

2020/21 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 2021 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 2025/26 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 2025/26. 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 £0.657m over the of the Medium Term Financial Strategy (MTFS) and with the impact of Covid the potential for a budget deficit of up to £2.6m. A combination of cost control and income generation has resulted in a budget efficiency position of £2.633m (having taken into account government grants to mitigate the impact of Covid). Going forward there remain significant financial challenges, and these are commented on below. Over the next 2 years a budget deficit position is anticipated of £1.5m. Use of the Organisational Stabilisation reserve will ensure the Council continues to deliver its main corporate objectives. The impact of Covid and the trajectory of economic recovery remains uncertain and will continue to be closely monitored. Its direction of travel could significantly affect the Council's financial position.

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 Covid-19, the anticipated Business Rates, Fair Funding and New Homes Bonus reviews have also been delayed until at the earliest 2021. Revised assumptions have been included in the MTFS presented to Full Council in March 2021.

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 the potential alternative use of Edwalton Golf Course; and
- (d) 'Thinking big' reviews – the emergence of the Development Corporation and Freeport area around Radcliffe-on-Soar power station and the Depot relocation (including the future use of the site).

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 and a crematorium. The Council's Capital and Investment Strategy incorporates reporting on commercial investments (complying with professional recommended practice) including the investment in 2 office facilities in Edwalton, 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 £1.5m (2020/21) to £2.3m (2025/26).

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 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 2020 and a further review is planned for July 2021.

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 2020/21, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2020/21, 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 (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, three reports have been considered by the Governance Scrutiny Group on Risk Management. In addition to the annual report and mid-year update (September 2020 and February 2021), a special report highlighting the impact of Covid-19 on risk was considered in July 2020. An additional twelve new risks were added to the corporate risk management framework to manage the impact of Covid-19 on the Council.

During 2020, the Council also undertook risk management training for members of the Governance Group in line with the recommendations of the Zurich Risk Management Health Check conducted in late 2019.

The 2020/21 Annual Report by Internal Audit acknowledges that the Council has a moderately effective framework for risk management, governance and internal control. However, they also note that none of their local authority clients received substantial assurance in 2020/21 mainly due to the impact of the Covid-19 pandemic.

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.

The Member Development Group did not meet during 2020/21 due to the Covid-19 pandemic. In addition, the Councillors Training Programme was suspended to enable Councillors to focus more on much needed community leadership activities. However, essential training did continue, and three courses were delivered – Online Communications Skills open to all councillors, and Risk Management and Treasury Management training for members of the Governance Scrutiny Group.

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 over 50,000 households each year and these set out details of a number of key service changes and ask for customer feedback.

Despite COVID-19, the Council has continued to increasingly implement the use of recognised communication techniques to keep its residents, staff and members informed, including the use of social media which has again seen hundreds more followers and subscribers across its various channels. During 2020/21, the Council launched an electronic free subscription newsletter to stakeholders to provide an additional communication method that now sees thousands receive a weekly digest on council news and updates direct to their inbox.

The authority also undertakes consultation to inform decisions relating to policy changes. The majority of normal consultation activity was put on hold during 2020/21, though an online consultation connected to the Council’s new Equality and Diversity Policy was undertaken. Usual activities will be reinstated in 2021/22, headed by the three yearly Residents’ Survey both in print to engage hard to reach groups and online. It will also see the resumption of customer satisfaction surveys by several key customer facing services such as planning, revenues and benefits and customer services. The feedback received from these exercises will be 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. At Cabinet in January 2021 it was agreed to wind-up REL (due to a lack of trading activity) and keep it as a dormant company so there is flexibility in the future if a company is required.

A revised company and governance structure has also been adopted to provide proportionate oversight and governance of SEL and Streetwise Environmental Trading Ltd. This incorporates an Oversight Board (3 Cabinet Members and the Chief Executive) and annual reports to both Governance Scrutiny Group and Cabinet.

Following the Government announcement regarding the decommissioning of coal-fired power stations, 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 Development Corporation (DevCo) would provide greater certainty on the redevelopment of the site, leveraging investment and resources to support delivery. The Leader of the Council is a Director of the newly established interim vehicle with the Council committing £0.5m (an earmarked reserve) to support

the Development Corporation along with the same contributions from North West Leicestershire and Broxtowe district councils; and £1.5m each from both Leicestershire and Nottinghamshire County Councils.

Furthermore the power station site is part of the proposal for the East Midlands Freeport one of 8 successful bids announced by the Chancellor in his September budget. A Cabinet Member will sit on the Freeport Board and the Freeport will co-exist with the Development Corporation. Both the DevCo and Freeport present great opportunities for a world-class green and blue environmental investment programme with R&D in climate change and zero carbon and will enable employment opportunities and infrastructure investment.

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. Despite Covid the Council continued with its business (see Section 4.1). 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.

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 and potential enhancements with regards to Edwalton Golf Course. 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 Abbey Road and the Crematorium.

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 control is undertaken every year and reported to the Governance Scrutiny Group. The Annual Report states "overall, we are able to provide Moderate Assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. This is our second highest level of assurance". To this end 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. This was after the 30 November deadline primarily due to the knock-on effect of delays in the pensions audit (undertaken by Grant Thornton on behalf of Notts CC) as a result of the impact of Covid on pension fund valuation and associated risks. In terms of value for money, Mazars concluded 'in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020'.

4 **SIGNIFICANT GOVERNANCE ISSUES'**

4.1 **Issues Identified, including the impact of Covid-19, the CIPFA Financial Management Code, other issues and proposed remedial action**

Covid 19 Issues

The impact of Covid meant the Council had to react to an everchanging situation and where it can take proactive action. At Cabinet (May 2020) significance changes in governance were reported in terms of urgent delegated decisions that had to be taken for example the temporary suspension of council meetings until July, the temporary suspension of car parking fees and the temporary implementation of an alternative planning decision making process. Other operational decisions were also reported such as the cancellation of community events and the closing of both public toilets and the Council's contact centres.

Commendably the Council has continued to deliver its core services. Excellent IT has enabled staff and councillors to continue to work remotely. Services such as garden waste collection and planning have continued. Significant additional work in relation to Covid has ensued such as much needed financial support for businesses and individuals (eg Government Business Grants and Test and Trace payments). Increased enforcement has been necessary as the various tiers and full lockdowns have been introduced and where necessary staff have been redeployed.

There have been numerous Covid reports to Cabinet (and many returns to central government) during the year and a revised budget report was taken to Full Council in September 2020 and a 'Going Concern' Report regarding the Council's immediate financial viability was presented to the Governance Scrutiny Group in September 2020. There are no issues currently regarding the Council operating as a 'going concern'.

A summary of key areas of impact are given below:

Area of Impact	Issue for the Council
Provision of services	Community facilities and contact centres closed at appropriate times linked to Government advice. Leisure Centres closed again according to government advice and re-opened at differing times with different levels of service provided. Around £1m cost for the Council compared to pre-Covid projections in 2020/21. Office based services continued remotely (enabled by excellent IT), and skeleton staffing was retained at the Arena focusing on both administration and customer contact. Waste collection continued business as usual apart from bulky waste collections (with tip sites closing), however unlike many other authorities, green waste collections continued and were welcomed by the community, reflected in exceeding the projected income levels. Over £30m of business rates grants have been provided businesses across the Borough. Over £9m of business rates relief provided for 2020/21 to the retail, hospitality, nursery and leisure sectors and over £0.5m of Hardship Fund grant for council tax support has been provided. Car Park charges were temporarily suspended and to assist business recovery, in 2021/22, this has been extended. The Council also responded to new burdens such as enforcement of the Covid Regulations in workplaces and businesses.
Council's Workforce	The majority of the workforce has continued working. Around 20 staff were furloughed where income has fallen and some staff redeployed. Sickness has remained at very low levels and not impacted upon service delivery. Where there was a risk of impact additional refuse service agency staff were utilised.
Supply chains and third parties	The main impact on services provided has been on leisure provision (mentioned above) and this going forward remains a risk

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	to the Council's budget and Transformation Programme. Nottinghamshire County Cricket Club were granted a deferral of £54k on the principal element of their loan for 2020/21 subsequently this has been now paid. Some payment holidays (or deferrals) have been granted to commercial tenants on a case by case basis, most of which have been repaid with the outstanding balance at £69k currently and is not material.
Reserves, financial performance and financial position	<p>The March budget stated a projected budget deficit of approximately £1.5m over the next two years (funded by reserves) moving to a surplus position in 2023/24 when reserves will be replenished.</p> <p>Retaining sufficient reserves is essential given the volatile financial environment we currently operate in. The Council's earmarked reserves at 31 March 2021 stand at £8m (excluding New homes Bonus and Collection Fund Surplus).</p> <p>The delay in Business Rates reform and Fair Funding creates further uncertainty going forward.</p> <p>There was a £1.2m loss on investments and over the year these have largely regained their value (a current loss of £0.1m)</p> <p>The capital programme has been updated with a particular focus on the Crematorium and Bingham Leisure Hub. Over the next 5 years the programme amounts to £38.9m.</p> <p>Non-current assets reduced in value as at 31 March 2021 by £2.153m.</p> <p>The Council continues to monitor financial impairment regarding potential 'bad debts' and these amount to £0.17m which has remained the same from 2019/20.</p>
Cash Flow Management	The Council during the year has received significant cash advances from central Government enabling sufficient cash to pay in particular business grants. No external borrowing was required.
Other major risks and recovery action	The main concern is that both local businesses and the community recover and Rushcliffe returns to pre-Covid 19 levels of activity. The Council is working with the Local Resilience Forum Recovery Group to ensure businesses can trade post-lockdown, to help communities and also that it maximises the use of funding such as the High Street Fund.

The CIPFA Financial Management Code

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

Adoption of the FM Code commenced from 1 April 2021. Appendix A of this report provides a self-assessment which has been approved by EMT and gives assurance to the Group that Financial Management Standards are being met. The approach used is to give a RAG rating and has 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. It is proposed as an action to ask Internal Audit to review the self-assessment.

Other Issues

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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. The biggest developing arrangements as already stated concern the Development Corporation and the Freeport (see Section 2.8 above). A £0.5m reserve has been created to ensure the Council supports the initial business case development and plays an active role in decisions taken by the Board.

Given all of the challenges linked to Covid and other medium-term uncertainty for example as a result of Business Rates and Fair Funding reviews, the authority has responded positively. The Transformation Strategy and supporting Programme identifies the Council's approach to meeting its efficiency requirements. A combination of cost control and income generation (including fees and charges and council tax) ensures the Council is in a position to project a surplus from 2023/24. Going forward there will be more service based pressures linked to statutory changes in relation to climate change, planning and waste services.

The Council has retained an ambitious capital programme a core component of which is the Bingham Leisure Hub (also including business/industrial units) with an overall budget of £20m. Efficiencies are expected from the leisure contractor albeit Covid and its impact upon the leisure industry is estimated to have put these back by up to 2 years. £7.5m will potentially need to be externally borrowed to fund the capital programme, particularly in relation to the Bingham Leisure Hub and the Crematorium. Both are due to open by the summer of 2022.

The Council's focus remains on 'growing the borough' and ensuring it remains a great place to live. CIPFA's new treasury guidance prohibits the Council from "borrowing for yield" and therefore the Council will not utilise any more of its £20m Asset Investment Fund (£16.2m has been spent). 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.

Whilst Covid has effected income levels such as community facilities, commercial property, treasury investments and car parking income the risk is being managed with the Council's proportionate approach. 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 have been closely monitored. At the 31 March 2021, collection rates for Council Tax have reduced by 0.1% compared to 2019/20, equating to approximately £0.157m (RBC exposure around £15k). The collection rate for Business Rates was similar to the previous year (99.1% collected in both years). Despite the challenge of the pandemic on both businesses and residents, the Borough has maintained an excellent level of Council Tax and Business Rates collection.

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 and they are currently looking like they will be delayed until at least 2022/23. Hew homes Bonus is also expected to be reviewed in 2021 and has been already subject to consultation. The Comprehensive Spending Review planned for later this year may shed some further light on this issue. 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 has been 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 to be included within both the Development Corporation and the Freeport site.

The Medium Term Financial Strategy will continue to be reported as part of the Council's normal finance and performance due diligence. 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.

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. The Abbey Road disposal and the development of the depot site continues (progress was reported to the Growth and Development Scrutiny Group, January 2021). This will result in 71 new homes, with at least 30% (23 properties) 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 continues to be involved in various collaboration activities including payroll, 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 and the risk of material value uncertainty);
- The Local Government Pension Scheme and the risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts and with Covid 19 there may be material value uncertainty; and
- There is appropriate accounting treatment of Covid 19 grants received from central government, given the number and significant value of these.

Undoubtedly the main challenges for 2021/22 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,

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particularly in the light of recent global cyber security threats. A review of Data Protection requirements with the General Data Protection Regulations, is ongoing. Pleasingly the audit this year gives this area a low risk.

Despite the challenging economic environment the Council remains committed to reducing its carbon footprint. The Climate Change Reserve of £1m has not been diverted to resource Covid financial pressures. Plans with regards to the climate challenge and the use of resources continue to be reported to the Communities Scrutiny Group (April 2021, Carbon Management Plan).

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 2021/22:

Issue	Reporting to	Methodology	Timescale
Compliance with the Financial Management Code	Governance Group	Internal Audit normal reporting	By March 2022
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 and Crematorium	Report to relevant scrutiny group and Cabinet	On-going financial and performance reports	Quarterly
Monitor Business Rates, Fair Funding and New Homes Bonus developments	Report to Cabinet and Full Council	Included as part of the Medium Term Financial Strategy reporting	By March 2022

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 30 September 2021

Signed.....

Councillor S Robinson (Leader)

Date 30 September 2021

Financial Management Code Self-Assessment

Standard Reference	Financial Management Standard	RAG 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.	Audit conclusion on 2019/20 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 2020. General Fund reserve levels have been maintained above the minimum required level and the balance on other useable reserves is expected to reduce from £13m to £12m over the medium term. Despite Covid excellent performance has been maintained (as per Finance and Performance reports)
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	We comply with the requirements of the code CFO is CIPFA qualified with 31 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

Standard Reference	Financial Management Standard	RAG Rating
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	RSM (internal audit report for 2019/20) The organisation has an adequate and effective framework for risk management, governance and internal control. Statement in the AGS in the STAC for 2019/20 demonstrating compliance. Accounts signed off by audit
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	The Governance Group scrutinise Constitution changes and reviews the adequacy of Governance arrangements, such as risk management and approving the Annual Governance Statement. The Council has also reviewed and changed the governance arrangements with regards to the accountability of Streetwise Environmental Ltd.
E	The financial management style of the authority supports financial sustainability.	The Council has developed a Transformation Programme and made in excess of £4m in budget efficiencies. It has undertaken asset investment and has a commercial approach. Demonstrated by successful awards from the Municipal Journal and LGA for both Entrepreneurialism and Commercialism. There are a sustained level of reserves commensurate with its risk appetite.
Section 3: Long to Medium-Term Financial Management		
F	The authority has carried out a credible and transparent financial resilience assessment.	Budget setting for 2020/21 includes a statement from CFO that the estimates are robust. Budgets were set in conjunction with senior

Standard Reference	Financial Management Standard	RAG Rating
		<p>managers and appropriate challenge made. Budgets are balanced and reserves healthy and we have an achievable Transformation Plan monitored monthly. An independent review by consultants confirms the council has robust finances. Appendix A shows the 2021 CIPFA Resilience Index with relatively low risk. Independent benchmarking confirms this position.</p>
G	<p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p>We have a 5 year MTFS reported to Members and with Covid we have reported the authority's position as a Going Concern.</p>
H	<p>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p>	<p>Capital Strategy shows that plans are affordable prudent and sustainable - all PI's are set and monitored, MRP is set to repay debt</p>
I	<p>The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.</p>	<p>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</p>
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</p>

Standard Reference	Financial Management Standard	RAG Rating
K	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>estimates and adequacy of reserve levels.</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	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	Budget was made available to residents via Cabinet agenda prior to approval at Council. 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 Hub and the Crematorium.
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	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 appraisal are reported to Governance Group. Financial comments are required on reports to highlight and demonstrate consideration of financial impact and allow scrutiny

Standard Reference	Financial Management Standard	RAG Rating
<p>Section 6: Monitoring Financial Performance N</p>	<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>of, and challenge to the proposals.</p> <p>Monthly reports are considered by budget holders, which is in turn reported to and scrutinised by service managers. Issues identified are raised with EMT. Quarterly Finance reports are presented to Cabinet and Finance and Performance reported to COG. Reports include a section on financial implications and risk. Monthly reports are sent to EMT on aged debt and outstanding items of concern. TM reports are taken mid-year and outturn to GSG and more detailed meetings are held monthly in the finance team. The finance staff involved in TM undertake regular training with annual training for members</p>
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>
<p>Section 7: External Financial Reporting P</p>	<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.</p>	<p>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</p>

Standard Reference**Financial Management
Standard****RAG Rating**

Q

The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

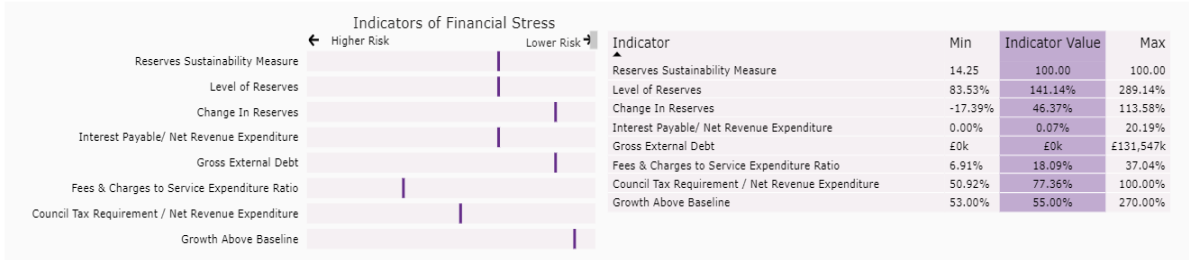
in the United Kingdom. The annual audit letter confirms that the 2019/20 STAC have been prepared in accordance with the code.

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.

2021 – CIPFA Resilience Index

CIPFA Financial Resilience Index Tier: Lower Authority: Rushcliffe Comparator Group: Nearest Neighbour Year: 2019-20

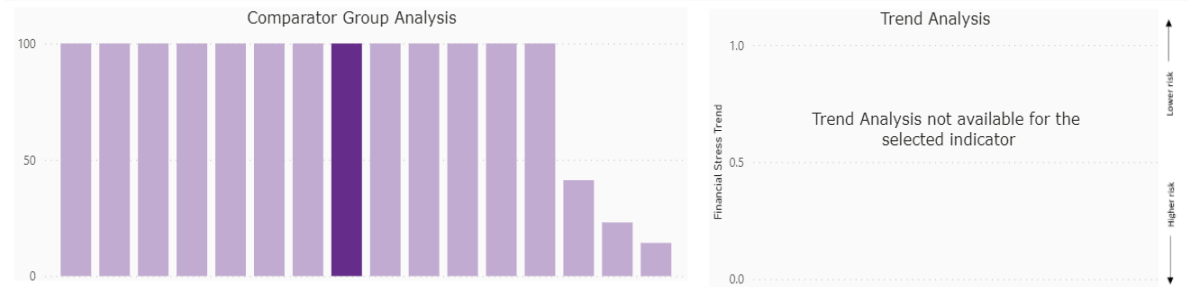
Results Breakdown



Auditors VFM Assessment: Unqualified

Individual Analysis

Reserves Sustainability Measure



CIPFA Financial Resilience Index Tier: Lower Authority: Rushcliffe Comparator Group: Nearest Neighbour Year: 2019-20

Results Breakdown



Individual Analysis

Unallocated Reserves

