



**MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
TUESDAY, 3 DECEMBER 2019**

Held at 7.30 pm in the Council Chamber Area B, Rushcliffe Arena, Rugby Road,
West Bridgford

PRESENT:

Councillors F Purdue-Horan (Chairman), J Walker (Vice-Chairman), B Gray,
K Shaw, D Simms, J Stockwood, Mrs M Stockwood and D Virdi

ALSO IN ATTENDANCE:

Councillor A Edyvean

OFFICERS IN ATTENDANCE:

T Coop	Democratic Services Officer
S Sull	Monitoring Officer
L Ashmore	Executive Manager - Transformation
S Whittaker	Financial Services Manager
C Williams	Head of Internal Audit - RSM

APOLOGIES:

Councillor R Adair

15 Declarations of Interest

There were no declarations of interest reported.

16 Minutes of the meeting held on 17 September 2019

The Minutes of the meeting held on 17 September 2019 were approved as a true record and signed by the Chairman.

17 Internal Audit Progress Report

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal auditors attended the meeting to present the Internal Audit Report for Quarter 3, for the financial year 2019/20. The report highlighted the completion of six assignments: Cyber Risk Management, Insurance, Creditors and e-procurement, Markets (Review of New Contractual Arrangements), Business Support Unit and Payroll.

In terms of the audit findings, Mr Williams reported that out of the six substantive audits, four returned findings of Substantial Assurance resulting in a number of low-level recommendations where management actions were agreed.

In respect of Cyber Risk Management after testing identified two medium and

eight low-level priority recommendations. The medium recommendations related to improvements to the Council's response testing for a cyber incident and the Intrusion Prevention System, which was found to not have an automated alert system in place to notify the ICT team of a potential incident. Management actions were agreed for all recommendations.

In respect of Markets – Review of New Contractual Arrangements, this was an advisory review undertaken by the auditors to review the actions taken by the Council when it appointed a new managing agent for the markets operated at Bingham. The review confirmed that a new Markets Manager had been selected and a new contract had been put in place to formalise the arrangements between the Council and the Markets Manager. The audit confirmed that a process of due diligence checks were completed prior to the contract being signed.

Cllr J Stockwood asked a specific question relating to cyber security and whether there were audit checks on Councillors' e-learning. Mr Williams advised that the internal audit covered all e-learning, Officers and Councillors and that e-learning was equally important to assist cyber security within the Council's IT systems.

It was **RESOLVED** that the Internal Audit Progress Report for Quarter 3 be noted.

18 **Treasury Management Update**

The Financial Services Manager presented the report of the Executive Manager – Finance and Corporate Services for Treasury Management, Mid-Year Report 2019/20. The report summarised the Council's capital and investment activities for the period 1 April to 30 September 2019.

The Financial Services Manager advised the Group that growth in the UK economy was below market expectations, the Bank of England base rate is 0.75% and is forecast to remain low for the foreseeable future. The uncertainty in respect of BREXIT negotiations and the forthcoming General Election remains high and the economic growth consequences of BREXIT remain speculative with regards to the UK's future trade relations with the EU and the rest of the world.

In respect of the Council's Investment Income, the Financial Services Manager advised that a combination of base rate forecasts, constraints on the lending list and the expenditure expected to be incurred on the Capital programme meant the Council had budgeted to receive £285,000 in investment income in 2019/20. The actual interest earned to 30 September 2019 totalled £129,050 with total receipts for the year expected to be £483,000. The Financial Services Manager explained that interest receipts are higher than estimated due to investing in higher and more diverse interest earning funds and delays in the capital programme. It was noted, that all investments have been made in accordance with the Council's Treasury Management Strategy.

In addition, the Financial Services Manager gave reference to a table in the report that highlighted a list of financial institutions, amounts invested, length of

investment, interest yield and different time periods, thus balancing cash flow and risk. It was noted that Council, at its meeting on 11 September 2019, agreed to consider its carbon footprint and currently 24% of the Council's portfolio is invested in diversified funds, which invest in equities that carry a small risk of fossil investments. The Financial Services Manager added that fossil free investments portfolios are likely to outperform standard investments therefore the Council's investments will inevitably shift to non-fossil based investments.

It was **RESOLVED** that the Capital and Investment Management position as at 30 September 2019 be noted.

19 **Asset Management Plan**

The Executive Manager – Transformation provided a report outlining the Council's Asset Management Strategy in supporting the Council's Corporate aims and objectives. The Executive Manager – Transformation explained the Council's diverse portfolio of assets, ranging from community assets such as community centres, parks and open spaces, through to commercial and investment property, providing an income to the Council and accommodation for small local businesses.

The Executive Manager – Transformation continued to explain that the Council's Asset Management Strategy seeks to align the asset portfolio with the needs of the organisation. The Council's Corporate objectives express the aims and goals of the Council and the Strategy sets out how the land and building portfolio aligned with this. Sitting under the Asset Management Strategy is the Asset Management Plan, which sets out the detail of how the Council manages its land and building assets over a five year plan. Details of the Management Strategy, Action Plan and List of Council Owned Assets were provided in Appendix A, B and C attached to the report.

The Group asked specific questions in relation to corporate priorities and whether the information provided in appendix A, the Asset Management Strategy, could be strengthened to reference the environment and 'quality of life'. The group provided the example of allotments and explained that as an asset, allotments don't necessarily provide a great income for the council, but their provision can improve the lives of their users and the community. Councillor Edyvean – Cabinet Portfolio Holder for Business and Transformation explained that allotments may fall in a number of categories headlining the Asset Management Strategy when delivered in the right places, and advised that allotment uptake is high across the Borough. He agreed that some of the information tabled could be strengthened to provide more weight and reference to the environment and 'quality of life'.

The Group asked whether at a future meeting of Governance Scrutiny further information could be reported in respect of the Action Plan with financial value/cost added in a separate column, including what projects have been completed and how the objectives were met. The Chairman suggested that a report and update of the Plan is brought back for scrutiny in 6 months' time.

It was **RESOLVED** that:

- a. The report and appendices are noted and any changes will be reviewed by Cabinet
- b. The Group approved the structure set out to manage the Council's assets

20 **Constitution**

The Monitoring Officer provided a report that summarised the revisions to the council's Constitution since it was last presented to Council on the 11 July 2019. The report also detailed amendments made to the Constitution by the Monitoring Officer under delegated authority as follows:

- Amendments made to the Public Speaking Protocol to extend the deadline for opposition leader's questions and citizens questions by 24 Hours.
- To provide consistency throughout, all references to Chair or Chairman of meetings unified to Chairman.
- Amendments to Member Allowances following recommendations of the independent remuneration panel review.

The Monitoring Officer explained that as part of the amendments accepted by Council on 11 July 2019, an annual review of the Council's Constitution was approved and it is the intention therefore to take a report to Council on 6 December 2019.

It was **RESOLVED** that:

- a. The revisions to the Constitution made by the Monitoring Officer under delegated authority be approved
- b. The Group recommends the amended Constitution for adoption at Council at its meeting on 6 December 2019

21 **Work Programme**

The Group considered its Work Programme.

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

6 February 2020

- Internal Audit Progress Report
- Treasury Management Strategy
- Internal Audit Strategy
- External Audit Strategy
- Certifications of Grants and Return Annual Report 2018/19
- Work Programme

13 May 2020

- Internal Audit Progress Report
- Internal Audit Annual Report
- Risk Management Progress Report
- Annual Asset and Investment Strategy Report
- Annual Governance Statement
- Work Programme

The meeting closed at 8.32 pm.

CHAIRMAN