

Governance Scrutiny Group

Chair's Foreword

This annual report summarises the main work undertaken by the Governance Scrutiny Group 2023/24 focusing on the impact of scrutiny. The Governance Scrutiny Group scrutinises and approves the Council's finances, approach to risk, as well as other corporate issues. I am pleased to report that despite another challenging year, the Governance Scrutiny Group have proceeded as planned and all items programmed for 2023/24 were considered.

The Group has explored the Council's responsibilities in lined with the Council's priorities within the Corporate Strategy, which include:

- Reviewing the outcomes of both internal and external audit investigations to ensure the Council is compliant with legislation and best practice;
- Monitoring the Annual Governance Statement to ensure compliance with the Council's Code of Corporate Governance
- Scrutinising and approving the Statement of Accounts
- Reports on the Council as a 'Going Concern'
- Considering the Council's Risk Management Framework annually to ensure current risks are being monitored, and effective controls and mitigating actions are in place
- Considering regular reports on Asset and Investment Management to ensure prudent use of Council resources is being made to fulfil the objectives of the Investment Strategy and Annual Capital Programme
- Monitoring the operation of the Council's constitution to ensure that it is being upheld and to recommend to Council any necessary fundamental changes.

Councillor Andy Edyvean
Chair Governance Scrutiny Group



Councillor Andy Edyvean
Chair



Councillor Penny Gowland
Vice Chair

What we are responsible for?

The Governance Scrutiny Group's responsibilities include:

- **Statement of Accounts** To examine the outturn and statement of accounts resulting in its approval.
- **Annual Governance Statement** To consider the annual report on applying the Council's system of internal control. This statement ultimately comprises a key element of the Council's Statement of Accounts.
- **Going Concern** To consider the report of the Council's S151 officer on the status that the authority, its functions and services will continue in operational existence for the foreseeable future.
- **Capital and Investment Management** To consider the annual and interim reports on capital and investment management activity. Ensuring that practice has complied with the approved Capital and Investment Strategy, making recommendations to Cabinet or Full Council as appropriate. Including changes to the Capital and Treasury Management Codes of Practice, which includes reporting on the position concerning both treasury and non-treasury (commercial) investments.
- **Asset Management Plan** To consider the biennial report on the performance of the Council's commercial property assets and forward any comments to Cabinet
- **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.
- **Internal Audit** To consider the three year internal audit plan and periodic reports on the progress of audits undertaken throughout the year in order to make an informed judgement on corporate governance and internal control statements, making recommendations to Cabinet on improvements.
- **External Audit** To consider the annual report of the external audit and consider significant findings and the Value for Money opinion and to agree the annual audit plan for the forthcoming audit.
- **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.
- **Annual Constitution Review** To monitor the operation of the Council's constitution and recommend to Council any necessary changes in accordance with section 37 of the Local Government Act 2000, including any amendments to the Councillor's Code of Conduct.

Our work this year

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

- Internal Audit, including quarterly Progress Reports, Annual Report and Strategy
- Risk Management
- Going Concern Assessment
- Capital and Investment Strategy
- Approval of the Statement of Accounts
- Capital and Investment Strategy Outturn 2022/23
- Capital and Investment Quarterly Updates
- Draft Risk Management Strategy 2024-27
- Annual Fraud Report
- Annual Audit Letter
- Annual Audit Completion Report
- External Audit Annual Plan 2022/23
- Annual Governance Statement 2022/23
- Revision of the Council's Constitution and Councillor Code of Conduct
- Review of Regulation of Investigatory Powers Act Policy
- Asset Management Plan.

Internal Audit, including quarterly Progress Reports, Annual Report, and Strategy

The Governance Scrutiny Group considered the Council's internal audit executed by BDO the Council's Internal Auditors. Representatives from BDO attended each meeting to present the quarterly Progress Reports and at the meeting in February 2024 they presented the Internal Audit Strategy report for 2024/25.

Across all four meetings the Group debated:

29 June 2023

- The Channel Shift Audit and recommendations to improve the Council's arrangements for Channel Shift.
- The Safeguarding Audit and the Council's processes to ensure relevant staff are periodically DBS checked and to ensure key personnel raise any safeguarding concerns at internal steering groups.
- The Sustainable Warmth Audit including key documents from external partners responsible for delivering the Sustainable Warmth Grants.

28 September 2023

- The Main Financial Systems which focused on Treasury Management and looked at the financial controls in place.
- Hybrid Mail reviewing the implementation and ongoing management of the hybrid mail project.
- Markets and income for charging market traders and the collection and banking processes.

23 November 2023

- Reconciliation review which highlighted there was some lack of evidence for the separation of duties between officers preparing and reviewing financial transactions. The Service Manager – Finance had assured the Group that

substantial support was in place and that the verification and authorisation of financial transactions are completed by separate officers.

22 February 2024

- The Country Park Income highlighted low level recommendations in respect of cash receipts and procedural notes.
- The Governance of Partnership focused on the Community Safety Partnership and its Terms of Reference.
- The Grant Management Controls focused on fraud prevention and highlighted a delayed payment from Eon.

At the meeting in June 2023 Mr Dulay from BDO the Council’s internal auditors presented the Internal Audit Annual Report for 2022/23, including the annual opinion of the Head of Internal Audit required by the Public Sector Internal Audit Standards.

At the meeting in November 2023 Mr Armstrong from BDO provided a sector update from the Chancellors autumn statement and advised the Group of some changes to the planning process and a freeze on business rates to support the retail and hospitality sector.

At the meeting in February 2024, Mr Rubens from BDO presented the Internal Audit Strategy for the period 2024-2027 which focused on the planned audits due to take place in year two of the new cycle of audits.

The Group discussed the Council’s Internal Audit Strategy 2024/25 based on a multi-year approach, in order that areas of key risk are looked at over a three year audit cycle.

The Group agreed to:	Progress Update – June 2024:
Approve the quarterly Internal Audit Progress reports	Management take audit findings and recommendations onboard as a scope for improvements within the Council’s systems and processes. Follow up on agreed management actions take place throughout the year
Approve the Internal Audit Annual Report 2022/23	
Approve the Internal Audit Strategy and Plan for 2024-2027 and the Internal Audit Charter contained within the Internal Audit Strategy Plan	

Risk Management

The Governance Scrutiny Group considered the Council’s Risk Register at its meetings in September 2023 and February 2024. The Service Manager – Corporate Services updated the Group about the Council’s risk management activities as well as changes to risks in the Council’s risk register. The Group debated:

- New risks and those for which the risk rating had been reduced
- Risks relating to the Transformation Strategy
- Risks regarding ICT loss or failure of service

- Cost of defending appeals for large scale residential developments and potential award costs

The Group agreed to:	Progress Update – June 2024:
Considered and made recommendations on the risks that had a red alert status	Feedback from the Group has been relayed to the Council's Risk Management Group. Risk Management Training for Group Members was delivered in September 2023

Going Concern Assessment

At its meeting in November, the Director – Finance and Corporate Services presented the Council's Going Concern status. The Group were advised that as a requirement of the Code of Practise on Local Authority Accounting the Statement of Accounts are prepared with the assumption that the Council will continue to operate within the current and anticipated resources available. The main factors that underpin the going concern assessment were discussed as follows:

- The Council's current financial position
- The Council's projected financial position
- The Council's governance arrangements
- The regulatory and control environment applicable to the Council as a local authority

The Group agreed to:	Progress Update – June 2024:
Approve the outcome of the assessment made of Rushcliffe Borough Council's status as a 'Going Concern' for the purpose of the Statement of Accounts	The Council's position is monitored throughout the year with the 2023/24 assessment due to be seen by the Group in September 2024

Capital and Investment Strategy Quarterly Updates

The quarterly updates are presented by the Service Manager – Finance and provide the Governance Scrutiny Group a summary of the Council's capital and investment activities during the year and in line with the Council's Capital and Investment Strategy 2023/24-2027/28. The Group were asked to consider the Council's commercial investment activity ensuring there is both transparency and scrutiny in terms of treasury and investment decision making.

At its meeting on 29 June 2023, the Group commented on the various financial institutions and in particular other authorities and green and social investments and whether the Council were doing their best to invest in greener and more ethical companies.

At its meeting on 28 September 2023, the Group discussed the Council’s green rated investments, other local authority investments and diversified funds and commented on the loan to the West Midlands Combined Authority.

At its meeting on 23 November 2023, the Group discussed the interest return on S106 and CIL contributions and noted this is passed on to the beneficiary of the S106 or CIL agreement.

At its meeting on 22 February 2024, the Group discussed the UK’s weakening economic outlook and the uncertain political climate due to the upcoming general election.

The Group agreed to:	Progress Update – June 2024:
Note the Capital and Investment Strategy quarterly updates provided at each of its meetings during 2022/23	Capital and Investment training is provided annually by the Treasury Management Advisors and was last provided in January 2024 as part of the Councillor Training programme

Capital and Investment Strategy 2023-2024 to 2027-2028

At the meeting in February 2024 the Finance and Business Partner presented the Council’s Capital and Investment Strategy 2024/25 to 2028/29 which focused on traditional treasury activity and the Council’s commercial property investments in light of CIPFA’s updated Prudential and Treasury Management codes.

The Group discussed the Treasury Training delivered by Arlingclose the Council’s Treasury Management Advisors and members expressed the training had provided a greater understanding of the complexity of the Council’s Treasury Management activities.

The Group agreed to:	Progress Update – June 2024:
Note and approve the Council’s Capital and Investment Strategy for 2024/25 to 2028/29 including the Capital Prudential Indicators and limits, the Minimum Revenue Provision Statement, the Treasury Management Strategy and Treasury Indicators and the Commercial Investment Indicators and limits for 2024/25 to 2028/29	Annual training last provided in January 2024 with the next planned for January 2025

Approval of the Statement of Accounts

At its meeting in November 2023 the Director – Finance and Corporate Services presented the Council’s statutory Statement of Accounts for the financial year 2022/23.

The Group noted there had been no significant issues arising from the audit and the Council was in a good position in comparison to other local authorities.

The Group agreed to:	Progress Update – June 2024:
Approve the Statement of Accounts for 2022/23, including the Annual Governance Statement	The Statement of Accounts was approved by external audit with no significant issues arising. The 2023-24 Statement of Accounts will be published on 1 June 2024 and will be scrutinised at the September meeting

Annual Fraud Report

In June 2023, Mr Dulay from BDO the Council’s Internal Auditor presented the Council’s Annual Fraud report, which summarised the incidence of fraud and fraud prevention activities undertaken by the Council during 2022/23. The Group were provided an overview of fraud related issues that had arisen at the Council during 2022/23. These included:

- Preventing and Detecting Fraud
- Whistleblowing Policy
- National Fraud Initiative (NFI)
- Council Tax Single Person Discount
- Council Tax Energy Rebate payments
- Fraud Awareness Training and Counter Fraud Staff Survey

The Group agreed to:	Progress Update – September 2023:
Approve the Annual Fraud Report for 2022/23, including the approval for further fraud awareness training in 2022/23	The Annual Fraud Report 2022/23 (29 June 2023) recommended that a Fraud Risk Assessment be carried out by the Council within the next 12 months. This review has taken place and will be assessed and reported on to the group at its September update

Annual Audit Letter and Value for Money Conclusion

In June 2023, Mr SurrIDGE from Mazars the Council’s External Auditors presented the Annual Audit Letter including the Council’s Value for Money arrangements.

In the debate that followed the Group noted that no actions were required other than a misstatement and an unadjusted misclassification as a result of new guidance in relation to infrastructure assets. The Group commented on the Council’s cash reserves which were earmarked for the medium-term financial strategy linked to risk and the Council’s future capital plans.

At its meeting on 22 February 2024, Mr Surridge presented the Council’s audit arrangements for the financial year 2022/23. The Group discussed the Auditors observations that the Council consider having an ‘Audit Committee’ instead of Governance Scrutiny Group and questioned the proposals from the Redmond Review for independent members to sit on the audit committee to ensure there is the adequate skills and experience.

The Group agreed to:	Progress Update – June 2024:
Approve the Annual Audit Letter and Value for Money arrangements	The deadline for audit to sign off the accounts is 30 September. The audit is planned to commence over the summer and conclude by the end of September. The Annual Audit Letter and Value for Money conclusion will be presented to the group later in 2024

Annual Audit Completion Report

In November 2023 Ms Frudd from Mazars the Council’s external auditors presented the Audit Completion Report and Management Representation Letter which provided the key conclusions in the audit process for 2022/23. The Group discussed some of the key risks that were highlighted including:

- Management Override
- Net defined benefit liability valuation as the audit was ongoing as they had not received the assurances required from the pension fund audit
- Valuation of land and buildings and investment properties, here two immaterial misstatements had been identified which the Council will correct for 2023/24
- Insourcing of Streetwise.

The Group discussed S106 contributions where planning conditions had not been met, and the accuracy of officer valuations in regard to Council owned land and buildings.

The Group agreed to:	Progress Update – June 2024:
Note and approve the Audit Completion report and approve the Management Representation Letter	There remain national issues with Pension Fund variations and audit resources which could delay the signing off of the accounts
Receive a follow up letter from Mazars in relation to the significant matters that are outstanding	The Annual Audit Letter was taken to the Group on 22 February 2024

External Audit Annual Plan 2023/24

In June 2023, Ms Frudd from Mazars the Council’s External Auditors presented the External Audit Plan which summarised the Council’s approach to external audit activity

in relation to the financial year 2022/23. In the debate that followed the Group questioned the audit of Streetwise having only been back under the control of the Council for 6 months would provide a realistic view of its performance.

In February 2024. Mr Surridge from Mazars the Council's External Auditors advised the Group that due to consultation and amendments to the Code of Practice that has required extra time to complete the audit, the External Audit Plan is likely to be completed over the summer and would be brought back to the Governance Scrutiny Group at its meeting in May 2024. The Group discussed comparisons with other similar local authorities and noted Rushcliffe were in a favourable position going forward.

The Group agreed to:	Progress Update – June 2024:
Approve the External Audit Plan	The external audit of the 2023/24 accounts is planned to conclude by September 2024

Annual Governance Statement 2022/23

At its meeting in June 2023 the Group were presented the Council's Annual Governance Statement which reflects the requirements of the updated CIPFA/SOLACE principles within the Local Government Code. The Group asked specific questions relating to; Ratcliffe on Soar Power Station, the Freeport and Development Corporation projects and the likely influences these may have on the Council's business rate income and the risks associated with emergency planning and the Council's carbon zero targets.

The Group agreed to:	Progress Update – June 2024:
Approve the annual Governance Statement 2022/23 and any actions for the forthcoming year	Nothing to update

Revision of the Council's Constitution

At its meeting in June 2023 the Group were asked to consider and recommend for adoption by Council revisions to the Council's Constitution, including amendments to Part 3, Responsibility for Function and Scheme of Delegation and Part 4, Standing Orders, Rules and Financial Regulations in relation to Planning. The Group did not reach a consensus on some of the proposed changes.

At its meeting on 28 September 2023 the Group decided to create a Planning Committee Working Group to finalise the proposed changes to the constitution in relation to Planning.

The Planning Committee Working Group met on 7 November 2023 and at the Governance Scrutiny Group meeting on 23 November 2023 the proposed changes to

the constitution in relation to Planning were approved. A further change with regards to extending the timescales within which the submission of motions for full Council are received by the Chief Executive.

The Group agreed to:	Progress Update – June 2024:
Approve the recommendations for adoption by Council, including the additional amendments in Part 3 and Part 4 of the Constitution as proposed by the Group	The revisions and amendments in Part 3 of the constitution were approved by Full Council at its meeting on 7 December 2023

Review of Regulation of Investigatory Powers Act Policy

At its meeting on 23 November 2024 the Monitoring Officer presented the Review of Regulation of Investigatory Powers Act Policy and explained the Investigatory Powers Commissioners Office (IPCO) which requires that Councillors are updated annually on the Council’s use of powers under the Regulation of Investigatory Powers Act (RIPA).

The Group agreed to:	Progress Update – June 2024
Endorse the Council’s RIPA Policy in line with the IPCO inspection regulations	Nothing further to add

Asset Management Plan

At its meeting on 22 February 2024 the Senior Property Surveyor presented the biennial report of the Council’s Asset Management Plan which provided a review and assessment of the Council’s commercial property portfolio, how properties are performing and what the expectations are for the next five to ten years in terms of income and cost. The Group discussed improvements to energy performance of some of the properties and the sub-letting of land at Candleby Lane.

The Group agreed to:	Progress Update – June 2024
Approve the review of the Council’s commercial property portfolio and its reporting to Cabinet	The report was discussed at the meeting 22 February 2024

Member Panels

The Group established a Member Panel to support amendments to the Council’s Constitution at, Part 3 - Responsibility for Function and Scheme of Delegation and Part 4 - Standing Orders, Rules and Financial Regulations in relation to Planning Committee.

Call-ins

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

Looking forward to the year ahead

The Governance Scrutiny Group is looking forward to developing a comprehensive work programme for the year ahead.