 RAF Newton Footbridge and re-profiling the of the NCCC loan to align with the anticipated project spend this year by NCCC (which was £0.478m)

Members asked about the status of the Council's loan to Nottinghamshire County Cricket Club. The Group was in agreement that the loan and the Council's support of

the Club was vital in order to fully realise the economic and business benefits that having a world class sporting venue, hosting high profile matches brought to the Borough.

At the December 2017 meeting the Group considered the position for both revenue and capital budgets as at 30 September 2017. The report highlighted the purchase of the new investment property at Bardon and the benefits and risks associated with it. The Executive Manager – Finance and Corporate Services advised the group that currently there were projected Revenue and Capital budget savings for the year made up of £193,000 revenue efficiencies and £7,439,000 from capital scheme re-phasing as well as from identified potential savings. The Group recommended to Cabinet at this meeting to remove £5.75m from the 2017/18 Capital programme, as provisions for the original schemes at Land North of Bingham and RAF Newton were no longer required. This recommendation was subsequently approved by Cabinet.

At the February 2018 meeting the Group considered the Council's budget position for revenue and capital as at 31 December 2017 and were advised of projected efficiency savings of £193,000 and additional funding of £197,000 for the year. It was noted that these could improve further throughout the remainder of the year as managers continued to drive cost savings, and raise income against existing budgets. The Financial Services Manager advised that the Council's financial position to date reflected a number of positive variances including employee cost savings, savings from contracts, additional green waste income, investment income and recovery in housing benefit overpayments. The Financial Services Manager also advised that there were several adverse variances, including an increase in the cost of insurance, variations in the cost of contracts and an increase in the cost of NNDR (Business rates) at East Leake Leisure Centre and the Arena.

Members of the Group noted the overall efficiencies and savings for both revenue and capital, but also noted that opportunities and challenges could arise as a result of external financial pressures, such as business rates, welfare reform and continued financial pressures on individuals, businesses and partners.

Risk Management and Emergency Planning

Members of the Group received reports on, and reviewed on activities associated with the updating of the Council's Risk Register and the work relating to the council's emergency planning and business continuity functions. Members of the Group were advised that the number of risks and their ratings fluctuated throughout the year and that the areas with high risks were in areas that were out of the Council's direct control and where the Council was unable to take mitigating action. Members of the Group were satisfied that risk management was being managed effectively by officers. The Group will continue to monitor the Council's risk management throughout next year.

Members of the Group also received reports on the Council's Emergency Planning activities and were advised that a move to critical plans and checklists had been made as part of a review of the Corporate Emergency Plan.

At its February meeting the Group were provided with information on Emergency Planning and were provided with an overview of the work carried out by the Emergency Planning Officer. The Group was also advised that multi-agency emergency planning exercises had been implemented and that members of the Executive Management Team and the Emergency Planning Officer had attended these events. The Group was satisfied that the Council was effectively prepared for emergencies, but requested that more information regarding the Council's plans were shared with all Councillors to ensure they were fully informed of the Council's Emergency Planning Procedures.

Health and Safety Annual Report and Interim Report

The Group received the Health and Safety Annual Report 2016/17 at the July 2017 meeting that outlined the progress made against the goals set, training, accidents by number and type, injuries and the number of days lost to the Authority and the objectives for 2017/18. Members of the Group were pleased to note the reduction in accidents and the number of days lost which was continuing the downward trend of recent years.

The Health and Safety Advisor delivered a presentation and report of the Council's Health and Safety Six Monthly Update Report at the December 2017 meeting for the six-month period 1 April 2017 to 30 September 2017 that provided information on the Council's progress towards achieving health and safety targets. Members of the Group were pleased to note that further Emergency First Aid training for staff had been completed and that the Council's Work Place Health Champions had been awarded the Nottinghamshire's Workplace Health Silver Award in June 2017, which was 12 months earlier than had been anticipated. Members of the Group are looking forward to receiving further reports next year and reviewing the positive actions that the Council is taking to ensure that staff and the public's health and safety is being managed effectively.

Certification of Grants and Returns

The Executive Manager for Finance and Corporate Services presented members of the Group with a report from the Council's external auditors, KPMG to provide information on the work undertaken during 2017/18 in relation to grant claims and returns for the financial year 2016/17.

The report from KPMG summarised the results of the audit of the Housing Benefit Subsidy Claim 2016/17 and the resultant costs of the audit. It was noted that the audit had identified only two minor errors (which were summarised in KPMG's attached report), and which had both been amended within the claim. Members of the Group welcomed the conclusion that overall, the claim was unqualified and that KPMG had not made any recommendations for improvements for the claims completion process. It was also noted that the actual audit fee was the same as the indicative fee of £6,495 for 2016/17.

Treasury Management outturn and mid-year report

The Group received two Treasury Management reports throughout the year, as well as receiving refresher training with other councillors on Treasury Management processes. At its September meeting the Group received a report on the Treasury Management Outturn Position 2016/17 that provided a summary of the transactions undertaken by the Council as part of the Treasury Management function. At its December meeting the Group received a report which summarised Treasury Management activities of the Council for the period 1 April to 30 September 2017.

Local Government Pension Scheme and the Nottinghamshire Pension Fund

Keith Palframan from Nottinghamshire County Council and Graeme Muir from Barnett Waddingham attended the Group's February and provided a presentation to update members on the latest situation regarding the Local Government Pension Scheme (LGPS) and the Nottinghamshire Pension Fund.

The presentation provided information on:

- The role of Nottinghamshire County Council
- Governance arrangements
- Fund management and pooling arrangements
- LGPS Regulations
- Benefits Structure and changes
- Valuation methodology
- Funding strategy
- Deficit levels, revaluation and future risks

The Nottinghamshire Pension Fund was being considered by the Group due to there being a perceived lack of information for Councillors regarding the processes that had led to Rushcliffe Borough Council becoming liable for £20 million of the fund's deficit, and concerns that a similar situation could happen again in the future, negatively impacting on the Borough Council's finances. Members of the Group were reassured that the issues with regard to deficit levels, revaluation and future risks were being adequately dealt with and were under control but did request that ways of increasing communication between Nottinghamshire County Council and Rushcliffe Borough Council be investigated further.

Implementation of the General Data Protection Regulation (GDPR)

The Interim Chief Information Officer provided a report and presentation to provide an update on the implementation the General Data Protection Regulation (GDPR) and the progress being made towards ISO27001.

Members of Group welcomed the good progress that the Council had made in identifying, assessing and implementing the changes required to meet its obligations associated with the new data protection legislation. Members were advised of the work of the GDPR project board and its action plan for ensuring the Council was GDPR ready and noted their approval of the significant progress that had been made and were reassured that the action plan was providing an effective framework for

delivering and embedding further improvements relating to information management and data protection at the Council.

Progress Report on ISO27001

The Interim Chief Information Officer provided a report and presentation to provide a progress report on the Councils Information management arrangements and compliance against the Information Security Management Standard ISO27001:2013 (Standard). The Interim Chief Information Officer advised that the progress the Council had made in relation to management and due diligence around its IT systems and supplier contracts had had a positive impact on some control areas within the standard.

The Interim Chief Information Officer noted that consideration was being given in regard to applying for external assessment against the ISO27001 standard, with this proposal being fully supported by members of the Group.

Member Working Group

Review of the Council's Constitution

Lead Member: Councillor K Beardsall

Group Members: Councillors M Buckle, A MacInnes and Mrs J Smith

The task and finish group which had been established to carry out a more in depth review of the Constitution than the "soft touch" review previously endorsed by the Council in December 2016 completed its work during 2017/18. The group worked within the following terms of reference.

- a) To review the accessibility, utility and usability of the current Constitution and improve it;
- b) To review the structure of the Constitution, to improve its content, layout and flow as a practical working document;
- c) To identify and prioritise specific areas of content and procedures for detailed review, noting that, in time, all sections would be reviewed.

The task and finish group met at regular intervals throughout the year and were supported in their work by Glen O'Connell, the Monitoring Officer and Nigel Carter, Service Manager – Finance and Commercial Services. The group established a programme of work and approached the task sequentially through considering and discussing an issues paper on one Part of the current Constitution at one meeting and, then, at the next meeting, discussing the detailed drafting generated by that initial discussion, as well as considering an issues paper on the next Part. During the year, the group considered all parts of the current Constitution and consistently applied terms of reference a) and b), with a view to making changes which would change the Constitution from being a large static document, mainly used as an occasional source of reference for officers, to one which is capable of bringing relevant material to the immediate attention of Councillors, officers and members of the public when it is most relevant to them.

The main changes that were proposed by the group to the Constitution included the deletion of the Articles, with relevant information from them being transferred to other parts of the Constitution, and the use of electronic links to make the constitution more accessible on electronic devices. The group also proposed the introduction of public speaking at Council and Cabinet meeting, opposition group leaders being able to ask questions at Cabinet and for a definition of the role of leader of the main opposition group. The proposed changes to the Constitution, including details of how public speaking would be managed were presented to Councillors in a series of workshops in order that they could provide feedback on the proposals. The feedback received was positive and showed broad support for the proposed changes.

The changes to the Constitution proposed by the task and finish group were endorsed fully by the Corporate Governance Group at its February 2018 meeting where the Group thanked the members of the task and finish group and the officers for their hard work and for completing the work on time and within a challenging timescale. The proposed changes to the Constitution, in respect of executive matters were subsequently considered and approved for implementation by Cabinet in February 2018 and for non-executive matters by Council in March 2018.

Call-ins

The Group did not discuss any call-ins this year.

Looking forward to the year ahead

The Group will continue to help review and shape policy, ensuring improvements are implemented by developing a challenging work programme



Corporate Governance Group

24 July 2018

Work Programme

Report of the Executive Manager – Finance and Corporate Services

1. Summary

- 1.1. The work programme is a standing item for discussion at each meeting of the Corporate Governance Group. In determining the proposed work programme due regard has been given to matters usually reported to the Group and the timing of issues to ensure best fit within the Council's decision making process.
- 1.2. The table does not take into account any items that need to be considered by the Group as special items. These may occur, for example, through changes required to the Constitution or financial regulations, which have an impact on the internal controls of the Council.

2. Recommendation

It is RECOMMENDED that the Group agrees the work programme as set out in the table below.

3. Reasons for Recommendation

24 July 2018

- Statement of Accounts 2017/18
- External Auditors Annual Governance Report 2017/18
- Health and Safety Annual Report
- Annual Fraud Report
- Treasury Management Outturn
- Corporate Governance Group Annual Report 2017/18
- Work Programme

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

For more information contact:	Peter Linfield Executive Manager – Finance and Corporate Services 0115 914 8349 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None.
List of appendices (if any):	None.