

ANNUAL GOVERNANCE STATEMENT 2023/24**1. SCOPE AND PURPOSE****1.1 Scope of responsibility**

Rushcliffe Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Rushcliffe Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Rushcliffe Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

Rushcliffe Borough Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. The seven principles (A-G) are highlighted at various points within the statement. This statement explains how Rushcliffe Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, 2011 and 2015, in relation to the publication of a statement on internal control.

1.2 The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Rushcliffe Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Rushcliffe Borough Council for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

2 THE GOVERNANCE FRAMEWORK

Principles C & D – *Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining interventions to achieve them*

2.1 Vision and priorities

Long term strategic planning has enabled Rushcliffe to address its immediate financial pressures, develop a medium-term financial strategy to 2028/29 and an updated Corporate Strategy covering the period 2024 to 2027. The document is a 'living strategy' – one which will grow and evolve over its lifespan to adapt to the change needs of the authority. The four key priorities, contained within the Strategy, are:

- Quality of Life
- Efficient Services
- Sustainable Growth
- The Environment.

The integration of service and financial planning continues year on year and is resourced by the financial strategy.

The Council continues to work towards the delivery of its Transformation and Efficiency Strategy, its plan to address the financial pressures facing all public bodies. This also incorporates the Council's Productivity Plan (a requirement introduced by Government as part of the 2024/25 financial settlement). This outlines how the Council will meet its financial challenges until 2028/29. The Transformation and Efficiency Strategy focuses upon three key elements – income generation, transformation and business cost reduction and aligns to the Productivity requirements (Service Transformation, Technology and Reducing Waste). As part of the transformation process, the Council is continuously reviewing the services it provides to identify improved or alternative methods of delivery which will enable it to meet its financial targets without eroding the high quality of service for which Rushcliffe is known.

All key tasks within the current service delivery plans have been linked directly to the Council's strategic objectives.

2.2 Improvement and Efficiency

As with other public bodies, the Council continues to face significant financial pressures. The 2024/25 Medium Term Financial Strategy (MTFS) predicts a net budget deficit over 5 years of £1.6m (4% of annual gross expenditure) and whilst this can comfortably be accommodated from reserves in the short term, the Council's priority will be to identify and deliver robust plans to transform processes and deliver efficiencies; and focus on opportunities to grow the Borough and manage the impact of growth and the changing socio-political, financial and environmental climate. The impact of both the Ukraine and Middle East conflicts continue to create much economic uncertainty impacting particularly on fuel and energy prices. Whilst pay increases are expected to decline, the salaries base budget has increased significantly over the past 3 years. This undoubtedly presents risk to the Council's budget position. That said the Council has a Contingency budget of £0.3m and will look to any further revenue budget efficiencies to support budget pressures. Other pay and service challenges arise from the ability to attract and retain staff. Inflation does have an impact on who we trade with which in turn impacts supplies and services, transport and premises budget lines.

A combination of cost control and income generation and better than expected local economic performance and increased Nottinghamshire Business Rates Pool Surplus linked to prudent management of the Council's finances, resulted in a projected budget efficiency position in 2023/24 (at Quarter 3) of £0.665m for 2023/24 mostly as a result of Business Rates Pool surplus and additional grants received. This represents a variance of 4.53% of Net Service Expenditure. Much of which is committed with carry forward requests to meet service challenges. Going forward there remain significant financial risks, and these are commented on below. Use of the Organisational Stabilisation reserve will ensure the Council continues to deliver its main corporate objectives. The impact of ongoing high inflation linked to both rising employee and energy costs means the trajectory of economic recovery remains uncertain and will continue to be closely monitored along with the associated changes to the Council's projected financial position.

Going forward, the Council will review the Transformation Programme (Productivity Plan) as part of its ongoing financial governance arrangements. The Business Rates, Fair Funding and New Homes Bonus reviews continue to be delayed and it is anticipated now that these will not come to fruition until 2026/27, at the earliest and revised assumptions are reflected in the MTFS.

The budget will still focus on the following thematic areas to be balanced in future years:

- (a) Service Efficiencies – focusing on both the customer and streamlining services;
- (b) Management budget control – challenging base budgets each year;
- (c) Transformational Projects – projects such as a new crematorium, Bingham leisure hub facilities and bringing Streetwise back in-house; and
- (d) 'Thinking big' reviews – the emergence of the Development Corporation and Freeport area around Ratcliffe-on-Soar power station.

To secure a medium-term financial position, the Council will maintain progress and focus on managing budget reductions where appropriate, managing inflationary pressures on its operational costs, whilst increasing income to deliver balanced budgets annually. Areas of focus in 2023 included performance of the crematorium and streetwise as in-house service; and areas of risk and opportunity such as investment returns and that income levels are maintained given the impact of the cost-of-living crisis on individuals disposable income and therefore their ability to spend on Council services. In terms of expenditure the impact of inflation on both revenue and capital budgets continues to be monitored.

The Council continues to promote a commercial culture, although the Council has taken the strategic decision to realign its financial commitments focusing on investment in significant assets such as the Bingham Leisure Hub and the Crematorium and no longer investing in commercial assets for a financial return. The Council's Capital and Investment Strategy incorporates reporting on existing commercial investments. Over the term of the MTFS, the income generated from such investments is estimated to rise from circa £1.9m (2024/25) to £2m (2028/29) and performance is reported to Governance Scrutiny Group throughout the year. The Council no longer invests in assets specifically for a commercial return.

2.3 The Constitution

Principle A - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law*

A comprehensive document detailing the Council's constitution clearly sets out the defined structure for the Council's organisational arrangements based upon a cabinet executive model. In essence, the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere, including the setting of the council tax;
- Cabinet is allocated authority by Council to take executive decisions and approve policies not reserved for consideration by Council. Cabinet and Council works to a Forward Plan of forthcoming decisions for up to three months ahead;
- The work of Cabinet has been supported by four scrutiny groups. The Council now has a Corporate Overview Group, which manages corporate performance and financial control as well as the work programmes for the three additional scrutiny groups of Governance, Growth and Development, and Communities;
- Separate committees exist for Standards, Planning, Employment Appeals, Licensing, and Interviewing; and
- Delegation arrangements to officers are set out in detail within the Constitution.

The Constitution also provides detailed guidance on standing orders, financial regulations and the conduct of meetings. In addition, it contains codes of conduct applying to members and officers as well as a protocol for councillor/officer relationships. The codes include reference to the need to declare any interests which may conflict with the individual's role at the Council. The registers for councillors and officers are maintained by the Council's Monitoring Officer and the Strategic Human Resources Manager respectively. The Council has in place a confidential reporting code (whistleblowing policy) and any referrals under the policy are investigated.

The Constitution, as a whole, is reviewed when necessary and appropriate. The last review was in July 2023 and a further review is planned in 2024 reflecting procurement legislation changes.

2.4 Policies, Procedures, Laws and Regulations

The Council has three statutory officer roles: the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer. The Chief Executive is the Head of Paid Service and has overall corporate management and operational responsibility including overall management responsibility for all officers. The Chief Executive has the special responsibility to report if insufficient resources are available for the Council to discharge its legal duties. The Monitoring Officer ensures lawfulness and fairness in decision making and ensures the Constitution is current.

The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources.

The Council's financial management arrangements should conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010). During 2023/24, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2023/24, the Director Finance and Corporate Services held the post of Chief Finance Officer. The post holder is a professionally qualified accountant with direct access to the Chief Executive, Leader of the Council and other Cabinet members. The post holder also has direct access to the Governance Scrutiny Group and the Council's internal and external auditors.
- The Chief Finance Officer has a line of professional accountability for all finance staff and for ensuring that the finance function is 'fit for purpose'. The Council has established robust arrangements to manage its finances, including a Medium-Term Financial Strategy, annual budget process and compliance with CIPFA's Codes and Guidance on the Prudential Framework for Capital Finance, Treasury Management and the management of reserves.
- Internal audit services are provided to the Council by BDO. The effectiveness of this service is monitored by the Governance Scrutiny Group.
- The Chief Executive and three Directors are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice. Oversight of these arrangements is provided by the Director Neighbourhoods.

2.5 Risk Management

Principle F – *Managing risks and performance through robust internal control and strong public financial management*

The Council's risk management arrangements are regularly reviewed. In the last twelve months, the Governance Scrutiny Group reviewed the Risk Register twice, in September 2023 and February 2024. At the last meeting in February there were 38 corporate risks and 27 operational risks on the risk register. In addition, there were 4 opportunity risks.

The Council also reports on risk as part of its reporting framework to Full Council, Cabinet and Scrutiny.

Risk managers have worked to evaluate risk descriptions as proposed by Zurich in the Risk Health Check in 2020. This work is complete, and the exercise resulted in new risks being identified and old risks being removed and reported and agreed by Governance Scrutiny Group. The next report in autumn 2024 will contain the new risks and reworded risk descriptions, building on the Council's focus to address the ongoing impact of the cost-of-living and inflationary pressures, compounded by national living wage increases and pay negotiations.

2.6 Development and training needs

Principle E – *Developing the council's capacity including the capability of council leadership and staff*

The Council has a cross party Member Development Group (MDG) to oversee the development and delivery of Councillor learning and training. This Group meets to

review the delivery of the annual training programme and looks at the Councillors' Community Grant Scheme before each election.

Learning and Development is an essential part of being a Councillor. The Council adopted a Councillors' Learning and Development Policy in July 2021, and the Councillor Induction Programme is a vital element of that Policy.

The Induction Programme consisted of an Induction Handbook, three targeted sessions over the ten days following the Borough Elections in May 2023, together with details of an extensive training programme for the year, which was delivered in-person, virtually and via the Council's e-learning platform.

A number of topics were mandatory to allow Councillors to be able to sit on committees, including planning, licensing and standards, together with courses on GDPR, understanding local government finance, risk management, motions at Council and scrutiny. Councillor Individual Training Records continue to be updated and periodically sent to each Councillor for their information.

During 2023/24, the MDG met twice to evaluate the Induction Programme, the training programme for the year and the development of the programme for 2024/25.

The identification and delivery of appropriate training for officers is overseen by the whole of the Executive Management Team who ensure that organisational Learning and Development Plans linking to individual annual Performance Development Reviews are effectively managed and delivered. The Council recognises the importance of training to its workforce.

2.7 Communication

Principle B - <i>Ensuring openness and comprehensive stakeholder engagement</i>
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Rushcliffe Reports magazine – the Council's newsletter for residents – was circulated to over 52,000 households on two occasions and a digital update to the growing online audiences, setting out key updates on a new leisure centre opening, popular music, food and children's events and request feedback on the Corporate Strategy and its priorities.

Further projects including a refreshed Communication and Engagement Strategy are responding to the evolving to picture building on the three yearly resident's survey feedback received in 2021, particularly across the Council's digital channels to build on 84% of respondents being satisfied, or very satisfied, with their local area as a place to live, 2% higher than the Local Government Association national survey.

In a more hybrid and digital driven era, the Council has continued strong regular updates through developing effective relationships with the local media matched with tailoring relatable content on its social media channels to its key demographics to engage more subscribers across, passing 20,000 followers on all channels.

During 2023/24, the Council continued developing its electronic free subscription newsletter to stakeholders with the launch of a dedicated Garden Waste update to

service users, another communication method that now sees over 18,000 residents gardening hints, tips and updates on the service direct to their inbox.

Customer satisfaction surveys continued with key customer facing services such as the Home Alarms service. The latter received a 100% satisfaction rating from users for an eighth consecutive year. The feedback received from these exercises will continue to be used to improve services to all customers. 2.8

2.8 Partnerships

The Council has put in place strong governance arrangements around the major leisure services, garage services, and car parking contracts. We have also entered into a partnership to improve resilience surrounding procurement advice working with Nottinghamshire County Council. Work continues with regards to the Freeport with the Leader of the Council sitting on the Board for the Freeport.

Ratcliffe on Soar Power Station is due to be decommissioned by 2025. This could have a significant impact on the Borough both financially (loss of business rates) and with the potential to have a very large derelict site at the entrance to the Borough from the A453. The role of the Freeport is critical with regards to this key gateway into the Borough. The East Midlands Freeport was approved by the Government on 30 March 2023. It will receive up to £25million in seed funding from the government to help drive investment in local businesses. The Freeport presents great opportunities for a world-class green and blue environmental investment programme with research and development in climate change and zero carbon technology and will enable employment opportunities and infrastructure investment.

The Chief Executive of the Council is a Director of the Development Corporation (DevCo) an interim vehicle to help deliver development of the power station site. The Council has committed £0.5m (an earmarked reserve) to support the Development Corporation with contributions from North West Leicestershire, Broxtowe Leicestershire and Nottinghamshire councils. The Leader sits on the Oversight Authority.

The Council is involved in the Devolution Deal proposals with other Derbyshire and Nottinghamshire authorities. With the East Midlands Mayor now in situ, from May 2024. Current proposals would still mean Rushcliffe as a Borough will retain its sovereignty, although there is a clear direction of travel for Councils to work more collaboratively for the benefit of their local communities.

2.9 Transparency

Principle G – *Implementing good practice in transparency, reporting and audit to deliver effective accountability*

All reports to meetings of Council, Cabinet, Scrutiny Groups and other committees are publicly available on the Council's website. Minutes are also published providing a record of the meeting and any decisions taken, and the Council provides public access to audio and video recordings of meetings. Other forms of public accountability

reporting include the Annual Statement of Accounts, the Council's Annual Report and in-year financial and performance monitoring reports which are reported to the Governance Scrutiny Group and Corporate Overview Group respectively. Reports from the Council's internal auditors (BDO) and external auditors (Mazars) are published online, including their annual reports.

The Corporate Overview Group monitor performance against targets on a quarterly basis. BDO are compliant with the requirements of the Public Sector Internal Audit Standards and has direct access to councillors and staff in order to discharge their duties.

The Council publishes information in accordance with the Local Authorities (Data Transparency) Code.

3 REVIEW OF EFFECTIVENESS

3.1 Introduction

Rushcliffe Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. This review is considered by the Governance Scrutiny Group.

3.2 The Council

The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including:

- The Constitution
- The Corporate Strategy
- The Capital Programme and Revenue Budget
- The Housing Strategy
- The Local Development Framework
- The Capital and Investment Strategy

3.3 The Cabinet

The Cabinet carries out the executive functions of the Council as required by the legislation and the Council's constitution. It accordingly:

- Takes key decisions
- Takes other executive decisions
- Approves policies other than those reserved for Council
- Recommends to Council policies and budgetary decisions.

3.4 Scrutiny groups - Governance Scrutiny Group

The Governance Scrutiny Group is charged with Governance and has a number of responsibilities including:

- Overseeing financial governance arrangements
- Overseeing strategic risk management
- Scrutinising the Annual Governance Statement
- Scrutinising the Statement of Accounts
- Reviewing the plans and work of Internal Audit
- Overseeing the review of the Constitution
- Receiving reports from external audit in relation to the audit arrangements
- Scrutinising the Going Concern report.

3.5 **Other Scrutiny Groups**

The Corporate Overview Group reviews the performance of the Council against the approved targets. Other reports are taken to this group and during the last year include the diversity annual report, annual customer survey and the health and safety reports.

In addition to the Corporate Overview Group and Governance Scrutiny Group, the Council has two other scrutiny groups. The first, Communities, looks at areas that affect the community, topics covered include are as diverse as East Midlands Airport, Social Housing Models, and Smoke Control Areas. The other group, Growth and Development, is tasked with looking at different aspects of growth within the Borough and has, this year for example, scrutinised reports in relation to Development and Infrastructure and Connectivity and Communications.

3.6 **Directors**

The Chief Executive and Directors are responsible for ensuring proper standards of internal control within their service areas. On-going reviews are undertaken throughout the year. At the end of the financial year, the Chief Executive and Directors are required to confirm that they have reviewed the system of internal control and identify any areas where improvements are necessary.

3.7 **Internal Audit**

Internal Audit is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. BDO this year had their contract extended until 2027/28. An Audit Strategy has been developed covering all activities of the Council at a level and frequency determined using a risk management methodology.

An annual audit plan governs each year's activity and at the completion of each audit, a report is produced for management with recommendations for improvement. Regular reports covering internal audit activities are submitted to the Governance Scrutiny Group for scrutiny.

The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.

At the time of writing, we are awaiting the Internal Audit report.

3.8 **External Audit**

The external auditors, Mazars, review the Council's arrangements for:

- Preparing accounts in compliance with statutory and other relevant requirements;

- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice; and
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made. Mazars issued an unqualified audit opinion, expressing the view that the financial statements give a true and fair reflection of the financial position of the Authority, and of its expenditure and income for the year. Whilst this was later than expected, with the accounts signed-off in December 2023 we are in a better position than many authorities with some several years behind regarding their financial statements being certified. We continue to work with the auditors to ensure the end of September deadline is met. A positive Value For Money conclusion was given by Mazars in their February report.

4 IMPORTANT GOVERNANCE ISSUES

4.1 Issues Identified, Budget and Ongoing Pressures and Inflation, the Peer Review, the CIPFA Financial Management Code, and other issues and proposed remedial action

Current budget position

2023/24 and 2024/25 budgets are again under pressure due to expenditure pressures in relation to energy and pay inflation. We are anticipating budget efficiencies for 2023/24 of around £1.66m mainly due to additional business rates income. This is not unexpected and will meet service pressures such as in relation to the 'homes for Ukraine' scheme and 'safer streets' funding. There are also anticipated additional pressures in relation to Finance and income System replacement and a commitment to increase the Climate Change Reserve for bio-diversity net gain.

The CIPFA Financial Management Code

The Chartered Institute of Public Finance & Accountancy (CIPFA) introduced a new code, The Financial Management Code 2019 (FM Code), which sets the standards of financial management for local authorities.

As we said we would do, we have asked a neighbouring authority to review the Council's self-assessment and this assessment is given at Appendix A. The approach used is to give a RAG rating and has also been reviewed by the Council's Section 151 Officer. In summary, the findings of the current self-assessment against the Financial Management Standards gives a green rating against each standard.

The Peer Review and Other Issues

The Council had a Corporate Peer Review in early 2024. This was largely very positive with no significant issues identified. Recommendations were made and reported to Cabinet along with an Action Plan and/or comments in relation to the recommendations. The Peer Challenge Team will be reviewing progress in relation to the Action Plan in the Autumn of 2024.

Given all of the challenges linked to rising inflation combined with medium-term uncertainty for example as a result of Business Rates and Fair Funding reviews, the Council has balanced its budget. However, there is the challenge of £1.25m of efficiencies to be identified over the next 2 years, taking into account the £1.7m efficiencies in the Transformation Programme. The Transformation Strategy and supporting Programme identifies the Council's approach to meeting its efficiency requirements and dovetails with the Council's Productivity Plan (an 'ask' regarding the 2024/25 financial settlement). Whilst the expectation is pay and utility inflation will reduce, the base budget is already substantially inflated. Pay inflation is linked largely to government policy on the national minimum living wage but also labour market pressures generally affecting recruitment. There is also a knock-on effect on supplies and service costs, and we are already aware of cost pressures arising above and beyond those already in the budget. Fortunately the Council's robust current financial position, at least in the short term, enables some mitigation regarding such cost pressures.

Going forward, there will also be service based pressures linked to statutory changes in relation to planning (Levelling-Up Act) and waste services (Simpler Recycling and the Environment Act) with details on guidance and funding being drip-fed from Government. This is a risk to both service provision and the budget going forward. The Council will, therefore, be making representation to relevant bodies and working with peers on how to mitigate this risk. Further information from Government is expected over the coming months.

The Council is still committed to having a commercial ethos and maximising value for money for the benefit of its residents. The Council has a range of income streams and manages such risks proportionately and sensibly. Under CIPFA guidance it cannot borrow to fund commercial activity.

The planned reviews of Business Rates and Fair Funding continue to be delayed. The current expectation is that they will be delayed until at least 2026/27, given the likelihood of a late General Election which creates more uncertainty regarding the timeliness of the 2025/26 financial settlement. New Homes Bonus has already been subject to consultation in 2021, as yet there has been no feedback from Government as to its future.

In the past we have referenced the risk of power station appeals. However given the reduction in business rates for the power station over time, the income has been eroded and its loss is now less of a risk. Business rates for the power station have reduced to around £0.8m (50% retained by central government) from £6m several years ago. The upside risk is that the Council's future exposure to a power station appeal will have a smaller impact and similarly when the power station is ultimately de-commissioned its financial impact will not be as greatly felt.

The external auditors have noted a number of risks in their Audit Strategy Memorandum 2023/24 (which are similar to their 2022/23 Memorandum), namely:

- Appropriate controls are in place to prevent 'management override';
- The completeness and accuracy regarding the Council's valuation of property, plant and equipment; and
- The Local Government Pension Scheme and the risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts.

OFFICIAL

It is recognised that ICT threats and opportunities continue to evolve, it is imperative that the Borough Council has a clear understanding of how these impact on our day-to-day operations, particularly in the light of recent global cyber security threats. The Council continues to look at ensuring systems are hosted in ‘the cloud’ to mitigate such risks.

Despite the challenging economic environment, the Council remains committed to reducing its carbon footprint and continues to deliver excellent services. The Climate Change Reserve remains and with the challenge of delivering on bio diversity net gain targets and carbon offsetting, the Council continues to future proof this reserve to fund future initiatives.

Based on our review of the governance framework, the following significant issues will be addressed in 2023/24:

Issue	Reporting to	Methodology	Timescale
Monitor the delivery of the Transformation Strategy and ongoing budget position covering risks and opportunities arising from, for example, inflation, the new crematorium and Streetwise insourcing	Reports to EMT, Scrutiny and Cabinet	On-going financial reports	At least quarterly reporting
Monitor the delivery of the capital programme	Reports to Corporate Overview Group and Cabinet	On-going financial and performance reports	Quarterly
Monitor Business Rates, Fair Funding and New Homes Bonus developments	Reports to Cabinet and Full Council	Included as part of the Medium-Term Financial Strategy reporting; update to CGG as part of the AGS	By March 2025
Monitor the position with regards to significant external opportunities - Devolution, the Development Corporation and the Freeport	Reports to Cabinet and Full Council	On-going governance reports	By March 2025

5 STATEMENT OF THE CHIEF EXECUTIVE AND THE LEADER OF THE COUNCIL

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Governance Scrutiny Group. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed, and those to be specifically addressed with new actions planned, are outlined above.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

K Marriott (Chief Executive)



Date September 2024

Signed

Councillor N Clarke (Leader)

Date September 2024




Appendix AFinancial Management Code Review

Financial Management Standard	Evidence and Comments	Risk Rating
Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team		
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	





Audit conclusion on 2022/23 accounts was the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023. General Fund reserve levels have been maintained above the minimum required level and the balance on other usable reserves is expected to reduce from £15m to £10m over the medium term. Despite inflation challenges excellent performance has been maintained (as per Finance and Performance reports) In year budgets 2023/24 are broadly on target. The Head Of Internal Audit's audit conclusion is taken into consideration and comments included in the AGS if necessary. We comply with the requirements of the code

CFO is CIPFA qualified with 34 years of local government experience; and reports to CEO; CFO role detailed in the Constitution; CFO sits on Executive Management Team, influencing material decisions and ensuring financial implications are provided in all reports. The CFO leads on corporate fraud. Through the Finance team treasury performance is monitored and reported to Governance Scrutiny Group throughout the year.



Section 2: Governance and Financial Management Style

C	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	<p>BDO (internal audit report for 2022/23) The organisation has a substantial assurance framework for risk management, governance and internal control. Statement in the AGS in the STAC for 2022/23 demonstrating compliance. Accounts signed off by audit.</p>	
D	<p>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).</p>	<p>The Governance Group scrutinise Constitution changes and reviews the adequacy of Governance arrangements, such as risk management and approving the Annual Governance Statement. The Head Of Internal Audit's audit conclusion is taken into consideration and comments included in the AGS if necessary.</p>	
E	<p>The financial management style of the authority supports financial sustainability.</p>	<p>The Council has developed a Transformation Programme and made in excess of £5m in budget efficiencies with a further £1.7m planned. The Council monitors its Transformation and Efficiency Plan as part of monthly budget monitoring but this is also reported to COG and Cabinet as part of quarterly performance indicators and financial monitoring. It maintains a portfolio of commercial assets that generates just under £3m of income receipts annually. There are a sustained level of reserves commensurate with its risk appetite.</p>	


Section 3: Long to Medium-Term Financial Management


F	The authority has carried out a credible and transparent financial resilience assessment.	Budget setting for 2024/25 includes a statement from CFO that the estimates are robust. Budgets were set in conjunction with senior managers and members and appropriate challenge made. Budgets are balanced and reserves healthy and we have an achievable Transformation and efficiency plan monitored monthly. An independent review by consultants confirms the council has robust finances. Appendix A shows the 2021-22 CIPFA Resilience Index with relatively low risk. Independent benchmarking confirms this position. The Council has also participated in the LG Peer review in January 2024 and this concluded that the Council has a robust, current financial position, endorsed by its auditors. External and internal auditors were equally impressed with the Council's management of its finances and its responses to audit recommendations generally.	
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	We have a 5 year MTFS reported to Members and we have reported the authority's position as a Going Concern. The Risk Register is constantly evolving and is updated as new risks emerge. Horizon scanning and discussions at Risk Management Group ensure that wider risks are considered. During 2024, the Council has conducted a Fraud Risk Assessment that will be reviewed by the Council's internal auditors BDO.	
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	Capital Strategy shows that plans are affordable prudent and sustainable - all PI's are set and monitored, MRP is set to repay debt	
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	5 year MTFS in place, projects and outcomes linked to corporate plan and proposals are scrutinised against the corporate plan and these feed into the departmental service plans. The Council will aim to review its capital plans over a longer time period to ensure future budgets are robust.	

Section 4: The Annual Budget


J	<p>The authority complies with its statutory obligations in respect of the budget setting process.</p>	<p>The Council complies with its statutory obligations in respect of the budget setting process as set out in the Local Government Finance Act (1992). A legal and balanced budget and corresponding Council Tax levels have been set by Council by the statutory deadline of 11 March and assurance has been provided by the CFO regarding the robustness of estimates and adequacy of reserve levels.</p>	
K	<p>The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.</p>	<p>The budget setting report comments upon the expenditure plans, reserves and risk and includes a statement from the CFO giving a positive assurance that the budget is balanced, robust and affordable</p>	


Section 5: Stakeholder Engagement and Business Plans

L	<p>The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.</p>	<p>Budget was made available to residents via Cabinet agenda prior to approval at Council. The MTFS resources the corporate Strategy which has been out for consultation to the residents of the Borough. Elected members given the opportunity to scrutinise and comment upon. Member workshops involve members at budget setting. We consult with Stakeholders on key projects e.g. Bingham Car Parking and the Crematorium.</p>	
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M	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>For capital investment appraisals and business cases the Council uses the agreed approach outlined in the Capital and Treasury Strategy and are subject to approval by Asset Investment Group. Projects that do not satisfy the set criteria (Net Present Value, Internal Rate of Return and impact on the General Fund and assessment matrix of non-financial criteria) are not approved in their current form. Specific appraisals are reported to Governance Group. Financial comments are required on reports to highlight and demonstrate consideration of financial impact and allow scrutiny of, and challenge to the proposals. The Council considers the impact on the climate of any investment or development proposals and actively seeks to ensure these are positive for the environment such as the new Crematorium and improvements to its Leisure Centres.</p>	
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Section 6: Monitoring Financial Performance

N	<p>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p>	<p>Monthly reports are considered by budget holders, which is in turn reported to and scrutinised by Service Managers. Issues identified current concerns are reported to EMT. Quarterly Finance and performance reports are presented to Cabinet and COG. Reports include a section on financial implications, performance and risk. Monthly reports are sent to EMT on aged debt and outstanding items of concern. TM reports are taken quarterly and at year end to GSG and more detailed meetings are held monthly in the finance team. The finance officers involved in TM undertake regular training and treasury advisors deliver annual training for members</p>	
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O	<p>The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.</p>	<p>EMT are actively involved in budget workshops which demonstrates the position on Revenue, Capital and Reserves and sit at Full Council when the budget is approved</p>	
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Section 7: External Financial Reporting

- P** The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.
- The CFO's responsibilities are set out in the "Statement of Responsibilities" within the STAC. This statement clearly sets out that the CFO is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The annual audit letter confirms that the 2022/23 STAC has been prepared in accordance with the code.
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- Q** The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.
- The outturn figures are reported to Cabinet and included in the narrative sections of the statement of accounts. Variances are clearly identified including highlighting those that are 'accounting adjustments'. Use of underspends are clearly identified in the report, including carry forward requests and these are approved by Cabinet.
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