

### 2019/20 ANNUAL GOVERNANCE STATEMENT

#### 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 2020 and up to the date of approval of the statement of accounts.

#### 2 THE GOVERNANCE FRAMEWORK

<p><b>Principles C &amp; D</b> – <i>Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining interventions to achieve them</i></p>
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## 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 2024/25 and introduce its seventh Corporate Strategy covering the period 2019 to 2023. The document is defined as 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 Strategy, its plan to address the financial pressures facing all public bodies. This outlines how the Council will meet its financial challenges until 2024/25. The Transformation Strategy focuses upon three key elements – income generation, transformation and business cost reduction. 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 faces unprecedented financial pressures. Last year we projected a budget deficit of £0.56m for 2020/21 and due to a combination of cost control, income generation and the deferral in changes to the business rates system the Council has a balanced budget. Going forward we cannot be complacent as there are significant financial challenges that lie ahead, and these are commented on below. Over the life of the Medium Term Financial Strategy (MTFS) there is a current forecast net deficit of £0.657m and a requirement to potentially use the Organisational Stabilisation reserve. Forecasts are subject to the anticipated delivery of the Transformation Strategy and Programme. Since the budget was formulated the unprecedented impact of Covid-19 has had a significant impact on the budget. This is commented on later but based on current projections could result in a budget deficit for 2020/21 of between £1.6m and £2.6m.

Going forward the Council will revisit the Transformation Programme and a particular issue here will be the impact of delivering the Leisure Contract savings reported to Cabinet in February 2020. Furthermore as a result of the Covid-19, the anticipated Business Rates and Fair Funding reviews have also been delayed until 2021 and revised assumptions will be included in the updated MTFS that is planned for Full Council in September 2020.

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, and commercial asset investment activity; and
- (d) 'Thinking big' reviews – for example the continued activation of the Leisure Strategy, Depot relocation (including the future use of the site) and the crematorium project.

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.

Critical to this is the Council's approach to commercialism, covered in the Transformation Strategy. A combination of capital demands and opportunities within the Borough led the Council to take the strategic decision to realign its financial commitments resulting in a reduction in its spend on the Asset Investment Strategy as significant resources are required for investment in the Bingham Leisure Hub, a potential crematorium, and housing and employment at Fairham Pastures. The Council's Capital and Investment Strategy incorporates reporting on commercial investments (complying with professional recommended practice), governing the risk of such investments individually; and collectively in relation to the Council's other income streams. Over the term of the MTFS, the income generated from such investments is estimated to rise from £1.2m (2019/20) to £2.13m (2024/25).

## 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. Following a review of scrutiny in early 2019, the Council is now operating 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 undertaken in 2019 and a further annual review is planned for July 2020.

## 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 2019/20, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2019/20, the Executive Manager (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.
- Executive Managers 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 Executive Manager (Transformation).

## 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. The effectiveness of the overall risk management arrangements is monitored by the Governance Scrutiny Group throughout the year. As part of the annual review of Risk Management (September 2019), the Governance Scrutiny Group considered actions taken to review risk management arrangements, including acknowledging that the previous year's recommendations had been implemented. The 2019/20 Annual Report by Internal Audit acknowledges that the Council has an adequate and effective framework for risk management, governance and internal control with further enhancements required.

## 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 development and delivery of Councillor learning and training. This Group meets to review the delivery of the annual training programme and extend it in response to councillor requests or identified needs as appropriate. The Group also looks at the Councillors' Community Grant Scheme and the Councillors' paperlite initiative as appropriate.

May 2019 saw whole Council elections for Rushcliffe. To support new and returning Councillors a comprehensive induction programme was developed by the MDG and delivered by officers in the six weeks following the election. This was evaluated by the MDG and additional needs identified. These were met through a comprehensive training programme for Councillors which began in September 2019 and will run until the next election.

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 (PDRs) are effectively managed and delivered. The Council recognises the importance of training to its workforce.

## 2.7 Communication

**Principle B** - *Ensuring openness and comprehensive stakeholder engagement*

Three editions of Rushcliffe Reports – the Council's newsletter for residents – are printed and circulated to all 48,000 households each year, and these set out details of a number of key service changes, and ask for customer feedback.

The Council has increasingly implemented the use of recognised communication techniques to keep its residents, staff and members informed, including the use of social media. The Council increased its social media presence over the last year by introducing an Instagram channel to reach a different audience with news about the Council. During 2020/21, the Council will launch

an electronic newsletter to provide additional communication methods for residents. The Council also undertakes consultation to inform decisions relating to policy changes. Over the course of this year, various additional consultations were undertaken, including a large consultation to inform the future of one of the Council's community facilities, Lutterell Hall. On-going customer satisfaction surveys were undertaken by several key customer facing services such as planning, revenues and benefits and customer services. The feedback received from these exercises is used to improve services to all customers.

## 2.8 Partnerships

The Council has put in place strong governance arrangements around the major leisure services, garage services, Streetwise Environmental Ltd (SEL) and car parking contracts. There are quarterly meetings of the Streetwise Board chaired by the Non-Executive Director and Chairman of Streetwise. Whilst Streetwise brings opportunity there is also risk in terms of how the company develops so it continues to make a financial surplus. The impact of pension accounting on its financial statements is a continuing example of some of the risks it faces. Rushcliffe Enterprises Ltd (REL) has also been set-up as a holding company for the Council which incorporates SEL (chaired by the Chief Executive); and any other companies that the Council creates in the future, for example the Limited Liability Partnership (LLP) created with Public Sector Partnerships Ltd.

## 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 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 (formerly RSM and now BDO) and external auditors (Mazars) are published online, including their annual reports.

The Corporate Overview Group monitor performance against targets on a quarterly basis. The Council retendered its Internal Audit service during 2019/20. It's new supplier, BDO, is 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.

### 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.

### 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 annual customer feedback report and health and safety report. This Group is also responsible for driving forward and reviewing the changes brought about by the review of scrutiny in early 2019.

In addition to the Corporate Overview Group and Governance Scrutiny Group, the Council has two other scrutiny groups which were formed during 2019. The first, Communities, looks at areas

that affect the community such as the Council's partnerships and the development of a Carbon Management Plan for the Council. The other group, Growth and Development, is tasked with looking at different aspects of growth within the Borough and has, this year, scrutinised the Council's economic growth offering and development plans for the Council's old public works depot.

### 3.6 **Executive Managers**

Executive Managers 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, Executive Managers 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. Following a joint procurement process with Gedling Borough Council in 2019/20, this contract was awarded to BDO until 2022/23. 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.

A detailed annual review of the effectiveness of the Council's system of internal audit is undertaken every year and reported to the Governance Scrutiny Group. As mentioned at section 2.5, the Council maintains an adequate and effective framework for risk management, governance and internal control (with enhancements required), as recognised by the Head of Internal Audit.

### 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. In their annual report for 2019/20, 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. In terms of value for money, Mazars concluded that the Authority developed a transformation strategy covering the five years up to 2022/23 which will ensure that the Authority is financially viable going forward.

## 4 SIGNIFICANT GOVERNANCE ISSUES

### 4.1 Issues Identified, including the impact of Covid-19 and proposed remedial action

The Council continues to utilise partnership arrangements with other public bodies and private organisations to deliver services. The Council, therefore, remains committed to meeting the challenge of ensuring that the appropriate governance arrangements are in place for each of the major partnerships that the Council has entered or will enter.

In terms of delivering value for money it is recognised that delivering on-going savings remains a challenge given anticipated future funding reductions. Mitigation regarding this is covered in section 2.2 and within the Transformation Strategy. In July 2016, the Council also introduced the Asset Investment Strategy (AIS) which is subject to continued review (revised in 2017/18) and focuses on both encouraging growth and delivering a financial return.

Cabinet, at its meeting on 13 June 2017, adopted the Leisure Facilities Strategy 2017-2027. Within this strategy, Bingham Leisure Centre, as the largest and oldest of the sites assessed, is identified as requiring the most significant works in the short, medium and long term of the Council's leisure property portfolio. The cost of maintaining Bingham Leisure Centre continues to increase with each five-year period over the fifteen-year strategy. The Bingham Leisure Hub (also including business/industrial units) is now included in the Capital Programme with an overall budget of £20m. Returns will be expected in terms efficiencies with the leisure contractor and a confidential report was presented to Cabinet in February 2020 to this effect. Furthermore income from business units should accrue to help fund the anticipated £10m in future borrowing.

Whilst the tender process is continuing with regards to the Bingham Leisure Hub, Covid-19 has presented a significant operational and financial challenge to the Council. Presently there is no income in relation to leisure and the golf course but the centres still need to be maintained and overheads incurred with regards to the leisure provider. This will also impact on the Transformation Programme with delays in the level of receipts anticipated in relation to the leisure contract and also the returns from the associated Bingham offices; and therefore impact upon the net budget position going forward unless other efficiencies are identified.

Monthly Cabinet reports since May have been provided to summarise the budgetary impact of Covid-19 and a revised Medium Term Financial Strategy is being presented to Full Council in September 2020. Whilst Covid-19's impact at the end of the 2019/20 financial year was not material (other than the downward value of financial investments in excess of £1.2m, which should recover in value over time) its ongoing impact will be far and reaching. For 2020/21, at the time of writing, it is estimated around £1.6m will be required from Reserves to balance the budget. Consideration is being given to reducing the voluntary revenue provision in relation to the Arena and charging a minimum revenue provision (MRP) instead that accords with the Council's MRP Policy, based on the assets life.

Other areas effected include reductions in income in relation to planning, building control, community facilities, commercial property, treasury investments and car parking income. The regeneration of the high street and the local Rushcliffe economy will be critical to both future service provision and the finances of the Council. Council Tax and Business Rates collection rates are being closely monitored with Council Tax currently down around 1% (£880,000) and there are currently no significant issues with business rates collection (largely due to in excess of £9m in reliefs being granted to the retail, hospitality and leisure sectors). With regards to Council Tax Nottinghamshire County Council have the largest burden to bear as the largest preceptor and this will impact on the Collection Fund deficit in future years.

The Council has included provision in the capital programme for the possibility of investing in a crematorium which was granted planning permission in 2019. A further report is planned for Cabinet in July 2020 on current progress.

One other effect of Covid-19 is that the planned reviews of Business Rates and Fair Funding have been delayed for a further year for 2021/22 implementation. The timing of the Comprehensive Spending Review remains uncertain. This is important as it will determine the overall funding available to the local government sector and, ultimately, to Rushcliffe. This complex economic environment is further compounded by the uncertainty that BREXIT creates and the impact of the deal that is eventually negotiated.

Power station appeals remain one of the Council's biggest financial risks, given the relatively large proportion of the business rates tax base the Radcliffe on Soar power station constitutes and the history of appeals against its business rates valuation. In addition, the likely de-commissioning of the power station, given it accounts for around one quarter of Business Rates income, potentially undermines any benefits the Council may gain in business rates from business growth. The Council is looking at options to mitigate this risk and has actively worked with the management of the site to prepare a long-term re-development, which is now proposed to be included within a potential development corporation company.

The Medium Term Financial Strategy will be revised to take into account in particular the effect of Covid-19. The key areas of risk being income streams, Business Rates and Council Tax collection, the capital programme and its funding, delays to the anticipated national business rates and fair funding system and ultimately the position and sustainability of the Council's reserves.

Covid-19, due to the speed with which the pandemic spread and lockdown was implemented, required a number of delegated urgent and operational decisions. These were reported to Cabinet in May 2020 and in particular related to the suspension of Council meetings including Scrutiny until July, and the introduction of virtual meetings for Cabinet and Planning. Car parking fees were suspended and a number of community events cancelled. A policy for the use of Council Tax hardship fund was also introduced as more people claim Universal Credit.

Challenges arising from welfare reform and the continued introduction of Universal Credit (which occurred in October 2018 for the majority of Rushcliffe) give further financial and operational risks. The Council also has to address the issue of ensuring there is sufficient housing supply to meet its housing targets within its local plan. Whilst the Core Strategy was approved in 2014, much work has been undertaken to identify preferred options for Local Plan part 2, which was finally adopted by Full Council in October 2019.

The Cotgrave Masterplan is a significant project which demonstrates the Council's commitment to developing the community and provides affordable housing. The Council has been successful in leveraging external funding for both Bridgford Hall and the 'Growth Deal' for employment and housing sites alongside the A46. Negotiations have been ongoing with regards to the Abbey Road disposal and the development of the depot site and these are anticipated to be concluded in the summer of 2020. This will result in 76 new homes, with at least 30% affordable housing in accordance with the environmentally sustainable design code and Masterplan. These are indicative of the Council's commitment to support housing, business growth and the environment.

The Council's focus remains on 'growing the Borough'; examples in the Capital Programme include a proposed crematorium, the Bingham Leisure Hub and developing Gresham football pitches (supported by external contributions and s106 monies). The intention is that Covid-19 does not divert us from these objectives. The Council has already re-aligned its Asset Investment

Strategy (AIS) priorities particularly with regards to no longer investing outside of the Borough. However, commercial property investment still remains an important part of the Council's armoury in generating income returns and delivering employment and economic development across the Borough. One impact of Covid-19 is that any investments currently in train are being revisited.

The AIS currently identifies £1.2m in net income being generated from commercial investments expected to rise to £2.13m by 2024/25. The key point is that the Council has a range of such income streams and is not overly reliant on one source of income. It manages such risks proportionately and sensibly.

The Council continues to be involved in various collaboration activities including payroll, green bins, tree advice, ICT provision and Building Control, and Trading Standards. In addition, where opportunities arise, consideration is given to the appropriate delivery model and how to involve partners to maximise objectives.

The external auditors have noted a number of risks in reviewing the Council's accounts, namely:

- Appropriate controls are in place to prevent 'management override';
- The completeness and accuracy regarding the Council's valuation of property, plant and equipment (particularly given Covid-19 and any potential changes to property values as a result of this);
- The Local Government Pension Scheme and the risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts as well as the accounting treatment of the prepayment;

Undoubtedly the main challenges for 2020/21 and the medium term now relate to the ongoing situation, and the aftermath, of Covid-19.

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 their day to day operations, particularly in the light of recent global cyber security threats. A review of Data Protection requirements with the General Data Protection Regulations, is ongoing.

Despite the challenging economic environment the Council remains committed to reducing its carbon footprint. This year a Climate Change Reserve of £1m was established to help address the challenges identified by the Climate Change scrutiny review that was reported to Cabinet in 2020.

The Department for Environment, Food and Rural Affairs has launched the Resources and Waste Strategy setting out how the country can minimise waste, promote resource efficiency and move towards a circular economy. This potentially could have significant adverse financial implications for the Council in terms of both revenue and capital funding. The Council will, therefore, be making representation to relevant bodies and working with peers on how to mitigate this risk.

The pensions' triennial review was produced in 2019 with pensions costs for the next 3 years, largely unchanged to what are currently paid. Given the current volatility of financial markets with both Covid-19 and BREXIT on the horizon there will be potential balance sheet risks that will be reported as part of the annual accounts closedown process.

Based on our review of the governance framework, the following significant issues will be addressed in 2020/21:

Issue	Reporting to	Methodology	Timescale
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A revised MTFS as a result of Covid-19 in September and MTFS for 2021/22	Full Council	Financial report	September 2020 and March 2021
Monitor the delivery of the Transformation Strategy and ongoing budget position covering on-going Covid-19 risks	Reports to EMT, Scrutiny and Cabinet	On-going financial reports	At least quarterly reporting
Monitor the delivery of the capital programme and significant projects such as the Bingham Leisure Hub	Report to relevant scrutiny group and Cabinet	On-going financial and performance reports	Quarterly
Monitor Business Rates and Fair Funding developments	Report to Cabinet and Full Council	Included as part of the Medium Term Financial Strategy reporting	September 2020 and March 2021

## 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)

Signed.....  
Councillor S Robinson (Leader)

Date 31 November 2020

Date 31 November 2020