

MINUTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY 8 FEBRUARY 2018

Held at 6.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West
Bridgford

PRESENT:

Councillors K P Beardsall (Chairman), G Davidson (Vice-Chairman), R Hetherington (Substitute for N A Brown) N C Lawrence, A MacInnes, S C Matthews, F A Purdue-Horan, Mrs J A Smith

OFFICERS PRESENT:

N Carter Service Manager - Finance and Corporate Services
T Coop Constitutional Services Officer
M Elliott Constitutional Services Team Leader
P Linfield Executive Manager - Finance and Corporate Services
Glen O'Connell Monitoring Officer
Sarah Whittaker Financial Services Manager

OTHER ATTENDEES:

Graeme Muir Barnett-Waddingham
Keith Palframan Nottinghamshire County Council

APOLOGIES FOR ABSENCE:

Councillors N A Brown, M Buckle

26. Declarations of Interest

There were no declarations of interest.

27. Minutes of the Previous Meeting

The notes of the meeting held on Tuesday 5 December 2017 were accepted as a true record.

28. Pensions Progress Report

Keith Palframan from Nottinghamshire County Council and Graeme Muir from Barnett Waddingham attended to provide a presentation to update members of the committee 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 Chairman noted that the Nottinghamshire Pension Fund was being discussed at the meeting to provide further information regarding the processes that had led to Rushcliffe Borough Council becoming liable for £20 million of the fund's deficit, and there being concerns that a similar situation could happen again in the future which would impact negatively on the Borough Council's finances.

The Executive Manager – Finance and Corporate Services reassured the committee that in the previous year's budget Rushcliffe Borough Council's pension contributions deficit payment had been paid up front. That going forward capacity had been built into the Council's budgets for the next five years for the Council to meet its obligations with regard to paying towards its share of the fund's deficit, based on information known currently. Members of the committee noted that the deficit could still rise due to revaluations of the fund in the future and expressed concern that this unpredictability could create further financial pressures in future years for the Council. Members asked how the rate of LGPS members starting to draw down their benefits would impact on the deficit and were advised by Graeme Muir that this scenario had been considered and incorporated when the calculation regarding the deficit amount had been made.

Members of the committee asked how the amount of time allocated of 20 years to pay off the deficit had been arrived at and whether it was possible to extend the period of time in which Rushcliffe Borough Council had to pay off its share of the fund deficit. Graeme Muir advised that it was beneficial to all parties that deficits were paid back promptly and that extending payment periods could create further difficulties and uncertainties for the fund as well as for Rushcliffe Borough Council.

The Chairman noted that it was frustrating that the issues that had led to the deficit, as well as how the problem of the deficit had been handled were out of the control of Rushcliffe Borough Council and noted that the information flow to Councillors could be improved. Keith Palframan noted that the most recent revaluation of the fund had been out of the ordinary in the results it had given, and that the next revaluation in 2019 would expect to have a much smaller impact on the funds value and the subsequent deficit amount. Councillor Purdue-Horan advised that in his experience of sitting on the Pensions Committee at Nottinghamshire County Council that Keith Palframan and his team provided an excellent and well run service but agreed that communication between Nottinghamshire County Council and Rushcliffe Borough Council on pensions matters could be improved. Members of the committee asked several further specific questions on the presentation and received verbal responses.

The Chairman and members of the committee thanked Keith Palframan and Graeme Muir for attending the meeting and answering their questions.

It was **RESOLVED** that:

- a) the presentation be noted.
- b) the Executive Manager – Finance and Corporate Services looks at potential methods and procedures to facilitate increased communication and information sharing between Nottinghamshire County Council and Rushcliffe Borough Council with regard to Pensions matters, and that these proposals be submitted to the Corporate Governance Group for consideration.

29. **Revision of the Council's Constitution**

The Monitoring Officer provided a report summarising the work of the Task and Finish Group and noted that the review of the Constitution that the Task and Finish Group were had carried out had referred to 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 will be reviewed.

The Task and Finish Group established a programme of work and meetings throughout 2017 and early 2018. During this time the Task and Finish Group had considered all parts of the current Constitution with the view to making changes which would change the Constitution from being a large static document to one which would bring relevant material to the immediate attention of Councillors, Officers and members of the public.

It was noted that workshops had been convened and had been made available to all Councillors to attend where the proposed changes to the Constitution had been highlighted and discussed. The Monitoring Officer provided the committee with an addendum report which included the feedback received from the discussions generated at the workshops. The workshops had highlighted several changes to the proposed revisions to the Constitution and showed broad support for the model for Public Questions at Council and Cabinet. There was also broad support shown for Opposition Groups' Questions at Cabinet which had led to a model being prepared for consideration. The proposed model for this was included in the addendum report.

The overall approach to the revisions, were strongly supported by members of the committee and the Chairman thanked members of the Task and Finish Group for their work on reviewing the Constitution.

It was **RESOLVED** that it be recommended to Cabinet and Council that:

- a) the revised Constitution and proposed revisions from the workshops be approved.
- b) the model scheme for public questions at council and Cabinet be adopted for use by the Borough council initially for a 12-month trial period.
- c) the model scheme for Opposition Groups' questions at Cabinet, be adopted for use by the Cabinet, initially for a 12-month trial period.
- d) a definition of the Leader of the main opposition group be inserted into the proposed revisions, and the other references to that role in the proposed revisions be adopted, with the exception of the rights to ask questions contained within the proposed standing orders for overview and scrutiny and, if recommended and adopted by Cabinet and Council, the right to ask questions at Cabinet meetings contained within the Cabinet Standing Orders.

30. **Certification of Grants and Returns**

The Executive Manager for Finance and Corporate Services presented the report of 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. The Executive Manager advised that overall, the claim was unqualified and 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.

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

31. **Internal Audit Progress Report 2017/18**

The Executive Manager for Finance and Corporate Services submitted a report to provide a progress update on the current position on the Council's internal audit programme, and to provide information on any significant recommendations with regards to the audits completed so far during the period.

It was noted that Internal Audit Plan for 2017/18 included 14 planned reviews and of these reviews 43% had been completed. The report of RSM, the Council's Internal Auditors, was attached as an appendix to the officer's report and highlighted the completion and issuing of three reports on Rushcliffe Country Park; Payroll; and Housing Benefits. The Executive Manager noted that in terms of findings all three audits have been awarded substantial assurance.

The Chairman noted that it was good that the audits had so far highlighted no areas for concern. The vice-Chairman asked whether a date had been set for the commencement of the IT audit and was advised by the Executive Manager that a start date for the audit had been set.

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

32. **Risk Management Update**

Pursuant to Minute No.21 (2017/18) the Executive Manager - Finance and Corporate Services presented the report of the Executive Manager - Operations and Transformation provided a progress report on activities associated with updating the Council's Risk Register and work relating to the council's emergency planning and business continuity functions.

The Executive Manager advised the risks that were rated as "red" were:

- CRR_CO04 – Inability to demonstrate a five year supply of deliverable housing sites against the housing target leading to further development on unallocated sites.
- CRR_FCS05 Revaluation of major business rate payer.
- CRR_FCS07 Central Government policy changes.

It was however noted that these risks had been rated as red for a considerable amount of time due the nature of the variables involved and inability of the Council to exert control over the variables involved in these risks, and as a consequence they should not be a cause for undue concern.

Councillor Mrs Smith asked about the impact, with regard to risk management, of the collapse of Carillion and their contract to manage East Leake Leisure Centre. The Executive Manager advised that the contract for East Leake Leisure Centre was between Carillion and Nottinghamshire County Council, but that Rushcliffe Borough Council were being kept updated on the latest situation and that alternative suppliers were being investigated. Councillor MacInnes asked for further information about OR_NS28 Delivery of social rented affordable housing, the Executive Manager advised that further information on this would be circulated to committee members.

It was **RESOLVED** that:

- a) the report be noted.
- b) the actions taken to review the risk management arrangements and implement internal audit recommendations be noted.
- c) the work of the Emergency Planning Officer be noted.
- d) the work of the Local Resilience Forum be supported.
- e) further information about OR_NS28 Delivery of social rented affordable housing, be circulated to committee members.

33. **Capital and Investment Strategy 2018/19**

The Service Manager – Finance and Commercial presented a report detailing the Capital and Investment Strategy for 2018/19 to 2022/23 which 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 in and Appended 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 noted that the Investment Strategy provided a robust spread of risk across the Council's investments and complimented officers.

It was **RESOLVED** that the Corporate Governance Group support the following for approval by full council:

- a) The Capital Strategy and Prudential Indicators and Limits for 2018/19 to 2022/23.
- b) The Minimum Revenue Provision (MRP) statement which sets out the Council's policy on MRP.
- c) The Treasury Management Strategy 2208/19 to 2022/23 and the Treasury Indicators.
- d) The Commercial Investments Indicators and Limits for 2018/19 to 2022/23.

34. **Revenue and Capital Budget Monitoring**

The Financial Services Manager presented a report highlighting the Council's budget position for revenue and capital as at 31 December 2017.

The revenue monitoring statement by service area and detailed variance analysis as at 31 December 2017 were attached as appendices to the report and highlighted projected efficiency savings of £193,000 and additional funding of £197,000. It was noted that these 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 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.

The Financial Services Manager also provided an update to the committee on the Capital Programme Monitoring Statement as at 31 December 2017. The

report provided details and progress updates of the schemes and also on the potential savings of £10,587,000. The Financial Services Manager noted that the original Capital Programme of £15.1 million had been supplemented by a net amount brought forward and in-year adjustment of £13.2 million giving a revised total of £28.3 million.

Members of the committee 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.

It was **RESOLVED** that:

- a) the report be noted.
- b) the projected revenue and capital budget positions for the year of £370,000 revenue efficiencies, and £10,587,000 from capital scheme re-phasing and potential savings be noted.

35. **Work Programme**

The committee considered its Work Programme.

The Chairman requested that the committee consider work programme items for the year ahead for the Corporate Governance Group, in addition to the items that they were required to include in their Work Programme. The Constitutional Services Team Leader advised that there was a Scrutiny Matrix which could be found on the extranet for Councillors to use to suggest potential work programme items.

It was **RESOLVED** that:

- a) the work programme, as in the table below be approved.

Date of Meeting	Item
10 May 2018	<ul style="list-style-type: none">• External Audit Plan 2018/19• Internal Audit Progress Report 2017/18• Internal Audit Strategy 2018/19• Risk Management Update• IT Update• Information Governance

- b) the Scrutiny Matrix be circulated to members of the committee.

The meeting closed at 8.43 pm.

Action Sheet**CORPORATE GOVERNANCE GROUP - THURSDAY 8 FEBRUARY 2018**

Minute Number	Actions	Officer Responsible
29.	That the Executive Manager – Finance and Corporate Services looks at potential methods and procedures to facilitate increased communication and information sharing between Nottinghamshire County Council and Rushcliffe Borough Council with regard to Pensions matters, and that these proposals be submitted to the Corporate Governance Group for consideration.	Executive Manager – Finance and Corporate Services
32.	Further information about OR_NS28 Delivery of social rented affordable housing, be circulated to committee members	Executive Manager – Finance and Corporate Services
35.	Scrutiny Matrix – email a copy to member of the committee.	Constitutional Services