



MINUTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY, 20 SEPTEMBER 2018

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

PRESENT:

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

ALSO IN ATTENDANCE:

Councillors

OFFICERS IN ATTENDANCE:

T Coop

Constitutional Services Officer

P Linfield

Executive Manager - Finance and
Corporate Services

S Whittaker

Financial Services Manager

A Collston

KPMG

C Williams

Head of Internal Audit - RSM

APOLOGIES:

Councillors G Davidson and A Brown

10 Declarations of Interest

There were no declarations of interest.

11 Minutes of the Meeting held on 24 July 2018

The Minutes of the meeting held on 24 July 2018, were approved as a correct record and signed by the Chairman.

12 Annual Audit Letter

Mr Alistair Collston of KPMG, the Council's external auditors, presented the Annual Audit Letter, which had been circulated prior to the meeting and attached as an appendix to the officer's report. It was noted that the Annual Audit letter was positive and highlighted no areas of concern. Mr Collston thanked the Executive Manager and the finance team for their support throughout the audit process.

The Chairman requested further information on the Council's Pension liabilities and a whether the audit risk variances were high, medium or low and what impact these variances would have in the long term. Mr Collston advised that pensions were the largest liability and were influenced by uncontrollable

factors, for example interest rates, an increase in pension rates and Brexit, all of which could have a significant impact on pension liabilities. The Executive Manager – Finance and Corporate Services advised that the pension's position was reported at the last meeting of the Corporate Governance Group and showed a positive position, but the aforementioned uncontrollable factors would have given rise to some uncertainty. One of the Actuaries roles and objectives is to ensure the fund is sustainable going forward and provide some certainty to Council's regarding their contribution rates. He added that further information was expected next year and would be reported to the Group with the Statement of Accounts next year.

The Chairman and members of the group thanked Mr Collston and the team at KPMG for the audit work they had completed over the past 5 years.

It was **RESOLVED** that the Annual Audit letter be noted.

13 **Internal Audit Progress Report 2018/19**

Mr Chris Williams, Head of Internal Audit at RSM, the Council's internal auditors attended the meeting to present the Internal Audit Progress Report. It was noted that this was the first report for the financial year 2018/19. The report provided information on the current position on the audit programme, along with any significant recommendations with regards to the audits completed during this period. The report highlighted the completion and issue of five reports since April 2018: Risk Management, Business Continuity, General Data Protection Regulations, Council Tax and Asset Investment. It was noted that the programme was on track and all assignments had received a positive assurance with no high or medium risk recommendations and that any mitigating actions recommended had been agreed by management for implementation.

The Chairman requested further information in relation to the Business Continuity report. The Executive Manager – Finance and Corporate Services advised that he did not have that information available at the meeting, but advised he would circulate the information to the group after the meeting.

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

It was **RESOLVED** that:

- a) the report be noted.
- b) further information on the Business Continuity report be circulated to members of the Group.

Councillor Lawrence gave his apologies and left the meeting at this point and did not re-join the meeting for any further discussion.

14 **Revenue and Capital Budget Monitoring – Quarter 1 2018/19**

The Financial Services Manager presented the report of the Executive Manager – Finance and Corporate Services detailing the Revenue and Capital

Budget position for Quarter 1 2018/19. The report provided the budget position for revenue and capital as at 31 July 2018 along with the appropriate recommendations for referral to Cabinet.

The Financial Services Manager advised that overall, the Council's financial position was relatively stable with revenue efficiencies and additional grant income of £98,000 offset by the slightly less favourable business rates position of £161,000 providing a net position of £63,000 which represented a 0.6% variation against the net expenditure budget. It was also noted that £1.19m was expected to be transferred to reserves, so that the Council could meet significant challenges and risks going forward. The capital programme indicated a planned underspend of £10.237m, due to a slowdown in asset investment and the outcome of the relocation of the Abbey Road Depot project is yet to be made.

Councillor Cooper enquired on what was contributing to the rising costs for additional items within the Streetwise primary contract. The Executive Manager – Finance and Corporate Services advised that the adverse variances were due to an increase in fly-tipping cases and the cost of cleaning up. The Executive Manager also advised that fly tipping was reported to the Performance Management Board for scrutiny, adding that efforts were being made to target hotspot areas for fly tipping. Councillor Walker questioned whether the Council had plans in place for Ratcliffe on Soar Power Station when it was due to be decommissioned in 2025 and the adverse effect this would have on business rates revenue. The Executive Manger advised that there were ongoing discussions happening regarding potential future use for the site and noted that the business rates pooling arrangement that operated with Nottinghamshire County Council and the other Districts may mitigate the risk of this loss of income.

The Chairman questioned the adverse variances in excess of £15,000 in respect of Transformation and Human Resources enquired about the causes of these increased costs. The Executive Manager advised these variances were due to extra staff being recruited in Property Services to meet an increased workload and the increase in occupational health counselling in respect of employees.

The Chairman requested more detailed information in future reports, in respect of the explanations for Revenue variances, in particular the Adverse Variances under £15,000. The Executive Manager agreed to include this information in the financial monitoring report that would be submitted to the group at the next meeting.

It was **RESOLVED** that the Revenue and Capital Budget Monitoring report be forwarded to Cabinet for approval noting:

- a) The projected revenue position for the year with minor 0.6% variation (£63K) in the revenue position (due to the expected business rates position; and
- b) The capital underspend of £10.237m as a result of capital scheme re-phasing and projected savings.

15 Work Programme

The committee considered its Work Programme.

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

4 December 2018

- Internal Audit Progress Report – Quarter 2 2018/18
- Health and Safety Interim Report
- Asset Investment Report 2018/19 – Six Monthly Update
- Risk Management Progress Report
- Revenue and Capital Budget Monitoring – Quarter 2 2018/19
- Mazars Introduction and Presentation
- 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 2018/19
- 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 SHEET

Corporate Governance Group - 20 September 2018

Minute No.	Actions	Officer Responsible
13	Further information on the Business Continuity report be circulated to members of the Group.	Executive Manager – Finance and Corporate Services Information to be provided to the Group on the low risk business continuity item
14	Members requested in future more detailed information in respect of the Explanations	Executive Manager – Finance and Corporate Services

	for Revenue Variance and in particular the Adverse Variances under £15K	To be included in the financial monitoring report to the group at the next meeting
15	<p>Work Programme 4/12:</p> <ul style="list-style-type: none"> • Treasury Management - title to be changed to Asset Investment Report • Additional Item – Introduction and Presentation from new auditors Mazars 	Constitutional Services

The meeting closed at 7.55 pm.

CHAIRMAN