

Governance and Ethics Committee

Wednesday, 01 May 2019 at 13:00

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

1	Minutes of last meeting held on 13 March 2019	5 - 8
2	Apologies for Absence	
3	Declarations of Interests by Members and Officers:- (see note below) (a) Disclosable Pecuniary Interests (b) Private Interests (pecuniary and non-pecuniary)	
4	Governance and Ethics Committee Annual Report 2018-19	9 - 20
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11	Local Code of Corporate Governance and Annual Governance Statement 2018-19	155 - 178

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13	Committee on Standards in Public Life - Local Government Ethical Standards Report	205 - 212
14	Understanding your Council's Financial Reporting Requirements - CIPFA Workshop	213 - 216
15	The Code of Conduct for Councillors and Co-opted Members - Appointment of Independent Persons	217 - 220
16	Work Programme	221 - 224
17	EXCLUSION OF THE PUBLIC	

The Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in Schedule 12A of the Local Government Act 1972 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

Note

If this is agreed, the public will have to leave the meeting during consideration of the following items.

EXEMPT INFORMATION ITEMS

- | | |
|----|---|
| 18 | The Code of Conduct for Councillors and Co-opted Members - Appointment of Independent Persons Exempt Appendix |
|----|---|
- Information relating to any individual;
 - Information which is likely to reveal the identity of an individual;

Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act

should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Keith Ford (Tel. 0115 977 2590) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

Meeting **GOVERNANCE AND ETHICS COMMITTEE**

Date **Wednesday 13 March 2019 (commencing at 1.00 pm)**

membership

Persons absent are marked with `A`

COUNCILLORS

Bruce Laughton (Chairman)
Andy Sissons (Vice-Chairman)

Nicki Brooks
Kate Foale
John Handley
Errol Henry JP

Steve Carr **A**
Rachel Madden
Mike Quigley MBE
Phil Rostance
Keith Walker

OFFICERS IN ATTENDANCE

Glen Bicknell
Heather Dickinson
Rob Disney
Keith Ford
Laura Mulvany-Law
Nigel Stevenson
Marjorie Toward

Chief Executive's Department

Cherry Dunk
Mark McCall

Adult Social Care and Public Health

OTHER ATTENDEES

Charles Daybell

Independent Person

John Gregory
Lorraine Noak

Grant Thornton

INDEPENDENT PERSON

The Chairman highlighted that this would be the last meeting attended by Charles Daybell in his role as one of the Council's current Independent Persons. The Chairman thanked Mr Daybell for all of his hard work and helpful input in this role and in his previous role as Chairman of the former Standards Committee. Mr Daybell underlined the importance of ethics in local government and thanked Members for their help over the years.

1. MINUTES

The Minutes of the last meeting held on 30 January 2019, having been previously circulated, were confirmed and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

An apology for absence had been received from Councillor Rachel Madden (illness).

3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

4. GRANT THORNTON – EXTERNAL AUDIT PLAN 2018/19

John Gregory, Engagement Lead and Lorraine Noak, Audit Manager of Grant Thornton, the Council's external auditors, introduced the report which highlighted the headline issues for the audit plan for the 2018/19 financial year.

In response to Members' queries, Mr Gregory:

- explained the non-disruptive approach taken to gathering evidence to inform risk-based assessments and the accounts approval process;
- noted the recent changes in the ownership arrangement of Via Limited; and
- underlined that, although the price of the external audit work had been reduced through the recent tendering process, this was possible through improved internal efficiencies within Grant Thornton rather than a reduction in the level of service being offered.

RESOLVED: 2019/010

That the Audit Plan and responses to Members' queries be noted.

5. INTERNAL AUDIT 2018-19 TERM 2 REPORT & 2019-20 TERM 1 PLAN

Rob Disney, Head of Internal Audit, introduced the report which updated Members on the work undertaken in Term 2 of the 2018/19 Internal Audit Plan and the work planned for Term 1 of the 2019/20 Plan.

Following discussions, Members requested that future reports include implications for service users and a key of terms be provided to explain terms such as 'Not assessed'. Members also welcomed the plans to consider the ethics of the Council and how policies were implemented in practice as part of future work.

The Chairman invited other Members to participate in his regular meetings with Mr Disney and Councillor Foale agreed to attend these meetings.

RESOLVED: 2019/011

- 1) That implications for service users, a key of terms used within audit work and wider issues relating to the ethics of the Council be included in future reports.
- 2) That it be agreed that the planned coverage of Internal Audit's work in Term 1 of 2019/20 would deliver assurance to the Committee in priority areas.

6. LOCAL GOVERNMENT ASSOCIATION CORPORATE PEER CHALLENGE

Rob Disney, Head of Internal Audit, introduced the report which set out the proposed scope for the Peer Challenge which had been suggested by the Committee.

RESOLVED: 2019/012

That the proposed scope for the Peer Challenge, as set out in the committee report, be approved.

7. LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN (LGSCO) DECISIONS JANUARY 2019 – FEBRUARY 2019

Heather Dickinson, Group Manager for Legal and Democratic Services and Complaints introduced the report which detailed the LGSCO decisions received in this latest monitoring period.

RESOLVED: 2019/013

That no actions were required in relation to the issues contained within the report.

8. OUTCOMES FROM THE COMPLAINTS PROCESS – APRIL 2017 TO MARCH 2018

Heather Dickinson, Group Manager for Legal and Democratic Services and Complaints introduced the report which summarised complaints made to the Council in the previous financial year.

During discussions, Members requested that future reports clarify if a complaint had resulted in a subsequent report to the relevant service committee.

RESOLVED: 2019/014

That no actions were required in relation to the issues contained within the report.

9. WORK PROGRAMME

The Chairman highlighted the Committee's Annual Report, which was scheduled for consideration at the next meeting on 1 May 2019, and asked Members to contact the Head of Internal Audit with any suggested issues for inclusion in that Report.

RESOLVED: 2019/015

That the work programme be agreed.

The meeting closed at 1.47 pm.

CHAIRMAN

1 May 2019**Agenda Item: 4****REPORT OF THE CHAIRMAN OF THE GOVERNANCE & ETHICS
COMMITTEE****GOVERNANCE & ETHICS COMMITTEE ANNUAL REPORT 2018/19****Purpose of the Report**

1. To approve a report to the County Council on the work of the Governance & Ethics Committee since its establishment in June 2017.

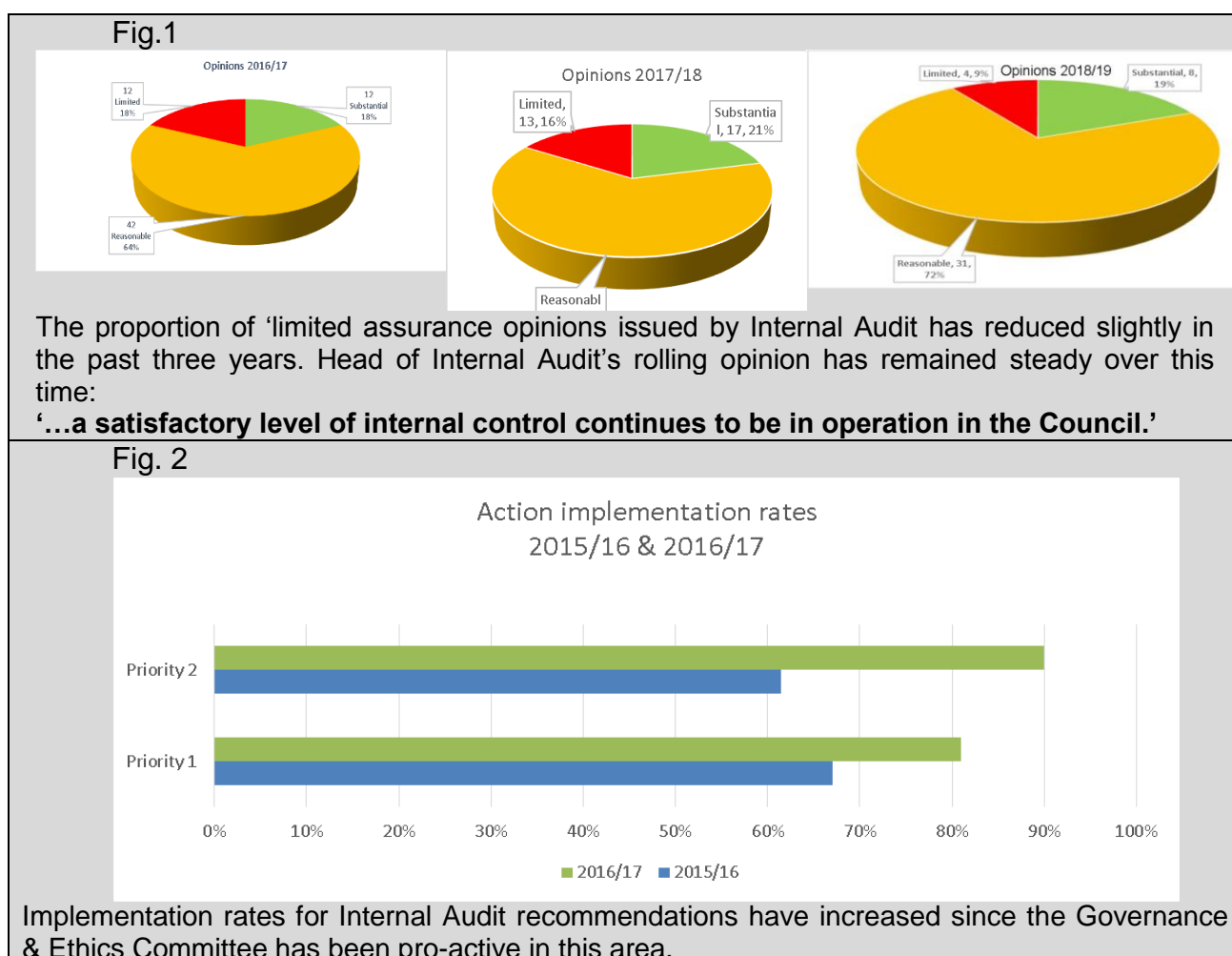
Information

2. The Governance & Ethics Committee was established following the County Council elections in May 2017, and it held its first meeting in June 2017. It is comprised of 10 County Councillors who meet 8 times per year.
3. The Committee's terms of reference are set out in the County Council's constitution. It is serviced regularly by professional officers working mostly in the Chief Executive's Department in the key functional areas of finance, internal audit, legal and democratic services, information management and corporate risk management. The Committee's role subsumed that of the former Audit Committee and it now extends further to incorporate wider responsibilities, for example relating to codes of conduct and dealing with alleged breaches of the codes.
4. At its meeting in July 2018, the Committee agreed to implement an annual report on how effectively it has discharged its key roles and responsibilities. This first report takes an extended look back at the work of the Committee since its inception in May 2017, with a particular emphasis on the work carried out in 2018/19. The report also sets out proposed priorities for the Committee in 2019/20.

Achievements against the Committee's terms of reference

5. **Appendix 1** presents a matrix of the key business dealt with by the Committee, mapped against each of its roles and responsibilities set out in the County Council Constitution. There are a number of notable achievements, summarised as follows:
 - a) Internal control framework: a significant area of focus for the Committee over the past year, and since its establishment, has been to provide support to Internal Audit in its work to review and recommend improvements to the Council's internal control framework. This has been achieved in part through scrutiny of Internal Audit's regular updates on the outcomes of its work, but in particular through the pro-active role the Committee takes in

driving through the service's recommendations. Where progress with implementing actions agreed by management is reported to be behind schedule, the Committee has requested both verbal and written updates from senior managers. This has re-energised commitment to implementation in a number of important areas for service users.



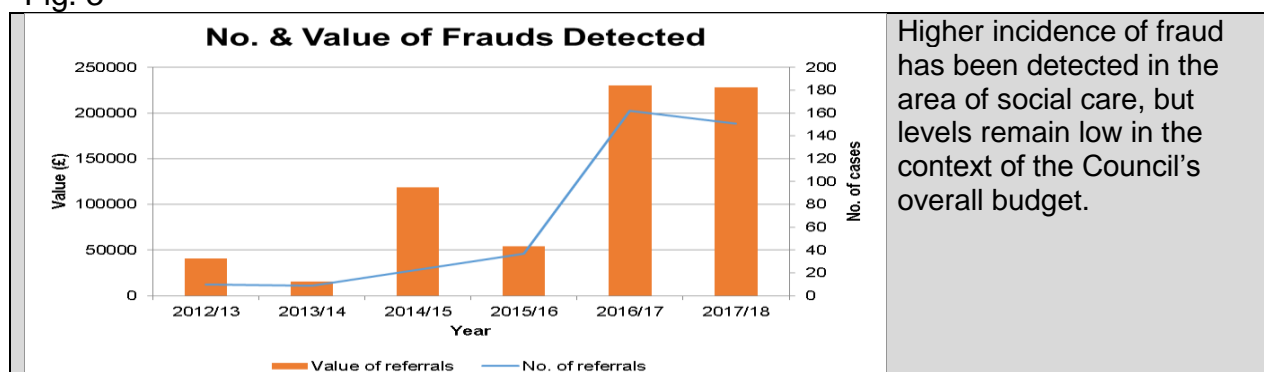
The Committee has been similarly supportive of the work of the Council's external auditors, again receiving updates on progress with the annual audit, and confirming an appropriate response from management to the findings and recommendations reported.

- b) Development of the internal audit function: In support of the above, the Committee has overseen and encouraged two notable developments in the internal audit service. Firstly, the approach to audit planning has transitioned from an annual plan to rolling, four-monthly (termly) plans. This is promoting tighter focus on plan delivery and it designs in flexibility to respond to emerging risks. Secondly, the Committee endorsed a collaboration arrangement with the Assurance Lincolnshire partnership, and the in-house service was beginning to see some early benefits from this in the second half of the year.
- c) Assurance mapping: The Committee approved a pilot approach to an assurance mapping process for the Council. This progressed in phases throughout the year and the Committee will review its benefits and future direction at today's meeting. It is anticipated

that the process will prove to be an important source of information for the Committee in determining its priorities each year.

- d) Counter-fraud: the Committee has now considered two editions of the Annual Fraud Report, which is compiled by Internal Audit. This has provided important context that the incidence of fraud in the Council is low, whilst also providing an opportunity for the Committee to reinforce the zero tolerance approach where issues have arisen. The Committee has received regular updates on progress with the Council's pro-active counter-fraud programme, and the Committee has encouraged all staff and stakeholders to voice concerns wherever reasonable suspicions arise through the refresh of the Council's Fraud Response Plan. The annual report for the Council's Whistleblowing scheme has added further insight in this area.

Fig. 3



- e) Annual Statement of Accounts and Annual Governance Statement: The Committee has overseen compliance with the shortened timescales for preparing and approving the Council's financial accounts. Alongside these, the Committee has approved the Annual Governance Statement and the refresh of the supporting Local Code of Corporate Governance.

Fig. 4

2017/18 accounts approved at July 2018 committee.
2018/19 accounts scheduled to be approved at July 2019 committee



- f) Standards of conduct: The Committee reviewed a revised Code of Conduct for Councillors and Co-opted Members during 2017/18, giving it final approval in March 2018. The Committee's work around standards of conduct continued in 2018/19, through the approval of a revised policy for Councillors' Divisional Funds. Use of funds against the revised policy were scrutinised later in the year, as were councillors' use of resources in support of their day-to-day duties.

- g) Information Governance: The Committee has received regular updates on progress with the Information Governance Improvement Programme, which is the Council's two-phase response to the changes necessitated by the enactment of the General Data Protection Regulations in May 2018. Continuing six-monthly updates have been agreed.
- h) Risk management: two update reports have been considered on the arrangements in the Council for risk management. Committee is developing an understanding of the key processes and issues impacting on this area of activity, and regular, on-going reports will afford Committee the opportunity to scrutinise further.
- i) Local Government Ombudsman Reports and Complaints: The Committee has taken a firm stance to be transparent in its approach to considering issues arising from service users' complaints about Council services. All decisions of the Ombudsman are scheduled for consideration by Committee at each meeting as the reports are received throughout the year. The relevant senior officers are invited to attend, where appropriate, to advise of actions taken where complaints have been upheld. Complaints received and dealt with through the Council's own arrangements have also been considered on a periodic basis.
6. The Committee has made appropriate use of the full range of powers delegated to it under the terms of the Constitution, as summarised below:

Delegated power	Summary of activity
Decision- making	Decisions have been taken at each Committee meeting in relation to the areas of activity within the Committee's remit
Policy development	Council policy has been determined and proposed in relation to: <ul style="list-style-type: none"> • Code of Conduct for Councillors and Co-opted Members • Use of Councillors' Divisional Funds • Councillors' participation with Outside Bodies and its impact on their Council duties • Operation of the Council's Petitions Scheme
Performance review	In relation to Internal Audit: <ul style="list-style-type: none"> • Periodic updates on service delivery • Engaging an external quality assessor, agreeing the scope of the external review and reviewing the assessor's report • Approving the proposed collaboration with Assurance Lincolnshire In relation to Legal Services <ul style="list-style-type: none"> • Receiving an update on the service's Lexcel accreditation, which is Law Society's legal practice quality mark for excellence in practice management and client care
Review of officers' decisions	Annual scrutiny of decisions taken by officers to waive financial regulations
Consultation responses	Approved responses to consultations on the following: <ul style="list-style-type: none"> • Department of Communities & Local Government consultation on disqualification criteria for councillors • Consultation relating to the Committee on Standards in Public Life
Staffing restructures	Review and approval of the proposed restructure of the Democratic Services Team
Attendance at conferences	Approval for the Vice Chairman of the Committee to attend the Public Sector Audit Appointments (PSAA) Local Audit Quality Forum in Manchester in November 2018. A report on the outcome of the Forum was considered by Committee in January 2019.

7. There has been no activity to date with regard to the investigation of alleged breaches of the Councillors' Code of Conduct. The Committee is able to convene a sub-committee for this purpose, but the need has not arisen.




Member training and self-assessment

8. Committee engaged with a self-assessment of its own effectiveness against CIPFA's publication, 'audit committees – Practical Guidance for Local Authorities and Police'. This identified a number of areas of strength, along with some opportunities for future development. One of these was to implement this annual report, and the other key actions arising from the assessment are summarised below:
- Potential gaps in assurance reported to the Committee:
 - the arrangements in the Council to ensure, and the progress in achieving, Value for Money
 - governance arrangements in partnerships
 - stronger links with the work of the Improvement and Change Sub-Committee to provide assurance in relation to Council performance
 - Areas of activity in which Committee Members wish to receive further training
 - internal audit
 - corporate risk management.

Priorities for 2019/20

9. In addition to the issues arising from the self-assessment exercise above at paragraph 8, the future content of the Committee's Work Programme is being informed by the assurance mapping pilot that the Committee commissioned in 2018/19. This was approved to focus on three core aspects of governance: financial management; risk management; and performance management. At the time of compiling this report, the outcomes from this exercise were being assembled for a report to Committee in May 2019. It is anticipated that this will enable the Committee to consider the following:
- Aspects of governance which are evidencing lower levels of assurance, either by virtue of there being inadequate sources of assurance or due to the evidence available showing cause for concern. This may suggest areas for greater scrutiny by Committee in the coming year
 - Aspects of governance for which there is a surplus of assurance, or in which the evidence identifies consistently stable and positive levels of assurance. Committee may decide to divert assurance efforts away from these areas in the coming year.
10. An early task for the Committee in 2019/20 will be to review its Work Programme to ensure it properly reflects the priorities identified by this report and the assurance mapping exercise. Once priorities have been agreed, a schedule of reports will be built in to the Work Programme to deliver the assurances the Committee wishes to receive over the course of the coming year.
11. It is proposed that key priorities for the Committee in 2019/20 should embrace a blend of its core duties as set out in the Council's Constitution, along with developmental activities to help maintain a high degree of focus on governance and ethical values in the Council. It should also be a priority for the Committee to carry out appropriate training and development

activities for its members, to ensure all feel suitably skilled and confident in carrying out the important role they play in the Council's governance framework. The following are potential priorities in 2019/20 for Members to discuss:

	<p>Core business</p> <ul style="list-style-type: none"> ➤ Statement of accounts ➤ External audit plans and outcomes ➤ Internal Audit plans, outcomes and implementation of recommendations ➤ Counter-fraud – with a particular emphasis on the key, external threats and the Council's processes for recovering losses ➤ Oversight of complaints and Ombudsman reports – to continue the transparent approach adopted to date ➤ Information governance ➤ Corporate risk management ➤ Member conduct
	<p>Promoting strong governance and sound ethical values</p> <ul style="list-style-type: none"> ➤ Expansion of assurance mapping ➤ Arrangements for determining the Council's risk appetite ➤ Interaction with other Committees and Sub-Committees ➤ Reviewing the Council's ethical framework ➤ Regular updates of the Annual Governance Statement ➤ Self-assessments against best practice guidance for governance and ethics ➤ Annual report to Full Council ➤ Consultations on Internal Audit plans to embrace regular meetings with Committee Chairs and Opposition Spokespersons
	<p>Member training</p> <ul style="list-style-type: none"> ➤ The internal audit process, using a case study approach ➤ Risk management concepts and their application using a case study approach ➤ Links with other county and regional audit committees ➤ Participation at regional and national conferences and seminars ➤ Introduction of more regular and targeted briefing sessions with key officers

Other Options Considered

12. The Committee agreed the implementation of an annual report of its activities at its meeting in July 2018. No other options were considered.

Reason for Recommendation

13. To provide assurance to the Council that the Governance & Ethics Committee is delivering against the terms of reference for the Committee, as set out in the Constitution.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

The remit of the Governance & Ethics Committee is to direct and receive assurance that the Council is meeting many of the issues identified above. Its work since establishment in May 2017 has addressed many of the above.

RECOMMENDATION

- 1) That Committee agrees the content of this report to formally appraise the County Council of the achievements of the Committee to date, and to set out the Committee's planned areas of work for the coming year.

Councillor Bruce Loughton
Chairman of the Governance & Ethics Committee

For any enquiries about this report please contact:

Rob Disney
Group Manager – Assurance

Constitutional Comments (LW 11 /04/2019)

15. Governance and Ethics Committee is the appropriate body to consider the content of the report.

Financial Comments (RWK 11/04/2019)

16. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

SUMMARY OF WORK CARRIED OUT BY THE GOVERNANCE & ETHICS COMMITTEE AGAINST ITS TERMS OF REFERENCE

2017/18	May 2018	Jun 2018	Jul 2018	Sep 2018	Nov 2018	Dec 2018	Jan 2019	Mar 2019
Annual statement of accounts								
Mandatory enquiries and Statement of Accounts 2016/17	Mandatory enquiries		Statement of accounts 2017/18					
Certification of grants and returns 2016/17								
Annual Governance Statement (AGS)								
AGS 2016/17	AGS 2017/18							
Local code corporate governance								
Review of Local Code	Review of Local Code		IA Charter					LGA Corporate Peer Challenge
Internal control & external audit								
Internal Audit reports: - Follow-up of recs - Plan - Progress reports	Follow-up of IA recs	IA Annual Report 2017/18	IA Term 2 Plan Assurance mapping update	External Audit annual letter 2017/18 & progress report	IA Term 1 Report & Term 3 Plan	NAO Cyber Security & Information Risk Guidance for Audit Cttees External Audit progress report	PSAA Local Audit Quality Forum – feedback Assurance mapping update Follow-up of IA recs External residential placements for looked after children	External Audit Plan 2018/19 IA Term 2 report & Term 1 Plan
External Audit plans and progress reports			Vacant property management	DP misuse, fraud & deprivation of assets				
Assurance mapping								
Updates with IA limited assurance opinions: Deprivation of assets controls ASCH & PH External placements								

SUMMARY OF WORK CARRIED OUT BY THE GOVERNANCE & ETHICS COMMITTEE AGAINST ITS TERMS OF REFERENCE

2017/18	May 2018	Jun 2018	Jul 2018	Sep 2018	Nov 2018	Dec 2018	Jan 2019	Mar 2019
for LAC								
Financial Regulations and counter-fraud								
Annual Fraud Report 2016/17	LGA Bribery & Fraud Prevention workbook for councillors	Annual Fraud Report 2017/18 Annual Whistleblowing Report 2017/18	Fraud Response Plan			Counter Fraud progress report		
Risk management								
Corporate risk management update				Corporate risk management update				
Information Governance – Data Protection & Freedom of Information								
IGIP progress update		IGIP progress update				IGIP progress update		
ICO monetary penalty notice								
NHS Digital Audit of data sharing with PH								
Legal, democratic, complaints								
LG Ombudsman decisions	LG Ombudsman decisions	LG Ombudsman decisions	Legal Services Lexcel accreditation	LG Ombudsman decisions	LG Ombudsman decisions	LG Ombudsman decisions	LG Ombudsman decisions	LG Ombudsman decisions
RIPA annual report								Outcomes from Complaints Process 2017/18
Outcomes from Complaints Process 2016/17								

SUMMARY OF WORK CARRIED OUT BY THE GOVERNANCE & ETHICS COMMITTEE AGAINST ITS TERMS OF REFERENCE

2017/18	May 2018	Jun 2018	Jul 2018	Sep 2018	Nov 2018	Dec 2018	Jan 2019	Mar 2019
Conduct standards								
		Review of outside bodies		Petitions scheme	Member training	Update on use of resources by councillors	Update on use of resources by councillors	
Implement revised codes of conduct								
Code of Conduct for Councillors & co-opted members								
Alleged breaches of conduct								
Issues from members' allowances								
Joint civic reception at Notts Cricket Club								
Councillors' divisional funds								
		CDF revised policy				Update on use of CDF		
Statutory independent member recruitment								
							Appointment of independent persons - recruitment & selection process	

1 May 2019**Agenda Item: 5****REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE
AND EMPLOYEES****LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN DECISIONS
FEBRUARY - MARCH 2019****Purpose of the Report**

1. The purpose of this report is to inform the Committee about Local Government & Social Care Ombudsman's (LGSCO) decisions relating to the Council since the last report to Committee up to 22 March 2019.

Information

2. The Committee has asked to see LGSCO decisions regularly and promptly after the decision notice has been received. This report therefore gives details of all the decisions received since the last report to this Committee on 13 March 2019.
3. The LGSCO provides a free, independent and impartial service to members of the public. It looks at complaints about Councils and other organisations. It only looks at complaints when they have first been considered by the Council and the complainant remains dissatisfied. The LGSCO cannot question a Council's decision or action solely on the basis that someone does not agree with it. However, if the Ombudsman finds that something has gone wrong, such as poor service, a service failure, delay or bad advice and that a person has suffered as a result, the LGSCO aims to get the Council to put it right by recommending a suitable remedy.
4. The LGSCO publishes its decisions on its website (www.lgo.org.uk/). The decisions are anonymous, but the website can be searched by Council name or subject area.
5. A total of 8 decisions relating to the actions of this Council have been made by the Ombudsman in this period (attached at annex A). Following initial enquires into 4 complaints, the LGSCO decided not to continue with any further investigation. The Ombudsman concluded that the matters were either outside their jurisdiction, the responsibility of a body other than the Council or that no meaningful remedy would be possible. In a further case (Ref 18 015 668 on page 17 of Annex A), the Ombudsman was asked to consider investigation of a matter that had been the subject of a previous referral to him. However, after reading the papers he decided to take no further action as there were no additional issues beyond those raised when he first considered them in March 2017, at which time he found no fault with the Council's actions.

6. Three complaints were fully investigated and of these no fault was found in 2 cases. In the final investigation some service failures were found. (ref: 18 001 869 at page 4 of Annex A). In this case the Council was found at fault for failing to allocate a primary school place to the complainant's eldest child which had implications for where the other children in the family were educated and the secondary schools they would later move to. The department accepted that it was at fault and offered two new school places as a remedy. Following this, the Ombudsman was satisfied that no further action was necessary.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

8. The decisions attached are anonymised and will be publicly available on the Ombudsman's website,

Financial Implications

9. There were no direct financial implications arising from the decisions referred to in this report.

Implications for Service Users

10. All of the complaints were made to the Ombudsman by service users, who have the right to approach the LGSCO once they have been through the Council's own complaint process.

RECOMMENDATION/S

That members consider:-

1. Whether there are any actions they require in relation to the issues contained within the report.

Marjorie Toward

Monitoring Officer and Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Laura Mulvany-Law, Temporary Team Manager – Complaints and Information Team

Constitutional Comments SLB (Standing)

Governance & Ethics Committee is the appropriate body to consider the content of this report. If the Committee resolves that any actions are required, it must be satisfied that such actions are within the Committee's terms of reference.

Financial Comments (SES 27/03/19)

There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

The Ombudsman's final decision

Summary: The Ombudsman will not investigate Mr X's complaint about the reintroduction of a public footpath. This is because the complaint is late. Also, we have no jurisdiction to consider decisions taken by the Planning Inspector, and there is not enough evidence of fault by the Council. It is also reasonable for Mr X to use the alternative remedy that is available to him.

The complaint

1. The complainant, whom I shall call Mr X, complains about the Council's decision to reintroduce a public footpath through his property.

The Ombudsman's role and powers

2. The Local Government Act 1974 sets out our powers but also imposes restrictions on what we can investigate.
3. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D, as amended*)
4. The law says we cannot normally investigate a complaint when someone could take the matter to court. However, we may decide to investigate if we consider it would be unreasonable to expect the person to go to court. (*Local Government Act 1974, section 26(6)(c), as amended*)
5. The law says we cannot normally investigate a complaint when someone can appeal to a government minister. However, we may decide to investigate if we consider it would be unreasonable to expect the person to appeal. (*Local Government Act 1974, section 26(6)(b)*)
6. The Planning Inspector acts on behalf of the responsible Government minister.
7. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. We provide a free service, but must use public money carefully. We may decide not to start or continue with an investigation if we believe:
 - it is unlikely we would find fault, or
 - there is another body [Page 25 of 224](#) to consider this complaint.

How I considered this complaint

8. I considered Mr X's complaint to the Ombudsman and the information he provided. I also gave Mr X the opportunity to comment on a draft statement before reaching a final decision on his complaint.

What I found

9. Mr X says that in 2005, the Council said there might be an unused footpath running through his property. Mr X submitted objections. He says that in 2015, the Planning Inspector decided there was a footpath through Mr X's property, and the likely route it followed. Mr X says he was not consulted about this decision.
10. The Council now wants to reinstate the footpath. Mr X says further research is needed to "either support or contradict the conclusions reached by the Planning Inspectorate as to the exact location of the footpath." Mr X is concerned the proposed location of the footpath will have an impact on the business he operates from his property. The Council has said it has no reason to doubt the Planning Inspector's decision, and the time for challenging the decision has now expired. It has explained there is the option for Mr X to make an application under the Wildlife and Countryside Act to delete the right of way.
11. The Ombudsman normally expects people to complain to us within twelve months of them becoming aware of a problem. We look at each complaint individually and on its merits, considering the circumstances of each case. But we do not exercise discretion to accept a late complaint unless there are clear and compelling reasons to do so. I do not consider that to be the case here. The matter Mr X complains about dates to 2005, and I see no reason why he could not have complained about the Council's actions much earlier. The exception at paragraph 3 applies to Mr X's complaint.
12. But even if Mr X's complaint was not late, it would not be a matter for the Ombudsman. At the heart of the complaint is a decision taken by the Planning Inspector. We have no jurisdiction to consider such decisions - which can be challenged in court. If Mr X disagreed with the Inspector's decision - he should have used this right.
13. There is also not enough evidence of fault by the Council to warrant an investigation by the Ombudsman. The Council is implementing the Planning Inspector's decision. While I know Mr X disagrees with what the Council is doing, that is not evidence of fault.
14. The Ombudsman has no powers to overturn the Planning Inspector's decision or say where a right of way does or does not exist. The Council has explained to Mr X there is an option to apply for modifications to the Definitive Map, including the deletion of a right of way. Only this option can give Mr X the outcome he wants. If Mr X takes this option, and is unhappy with the Council's decision, he can appeal to the Planning Inspector. An investigation by the Ombudsman is not therefore appropriate.

Final decision

15. The Ombudsman will not investigate Mr X's complaint. This is because the complaint is late, and we have no jurisdiction to consider decisions taken by the

Planning Inspector. Also, there is not enough evidence of fault by the Council, and it is reasonable for Mr X to use the alternative remedy available to him.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: Mr W said the Council was at fault for failing to allocate a place at a primary school to his eldest child, which had implications to where his other children were educated and the secondary schools they would move to afterwards. There is evidence of fault, leading to injustice, which the Council has already remedied.

The complaint

1. The complainant, whom I shall call Mr W, says the Council acted with fault by failing to give his child, B, a place at the closest school – School 1. Instead B was allocated a place at School 2. When Mr W's second child, C, was going to school, Mr W had to appeal to get a place at School 2 as the family was out of catchment even though B was already attending.
2. The Council later agreed it had been at fault in failing to allocate B a place at School 1. To remedy the fault, it agreed to give B and C a place at School 1.
3. Mr W did not want to move B and C. He thought they were making good progress in School 2. He wanted the Council to guarantee his third child, D, got a place at School 2 without the need for an appeal. He also wanted all three children to get a place at School 2's linked secondary school, for which they were out of catchment. Alternatively, he thought the Council should pay for him and his family to move to that secondary school's catchment area so B, C and D could attend with their friends. He asked the Ombudsman to consider how the Council should remedy the fault.

The Ombudsman's role and powers

4. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word 'fault' to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)
5. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

How I considered this complaint

6. I considered the information Mr W provided with his complaint. I spoke to him on the telephone. I sent Mr W and the Council a copy of my draft decision and took comments into account before issuing a decision.

What I found

7. Mr W applied for a place at School 1, for the 2016/17 academic year, for his eldest child, B. The Council offered B a place, instead, at School 2, which was some distance from the family's home address.
8. At that point, Mr W had a right of appeal for School 1 but he did not use it. He told me he was not aware the Council had been at fault in the way it allocated places at School 1. Parents who are appealing are not necessarily aware of whether a council has acted with fault. As Mr W thought B should have had a place at School 1, on the grounds it was close to his home address, he could have presented the facts to an independent appeal panel for it to consider whether the Council was at fault. Mr W also said he was not legally represented at the time but there is no need for legal representation at admission appeals panels.
9. When his second child, C, was starting school in 2018/19, Mr W was offered a place at a different school. Mr W had to appeal to have a place at School 2.
10. The Council subsequently admitted fault in the way it allocated places at School 1 for the 2016/17 academic year.
11. To remedy the fault, the Council offered a place at School 1 to B and C. This would put Mr W back in the position he would have been but for the fault, which is what the Ombudsman considers when looking at remedies. Mr W not wanting to move B and C is a choice that he is entitled to make. Often parents have no choice but to move their children to different schools (army personnel or crown servants, for example), no matter what they and their children's preferences might be. This is not the case here.
12. From what Mr W says, it would be unlikely B, C and D would get into the secondary school that students of School 2 would normally go to, because they do not live in its catchment area. If they moved to School 1, they might get places at its associated secondary school. Both secondary schools are, or will be, academies and academies can set their own admissions criteria. The Council could not guarantee entry to either because they are not Council schools. It would not be an appropriate use of public money, and possibly even illegal, for the Council to pay to move Mr W and his family into the catchment area for the linked secondary school for School 2. Mr W can choose to move there if he wishes.
13. Similarly, the Council could not guarantee his youngest child, D, would get a place at School 2 because the family is not in catchment and admissions criteria might also change over that time. If a child does not get a place then a parent can take this to an independent appeals panel, which is appropriate. Mr W did this when C was not allocated a place at School 2. D would be likely to get a place at School 1 as it would be close to the home address.

Final decision

14. Fault leading to injustice. The Council has already provided a remedy and no further action is necessary.

Investigator's decision on behalf of the Ombudsman

Page 29 of 324

The Ombudsman's final decision

Summary: there are no grounds for the Ombudsman to investigate Mr B's complaint about his arrest and detention under the Mental Health Act or the abuse he alleges he suffered while he was detained. Mr B could have challenged his detention by appealing to a Tribunal, and his treatment is a matter for the NHS, not the Council.

The complaint

1. Mr B complains he was wrongly arrested by Nottinghamshire Police in April 2018 and detained under the Mental Health Act. He says he was transported 200 miles away and suffered abuse while he was detained. Mr B says this is not the first time this has happened. He was also detained in the summer of 2016. He believes his arrest and detention were arranged by the Council to frustrate his attempts to uncover sexual abuse of children. Mr B describes himself as a 'paedophile hunter'.

The Ombudsman's role and powers

2. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'.
3. We investigate complaints about councils and certain other bodies. We cannot investigate the actions of bodies such as the Police or the NHS. (*Local Government Act 1974, sections 25 and 34A, as amended*)
4. We may decide not to start or continue with an investigation if we believe it is unlikely further investigation will lead to a different outcome. (*Local Government Act 1974, section 24A(6), as amended*)
5. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D, as amended*)

How I considered this complaint

6. I have considered:
 - information provided by Mr B; and
 - the Council's response to Mr B's recent complaints.

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7. I invited Mr B and the Council to comment on my draft decision.

What I found

‘Detention’ under the Mental Health Act 1983

8. The Mental Health Act 1983 sets out when a person can be admitted, detained and treated in hospital against their wishes. The Act covers what rights a person has, how they can leave hospital and what aftercare they can expect.
9. An *Approved Mental Health Professional* is a person appointed by a council who has the power to make an application to admit a person to hospital under the Act or to assess their need to be detained in hospital for further treatment. An application must be supported by the written recommendations of two registered medical practitioners. The decision to admit a person is taken by the hospital.
10. A person can be admitted (‘detained’) as a patient in a psychiatric hospital (‘sectioned’) under Section 3 for a maximum of 6 months for treatment.
11. They have a right of appeal to the First-tier Tribunal (Mental Health) to challenge their admission.

Mr B’s complaint

12. The Ombudsman cannot investigate Mr B’s complaint about his arrest by the Police in April 2018. The Ombudsman has no powers to consider complaints about the Police.
13. It is not clear from Mr B’s complaint whether a Council-appointed Approved Mental Health Professional was involved in his hospital admission in April 2018. I do not intend to investigate the complaint, however, since Mr B could have challenged his admission by appealing to the First-Tier Tribunal.
14. Mr B alleges he was abused while he was detained. This is a complaint against the hospital where he was detained, not the Council. The Ombudsman has no powers to consider complaints about the NHS.
15. Mr B says this was not the first time he has been admitted to a psychiatric hospital and suffered abuse during his stay. I will not consider his complaints about his earlier admissions because they are too old. Mr B could have complained sooner.

Final decision

16. I have discontinued my investigation for the reasons set out above.

Investigator’s decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: Miss X complains the Council wrongly started child protection action and it took account of false information as part of that process. The Council took action appropriately and in response to a referral from the probation service. The Council followed the correct procedures when deciding Miss X's son was at risk of harm. There is nothing to show the decision was based on false information.

The complaint

1. Miss X complains the Council wrongly started child protection action and it has taken account of false information as part of that process.
2. Miss X says the requirement to engage with social care has put her to avoidable time and trouble.

The Ombudsman's role and powers

3. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)
4. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

How I considered this complaint

5. As part of the investigation, I have:
 - considered the complaint and the documents provided by the complainant;
 - made enquiries of the Council and considered the comments and documents the Council provided;
 - discussed the issues with the complainant;
 - sent my draft decision to both the Council and the complainant and invited their comments.

What I found

6. Miss X lives with her teenage son. On 13 December 2017, a probation officer contacted the Council's social care department regarding Miss X's partner, Mr Y, who would shortly be released from prison. The probation officer made a referral as Mr Y had indicated his wish to live with Miss X. The probation officer thought Mr Y posed a risk to Miss X and her son.
7. Mr Y had another child in a different area who was subject to a Child Protection Plan (CPC). The probation officer reported a history of child protection and domestic abuse issues in relation to Mr Y.
8. A social worker completed an assessment with the outcome there should be an Initial Child Protection Conference (ICPC). The Council held a strategy meeting and completed a Section 47 enquiry.
9. Mr Y was then convicted of further offences while in prison. He received a further custodial sentence of six months. The Council then put the ICPC on hold as the risk had changed. The Council decided a Child in Need (CIN) Plan was then the appropriate action.
10. A CIN planning meeting took place on 22 February. A CIN Plan was produced with the aim of protecting Miss X's son from witnessing or being caught up in domestic abuse. The plan included a referral for Miss X to a domestic abuse agency and a risk assessment of Mr Y to be completed before his release from prison.
11. In March the CIN Plan was updated but the aim remained the same. The plan said Mr Y should reside outside the family home until the risk assessment was completed. It also said safety planning should be completed with Miss X and her son.
12. A CPC was produced in June. The overall aim of the plan was stop Miss X's son being exposed to domestic abuse. The plan stated a social worker should visit Miss X and her son every two weeks but this should be increased and include unannounced visits once Mr Y is released from prison. Miss X would continue to work with a domestic abuse agency and a referral made for Miss X's son to a children's advocacy service.
13. Miss X was given a copy of the plan before the case conference took place. She did not agree with the plan as she did not consider her son was in any danger. She said the probation service had lied and falsified documents and that Mr Y was taking legal action.
14. The ICPC took place on 20 June. Miss X attended with her son and his grandfather. The conference reported that Mr Y's condition release dated was 6 August. A risk assessment on Mr Y had been completed but Miss X did not have a copy of it. Mr Y was classed as a medium risk to the public and known adults and children. It was up to Mr Y to share his risk assessment with Miss X.
15. Miss X told the case conference she had no plans for Mr Y to live with her on his release. The probation officer said the approved address for Mr Y was at his mother's house. Miss X told the conference she had no problems with Mr Y, that she had known him for 10 years and been together for two years.
16. There was a confidential section of the case conference which Miss X and other family members could not be present at. Afterwards the Chair advised there was a history of incidents of extreme violence and police call outs. He said there had been a Finding of Fact case in 2014 when the judge determined Mr Y had been

the perpetrator of a significant domestic abuse incident. The minutes indicate a concern that Miss X did not see the risk posed by Mr Y.

17. The ICPC concluded Miss X's son was at risk of significant harm and would become subject to a Child Protection Plan due to the risk of him being exposed to physical and emotional harm or danger presented by Mr Y.
18. On his release from prison, Mr Y was subject to licence conditions which prevented him from going to Miss X's home. Miss X told me her relationship status with Mr Y was unclear but she was happy living with her son.

Analysis

19. Miss X says the Council was wrong to start child protection action. She said Mr Y was released from prison for a period of about six weeks when there were no incidents. He was then recalled to prison. She says the six weeks show there was no risk and the child protection plan was unnecessary.
20. The information provided shows the Council took action in respect of Miss X's son following a referral from Mr Y's probation officer. The Council had a duty to act on this information and to take a view on whether Miss X's son was at risk due to her relationship with Mr Y.
21. There is no suggestion anywhere in the information I have seen to suggest Miss X neglects or abuses her son. The risk to him is entirely related to Mr Y and his history of violence.
22. The information provided shows Miss X did not agree with the social workers' assessments that Mr Y was a risk. Miss X believed the information given to her by Mr Y. The social workers and other professionals involved in the case had concerns that Mr Y manipulated Miss X and provided her with incorrect information about the situation.
23. I am satisfied the Council acted correctly and followed the correct procedures in respect of the protecting Miss X's son. The Council stood down the ICPC when Mr Y remained in prison and treated this as a CIN case. That is an entirely appropriate action. The Council reinstated the ICPC when Mr Y's release date moved closer. Miss X, her son and his grandfather attended the ICPC and were able to give their views which were considered. The decision of the ICPC was that Miss X's son was a risk of harm. As there was no fault in the process leading to that decision, I cannot criticise it.
24. Miss X says the Council took account of incorrect information. The minutes of the ICPC show evidence was presented of Mr Y's previous violent and abusive behaviour. This includes a Finding of Fact court decision that Mr Y was the perpetrator of a serious domestic abuse incident. This is clear evidence of his violence and does not support Miss X's claim that the decisions regarding her son were based on false evidence.

Final decision

25. I will now complete my investigation as there is no evidence of fault in the Council's decision to start Child Protection action or that it used false information.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: Mr X complained the Council incorrectly measured the distance from his home address to his son's nearest qualifying school. The Council is not at fault.

The complaint

1. Mr X complained the Council incorrectly measured the distance to his son's, Y's, nearest qualifying school. Mr X says this is causing him an injustice as the Council will not provide free home to school transport for Y.

The Ombudsman's role and powers

2. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word 'fault' to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)
3. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

How I considered this complaint

4. I discussed the complaint with Mr X.
5. I considered the Council's response to my enquiries.
6. I referred to the Department for Education statutory guidance '*Home to school travel and transport guidance*', the Education Act 1996, and the Council's '*Under-16 home to school transport policy*'.
7. Mr X and the Council both had the opportunity to comment on my draft decision.

What I found

The law

8. Councils have a duty to provide free home to school transport for *eligible children to qualifying schools*.
9. *Eligible children* are children of compulsory school age who:
 - cannot walk to school because of their special educational needs, disability or a mobility problem; or [Page 35 of 224](#)

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- live beyond the statutory walking distance; or
 - receive free school meals, or whose parents receive the maximum Working Tax Credit.
10. The *statutory walking distance* is two miles for a child aged under eight and three miles for a child aged eight and over. It is measured by the shortest route along which a child, accompanied as necessary, may walk with reasonable safety.
 11. The *nearest qualifying school* is the nearest school with places available that provides education suitable to the age, ability and aptitude of the child, and any special educational needs the child may have.
 12. The Council's policy states that to determine which school is closest to the home address it measures the shortest road route from the centre of the road directly outside the home address, to the school's nearest pedestrian entrance. It does not specify what mapping tool is used to complete this.
 13. The Government has set out a recommended two stage review and appeals process for parents who wish to challenge a decision about their child's eligibility for travel support:
 - Stage one: Review by a senior officer.
 - Stage two: Review by an independent appeal panel.
 14. Appeal panel members must be independent of the original decision-making process but do not have to be independent of the council.
 15. The Education Act gives council's discretionary powers to go beyond their statutory duties and provide transport for any child. This can be awarded in any circumstances the Council feels appropriate.

What happened

16. Mr X applied for free home to school transport for Y as they live more than three miles from the school.
17. The Council responded saying Y was not eligible as he was not attending his nearest qualifying school.
18. Mr X requested a review, arguing Y was attending the school closest to his home address.
19. The Council's stage one response upheld the original decision. It stated Y's nearest qualifying school was school A. This was 7.57 miles from the home address. Y attended school B. This was his preferred school. This was 7.68 miles from his home address.
20. Mr X responded to the Council and sent it measurements from AA Maps showing:
 - school A was 7.8 miles from his home address; and
 - school B was 7.7 miles from his home address.
21. Mr X explained he had measured from outside his home to the main gates of both schools. He asked the Council to explain how it had reached its measurements.
22. The Council escalated Mr X's transport request to the second stage of the review process, where it was considered by its transport review panel. The panel was made up of four senior officers. This included the Manager for Transport and Travel Service, and the Transport Solutions Manager.

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23. The Council told the panel that although the distance between the schools was very similar, a trundle wheel measurement was completed in 2014 and school A was 0.1 miles closer than school B. The panel did not uphold Mr X's appeal.
 24. The notes from the appeal panel meeting do not show how it discussed Mr X's measurements, in relation to the Council's measurements.
 25. Following the appeal, a letter was sent to Mr X explaining the reason why the Council was not providing free home to school transport. Mr X remained unhappy with the Council's measurements and complained to the Ombudsman.
 26. In response to my enquiries, the Council completed a new trundle wheel measurement. It measured from the common point of a roundabout, which must be driven around to get to either school. It measured to the nearest pedestrian entrance as specified in its policy.
 27. The Council also measured to a new pedestrian entrance at school B, identified by Mr X, as being closer. The Council's measurements were:
 - School A's nearest pedestrian entrance is 874.6metres from the common point.
 - School B's nearest pedestrian entrance is 955.5metres from the common point.
 28. The Council advised the officers on the panel were not involved in the original decision making and had no line management responsibility of officers completing the eligibility assessment.

My findings

29. Mr X complained the Council's measurement to his preferred school was incorrect. The Council has provided measurements and pictures to show how it measured the distance between the two schools. The Council is not at fault.
30. Although the minutes of the appeal panel do not show how it considered the distances to both schools, provided by Mr X, I fall short of finding this fault. This is because the minutes are clear the appeal panel refused travel assistance based on the Council's trundle wheel measurements.
31. The Council confirmed the officers on the appeal panel had no role in the decision-making process. However, it should be aware the use of the Manager for Transport and Travel Service and the Transport Solutions Manager raises some questions of the appearance of independence which the Council may like to consider.

Final decision

32. There was no fault in the Council's actions therefore I have completed my investigation.

Investigator's decision on behalf of the Ombudsman

The Ombudsman's final decision

Summary: The Ombudsman cannot investigate part of Mr and Mrs X's complaint about children services because it involves legal proceedings. We should not investigate the rest because there are other bodies better placed and we cannot achieve a meaningful remedy.

The complaint

1. The complainants, whom I shall call Mr and Mrs X, say the Council's children services team produced an inaccurate and flawed assessment.

The Ombudsman's role and powers

2. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D, as amended*)
3. We cannot investigate a complaint about the start of court action or what happened in court. (*Local Government Act 1974, Schedule 5/5A, paragraph 1/3, as amended*)
4. We have the power to start or discontinue an investigation into a complaint within our jurisdiction. We may decide not to start or continue with an investigation if we think the issues could reasonably be, or have been, raised within a court of law. (*Local Government Act 1974, sections 24A(6) and 34B(8), as amended*)
5. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. We provide a free service, but must use public money carefully. We may decide not to start or continue with an investigation if we believe:
 - it is unlikely further investigation will lead to a different outcome, or
 - we cannot achieve the outcome someone wants or
 - there is another body better placed to consider this complaint. (*Local Government Act 1974, section 24A(6), as amended*)

How I considered this complaint

6. I considered the information Mr and Mrs X provided with their complaint which included the Council's replies to them. Mr and Mrs X had an opportunity to comment on a draft version of this decision.

What I found

7. Mr and Mrs X say they cared for their grandchild, D, for 11 years. A Court made an order for them to be D's main carers. In June 2016, they say D decided they wanted to live with their parent, Z. The Council started an assessment process.
8. Z applied to Court for it to decide D's care arrangements. The Court ordered the Council to provide it with a report on D's circumstances. This is a section seven report. The Council says it used the assessment started in the summer of 2016 to produce the section seven Court report.
9. Mr and Mrs X decided not to contest the Court proceedings as they say D was clear they wanted to live with Z. The proceedings ended at the end of 2016.
10. In December 2017, Mr and Mrs X say there was a domestic incident at Z's home. They say D had stopped attending school and their behaviour had worsened. By February 2018 Z and D had left the country and moved to another country where they both held citizenship. Z is now 15 years old.
11. Mr and Mrs X say:
 - the Council's summer of 2016 assessment is flawed and inaccurate.
 - the Council's section seven report was also flawed and meant they had no chance of claiming D would be better living with them than Z.
 - D's behaviour worsening and decline in school hours was due to the Council agreeing D could live with Z.
 - The social worker allocated to D's case acted unprofessionally throughout.

Analysis

12. We cannot investigate the Council's section seven report. A Court ordered that report and it forms part of legal proceedings.
13. We cannot investigate the accuracy of the summer 2016 assessment. The Council used it to create the section seven report.
14. D now lives abroad. We could not achieve any outcome which affects this or changes the contact Mr and Mrs X have with D.
15. Parliament set up the Health and Care Professions Council to investigate complaints of social worker professionalism. They are better suited to do so.
16. The Council replied to Mr and Mrs X's complaint about assessment errors. It says it changed the assessment. It decided not to recirculate the report to all those who saw it. Parliament set up the Information Commissioner's Office (ICO) to consider complaints of inaccurate documents including whom they are provided to. Given this case involves child protection, and the Council has already refused to circulate the changes, the ICO is better placed to consider this part of Mr and Mrs X's complaint.

Final decision

17. The Ombudsman will not and cannot investigate this complaint. This is because it is partly about legal proceedings, partly about matters better suited to other bodies and because we cannot achieve a meaningful remedy on the rest.

Investigator's decision on behalf of the Ombudsman

12 March 2019

BY EMAIL ONLY

Our ref: 18 015 668

(Please quote our reference when contacting us and, if using email, please put the number in the email subject line)

Contact Chris Upjohn on 0330 403 4676 or by email to c.upjohn@coinweb.lgo.org.uk

Dear Mr

Complaint against Nottinghamshire County Council

As you know, the Ombudsman has asked me to consider whether we should investigate a complaint about the County Council. Having considered all the papers, I have decided there are no substantive actions which we have not already considered. For this reason, I will take no further action on this complaint other than to send a copy of this letter to the County Council.

I will write to you separately regarding your other recent complaint to the Ombudsman.

Yours sincerely



Chris Upjohn
Investigator, Assessment Team

The Ombudsman's final decision

Summary: Ms B complains about the Council's failure to erect clear traffic signs in her area which resulted in her receiving a Penalty Charge Notice (PCN). The Ombudsman cannot investigate the complaint because Ms B appealed against the PCN to the Traffic Penalty Tribunal so placing the complaint outside our jurisdiction.

The complaint

1. Ms B complains about the Council's failure to erect clear traffic signs in her area which resulted in her receiving a PCN. She says she drove in a bus lane because the Council's signage about the restrictions were unclear and confusing and she had not realised she had been committing an offence.

The Ombudsman's role and powers

2. We cannot investigate a complaint if someone has appealed to a tribunal. (*Local Government Act 1974, section 26(6)(a), as amended*)
3. The Traffic Penalty Tribunal considers parking and moving traffic offence appeals for all areas of England outside London.

How I considered this complaint

4. I spoke to Ms B and reviewed the information she provided. I gave Ms B the opportunity to comment on my draft decision and considered the comments she made over the telephone.

What I found

5. In 2017 Ms B received a PCN from the Council because she drove her car in a bus lane.
6. Ms B says she had just passed her driving test, had followed her navigation device and that the signage indicating there was a bus lane and its times of operation had been unclear.
7. Ms B appealed to the Traffic Penalty Tribunal against the issuing of the PCN but her appeal was unsuccessful and the Council has pursued her for the outstanding debt associated with the Notice.

Assessment

8. Ms B says her complaint is not about the PCN but about whether the traffic signs the Council has erected are correct and match those they are required to put up. However, not only is it not the role of the Ombudsman to carry out such a check but any injustice Ms B might realistically claim would relate to the PCN issued to her.
9. Parliament has set certain restrictions on the Ombudsman's powers to investigate complaints and the restriction highlighted at paragraph 2 applies to Ms B's complaint because, by law, we cannot investigate a complaint when the complainant has appealed to the Tribunal. We have no discretion here.

Final decision

10. The Ombudsman cannot investigate this complaint. This is because Ms B appealed against the PCN to the Traffic Penalty Tribunal so placing the complaint outside our jurisdiction.

Investigator's decision on behalf of the Ombudsman

1 May 2019**Agenda Item: 6****REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, EMPLOYEES
AND GOVERNANCE****INFORMATION GOVERNANCE ACTION PLAN 2019/20****Purpose of the Report**

1. To consider and approve the Information Governance Action Plan for 2019/20.

Information

2. The first phase of the Information Governance Improvement Programme (IGIP) focused upon compliance with the General Data Protection Regulation (GDPR) which came into force in May 2018.
3. In December 2018. Governance and Ethics Committee was advised that phase one of IGIP was at an end, with residual tasks being taken forward by the newly created Information Governance Team, working in conjunction with other business areas.
4. That meeting agreed a recommendation that an annual Information Governance Action Plan be approved by the Information Governance Board and Committee. This would emulate Personnel Committee's oversight of the annual Health and Safety Action Plan and maintain a momentum around information governance compliance work that had begun with the Information Governance Improvement Programme.
5. The first annual Information Governance Action Plan can be found at Appendix A. It draws upon requirements for general consolidation and improvement of information governance. It also includes actions required to address a limited number of gaps in meeting the standards set out in the national Data Security and Protection (DSP) Toolkit.
6. Previously known as the Information Governance Toolkit, the DSP Toolkit is a published self-assessment which provides assurance that health and social care organisations are practicing good data security and that personal information is handled correctly. Local authorities are required to comply with the requirements of the Toolkit where they provide adult social care or public health and other services that are receiving services and data from NHS Digital and/or are involved in data sharing across health and care. Circa 24,000 organisations participated in the Toolkit during 2018/19.
7. The Action Plan outlines developmental work to be undertaken by the Information Governance Team in some instances working jointly with other business areas such as ICT on information security processes; the Performance, Intelligence and Policy Team on data

quality and data minimisation techniques (e.g. anonymisation and pseudonimisation) and the Workforce Planning and Organisational Development Team on cultural awareness and improvement.

8. The Information Governance Team will continue to undertake core business alongside the implementation of the Action Plan such as:
 - Providing advice and support to the departments on data protection and information governance through a business partnering approach;
 - Supporting the completion of Data Protection Impact Assessments (DPIAs) which are mandatory for projects and initiatives which present a high risk to individuals' rights or freedoms.
 - Coordinating the Council's management of personal data breaches.
9. Progress in delivering the second phase of the Information Governance Improvement Programme, which is focussed upon document management, will be reported separately to Committee.

Other Options Considered

10. An alternative approach would have been for developmental work on this agenda to not be reported to Committee. However, it is considered that the approach taken will enable the Committee to have oversight of Information Governance work, at least during the initial years following the major change in data protection law.

Reason/s for Recommendation/s

11. The Action Plan contains those actions that will improve the Council's compliance and performance on information governance and enable it to meet external standards for data security and protection as set out in the DSP Toolkit.

Statutory and Policy Implications

12. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) It is recommended that Governance and Ethics Committee:
 - a. Approve the Information Governance Action Plan for 2019/20 at Appendix A of this report.
 - b. Receive quarterly update reports on the delivery of the Action Plan.

Marjorie Toward
Service Director for Customers, Employees and Governance

For any enquiries about this report please contact: Caroline Agnew (ext. 73760)

Constitutional Comments ([SEB 04/04/2019])

1. Governance and Ethics Committee is the appropriate body to consider the content of this report.

Financial Comments ([SES 03/04/2019])

2. There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None.

Electoral Division(s) and Member(s) Affected

- All.

Information Governance Action Plan 2019 - 20

To be approved by:	IG Board (IGB)	Date:	25 March 2019	Review dates:	October 2019 January 2020
	Governance & Ethics Committee		1 May 2019		

Key: IGT = Information Governance Team; PIP = Policy, Intelligence and Performance Team; WPOD = Workforce Planning and Organisational Development Team; ICT = Information and Communications Technology Service; SIRO = Senior Risk Information Officer (role fulfilled by the Service Director for Customers, Governance and Employees)

Quarter One: April – June 2019

Ref:	Action	Lead	Timescale (to be completed)	Risk Priority	Comments, Progress & Result Update	Link
1.1	Governance - Revise NCC Information Strategy to align with the delivery of the Council Plan (2017 – 2021) and focus on Info. Governance. Subject to confirmation of fit with Business Intelligence Strategy & Enhancing Customer Experience by Digital Development Programme.	IG Team / PIP Team	June 2019	Medium	Current Information Strategy 2014-18 in line with, now superseded, Strategic Plan.	Business Intelligence Strategy
1.2	Governance - Review key policies in line with organisational learning, enforcement action, case law and good practice. <ul style="list-style-type: none"> Information Governance Framework Information Rights Policy Information Compliance Policy Information Security Policy 	IG Team / ICT	June 2019	Medium	Ensures key policies updated in light on information strategy and to take account of development in the year since GDPR enforcement.	

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1.3	Audit and Quality assurance					
1.3.1	Design and populate a single register of information systems used by NCC to serve information security and data protection compliance & standards requirements.	IG Team / ICT	May 2019 (design) Sept 2019 (complete)	High	Requirement of the Data Security and Protection Toolkit	
1.3.2	Design and implement 2019/20 data security and protection spot check inspection programme.	IG Team / ICT	June 2019 (design) July 2019 onwards (implementation)	High	Requirement of the Data Security and Protection Toolkit	
1.4	Training & Awareness					
1.4.1	Data Security and Protection training needs analysis and accompanying training plan to be drafted and approved by IGB.	IG Team / WPOD	June 2019	High	Requirement of the Data Security and Protection Toolkit	
1.4.2	Design and deliver induction training on information governance to augment mandatory (cyber security orientated) elearning.	IG Team / WPOD	June 2019 (design) July 2019 onwards (delivery)	Medium	Supports GDPR requirement for appropriate organisational measures to be in place.	NCC Workforce Strategy
1.4.3	Design and release initial One Minute Guide. The first of a suite of short guides making policies and procedures more accessible for staff.	IG Team / Corp. Comms	June 2019	Medium		
1.5	Governance, Audit and Quality assurance					
1.5.1	Complete and validate register of Surveillance Cameras / CCTV systems	IG Team	April 2019	High	Required by Codes of Practice.	
1.5.2	Undertake an exercise with Information Asset Owners / Managers to validate the Council's Information Asset Register	IG Team	June 2019	High	Requirement of the Data Security and Protection Toolkit	

Quarter Two: July - September 2019

Ref:	Action	Lead	Timescale (to be completed)	Risk Priority	Comments, Progress & Result Update	Link
2.1	Governance, Audit and Quality assurance					
2.1.1	Data Protection by Design and Default Procedure (to include pseudonymisation requirements) to be developed and approved by IGB	IG Team / PIP Team	Sept 2019	High		
2.1.2	Design methodology for undertaking pseudonymisation / anonymization / de-identification controls audit and undertake audit	IG Team / PIP Team	July 2019 (design) Sept 2019 (audit(s) complete & reported)	High	Requirement of the Data Security and Protection Toolkit	Intelligence Led Performance Programme (CEXs Departmental Strategy)
2.1.3	Data Quality Procedure (to include to include provision for more systematic / timetabled data quality audits) to be developed and approved by IGB. Data quality audit(s) undertaken.	IG Team / PIP Team	July 2019 (design) Sept 2019 (audit(s) implemented)	High		
2.2	Training - design and deliver Surveillance Cameras / CCTV training for systems owners.	IG Team / WPOD	July 2019 (design) Sept 2019 (delivery)	High	Required by Codes of Practice and NCC Surveillance Camera / CCTV Procedure	NCC Workforce Strategy
2.3	Performance – design Information Governance performance dashboard for reporting to IGB and Risk, Safety and Emergency Management Groups,	IG Team	July 2019 (design) for use from Sept 2019	Medium		

2.4	Compliance – to design more proactive means for imparting privacy information to individuals	IG Team	July 2019	High	In line with NCC Privacy Notice Procedure.	
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Quarter Three: October - December 2019						
Ref:	Action	Lead	Timescale (to be completed)	Risk Priority	Comments, Progress & Result Update	Link
3.1	External Standards - gather evidence and submit response to the Surveillance Camera Commissioner (SCC) survey of local authorities on CCTV use and protection of privacy.	Data Protection Officer	October 2019 (estimated)	High	SCC seeking assurance that local authorities comply with Protection of Freedoms Act and CCTV Codes of Practice.	
3.2	Training and awareness – participate in Health & Safety Week 2018 to raise the profile and importance of data security and protection.	IG Team / H&S Team	October 2019	Medium	Ties data protection and security to other aspects of health and safety.	
3.3	Suppliers – review arrangements for assuring the data protection compliance of NCC suppliers	IG Team / Procurement	December 2019	Medium	Recommended by the Data Security and Protection Toolkit	

3.4	Performance – determine metrics and method for reporting information governance performance to Committee (with a view to commencing reporting from January 2020)	SIRO	October 2019	Medium		
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Quarter Four: January - March 2020						
Ref:	Action	Lead	Timescale (to be completed)	Risk Priority	Comments, Progress & Result Update	Link
4.1	Training & Awareness - Design and deliver a staff survey (akin the National NHS Data Security Awareness training survey) to establish views on NCC approach to data security and protection.	IG Team / ICT / WPOD	Jan 2020 (design) Feb 2020 (delivered)	Medium	Recommended by the Data Security and Protection Toolkit	NCC Workforce Strategy
4.2	External Standards					
4.2.1	Secure Public Services Network (PSN) IA certification	ICT	March 2020	High	Required for local authorities that are receiving services and data from NHS Digital and/or are involved in data sharing across health and care.	Integration with Health
4.2.2	Gather evidence and submit response to the Data Security and Protection Toolkit 2020/21	IG Team	March 2020			

1 May 2019

Agenda Item: 7

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT

STATEMENT OF ACCOUNTS 2018/19 – ACCOUNTING POLICIES

Purpose of the Report

1. To allow Members to review and consider the proposed accounting policies used in creating the Authority's Statement of Accounts for 2018/19.
2. Members recommend the updated Accounting Policies to Policy Committee for approval.

Information

3. The Statement of Accounts includes a section explaining the accounting policies used in producing the main statements for the benefit of the reader. Both the Code of Practice on Local Authority Accounting (The Code) and our External Auditors indicate that these policies should be reviewed and approved by the Governance and Ethics Committee prior to inclusion in the final Statement of Accounts.
4. As well as updating the various dates in the accounting policies the following changes have been made:
 - Accounting Policy 2 has been amended to reflect the adoption of the new IFRS15 – Revenue from Contracts with Customers.
 - Accounting Policy 12 – Heritage Assets has been rationalised to reflect the immaterial nature of these assets in the Councils Statement of Accounts.
 - Accounting Policy 17 has been amended to reflect the adoption of the new IFRS 9 – Financial Instruments.
5. The proposed 2018/19 accounting policies can be seen in Appendix A.

Other Options Considered

6. This report is for the approval of statutory required accounting policies.

Reason/s for Recommendations

7. It is considered good practice to have the Authority's accounting policies approved each year. In addition, the Code of Practice on Local Authority Accounting in the United Kingdom requires changes to the Authority's accounting policies to be approved.

Statutory and Policy Implications

8. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That Members consider the proposed changes to the Authority's accounting policies.
- 2) That Members recommend the updated Accounting Policies to Policy Committee for approval.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

Glen Bicknell, Senior Accountant, Financial Strategy and Compliance

Constitutional Comments (KK 26/03/2019)

9. Audit Committee is the appropriate body of the Council to consider the report.

Financial Comments (GB 27/03/2019)

10. There are no financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Code of Practice on Local Accounting in the United Kingdom 2018/19

Electoral Division(s) and Member(s) Affected

- Not applicable

STATEMENT OF ACCOUNTING POLICIES

1. General Policies

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the Service Reporting Code of Practice 2018/19, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

4. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

5. Costs of Support Services

The costs of overheads and support services are charged to services in accordance with the Authority's arrangements for reporting accountability and financial performance.

6. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

7. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible non-current assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

8. Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Assets are, however, only recognised when they exceed the de-minimis levels for 2018/19 set out below:

Asset Type	De minimus
Land and Buildings	£0
Community Assets	£10,000
Infrastructure Assets	£0
Assets under Construction	£0
Heritage Assets	£10,000
Vehicles, Plant, Furniture and Equipment	£6,000
Other assets	£6,000

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

- an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, Community Assets and Assets under Construction – depreciated historical cost
- Heritage Assets - held at valuation or, under certain conditions, historical cost (depreciated where appropriate)
- Operational assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Non-Operational Assets (i.e. not providing service potential to the Authority) – fair value as per the requirements of IFRS13 using the principle of “highest and best use” from a market participants perspective.

Where there is no market-based evidence of current value because of the specialist nature of an asset (e.g. school buildings), depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

The current land and building values used in the Statement of Accounts are based upon a certificate as at 31 March 2019 issued by Ms M Walsh MRICS, **Team Manager – Property and Estates from the Authority's Place Department on 29th May 2018.** A rolling 5 year revaluation programme is in place to maintain the accuracy of the valuations. When significant changes occur in any year they are included in the revaluation schedule undertaken during that year.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Assets are assessed at each year-end as to whether there is any indication that they may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is charged in the year after acquisition or construction. Where depreciation is provided for, assets are depreciated using the straight line method. The lives of the assets vary and fall within the following ranges:

Asset Type	Useful Life (In Years)
Buildings	1 – 50
Vehicles and plant	1 – 20
Infrastructure	40
IT and other equipment	3 – 5
Intangibles	3 – 5
Furniture and Fittings	5 - 15

Where an item of PPE has major components whose costs are at least 20% of the total cost of the item, the components are depreciated separately. A review was carried out for all items over a de-minimus of £0.5 million. For the 2018/19 Statement of Accounts, the Authority has not identified any components to be depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Accounting for Schools Property, Plant and Equipment

The Authority has made detailed judgements regarding the control exercised over schools run in a wide variety of ways to determine whether non-current assets should be held on the Balance Sheet. The treatment of all schools has been considered by analysis predicated on the application of tests inherent within the following IFRS adopted by the CIPFA Code (Module 4 – Non Current Assets) – IAS16 – Property, Plant and Equipment, IAS17 – Leases and IFRIC12 – Service Concession Arrangements. This has resulted in the following treatment:

- Academy schools - off-Balance Sheet
- Foundation schools - on-Balance Sheet

- Voluntary Aided schools – off-Balance Sheet
- Voluntary Controlled schools – off-Balance Sheet
- Community schools – on-Balance Sheet

The assets of those Schools that convert to Academy status are derecognised from the Authority's Balance Sheet at nil proceeds. No impairment is recognised by the Authority prior to disposal.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction, rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve and can then be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement).

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

9. Revenue Expenditure Funded from Capital under Statute (REFfCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

10. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower), where the fair value exceeds the de-minimus limit. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to write down the lease liability. Where material, contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

11. Private Finance Initiative (PFI) and Similar Contracts

The Authority has entered into a number of Private Finance Initiative contracts. PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Bassetlaw Schools PFI

scheme and East Leake Schools PFI scheme, the liability was written down by initial capital contributions of £9.0 million and £2.9 million respectively.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – charges for ongoing capital maintenance of the Property, Plant and Equipment debited to the relevant scheme.

12. Heritage Assets

Tangible and Intangible Heritage Assets

The Authority's Heritage Assets are held at County Hall or at the Nottinghamshire Archives. Nottinghamshire Archives has a number of architectural drawings and records relating to Rufford Abbey and the Savile of Rufford Estate. These collections are held in support of the primary objective of the Authority's Archives. In addition, the Authority retains a number of important ceremonial regalia and paintings that are also retained for increasing the knowledge, understanding and appreciation of the Authority's history and local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment for Heritage Assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. Where assets are disposed of, the proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

13. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and

Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

14. Investment Property

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment Properties are measured initially at cost and subsequently at fair value as per the requirements of IFRS13. Fair value is based on the amount at which the asset could be sold in an orderly transaction between knowledgeable market participants at the measurement date. As a non-financial asset, an investment property will be measured at its highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve

15. Employee Benefits and Pensions

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant

accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The Local Government Pension Scheme, administered by Nottinghamshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children and Young People and Schools line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme (LGPS)

The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees. **In assessing these liabilities at 31 March 2018** for the 2018/19 Statement of Accounts, the actuary made a number of changes in the assumptions underlying the present value of the scheme liabilities. These include a change in the assumed pensions increases and inflation.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

The change in the net pensions liability is analysed into several components:

- Service Cost comprising:
 - current service cost / gain – the change in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part Other Operating Income and Expenditure.
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning

of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – credited/debited to the Pensions Reserve
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

16. Cash and Cash Equivalents

Amounts held in call accounts or money market funds are highly liquid and readily convertible. These can be held for relatively long periods as call account rates are currently attractive. However, these accounts are used to cover short-term cash flow needs and so will be classed as cash equivalents.

Fixed term investments, of whatever duration, and amounts held in notice accounts are not readily convertible to known amounts of cash. Fixed deals and notice periods can be broken but only through negotiation with the borrower and at a penalty depending on the fair value of the loan at the time of break. All such investments will not therefore be classed as cash equivalents.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

17. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) [separate accounting policy is required where an authority holds financial instruments at fair value through other comprehensive income].

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the

instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

18. Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

19. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

20. Joint Operations

An assessment of the Authority's interests has been carried out during the year in accordance with the Code of Practice to determine the group relationships that exist. Inclusion in the group is dependent upon the extent of the Authority's control over the entity demonstrated through ownership, such as a shareholding in an entity or representation on an entity's board of directors.

Joint operations are arrangements where the parties that have joint control have the rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises, where material:

- its assets, including share of assets held jointly;
- its liabilities, including share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

21. Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

22. The Carbon Reduction Scheme

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the third year of its second phase, which ended on 31 March 2019. The authority is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

23. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence, or otherwise, of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

24 Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence, or otherwise, of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

No contingent assets have been identified for the Authority at 31 March 2019.

25. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

26. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for Local Authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Local Authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Local Authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the

financial statements of the Authority as if they were the transactions, cash flows and balances of the Authority.

27. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

28. Accounting for Council Tax and NNDR

The Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of Council Tax and NNDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of Council Tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

29. Accounting Policies not relevant or material

All accounting policies are reviewed annually to ensure on-going relevance. The following policies have been omitted on the basis of having a non-material impact on the financial statements:

- Valuation of available for sale assets
- Intangible assets – recognition of internally generated assets
- Exceptional Items

1 May 2019**Agenda Item: 8****REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &
IMPROVEMENT****INFORMING THE AUDIT RISK ASSESSMENT – 2018-19 STATEMENT OF
ACCOUNTS****Purpose of the Report**

1. To inform Members of the External Auditors' requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations as part of their audit of the County Council's accounts for 2018/19 and to allow Members to comment on the response.

Information and Advice

2. As part of the annual approach taken by our External Auditors, Grant Thornton seek responses to matters concerning the Council's approach and reporting on a number of areas, in particular related to themes surrounding fraud, going concern, laws and regulations, together with some areas specific to the accounts such as related parties and estimates used in the accounts. The responses to these questions form part of the overall audit and will inform the approach taken by Grant Thornton to the audit of the Council's Statement of Accounts for 2018/19.
3. The 2018/19 response to this request for information is attached for Members to comment upon.

Statutory and Policy Implications

4. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That Members receive, and comment upon, the informing the audit risk assessment for the 2018/19 audit of the Statement of Accounts.

Nigel Stevenson

Service Director – Finance, Infrastructure & Improvement

For any enquiries about this report please contact:

Glen Bicknell, Senior Accountant, Financial Strategy and Compliance

Constitutional Comments

5. As this report is for noting only, no constitutional comments are required.

Financial Comments (GB 27/03/2019)

6. There are no direct financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

Informing the audit risk assessment for Nottinghamshire County Council

Year ended 31 March 2019

January 2019

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between auditors and Nottinghamshire County Council 's governance and ethics Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the governance and ethics Committee under auditing standards.

Background

Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the governance and ethics committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the governance and ethics committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the governance and ethics committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the governance and ethics committee and supports the governance and ethics committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the governance and ethics Committee's oversight of the following areas:

- fraud
- laws and regulations
- going concern.

This report includes a series of questions on each of these areas and the response we have received from the Council's management. The governance and ethics Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

Fraud

Issue

Matters in relation to fraud

ISA(UK&I)240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the governance and ethics Committee and management. Management, with the oversight of the governance and ethics Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the governance and ethics Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls. As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud
- process for identifying and responding to risks of fraud, including any identified specific risks
- communication with the governance and ethics Committee regarding its processes for identifying and responding to risks of fraud
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the governance and ethics Committee oversees the above processes. We are also required to make inquiries of both management and the governance and ethics Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions together with responses from the Council's management.

Fraud risk assessment

Has the Council assessed the risk of material misstatement in the financial statements due to fraud? What are the results of this process including the nature, extent and frequency of such assessments?

The Council has undertaken an overall assessment of the risk of material misstatement in the financial statements as being low based on the good inherent record for completion of the financial statements, the current control environment and the management perception of risk based on the assessment of materiality for the Nottinghamshire County Council Financial Statements (NCC) and Nottinghamshire County Pension Fund. (NCPF)

The risk assessment is based on the assessment made by management, the opinions expressed in the Annual Governance Statement and the methods employed by the Head of Internal Audit to review the Governance Arrangements.

A material misstatement would require a fraud of £18m – NCC or £40m - NCPF. (Based on the assessment for the 2017/18 Financial Statements) . The key systems which could result in a mis-statement of this scale are audited on a rolling programme by internal audit as part of the coverage within the Core Audits (Corporate / Cross Cutting element of the Internal Audit Plan). The Council has a broad range of controls in place over the key systems to mitigate the risk of a material mis-statement.

Current fraud risks have been identified and assessed as part of the Annual Fraud Risk Assessment and work undertaken to address them has been reported as part of the Annual Fraud Report 2017/18 (and will again be reported as part of the Annual Fraud Report 2018/19) as reported to the Governance and Ethics Committee. The Annual Fraud Risk Assessment is used to drive the coverage of Counter Fraud work, both proactive and reactive as part of the overall Internal Audit Universe and Termly planning processes.

Fraud risk assessment

What processes does the Council have in place to identify and respond to risks of fraud?

Internal Audit undertake an Annual Fraud Risk Assessment utilising a series of risk criteria and risk scoring to identify high risk locations using aspects such as turnover, cash transactions etc. Risks from processes such as payments and payroll systems are high due to value. A Fraud Risk assessment analyses the key areas of risk for the Council, which is revised annually to inform the counter fraud plan, which results in completion of the Annual Fraud Report.

Internal Audit has engaged with the following pro-active counter-fraud activities during 2018/19:

- Promotion of the Council's Counter Fraud and Counter Corruption Strategy in line with the Fraud Response Plan.
- Reviewed policy documentation such as, anti-money laundering policy, anti-bribery and corruption policy etc.
- Developed a Policy in relation to the Criminal Finances Act 2017
- E-learning – Fraud Awareness Course has been launched through My Learning
- Alerts from intelligence sources National Anti-Fraud Network, CIPFA etc. have been reviewed and disseminated
- Serious & Organised Crime – Home Office – The full audit has been completed and reported through the Corporate Leadership Team;
- NFI data matches have been completed and reports shared with other bodies.
- NFI Re-check has been completed for mortality data and Pensions
- Procurement – Review of the UK Corruption Strategy and input to review of Cartel Tool.

Completion of Annual Fraud Report for 2017/18 (2018/19 Report will completed for June 2019) and reported to the Governance & Ethics Committee.

Other Counter Fraud activity includes:

ASCH – work with Direct Payments team to review processes for recovery of funds to include consideration of fraud. Work on the identification and recovery of assessment and payments in relation to deprivation of assets.

Risk and Insurance have been engaged with the Association of British Insurers (ABI) to review claims received against a 48 point checklist to screen against fraud risks. This has reduced the number of high risk claims being considered by the Council. Information and advice from the Councils insurers is currently being shared with NCC Counter fraud.

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Business Support Centre (BSC) have actively reviewed payments prior to payment. Software has been installed to check for duplicated payments post payment processing and prior to payment generation. This preventative measure is put in place to reduce the potential duplications as part of the NFI exercise.

Fraud risk assessment

What processes does the Council have in place to identify and respond to risks of fraud? (cont.)

A data analytic review of payroll data has been completed and outliers have been identified for Deep Dive review which is currently in progress.

One member of the Internal Audit team successfully completed the CIPFA Accredited Counter Fraud Specialist qualification.

Working arrangements have been developed with Nottinghamshire Police through a Single Point of Contact (SPOC) for the centralised management of fraud referrals by the Council. Data washing exercise with Nottinghamshire Police – has commenced and data sources are being subject to a data sharing agreement prior to comparison.

Cyber Security – we have reviewed cyber security arrangements as part of the Fraud Risk Assessment and updated the ICT audit plan to reflect the emerging risks. We have also reviewed current local practices against the National Audit Office guidance for audit committees on cyber security with a report taken to the Governance and Ethics Committee in December 2018.

Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?

Please refer to above where the planning process expands into risk areas and work undertaken to identify and mitigate.

Fraud risk assessment continued

Are internal controls, including segregation of duties, in place and operating effectively? If not, where are the risk areas and what mitigating actions have been taken?

The application of internal controls, including segregation of duties, is reviewed annually as part of the processes employed to complete the Annual Governance Statement. Corporate Directors and Service Managers are required to provide assurance on the arrangements within the council and departments which is subject to review by Internal Audit as part of the assessment process. Weaknesses are captured in the document and the work undertaken by the HOIA to form the Annual Opinion.

Management monitor their individual areas on an on-going basis and report to their respective management teams. There is a requirement to report any suspected irregularities to Internal Audit, who will determine how to proceed in individual cases, including reporting to police, investigation by internal audit and investigation by management. The Fraud Response Plan sets out the expectations for all to follow.

The risks from internal controls and segregation of duties are reviewed as part of the risk based approach undertaken by internal audit in the completion of its work as part of the Termly Plan which is informed by the Internal Audit Risk assessment and Fraud Risk Assessment. These risk assessments utilise a series of risk criteria and risk scoring to identify high risk locations using aspects such as turnover, cash transactions etc. Risks from processes such as payments and payroll systems are high due to value. A Fraud Risk assessment analyses the key areas of risk for the Council, which is revised annually to inform the counter fraud plan and inform the termly planning process.

These include close analysis of all the Council's activities and the risk they pose in terms of loss through error/fraud/reputation, exchange of information with other county councils, local district councils and neighbouring authorities, consideration and dissemination of information provided by NAFN, CIPFA, past experience of fraud in the Council and regular scanning of the media to identify losses / issues in other organisations. The Council's Counter Fraud and Counter Corruption Strategy and its Fraud Response Plan are periodically reported to staff groups to refresh awareness. The most recent being through a coordinated launch of fraud awareness as part of the International Fraud Awareness week.

Fraud risk assessment (continued)

Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?

The Governance control processes in place for the completion of the annual governance statement confirm that control arrangements are in place and have been operated during the course of the year. The governance arrangements are supported by a waiver process where any exceptions to the control function are approved. This process is controlled and reported to the Governance and Ethics Committee on an annual basis. There are no areas that have been identified for the override of controls due to the inappropriate influence.

The Head of Internal Audit is not aware of any inappropriate overrides of management controls.

A monthly budget monitoring process is undertaken to ensure that any variances to the budget are identified and reported to both the Corporate Leadership Teams and Finance and Major Contracts Management Committee on a timely basis. All variations are therefore considered by management as part of an open and transparent process.

How does the Governance and Ethics Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What arrangements are in place to report fraud issues and risks to the Governance and Ethics Committee?

A Fraud Risk Assessment is undertaken which is used to inform the Annual Fraud Plan and work within the Internal Audit Planned activity. Activity in relation to Counter Fraud is reported through the Annual Fraud Report and developments captured as part of the Fraud Plan. The annual fraud report is considered by the Governance and Ethics Committee each year. The Corporate Leadership Team and the Governance and Ethics Committee are consulted on the Termly Internal Audit Plan, the latest in October 2018 and March 2019. Termly plans incorporate both proactive and reactive counter fraud work. Meetings are held on a 6 weekly basis between the Head of Internal Audit and the Chairman of the Governance and Ethics Committee and include a periodic update of work against the termly plan and update on counter fraud activity.

Fraud risk assessment continued

How does the Council communicate to and encourage ethical behaviour and appropriate business practices of its employees and contractors?

Officers and members undertake their roles in line with Codes of Conduct and personnel handbook. The Council's constitution provides the framework for an comprehensive set of internal controls to prevent fraud. The requirements are set out in further detail within Financial Regulations and these are complemented by more detailed guidance at departmental level. Internal Audit have an annual programme of work which is agreed with the Governance and Ethics Committee.

This programme of work provides assurance that these controls are in place, effective and complied with. Staff are reminded of the need for vigilance from time to time using Team Talk and corporate training materials. Awareness has been raised through Team Talk and intranet new to promote the work undertaken in line with the Fraud Response Plan. The Council has a whistle-blowing policy which reminds staff of the need to report instances of fraud. The Annual Fraud Report sets out how management has responded to fraud cases arising over the previous year. The Council provides information on fraud and collusion to contractors and review compliance with their own practices. Internal Audit have developed guidance in relation to the Criminal Finances Act 2017 – Failing to prevent the facilitation of Tax Evasion which will include the engagement with contractors.

Fraud risk assessment continued

How do you encourage employees to report their concerns about fraud? Have any significant issues been reported?

The Council continues to have a Code of Conduct for employees. The Code details the standards of conduct expected of employees and subsequent consequences. Details of these expectations are shown in Section D35 of the Personnel Handbook which are available to all on the intranet. Internal Audit has completed an audit of ethics. Issues are reported by the Head of Internal Audit, Monitoring Officer and Line Managers. These are escalated to Head of Internal Audit for consideration of investigation. Internal Audit are engaged in a number of investigations where compliance issues have been identified and departmental action has been taken. None are significant to the Financial Statements. Awareness training is provided through My Learning, Team Talk and Intranet news articles. These have included counter fraud awareness articles to bring the Counter Fraud Response Plan to the attention of officers and staff along with the provision of an e-learning training course.

Fraud risk assessment continued

Are you aware of any related party relationships or transactions that could give rise to risks of fraud?

The Financial Statements identify all the related parties for the Council. Central Government – through the framework for grants and funding (Council tax and benefit payments) Relationships in relation to members were identified where they held position with bodies receiving grants. Related transactions related to Arc, Via, Nottinghamshire (Futures) and Inspire are detailed within notes to the financial statements.

Departments are required to identify related parties that they have in operation in addition to the corporate requirements. Related parties in relation to individuals are identified during the financial statements generation and are reviewed prior to declaration.

We are not aware of any significant or unusual transactions that would give rise to fraud. We are not aware of any unusual transactions with third parties that could give rise to the risk of fraud.

No significant unusual transactions have been entered into during 2018/19. Cash holding and handling is reduced to a minimum and payments are subject to vetting prior to payment. The Council have not entered into any new JV's or PFI transactions.

Are you aware of any instances of actual, suspected or alleged, fraud, either within the Council as a whole or within specific departments since 1 April 2017?

Yes, such cases have been identified as part of internal audit work and cases have been subject to appropriate action. Cases have been recorded in the Annual Fraud Report. Cases have also been reviewed and actioned by departments: Adults, Social Care & Health and Trading Standards with appropriate input from senior managers and Police.

Internal Audit have been involved in referrals in relation to a number of cases involving suspected fraud as maintained on the investigations register. All cases have been valued under £100k and have been either investigated by internal audit, internal audit and the department or have been referred to the police. Work has been undertaken and recovery action instigated for deprived asset cases where a notional capital holding has been applied to ensure the correct client contribution is made and to restrict the payments made to service users. In other cases recovery action has been undertaken and in addition some cases where it is felt 'powers of attorney' have been abused.

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Fraud risk assessment continued

Are you aware of any whistleblower reports or reports under the Bribery Act since 1 April 2017? If so how does the governance and ethics Committee respond to these?

The Monitoring Officer compiles an annual report in relation to Whistleblowing which was presented to the Governance and Ethics Committee on 13 June 2018. The report identifies six concerns being raised under the policy and the actions taken in relation to each of these. The actions and learning are identified and used to develop the currently and future delivery. When appropriate this includes further referral to Internal Audit for potential fraudulent activity. There have been no issues raised in relation to the Bribery Act.

The Governance and Ethics Committee have endorsed that actions taken by officers in response to whistleblowing cases are continued to promote the policy to staff and departments through the Team Talk intranet articles. The next annual whistleblowing Report is due for reporting to the Governance and Ethics Committee in June/July 2019.

Laws and regulations

Issue

Matters in relation to laws and regulations

ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the governance and ethics Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the governance and ethics Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out in the following pages together with responses from management.

Impact of Laws and regulations

Question	Management response
What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	<p>Decision making is undertaken by Committees and other meetings of the County Council based on reports following standardized templates with sections covering financial, constitutional, human rights, equalities implications etc. Each report is checked for compliance prior to publication. In addition, each department and service area is aware of the legal and regulatory framework relevant to their areas and appropriately qualified staff are recruited and trained in relevant procedures and processes. There is oversight by relevant government and other agencies tasked with monitoring standards and compliance. Periodic internal audit inspections of each service area take place. Legal advice is available for any casework or individual queries. The Monitoring Officer sits on the Corporate Leadership Team and attends Policy Committee and Full Council.</p>
How do management gain assurance that all relevant laws and regulations have been complied with?	<p>Decision making by Committees and other meetings at the Council subject to appropriate advice via standardised committee reports covering relevant issues for consideration. The Annual Governance Statement summarises the processes and procedures in place that govern the arrangements. Internal Audit procedures, legal advisory support from in-house and (where necessary) external advisors on different areas of service delivery. Training and development of staff from both internal and external sources, accreditation with relevant professional bodies, whistle-blowing policy, Financial Regulations, contract procedures, complaints procedures, internal and external investigations, HR procedures, terms and conditions of employment including disciplinary procedures etc.</p>

Impact of Laws and regulations

Question	Management response
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2017 with an on-going impact on the 2018/19 financial statements?	Internal Audit deal with allegations of fraud or criminal behaviour which is reported to the relevant authorities for investigation. Not aware of any other instances of non-compliance which would be required to be reported to the Council's Monitoring Officer and to the Council if they arose.
What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	Risk and Insurance manage insurance claims, together with the Council's insurers and having taken external legal advice where appropriate. Non-insured cases are managed by Legal Services together with external advisory support where appropriate with claims being pursued or settled on the basis of legal advice in accordance with provisions within the Constitution. Any contingent assets or liabilities arising as a result of litigation, claims or assessments are notified annually in the annual statement of accounts.
Is there any actual or potential litigation or claims that would affect the financial statements?	Any contingent assets or liabilities arising as a result of litigation, claims or assessments are notified annually in the annual statement of accounts following a request by colleagues in Financial Services.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	I am not aware of any such reports.

Going Concern

Issue

Matters in relation to Going Concern

ISA(UK&I)570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements for the Council. The accounting concept of going concern refers to the basis of measurement of an organisation's assets and liabilities in its accounts (that is the basis on which those assets and liabilities are recorded and included in the accounts).

Entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business. If the entity could not continue as a going concern, assets and liabilities would need to be recorded in the accounts on a different basis, reflecting their value on the winding up of the entity. Consequently, assets would be likely to be recorded at a much lower break-up value and medium- and long –term liabilities would become short-term liabilities.

The Council is not subject to the same future trading uncertainties as private sector entities. However, consideration of the key features of the going concern provides an indication of the Council's financial resilience. It may indicate that some classes of assets or liabilities should not be valued on an on going basis.

Going concern considerations have been set out overleaf and management has provided its response.

Going Concern Considerations

Question	Management response
Does the Council have procedures in place to assess the Council's ability to continue as a going concern?	<p>The County Council on the 28 February 2018 set the annual budget and capital programme budget for 2018/19 and the Medium Term Financial Strategy to 2021/22. This report included the formal assessment by the Section 151 Officer on the robustness of the Budget Estimates and the adequacy of the County Council's reserves in accordance with the 2003 Local Government Act. This indicates the Section 151 Officer has considered that the Council is a going concern.</p>

Going Concern Considerations

Question	Management response
Is management aware of the existence of other events or conditions that may cast doubt on the Council's ability to continue as a going concern?	It should be noted that the four year settlement accepted by the Council concludes in 2019/20. Following this, there is much uncertainty surrounding the move to localising 75% of business rates income from 2020/21. Other areas of uncertainty exist throughout the term of the MTFS such as the outcome of the Social Care Green Paper and the implications of Brexit and further political uncertainty. This does not however cast doubt on the Council's ability to continue as a going concern and the MTFS will continue to be reviewed regularly to ensure that it reflects the latest information available.
Are arrangements in place to report the going concern assessment to the governance and ethics Committee?	The County Council on the 28 February 2018 set the annual budget and capital programme budget to 2021/22 and the Medium Term Financial Strategy over the same period. This report included the formal assessment by the Section 151 Officer on the robustness of the Budget Estimates and the adequacy of the County Council's reserves in accordance with the 2003 Local Government Act. This indicates the Section 151 Officer has considered that the Council has is a going concern.
Are the financial assumptions in that going concern report (e.g., future levels of income and expenditure) consistent with the Council Plan 2017-2021, Medium Term Financial Plan and the financial information provided to the Council throughout the year?	Your Nottinghamshire, Your Future, the County Council Plan sets out the strategic ambition for the future of Nottinghamshire and the Council, structured around four vision statements and supported by twelve commitments. The annual budget report sets out the financial framework around which the County Council will achieve its strategic vision statements and meet the success factors that underpin the County Council's twelve commitments. The Council's Planning and Performance Management Framework ensures the alignment of the Council Plan, the Departmental Strategies and the MTFS.

Going Concern Considerations

Question	Management response
<p>Are the implications of statutory or policy changes appropriately reflected in the Council Plan 2017-2021, Medium Term Financial Plan, financial forecasts and report on the going concern?</p>	<p>The Council undertakes a robust process each year to identify new cost pressures as well as justifying any existing cost pressures within the MTFS. An on-going process to identify and potential savings and efficiencies across the Council also takes place. The implications of any statutory or policy changes are picked up either as part of these exercises or through the rigorous view of the Council's other MTFS assumptions</p>
<p>Have there been any significant issues raised with the governance and ethics Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).</p>	<p>Both internal audit and external audit report regularly to the Governance and Ethics Committee. During 2018/19, no adverse comments have been raised with regard to either financial performance or significant weaknesses in systems of financial control.</p>
<p>Does a review of available financial information identify any adverse financial indicators including negative cash flow or poor or deteriorating performance against the better payment practice code?</p> <p>If so, what action is being taken to improve financial performance?</p>	<p>The financial position of the Council is reported to the Finance and Major Contracts Managements Committee on a monthly basis. The financial monitoring reports show the current position with regard to the revenue budget and the capital programme. It also provides an update on the current position with regard to Treasury Management. On a quarterly basis, the financial monitoring reports also report on the performance of Accounts Payable, Account Receivable and Procurement. The financial monitoring process has not picked up any adverse financial indicators during 2018/19.</p> <p>Detailed progress on the Council's plans, departmental strategies and details of achieving the councils savings and transformation plans are reported quarterly to the Improvement & Change Sub-Committee.</p> <p>Both Committees receive reports identifying improvement actions where necessary.</p>

Going Concern Considerations

Question	Management response
<p>Does the Council have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Council's objectives?</p> <p>If not, what action is being taken to obtain those skills?</p>	<p>Yes. The Members of the Corporate Leadership Team (CLT) is a stable team that has a wealth of experience in many facets of County Council services. They have the skills and knowledge necessary to ensure that the Council's objectives, set out in the Council Plan – Your Nottinghamshire, Your Future - are delivered. The Section 151 officer sits on CLT who receive regular performance, finance and service reports to ensure that progress is made against all objectives. In addition, Senior Leadership Teams across all Departments meet regularly and are supported by dedicated finance teams.</p> <p>From a financial viewpoint, the Council has the appropriate mix of qualified, part-qualified and trainees to undertake financial management & support activities. The senior finance managers including the Service Director, Group Managers and Team Managers are qualified accountants with considerable experience. Junior Officers in Finance Group are either qualified or part-qualified accountants or AAT qualified staff.</p> <p>The Council's robust Employee Performance & Development Review process records training and development undertaken and required to be undertaken and meets the various professional accounting bodies requirements for CPD.</p>

Accounting Estimates

Issue

Matters in relation to Accounting Estimates

Local Authorities need to apply appropriate estimates in the preparation of their financial statements. ISA (UK&I) 540 sets out requirements for auditing accounting estimates. This objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Council identifies the transactions, events and conditions that may give rise to the need to an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Council are using as part of their accounts preparation: these are detailed in appendix 1 to this report.

The audit procedures we conduct on the accounting estimate will demonstrate that :

- The estimate is reasonable
- Estimates have been calculated consistently with other accounting estimates within the financial statements.

Consideration of accounting estimates

Question	Management response
Are the management aware of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgment?	The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors.
Are the management arrangements for the accounting estimates, as detailed in Appendix 1 reasonable?	It is the view of the Section 151 officer that the estimates made within the Statement of Accounts are consistent with the Local Authority Accounting Code of Practice and are both prudent and reasonable.
How is the governance and ethics Committee provided with assurance that the arrangements for accounting estimates are adequate?	The Accounting Policies which set out the specific principles , rules and practices applied by the Authority in preparing and presenting the financial statements are approved each year by the Governance and Ethics Committee. The financial statements are presented to Governance and Ethics Committee each year which set out the accounting estimates used.

Related Parties

Issue

Matters in relation to Related Parties

For local government bodies, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires compliance with IAS 24: Related party disclosures. The Code identified the following as related parties to local government bodies:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the authority (i.e. subsidiaries)
- Associates
- Joint ventures in which the authority is a venturer
- An entity that has an interest in the authority that gives it significant influence over the authority
- Key management personnel, and close members of the family of key management personnel
- Post –employment benefit plan (pension fund) for the benefit of employees of the authority, or of any entity that is a related party of the authority.

The Code notes that, in considering materiality, regard should be had to the definition of materiality, which requires materiality to be judged from the viewpoint of both the authority and the related party.

ISA (UK&I) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
What controls does the Council have in place to identify, account for, and disclose related party transactions and relationships?	<p>The Financial Statements identify all the related parties for the Council. Central Government – through the framework for grants and funding (Council tax and benefit payments)</p> <p>Relationships in relation to members were identified where they held position with bodies receiving grants.</p> <p>Related transactions related to Arc, Via, Nottinghamshire (Futures) and Inspire are detailed within notes to the financial statements.</p> <p>Related parties in relation to individuals are identified during the financial statements generation and are reviewed prior to declaration.</p>

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert (Yes/No and details of expert)	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year? (Yes/No)
Land & Buildings valuation	Existing Use Value in accordance with RICS Valuation definitions – UKVS 1.3 and Depreciated Replacement Cost (see RICS UKGN2)	Formal approval process for all valuations Estimates made within secure AMP system setting Finance review SLA / Valuation protocol	Yes – RICS Professionally qualified valuers	<ul style="list-style-type: none"> • Location • Building Type/construction/condition • Market conditions • Development Potential / Planning Framework • Maintenance 	No
Vehicles, Plant, Furniture and Equipment Valuation	Depreciated Historic Cost as proxy for Current Value	Departmental consultation Accounting Policy / Impairment review Finance Review	No	<ul style="list-style-type: none"> • Useful economic lives for asset consumption in line with requirements of CIPFA code 	No
Infrastructure Assets Valuation	Depreciated Historic Cost as proxy for Current Value	Departmental consultation Accounting Policy / Impairment review Finance Review	No	<ul style="list-style-type: none"> • Useful economic lives for asset consumption in line with requirements of CIPFA code 	No
Surplus Assets Valuation	Fair Value in accordance with section 2.10 of the CIPFA Code (2018-19)	Formal approval process for all valuations Estimates made within secure AMP system setting Finance review SLA / Valuation protocol	Yes – RICS Professionally qualified valuers	<ul style="list-style-type: none"> • Location/Comparables • Market conditions/rent growth/occupancy 	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert (Yes/No and details of expert)	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year? (Yes/No)
Finance Lease Liabilities	IAS17	Lease contract used to calculate Liability	No	Judgements based on relevant accounting standard	No
Estimated remaining useful lives of PPE	Property Assets – RICS Valuation Framework Other Assets – CIPFA Code of Practice / IAS16	Property Assets - Formal approval process for all valuations within secure AMP system setting	Yes - RICS Professionally qualified valuer	<ul style="list-style-type: none"> • Maintenance • Asset consumption • Asset Type / Characteristics 	No
		Other Assets – Finance / Dept review	No		
Depreciation and amortisation	Straight line method	Property Assets - Formal approval process for all valuations within secure AMP system setting	Yes - RICS Professionally qualified valuer	<ul style="list-style-type: none"> • Maintenance • Asset consumption • Residual Lives 	No
		Other Assets – Finance / Dept review	No		
Impairments	IAS36 as adapted by the CIPFA Code of Practice	Annual Impairment review	Yes - RICS Professionally qualified valuer for Property assets	<ul style="list-style-type: none"> • Recoverable amount • Useful Lives 	No

Appendix A Accounting Estimates continued

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Pension liability	Assets valued using the market index returns for the last three months of the accounting period. Liabilities valued using the projected unit method.	External actuary provides the actuarial assumptions used to calculate the position.	Yes, Barnett Waddingham LLP.	Actuarial assumptions are set out in the statement of accounts.	No.
Long term obligations under PFI schemes	The original recognition of these assets (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator.	Amounts paid to PFI operators are analysed and set out in the statement of accounts.	An expert was used in 2009 as part of the initial arrangements for the PFI schemes.	Set out in model documentation..	No.

Appendix A Accounting Estimates continued

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Impairment of receivables (bad debt provision)	Debt over 6 months provided for. However, allowance should increase for known/significant doubtful debts under 6 months and decrease for known/significant debts over 6 months where confidence is high the payment will be received.	SAP report run as at 1 st April by Accounting and clearing house team and provided to Finance Business Partners, who make the adjustments to the allowance.	No	Debt over 6 months provided for. However, allowance should increase for known/significant doubtful debts under 6 months and decrease for known/significant debts over 6 months where confidence is high the payment will be received.	No
Accrued Income	Known amounts / Best estimate. More than £5k	Checks by Finance	No	Known amounts / Best estimate. More than £5k	No
Accrued Expenditure	Known amounts / Best estimate. More than £5k	Checks by Finance	No	Known amounts / Best estimate. More than £5k	No
Provision and	Strict criteria around creation of Provisions which must be met. Best information available at the time for estimate.	Discussion between Corp finance and FBP on new set up. Existing controls for Insurance, NDR and Redundancy.	Yes – Actuary used (not annually) to estimate the Insurance fund provision. Others – No	Degree of uncertainty built into Ins. NDR from Districts. Redundancy from Savings options /Section 188 notice. Experience split between ST + LT.	No
Contingent liabilities	As no entry is made, must be over £1m + meet other strict criteria	Emails to SFBP, Group Manager + Service Director Finance about known issues	No	Done as part of meeting qualifying criteria	No

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Appendix A Accounting Estimates continued

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Investments in companies valuations	No previous investments shown (May change). Valued at Zero	N/a	No	N/a	No (May change)
Non-adjusting events – events after the BS date	Depends on the event. Best information available at the time	Emails to SFBP, Group Manager + Service Director Finance about known issues	If applicable	Depends on the event	No

Appendix A Accounting Estimates continued

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Measurement of Financial Instruments - PWLB loans	Fair value of loans is provided by PWLB after year end	n/a	No	That PWLB method is adequate. No in-house expertise for generating alternative figure.	No
Measurement of Financial Instruments - Investments	No estimates used. Cash investments shown at book cost.	n/a	No	None	No
Measurement of Financial Instruments - Market LOBO loans	Fair value calculated by discounted cash flow method, using redemption rates as provide by PWLB.	n/a	No	That LOBO loans will run to maturity.	No



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1st May 2019**Agenda Item: 9****REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT &
IMPROVEMENT****FINANCIAL REGULATIONS WAIVERS 2018/19****Purpose of the Report**

1. To inform Members about requests to waive the Financial Regulations (waivers) in the Period 1st April 2018 - 31st March 2019.

Information

2. The Council's Financial Regulations set out the procedures and standards for financial management and control that must be followed by officers.
3. The Council may only contract with external parties within the legal framework for Local Authority procurement. However, there are occasions where it is not practical or possible to procure contracts in accordance with the standard contract procedures. In such instances officers may seek exemption through a waiver. The waiver process acts as a peer challenge to such requests to ensure there is a valid reason for approval.
4. Waiver requests are considered by the Council's Section 151 (S151) Officer who determines whether they can be approved or not. The S151 Officer may also refer any request for a waiver to the Group Manager Legal Services.
5. There are four categories of exemption where the rules for obtaining quotations or running tenders can be suspended. These are:-
 - i. The Section 151 Officer, after consulting with the Group Manager for Legal Services where appropriate, may vary, waive or suspend any financial regulation,
 - ii. The works to be executed or the goods or materials to be supplied consist of repairs to, or parts for, existing proprietary machinery, where such repairs or parts are specific to that machinery or upgrades to existing software packages.,
 - iii. Works, supplies or services are urgently needed for the immediate protection of life or property, or to maintain the immediate functioning of a public service for which the Council is responsible. In such cases the contract must only last as long as is reasonably necessary to deal with the specific emergency,
 - iv. The Corporate Director, in consultation with the Group Manager for Procurement, decides that special circumstances make it appropriate and beneficial to negotiate

with a single firm or that a single tender be invited and that best value for the Council can be achieved by not tendering.

6. The tables below summarise the number of waivers granted in 2018/19 (Table1) compared to the previous year by directorate and value, full details for those waivers are contained in Appendix 1.

Table 1	2018-2019				2017-2018			
Directorate	Number Waivers	Total Value	No. Rejected	Value Rejected	Number Waivers	Total Value	No. Rejected	Value Rejected
Chief Exec	0	0	0	0	6	244,336	2	£65,306
Adult Social Care (ASC) Health & Public Protection & Public Health	4	£200,750	1	£15,000	2	122,986	0	£0.00
Children, Families & Cultural Services (CFCS)	3	£88,540	2	£38,540	3	£114,208	2	£105,000
Place	8	£548,361.20	1	£340,000	7	£702,612	3	£449,024
Schools	0	0	0	0	0	0	0	0
TOTAL	15	£837,651.20	4	£393,540	18	£1,184,142	7	£619,330

7. The total number of waivers has decreased since last year with an overall reduction of 16.6%. In 2018-19 27% of requests received were rejected.
8. There has been a significant reduction in waiver requests from the Chief Executives department. The number of waiver requests from Children, Families and Cultural Services department have remained the same as last year, whilst the number from Adult Social Care and Health and Place departments have increased since last year. The total value of spend requested through financial waiver has reduced since last year.
9. Category Managers continue to work with the directorates to develop procurement category strategies that will aid the continued reduction of waiver requests.

Other Options Considered

10. Other options were not considered applicable for this annual update report.

Reason/s for Recommendation/s

11. This report is to inform Members about requests to waive the Financial Regulations (waivers) in the Period 1st April 2018 - 31st March 2019. Every effort is made to ensure waivers are kept to a minimum and through this report, members are updated of the detail of spend coming through financial regulation waivers.

Statutory and Policy Implications

12. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) Members of the Governance and Ethics Committee to support the detail contained in the report Financial Regulations Waivers 2018/19 and the continued progress in keeping waivers to a minimum.

Nigel Stevenson

Service Director – Finance, Procurement & Improvement

For any enquiries about this report please contact:

Kaj Ghattaora - Group Manager, Procurement

Constitutional Comments [KK 10/04/19]

13. The proposal in this report is within the remit of the Governance and Ethics Committee.

Financial Comments [SES 29/03/2019]

14. There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

Appendix 1

Waiver Details

Number	Ref	Subject	Value	Department		
					Waiver Details	Approval/Rejection
1	FR284	A theraputic mental health service for young people who display sexually harmful behaviour	£50,000.00	CFCS	The waiver sought the approval to direct award the continuation of service delivery to the incumbent provider to align with the CCG recommissioning of the service in 2019. contract	Approved The waiver was approved on the grounds that it would not be economically viable to re-tender the service at this stage and a joint approach would be more beneficial both for the service users and from a financial point of view.
2	FR285	Cotgrave MUC	£10,000.00	Place	The waiver sought to extend the scope of the original project.	Approved The waiver was approved on the grounds that this was not a material change to the original requirement that had already been approved by committee.

3	FR286	Development Programme	£17,000.00	Place	The waiver sought the continued employment of a training provider to identify people to undertake some Learning and Development	Approved The waiver was approved on the basis that conclusion of the programme would enable all necessary training to be completed.
4	FR287	Online electronic Bed system	£15,000.00	ASC	The waiver sought the approval to commence a pilot of an electronic bed system	Rejected - The waiver was rejected on basis that there is no funding to proceed.
5	FR288	Systems Review Contractor	£57,750.00	ASC	The waiver sought the approval to utilise and alternative recruitment agent to the NCC contracted one.	Approved The waiver was approved on the grounds that it would not be economically viable to re-tender the service at this stage and a project is in flow the previous employee supporting the project has left the authority and there is a risk to business failure.
6	FR289	Specialist Support for Toton	£30,000.00	Place	The waiver sought the approval to a specialist marketing company to support the branding work for Toton.	Approved the waiver was approved on the grounds that it would not be economically viable to run a full tender process and the proposed supplier brought a wealth of expertise.

7	FR290	HS2 Consultancy Project	£340,000.00	Place	The waiver sought the appointment of a lead consultant (with sub-contractors) to develop the HS2 business Case	Rejected The waiver was rejected on the basis that the request exceed the OJEU Threshold and it was therefore not legal to sign it off.
8	FR291	Children's Home Safety Equipment Scheme - pilot	£100,000.00	ASC	The waiver sought the approval of a pilot scheme for the provision of safety equipment at residential addresses. On hold at present as legal services are conversing with the department re contract arrangements approval to be sought from Nigel before 07.09.2018	Approved the waiver was approved on the grounds that the project was a pilot and that the cost of tendering would not be economically viable.
9	FR292	purchasing services from NEMS to support independent sector care providers	£28,000.00	ASC	The waiver sought the appointment of a specialist public body to developing a degree level program for staff within care homes	Approved the waiver was approved on the grounds that the provider has specialist knowledge and access to support care homes.
10	FR293	Appointment of London Continental Railways (LCR) to recruit a specialist advisor/support on a short term basis as part of the HS2 Toton Project - also see waiver FR282	£30,000.00	Place	The waiver sought the appointment of a specialist agency to lead the recruitment of a specialist advisor/support on a short term basis	Approved the waiver was approved on the grounds that the provider has specialist knowledge in order to support the recruitment requirements.

11	FR294	Virtual reality headsets, films, and training for staff to work with adopters, foster carers, social workers and others to understand the impact on children of various forms of neglect and trauma	£28,540.00	CFCS	The waiver sought the purchase of a virtual reality system on a pilot scheme for 12 month	Rejected - The waiver was rejected on basis that the request was retrospective.
12	FR295	Creation of the Development Corporation	£25,000.00	Place	The waiver sought to appoint a specialist firm to support with the vision and branding of the Development Corporation and growth opportunities from HS2 developments.	Approved - the waiver was approved on the basis that this short commission requires identified resource for deliveries. All future commissions will take a formal procurement route.
13	FR296	CYP Mental Health Involvement project.	£10,000.00	CFCS	The waiver sought for the extension of a piece of children and young people's mental health involvement and engagement work	Rejected - the waiver was rejected on the basis that the request was retrospective.
14	FR297	Bestwood Country Park	£62,673.00	Place	The waiver sought the approvals to contract with ProLudic Ltd to provide and install new play equipment at Bestwood Country Park.	Approved - the waiver was approved on the grounds that there are no other routes to market and there is risk of losing £50K grant funding for the project.

15	FR298	PJ Associates	£33,688.20	Place	The waiver sought to provide specialist and technical support required to deliver a new smart platform, a print bureau supplier and delivery of hot listing of cards This is a statutory duty of a concessionary travel scheme	Approved given the value and the time restraints it would not make economic sense to put this through a full tendering process or call off from other frameworks.
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1 May 2019

Agenda Item: 10

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

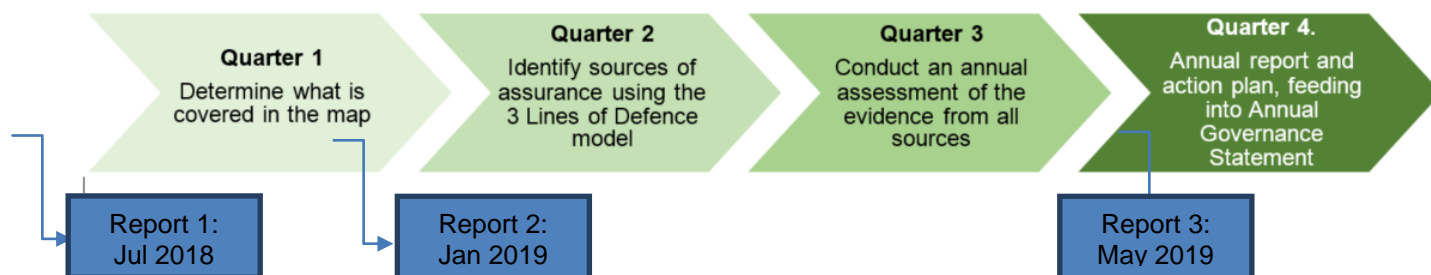
ASSURANCE MAPPING ANNUAL REPORT 2018-19

Purpose of the Report

1. To present the outcomes from the assurance mapping pilot carried out during 2018-19, to consider its benefits and to propose its retention, and possibly expansion, in 2019-20.

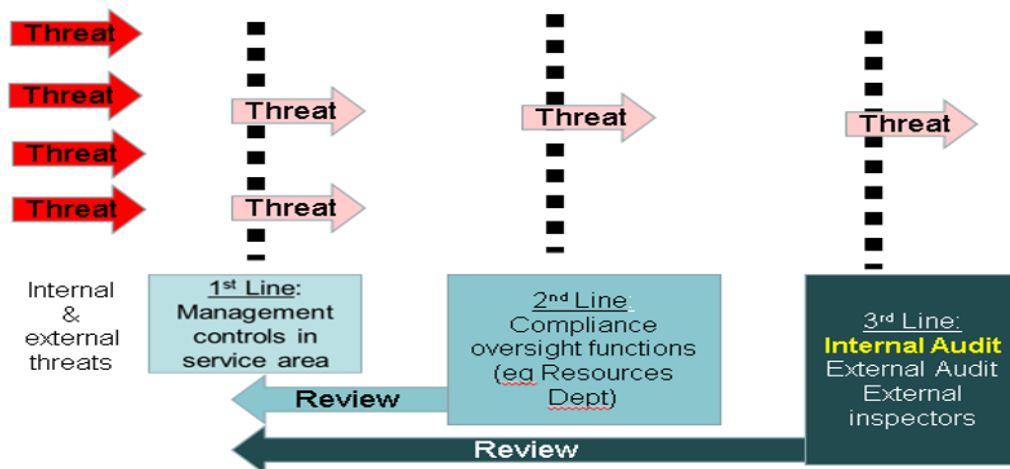
Information

2. This is the final report in a series of three considered by the Governance & Ethics Committee to pilot an assurance mapping process for the Council. The pilot has been conducted in a four-stage approach, as depicted below.



3. As determined by the Committee in approving the pilot at its meeting in March 2018, mapping has been applied to three aspects of governance:
 - Financial management
 - Performance management
 - Risk management
4. For each of these three areas, Key Lines of Enquiry (KLOEs) were determined and used to map the sources of assurance available to the Council across its three lines of defence.

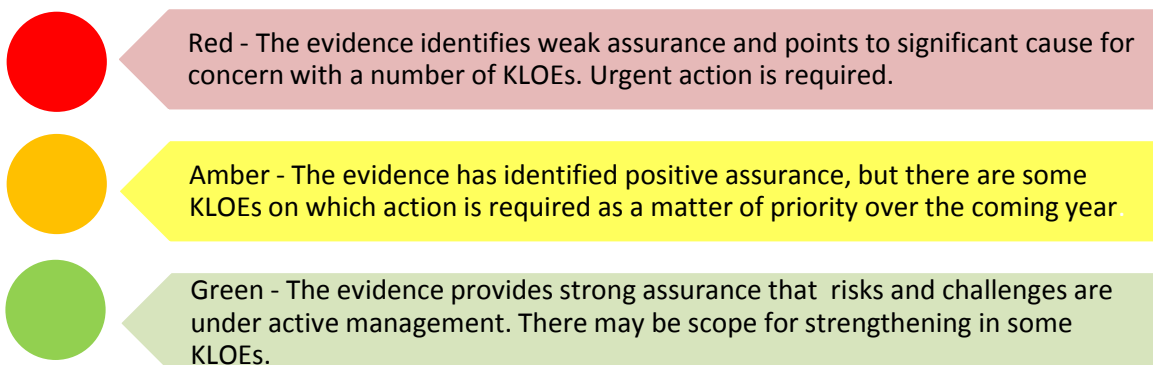
Three Lines of Defence



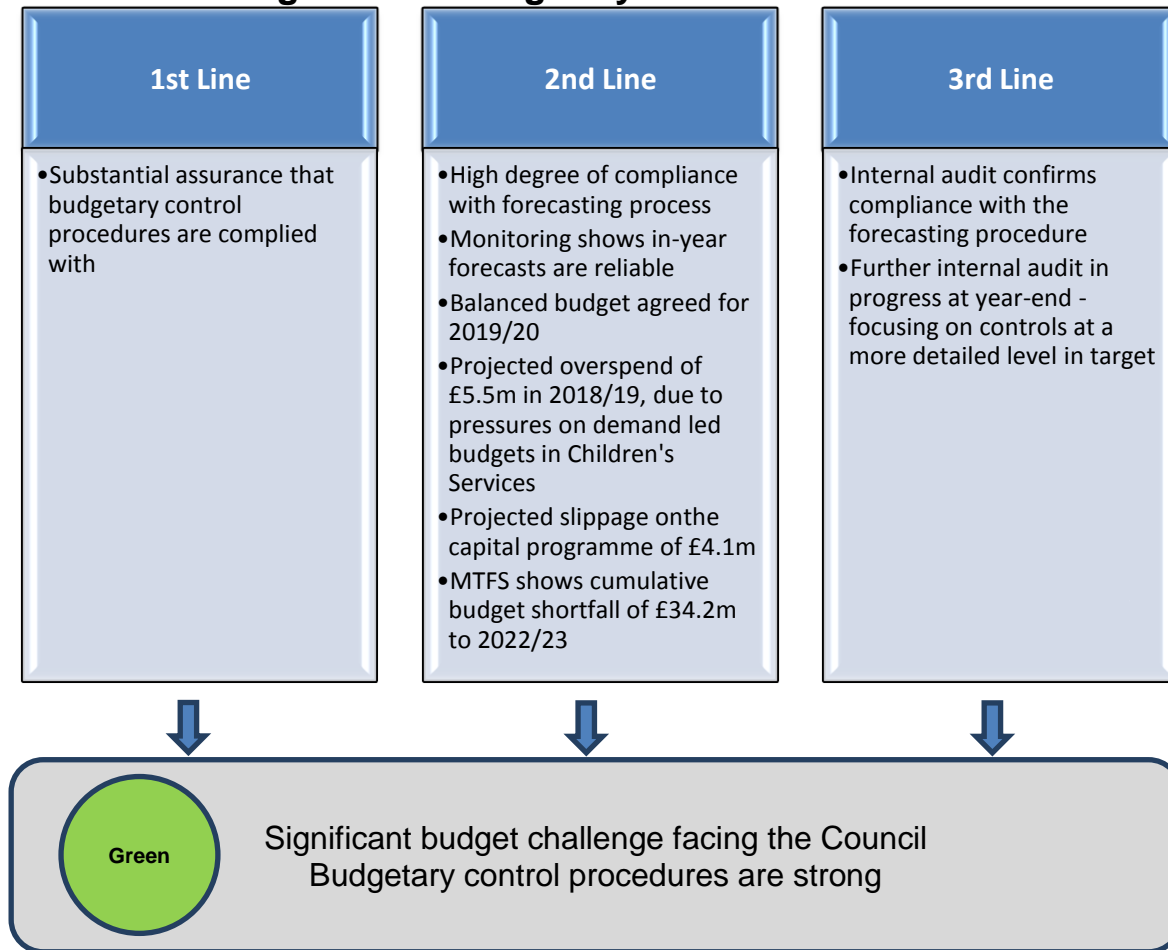
5. Being the final report in the series for 2018/19, this report covers the following elements:
 - a) Reporting the evidence gathered from the assurance sources across the three lines of defence, and assessing what assurance can be taken from it about the Council's arrangements for financial management, performance management and risk management
 - b) Proposing actions to be taken in 2019/20 to address any concerns identified
 - c) Setting out how the findings from the pilot exercise are being used to inform and strengthen the Council's governance arrangements
 - d) Considering the benefits of the pilot exercise and possibilities for its expansion in 2019/20.

Assurance mapping outcomes in 2018/19

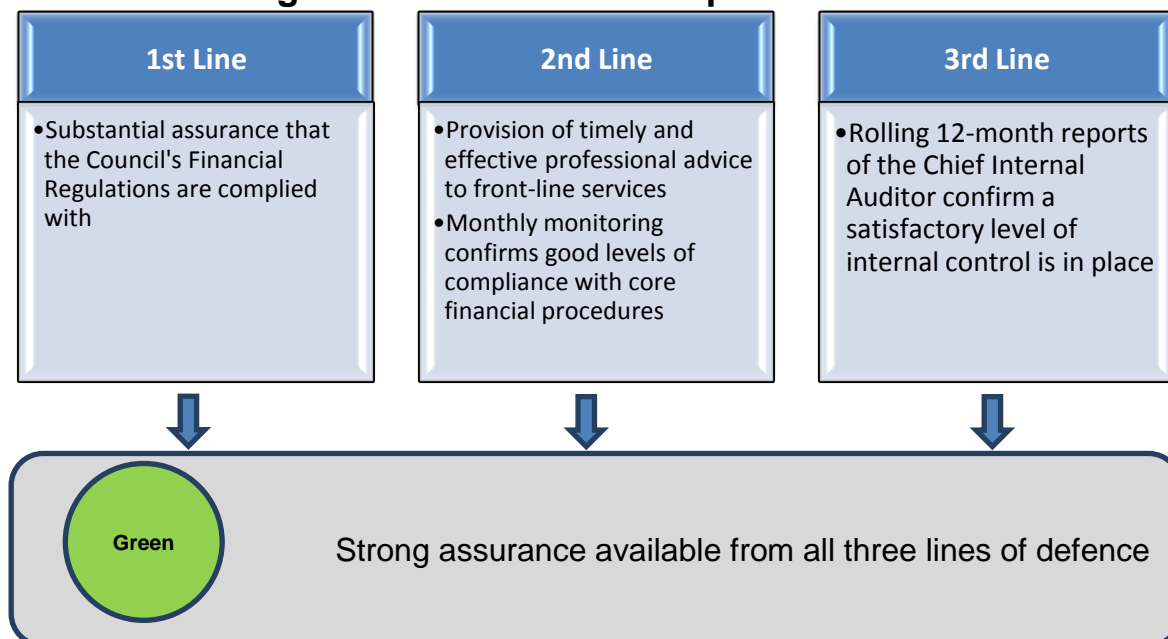
6. **Appendix 1** presents details of the evidence gathered in the final phase of the pilot. The evidence for each KLOE is presented across the three lines of defence. A summary for each of the aspects of governance under review is set out below, along with an assessed rating for the assurance level suggested by the evidence. A simple 'Red-Amber-Green (RAG) rating' has been applied, based around the following principles:



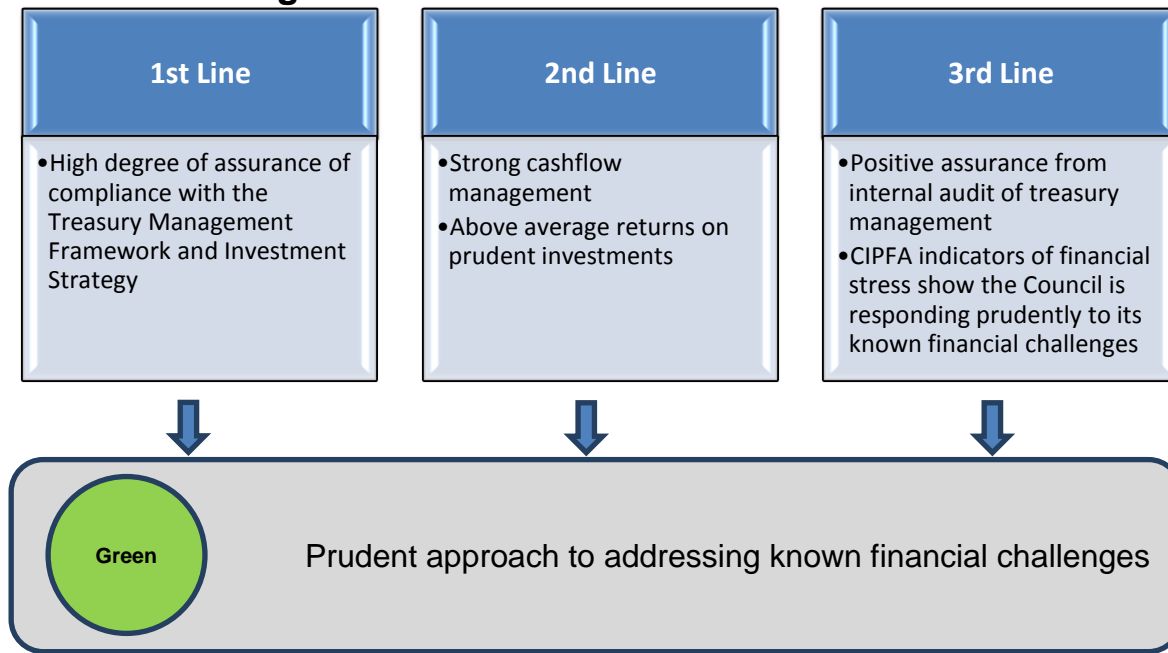
Financial Management – Budgetary Control



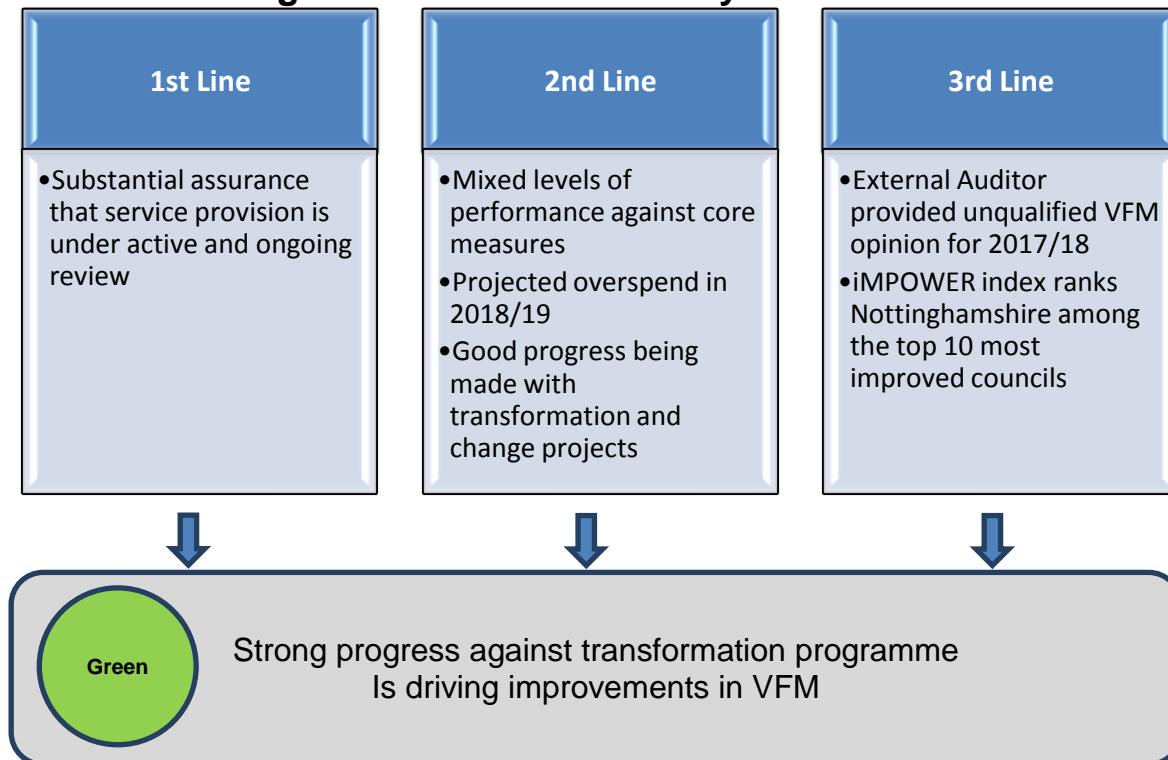
Financial Management – Financial Compliance



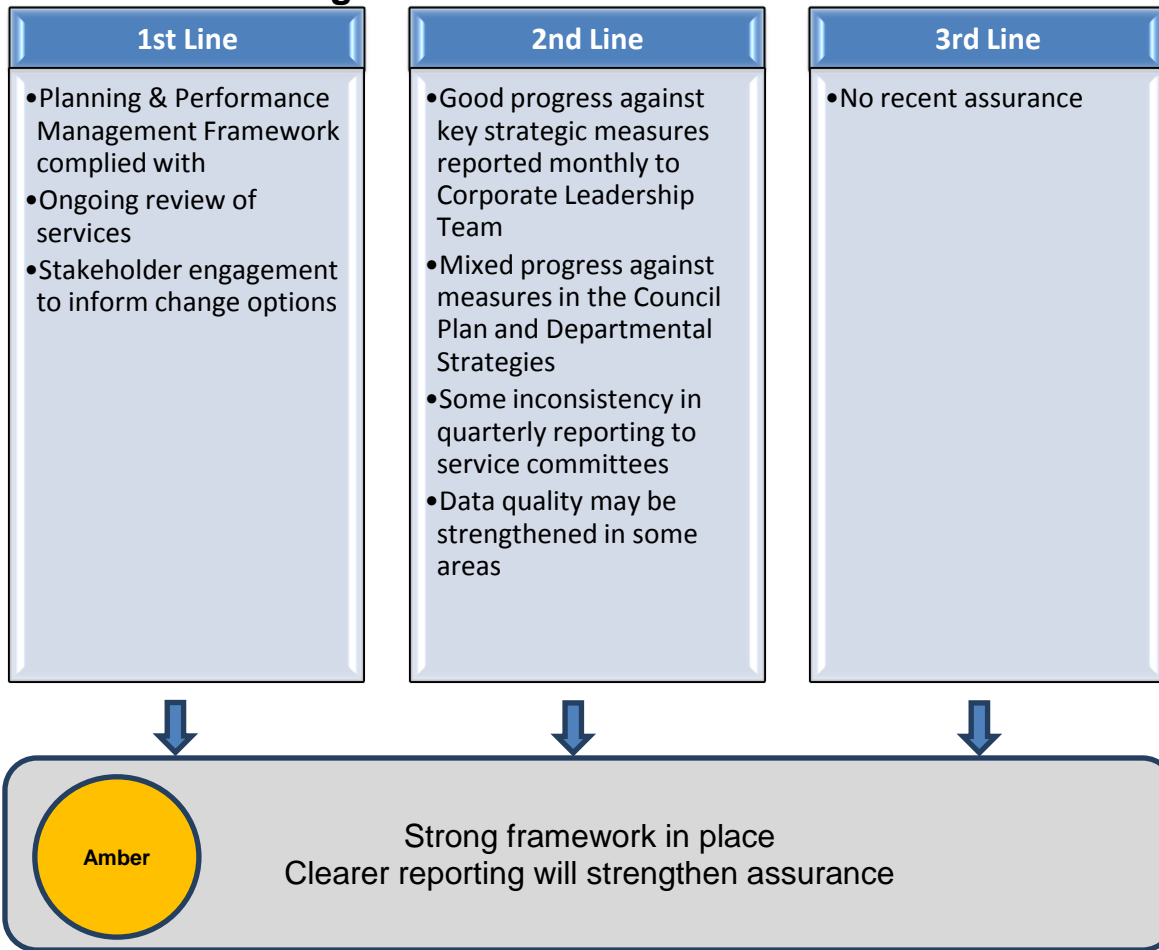
Financial Management – Financial Prudence



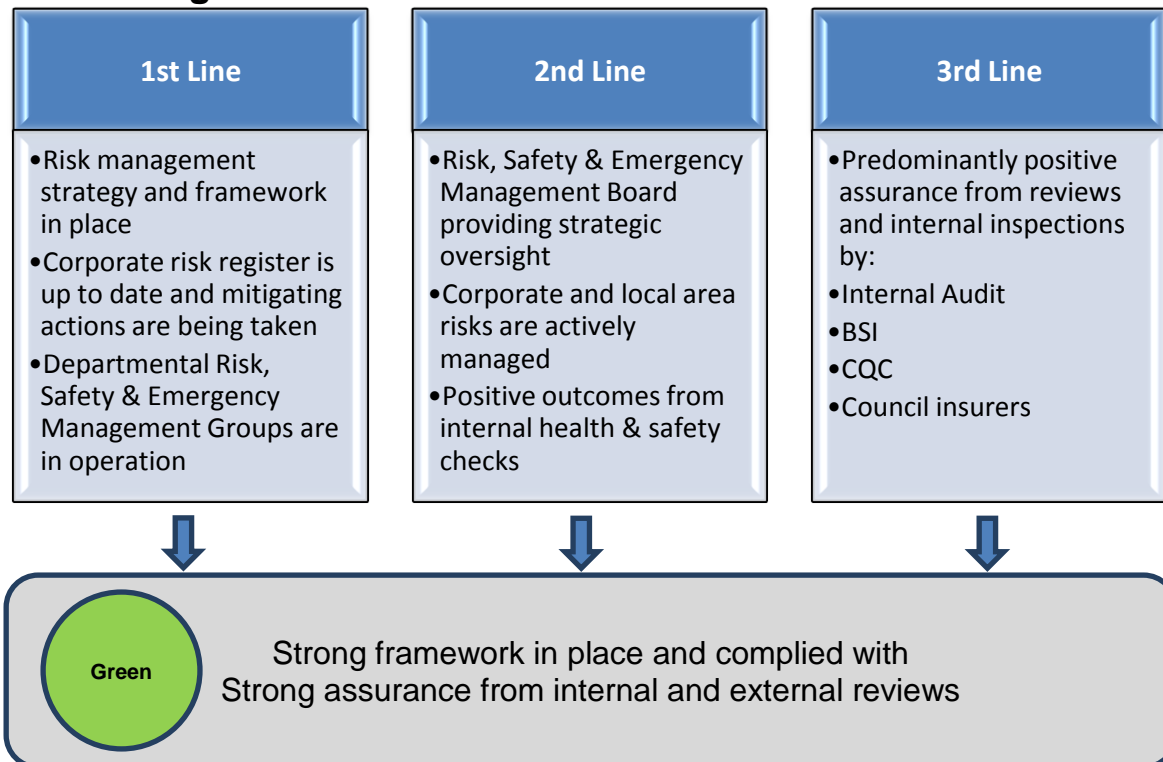
Financial Management – Value for Money



Performance Management



Risk Management



7. **Appendix 1** also incorporates proposed developments in 2019/20 for each aspect of governance in the pilot. These developments are fed into the Annual Governance Statement (AGS) for 2018/19 and captured within the AGS Action Plan for 2019/20. This ensures the Council has one single governance-focused action plan to progress in the coming year. Committee will wish to monitor the implementation of these actions, and it is proposed in the report on the AGS that regular progress updates should be brought to the Committee as part of its 2019/20 Work Programme.
8. Key conclusions that may be drawn from the evidence presented are:
- The Council is fully aware of the financial challenges it faces and it is taking appropriate and effective action to meet them
 - Essential to this is the clear approach the Council has set out to further strengthen its performance management arrangements
 - The Council values and acts upon the risk management guidance it receives, both through its internal procedures and from its external advisors.

Use of the outcomes from Assurance Mapping

9. One of the primary aims of assurance mapping is to provide annual assurance to the Council (both the Corporate Leadership Team (CLT) and the Governance & Ethics Committee) that effective governance arrangements are in place in the areas that matter most to the Council. This is an important purpose of itself and, it might be argued, reason enough to carry out the exercise.
10. Beyond this, the assurance assembled through this process can be put to effective use to inform and direct wider governance activity in the Council. The outcomes of this pilot exercise have been used as set out below:
- a) The Council's Local Code of Corporate Governance and the AGS for 2018/19 – the report has been used as a further source of assurance for the statutory AGS, published alongside the Council's financial accounts, and to consider whether any changes should be recommended to the Council's Local Code of Corporate Governance. Improvements have been made over the past two years to strengthen the evidence base for the AGS; assurance mapping represents a further step improvement. The annual review of the Local Code of Corporate Governance and the proposed AGS for 2018/19 are presented together as a separate item on the agenda for today's meeting. Members will note that report highlights the important contribution made by this assurance mapping report.
 - b) Governance & Ethics Committee's work programme – a further item on today's agenda is the presentation of a draft Annual Report to Council on the activities of the Governance & Ethics Committee. An important element of that report is to reflect on the achievements of the past year and to consider the Committee's priority areas of focus for the coming year. This assurance mapping report provides an important steer for the Committee with regard to assurances it should be seeking in 2019/20 in respect of financial management, risk management and performance management.
 - c) Internal Audit Plans – assurance mapping has delivered a clear view of the relative areas of strength and weakness in the governance processes covered by the pilot. The Section has updated its Priority Needs Assessment as a result, which Members will know serves

as the basis for Internal Audit's proposed termly plans. The Group Manager – Assurance is due to present his Annual Head of Internal Audit Report at the Committee meeting in July 2019, and this will incorporate proposals for the next termly plan (Term 2 – August to November 2019). The Group Manager will reference further in that report how the outcomes from this report have influenced the proposed coverage for the next Termly Plan.

Review of the assurance mapping pilot and proposals for 2019/20

11. The uses of the outcomes of the pilot exercise in 2018/19, set out above at paragraphs 7 and 8, suggest strongly that assurance mapping has proven successful. The approach has brought important benefits to the overall assurance framework in the Council:
 - a) It has provided a co-ordinated view of the sources of assurance available in the Council in respect of financial management, risk management and performance management. It has provided both senior management and Members with a timely point of review. If retained, it will continue to deliver assurance regarding governance activities that are working well, along with focused prompts for action in target areas.
 - b) The outcomes from assurance mapping are directly relevant to, and an important source of evidence for, the remit of the Governance & Ethics Committee, as set out in the Council's Constitution ([part 4-11](#)):
 - It provides a prompt for Members to consider whether there is a need for policy development in relation to governance and ethics
 - It reviews the performance of governance activities across the Council
 - It strengthens the base of evidence for the Committee in advising Full Council on the adequacy of the Council's systems of internal control
 - It bolsters the basis for the Annual Governance Statement and annual review of the Local Code of Corporate Governance
 - It informs the Committee's understanding of the Council's risk management strategy.
12. The experience of carrying out the pilot exercise in 2018/19 has identified some opportunities to improve the process, if retained:
 - a) Improved engagement with senior managers – assurance mapping is a new concept for the Council and, at times, the exercise has appeared somewhat esoteric. This has been a deterrent to securing a high and consistent degree of compliance across the organisation. Whilst the Group manager – Assurance has attempted to engage with the Committee, Corporate Leadership Team and the Extended Corporate Leadership Team on a regular basis throughout the year-long pilot, he reflects that greater engagement with the Service Directors and Group Managers within the Council is an important improvement to make. This was confirmed during the third quarter of the exercise when, on discussing the subject with the Corporate Director for Adults' Social Care & Health, he attended her Senior Leadership Team meeting to discuss the pilot with her team of Service Directors. This was a helpful opportunity to clarify the process, clear up misunderstandings and raise its profile. Additional, helpful information was received as a consequence, relating to relevant sources of assurance available in that department.

- b) The final stage of the process, to gather evidence from the available sources of assurance, may be streamlined now that key sources of assurance have been identified for the three aspects of governance included in the pilot. In order to spread the load of collecting evidence, it should be possible to implement a mechanism by which collection activity can provide a continuous feed of updates throughout the year, ready for assessment for the year-end report. The Group Manager – Assurance has responsibility for services wider than Internal Audit, all of which can play a part in providing a feed of continual updates to the evidence base. If it is agreed to retain assurance mapping, he will work to design and implement these mechanisms with his teams.

Proposals for assurance mapping in 2019/20

13. Given the assessed benefits outlined above, it is firstly proposed to continue with the assurance mapping process in 2019/20.
14. Should this proposal be accepted by Committee, consideration should be given to the aspects of governance to be included in the map for the coming year. *Figure 1* below depicts the aspects of governance currently included, along with suggestions for further aspects which might also be considered. The other areas suggested are by no means exhaustive.
15. *Figure 2*, below, presents a proposal for the aspects of governance to be included in the map for 2019/20.

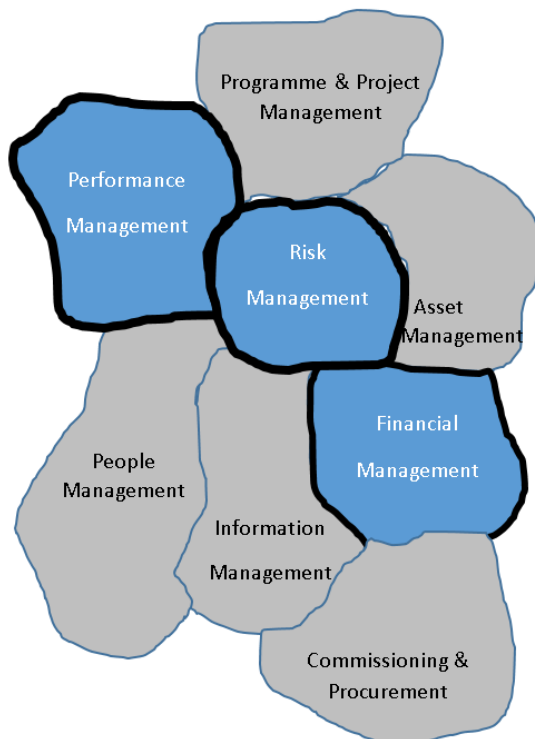


Fig. 1 Current scope of assurance map in 2018/19

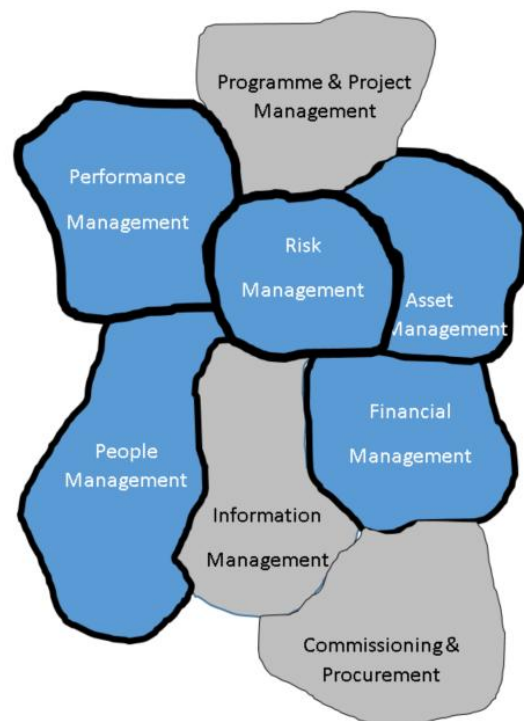
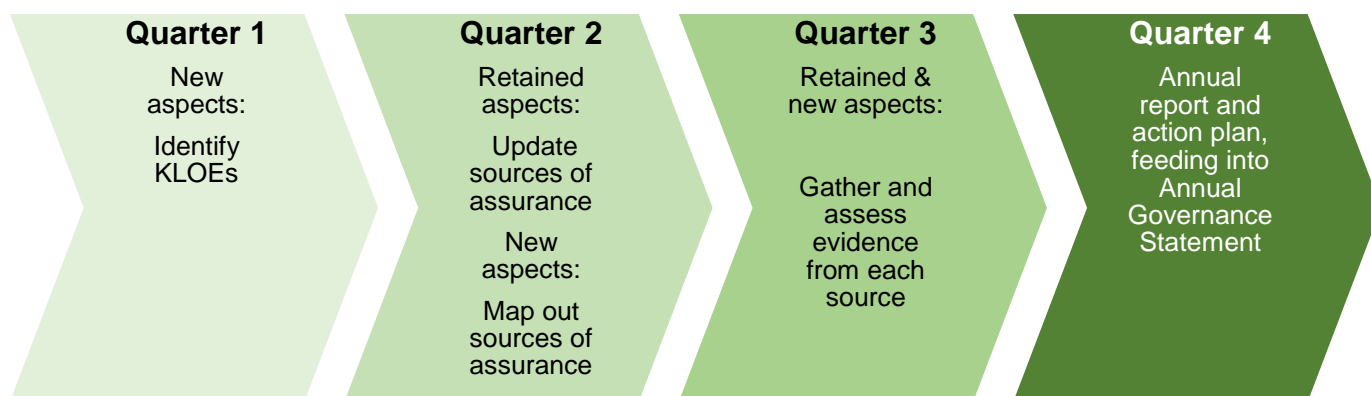


Fig. 2 - Proposed scope of assurance map in 2019/20

16. The rationale for the proposal at *Figure 2* is as follows:

- a) The current aspects of governance should be retained in the map for 2019/20. This will provide a basis for tracking the actions arising from the 2018/19 pilot exercise, and it will facilitate trends and progress in these areas to be monitored over time.
- b) The inclusion of people management would recognise that the Council's staff are its most valuable asset, without which none of the other aspects of governance would function and without which none of the goals and aspirations in the Council's Plan would be achieved.
- c) The inclusion of asset management would reflect the fact that assets represent the most valuable item on the Council's balance sheet and therefore are a priority area for strong management.

17. The process for the retained aspects of governance may be simplified for 2019/20 and designed to mesh with the established process for any new aspects of governance approved to be brought in to the map. This is illustrated below:



Other Options Considered

18. The assurance mapping process might be discontinued. This would deny the Council the benefits of the approach highlighted in this report. The scope of the assurance map might be retained to cover just the three aspects of governance included in the 2018/19 pilot. This would preclude the measured widening of the scope to allow extended benefits to accrue.

Reasons for Recommendations

19. To recognise the benefits that the pilot approach has brought to the Council, along with the improvements that may be made to it. Further, to apply the benefits of the approach to a manageable widening of its scope.

Statutory and Policy Implications

20. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below.

Appropriate consultation has been undertaken and advice sought on these issues as required.

The assurance map aims to deliver a comprehensive assessment of the effectiveness of the Council's governance, risk and control framework. This will provide assurance relating to many of the considerations listed above.

RECOMMENDATION/S

- 1) The assurance mapping process is retained in 2019/20.
- 2) The scope of the assurance map for 2019/20 is widened to embrace two further aspects of governance. The areas of people management and asset management are proposed.
- 3) Progress against proposed actions to address the issues identified by the pilot should be reported to Committee as part of update reports on the AGS.
- 4) Members consider the positive assurance delivered in the three aspects of governance covered by the pilot exercise and determine whether there are additional actions they would like to see implemented.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

Rob Disney, Group Manager – Assurance

Constitutional Comments (SLB 11/04/2019)

21. Governance and Ethics Committee is the appropriate body to consider the content of this report.

Financial Comments (RWK 11/04/2019)

22. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents



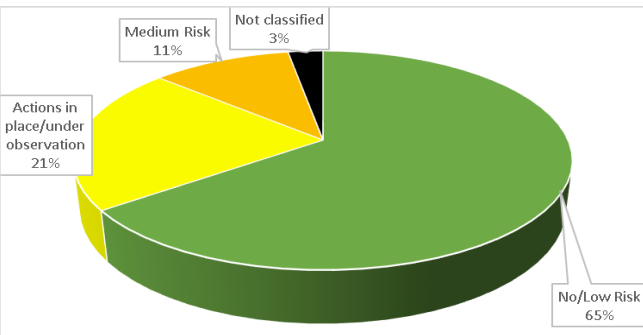




Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None


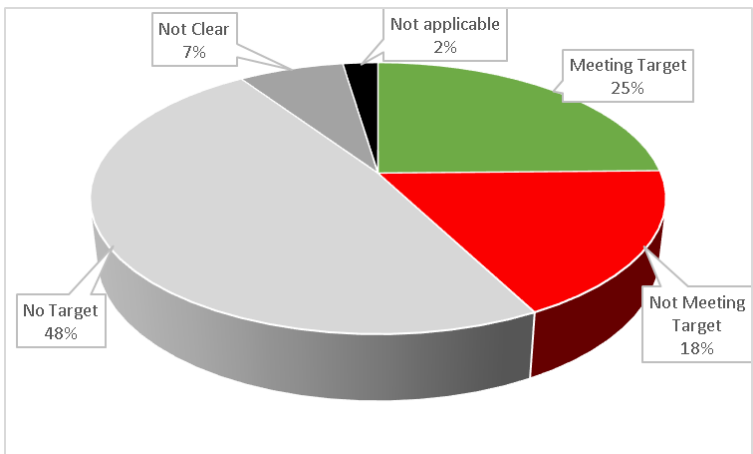
Electoral Division(s) and Member(s) Affected

- All


ASSURANCE MAPPING EVIDENCE

Performance Management Assurance from KLOEs																				
Compliance with Planning & Performance Management Framework Effective performance management Use of benchmarking Progress of transformation programme		Target performance levels to deliver Council Plan Accountability for performance Actual performance levels achieved																		
1 st Line	2 nd Line	3 rd Line																		
<div></div> <p>Positive assurance Planning & Performance Management Framework was in operation and complied with in 2018/19</p> <p>Corporate Directors' Annual Assurance Statements</p> <p>➤ Performance management & benchmarking processes</p> <table><tr><th>Dept</th><th>Assurance Level</th></tr><tr><td>ASCPH</td><td>Substantial</td></tr><tr><td>C&F</td><td>Substantial</td></tr><tr><td>Place</td><td>Reasonable</td></tr><tr><td>Chief Exec's</td><td>Substantial</td></tr></table> <p>➤ Stakeholder engagement to</p>	Dept	Assurance Level	ASCPH	Substantial	C&F	Substantial	Place	Reasonable	Chief Exec's	Substantial	<div></div> <p>Positive assurance Monthly report to Corporate Leadership Team on 37 key Council-wide service and strategic performance measures</p> <div></div> <p>Quarterly reporting of Children's & Families Department core data sets to service committee</p> <table><tr><th>Better than Benchmark</th><th>Worse than Benchmark</th><th>Neutral compared to benchmark</th><th>Not benchmarked</th></tr><tr><td>19</td><td>10</td><td>3</td><td>20</td></tr></table> <p>Use of benchmarking to drive improvement:</p> <p>➤ ASCPH department using a report (Feb 2019) to its Transformation Team on priority initiatives where CIPFA comparative councils are doing well - to be used as a basis for contacting and learning from those councils</p>	Better than Benchmark	Worse than Benchmark	Neutral compared to benchmark	Not benchmarked	19	10	3	20	<div></div> <p>No recent assurance available Most recent Internal Audit Report on performance management: May 2016:</p> <div></div> <p>REASONABLE ASSURANCE</p>
Dept	Assurance Level																			
ASCPH	Substantial																			
C&F	Substantial																			
Place	Reasonable																			
Chief Exec's	Substantial																			
Better than Benchmark	Worse than Benchmark	Neutral compared to benchmark	Not benchmarked																	
19	10	3	20																	

ASSURANCE MAPPING EVIDENCE

Performance Management Assurance from KLOEs																																		
Compliance with Planning & Performance Management Framework		Target performance levels to deliver Council Plan																																
Effective performance management		Accountability for performance																																
Use of benchmarking		Actual performance levels achieved																																
Progress of transformation programme																																		
1 st Line	2 nd Line	3 rd Line																																
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ASSURANCE MAPPING EVIDENCE

Performance Management Assurance from KLOEs																								
Compliance with Planning & Performance Management Framework				Target performance levels to deliver Council Plan																				
Effective performance management				Accountability for performance																				
Use of benchmarking				Actual performance levels achieved																				
Progress of transformation programme																								
1 st Line	2 nd Line					3 rd Line																		
	<p>Department core data sets to service committees:</p> <table><thead><tr><th colspan="3">ASCPH</th><th colspan="3">Place</th></tr><tr><th>Meeting Target</th><th>Not Meeting Target</th><th>Target Not set</th><th>Meeting Target</th><th>Not Meeting Target</th><th>Target Not set</th></tr></thead><tbody><tr><td>8</td><td>10</td><td>1</td><td>10</td><td>9</td><td>13</td></tr></tbody></table>					ASCPH			Place			Meeting Target	Not Meeting Target	Target Not set	Meeting Target	Not Meeting Target	Target Not set	8	10	1	10	9	13	
ASCPH			Place																					
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8	10	1	10	9	13																			
	<p>➤ Scope to make improved use of benchmarking tools as part of routine, corporate performance reporting</p> <p> Evidence showing no or limited assurance</p> <p>➤ Quarterly reporting of Chief Executive’s Department core data set to service committees:</p> <ul style="list-style-type: none">- data not consolidated in one place - reported to different committees- department transitioned from former Resources Department in 2018/19 - first strategy for new department was being finalised for implementation in 2019/20 and will incorporate a new operating model. <p>➤ PIP Team reports on data quality but no assurance on how they are used by the business</p> <p>e.g. for Mosaic (Adult Social Care records system) a General Data Quality report identified 4,785 issues (e.g. missing or incompatible fields). Greater priority is to be given to these issues in 2019/20.</p>																							
Developments in 2019/20:																								

ASSURANCE MAPPING EVIDENCE



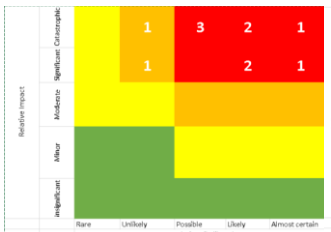

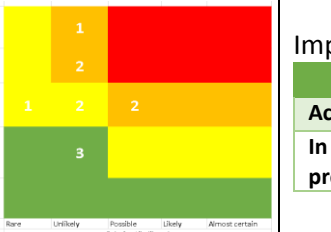







Performance Management Assurance from KLOEs Compliance with Planning & Performance Management Framework Effective performance management Use of benchmarking Progress of transformation programme			Target performance levels to deliver Council Plan Accountability for performance Actual performance levels achieved
1 st Line	2 nd Line	3 rd Line	
<ul style="list-style-type: none"> • Refreshed Planning & Performance Management Framework • Simplified service planning template 	<ul style="list-style-type: none"> • Implementation of a hierarchy approach to performance measures to clarify progress reporting against the Council Plan • Revised arrangements for quarterly reporting of progress against the Chief Executive's Department strategy • Revised arrangements for monthly performance board reporting in the Place and Chief Executive's Departments • Co-ordinate CIPFA benchmarking reports and consider its use within the performance management framework, along with other benchmarking tools (eg CFO Insights) • Greater priority to be given to addressing data quality issues in Mosaic 	<ul style="list-style-type: none"> • Internal audit of service planning & performance management 	

ASSURANCE MAPPING EVIDENCE

Risk Management Assurance from KLOEs

Risk management strategy & framework
Established risk appetite
Risk mitigation actions carried out
Exposure to significant risks is minimised
Prompt actions taken where risks materialise

National, regional and local horizon scanning
Risk registers maintained
Risk management informs key decision-making
Focus on high priority risks

1 st Line	2 nd Line	3 rd Line									
 <p>Positive assurance</p> <ul style="list-style-type: none"> ➤ Risk Management Framework was in operation and complied with in 2018/19 ☑ Risk Management Strategy & Framework approved by Governance & Ethics Committee (March 2018) ☑ Risk Management Policy approved by Policy Committee (May 2018) ➤ Risk, Safety & Emergency Management Groups (RSEMGs) in operation ➤ Appropriate insurance cover in place during 2018/19 ➤ Corporate Risk Team active in responding to significant incidents 	 <p>Positive assurance</p> <ul style="list-style-type: none"> ➤ Risk, Safety and Emergency Management Board (RSEMB) met quarterly and covered key risk issues ➤ Corporate risk register maintained up to date for 11 key risks– latest position on inherent, current and residual risk shows demonstrates active management <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> <p>Inherent</p>  </div> <div style="text-align: center;"> <p>Current</p>  </div> <div style="text-align: center;"> <p>Residual</p>  </div> </div> <ul style="list-style-type: none"> ➤ Regular updates to Corporate Leadership Team on the work of RSEMB ➤ 6-monthly updates on risk management to Governance & Ethics Committee ➤ Active participation in the Local Resilience Forum for Nottinghamshire – 57 	 <p>Positive assurance</p> <ul style="list-style-type: none"> ➤ Internal audit review of risk management (Sep 2017) <div style="display: flex; align-items: center; margin-top: 10px;">    <p style="margin-left: 10px;">REASONABLE ASSURANCE</p> </div> <p style="margin-top: 10px;">Implementation of agreed actions:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #4CAF50; color: white;"> <th></th><th>Priority 1</th><th>Priority 2</th></tr> </thead> <tbody> <tr> <td>Actioned</td><td style="text-align: center;">2</td><td style="text-align: center;">2</td></tr> <tr> <td>In progress</td><td style="text-align: center;">-</td><td style="text-align: center;">3</td></tr> </tbody> </table> <ul style="list-style-type: none"> ➤ Internal audit review of Health & Safety (May 2018) <div style="display: flex; align-items: center; margin-top: 10px;">    <p style="margin-left: 10px;">REASONABLE ASSURANCE</p> </div>		Priority 1	Priority 2	Actioned	2	2	In progress	-	3
	Priority 1	Priority 2									
Actioned	2	2									
In progress	-	3									

ASSURANCE MAPPING EVIDENCE


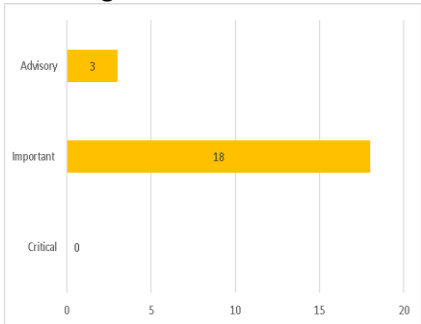

Risk Management Assurance from KLOEs

Risk management strategy & framework
 Established risk appetite
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1 st Line	2 nd Line	3 rd Line																																					
<p>Corporate Directors' Annual Assurance Statements</p> <p>➤ Corporate risk register mitigations carried out</p> <table><tr><th>Dept</th><th>Assurance Level</th></tr><tr><td>ASCPH</td><td>Substantial</td></tr><tr><td>C&F</td><td>Substantial</td></tr><tr><td>Place</td><td>Substantial</td></tr><tr><td>Chief Exec's</td><td>Substantial</td></tr></table>	Dept	Assurance Level	ASCPH	Substantial	C&F	Substantial	Place	Substantial	Chief Exec's	Substantial	<p>risks managed, with the following risk ratings:</p> <table><tr><th>Risk Rating</th><th>Count</th></tr><tr><td>Low</td><td>17</td></tr><tr><td>Medium</td><td>30</td></tr><tr><td>High</td><td>7</td></tr><tr><td>Very High</td><td>3</td></tr></table> <p>➤ Internal Health & Safety inspections</p> <p>In 2018/19 internal audit inspections were carried out at 12 Council sites and 80 schools. These identified 29 'Major Nonconformities', and follow-up activity has confirmed that corrective actions for 21 of these have already been implemented.</p> <p>➤ Annual Review of Health & Safety report to Policy Committee – due May</p>	Risk Rating	Count	Low	17	Medium	30	High	7	Very High	3	<table><tr><th></th><th>Priority 1</th><th>Priority 2</th></tr><tr><td>Actioned</td><td></td><td>3</td></tr><tr><td>In progress</td><td>3</td><td>1</td></tr></table> <p>➤ External health & safety reviews by BSI on 6 aspects of H&S</p> <table><tr><th>Category</th><th>Count</th></tr><tr><td>Major</td><td>1</td></tr><tr><td>Minor</td><td>7</td></tr><tr><td>Opportunity for Improvement</td><td>7</td></tr></table> <p>➤ Care Quality Commission report on Start Service in Broxtowe/ Gedling/ Rushcliffe (Dec 2018)</p> <p>✔ 'Good' rating</p> <p>➤ Periodic review by Council's</p>		Priority 1	Priority 2	Actioned		3	In progress	3	1	Category	Count	Major	1	Minor	7	Opportunity for Improvement	7
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ASSURANCE MAPPING EVIDENCE

Risk Management Assurance from KLOEs		
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1 st Line	2 nd Line	3 rd Line
	<p>2019</p> <p> Evidence showing no or limited assurance</p> <p>➤ No established procedure to determine the Council's corporate risk appetite</p>	<p>insurer</p> <p>7 property reviews in 2018 with following issues identified:</p>  <p>Actions are assigned timescales for implementation.</p> <p>➤ Motor Fleet Risk Audit Report 2018/19</p> <p><input checked="" type="checkbox"/> Overall standard of general fleet management rating: 'Very Good'</p> <p> Evidence showing actions in progress to address</p>

ASSURANCE MAPPING EVIDENCE

<div> <div> <div>Risk management strategy & framework</div> <div>Established risk appetite</div> <div>Risk mitigation actions carried out</div> <div>Exposure to significant risks is minimised</div> <div>Prompt actions taken where risks materialise</div> </div> <div> <div>Risk Management Assurance from KLOEs</div> <div> <div>National, regional and local horizon scanning</div> <div>Risk registers maintained</div> <div>Risk management informs key decision-making</div> <div>Focus on high priority risks</div> </div> </div> </div>		
1 st Line	2 nd Line	3 rd Line
		<p>recent concerns</p> <ul style="list-style-type: none"> ➤ Internal audit review of vacant property management (Mar 2018) <div> <div></div> <div>Limited assurance</div> </div> <div> <div></div> </div> <div> <div></div> </div> <p>Progress with implementation of the agreed recommendations (8 Priority 1 & 7 Priority 2) is being monitored by the Governance & Ethics Committee.</p>
Developments in 2019/20:		
	<ul style="list-style-type: none"> Development of an approach to establishing the Council's risk appetite 	<ul style="list-style-type: none"> Governance & Ethics Committee will receive a further progress report on vacant property management in July 2019

ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Budgetary Control

Congruent plans
Corrective actions
In-year forecasting
Overspending minimised

Effective monitoring & reporting
Budget pressures
Income stream maximisation
Underspending redirected to pressures

1 st Line	2 nd Line	3 rd Line										
<div><div><div><div><div></div><div></div></div><div></div></div><div></div></div><div>Positive assurance Corporate Directors' Annual Assurance Statements</div><div>➤ Budgetary control processes carried out</div><div><table><tr><th>Dept</th><th>Assurance Level</th></tr><tr><td>ASCPH</td><td>Substantial</td></tr><tr><td>C&F</td><td>Substantial</td></tr><tr><td>Place</td><td>Substantial</td></tr><tr><td>Chief Exec's</td><td>Substantial</td></tr></table></div></div>	Dept	Assurance Level	ASCPH	Substantial	C&F	Substantial	Place	Substantial	Chief Exec's	Substantial	<div><div><div><div></div><div></div></div><div></div></div><div></div></div> <div>Positive assurance</div> <div>➤ Close in-year budget monitoring and reporting – monthly financial monitoring report to the Finance & Major Contracts Management Committee</div> <div>➤ Balanced budget agreed for 2019/20: The Council is raising £344.1m in 2019/20 from Council Tax. The Government is providing £117.6m from local government grants</div> <div><div><div><div><div>Where the money comes from</div><div></div></div></div><div><div><div><div>How the money is spent</div><div></div></div></div></div></div><div>➤ Compliance with forecasting system - % budget lines approved without intervention</div></div>	<div><div><div><div></div><div></div></div><div></div></div><div></div></div> <div>Positive assurance</div> <div>➤ Internal audit of budgetary control and forecasting (Feb 2018)</div> <div><div><div></div><div></div><div></div></div><div>SUBSTANTIAL ASSURANCE</div></div>
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ASSURANCE MAPPING EVIDENCE

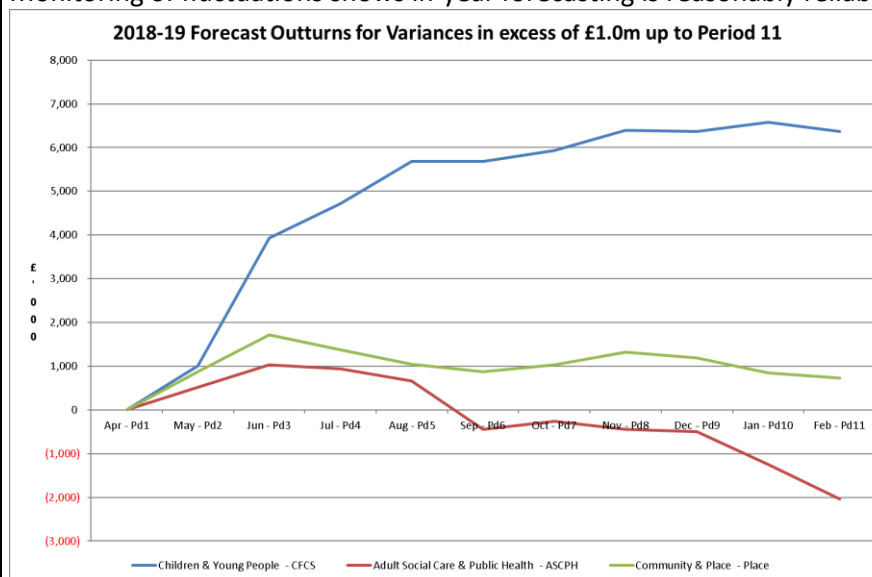
Financial Management Assurance from KLOEs – Budgetary Control

Congruent plans
Corrective actions
In-year forecasting
Overspending minimised

Effective monitoring & reporting
Budget pressures
Income stream maximisation
Underspending redirected to pressures

1st Line2nd Line3rd Line

Monitoring of fluctuations shows in-year forecasting is reasonably reliable




ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Budgetary Control

Congruent plans
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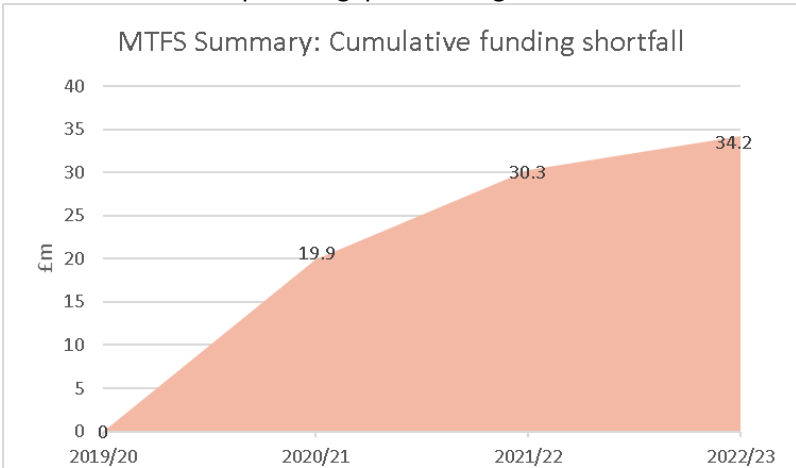
1 st Line	2 nd Line	3 rd Line																																																																											
	<div> Evidence showing current level of budget challenge</div> <div>➤ Period 11 2018/19: Summary Revenue Position</div> <table><tr><th>Forecast Variance as at Period 10 £'000</th><th>Committee</th><th>Annual Budget £'000</th><th>Actual to Period 11 £'000</th><th>Year-End Forecast £'000</th><th>Latest Forecast Variance £'000</th></tr><tr><td>5,682</td><td>Net County Council Budget Requirement</td><td>481,230</td><td>431,270</td><td>486,756</td><td></td></tr></table> <div>➤ Detailed focus on the most volatile budgets– reactive and demand led budgets</div> <table><tr><th>Previous forecast Variance £ 000</th><th>Change in forecast £ 000</th><th>Department</th><th>Annual Budget £ 000</th><th>Actual to Period 11 £ 000</th><th>Year-End Forecast £ 000</th><th>Latest Forecast Variance £ 000</th></tr><tr><td colspan="7">C&YP Committee</td></tr><tr><td>6,689</td><td>72</td><td>Total "Volatile Budgets"</td><td>37,416</td><td>37,212</td><td>44,177</td><td>6,761</td></tr><tr><td>(112)</td><td>(283)</td><td>All Other Budgets</td><td>83,973</td><td>76,224</td><td>83,578</td><td>(395)</td></tr><tr><td>6,577</td><td>(211)</td><td>Forecast prior to use of reserves</td><td>121,389</td><td>113,436</td><td>127,755</td><td>6,366</td></tr><tr><td colspan="7">ASC&PH Committee</td></tr><tr><td>461</td><td>(831)</td><td>Total "Volatile Budgets"</td><td>174,038</td><td>151,681</td><td>173,668</td><td>(370)</td></tr><tr><td>(1,709)</td><td>(337)</td><td>All Other Budgets</td><td>28,828</td><td>22,481</td><td>27,163</td><td>(1,665)</td></tr><tr><td>(1,248)</td><td>(1,168)</td><td>Overall Forecast prior to use of reserves</td><td>202,866</td><td>174,162</td><td>200,831</td><td>(2,035)</td></tr></table>	Forecast Variance as at Period 10 £'000	Committee	Annual Budget £'000	Actual to Period 11 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000	5,682	Net County Council Budget Requirement	481,230	431,270	486,756		Previous forecast Variance £ 000	Change in forecast £ 000	Department	Annual Budget £ 000	Actual to Period 11 £ 000	Year-End Forecast £ 000	Latest Forecast Variance £ 000	C&YP Committee							6,689	72	Total "Volatile Budgets"	37,416	37,212	44,177	6,761	(112)	(283)	All Other Budgets	83,973	76,224	83,578	(395)	6,577	(211)	Forecast prior to use of reserves	121,389	113,436	127,755	6,366	ASC&PH Committee							461	(831)	Total "Volatile Budgets"	174,038	151,681	173,668	(370)	(1,709)	(337)	All Other Budgets	28,828	22,481	27,163	(1,665)	(1,248)	(1,168)	Overall Forecast prior to use of reserves	202,866	174,162	200,831	(2,035)	
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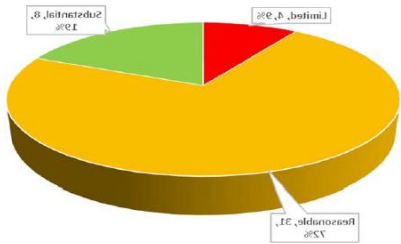
Financial Management Assurance from KLOEs – Budgetary Control

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Underspending redirected to pressures

1 st Line	2 nd Line	3 rd Line																				
	<div>➤ Period 11 2018/19: Summary Capital Programme Position – projected slippage</div> <table><tr><th>Committee</th><th>Revised Capital Programme £'000</th><th>Actual Expenditure to Period 11 £'000</th><th>Forecast Outturn £'000</th><th>Expected Variance £'000</th></tr><tr><td>Total</td><td></td><td>97,675</td><td>66,152</td><td></td></tr></table> <div>➤ MTFS – latest report on gap in funding</div> <div><p>MTFS Summary: Cumulative funding shortfall</p><table><thead><tr><th>Year</th><th>£m</th></tr></thead><tbody><tr><td>2019/20</td><td>0</td></tr><tr><td>2020/21</td><td>19.9</td></tr><tr><td>2021/22</td><td>30.3</td></tr><tr><td>2022/23</td><td>34.2</td></tr></tbody></table></div>	Committee	Revised Capital Programme £'000	Actual Expenditure to Period 11 £'000	Forecast Outturn £'000	Expected Variance £'000	Total		97,675	66,152		Year	£m	2019/20	0	2020/21	19.9	2021/22	30.3	2022/23	34.2	
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Developments in 2019/20:																						
		<ul style="list-style-type: none">Internal audit currently in progress covering budget forecasting at a more detailed level in the authority																				

ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Financial Compliance												
Compliance with budget holder duties		Financial Regulations compliance										
1 st Line	2 nd Line	3 rd Line										
<div></div> <p>Positive assurance</p> <p>Corporate Directors' Annual Assurance Statements</p> <p>➤ Compliance with Financial Regulations</p> <table><tr><th>Dept</th><th>Assurance Level</th></tr><tr><td>ASCPH</td><td>Substantial</td></tr><tr><td>C&F</td><td>Substantial</td></tr><tr><td>Place</td><td>Substantial</td></tr><tr><td>Chief Exec's</td><td>Substantial</td></tr></table>	Dept	Assurance Level	ASCPH	Substantial	C&F	Substantial	Place	Substantial	Chief Exec's	Substantial	<div></div> <p>Positive assurance</p> <p>➤ The Chief Executive's Department is comprised of a range of professional staff delivering routine and ad hoc advice to other managers and Councillors. An important focus of this input is to assist the organisation in complying with internal and statutory regulations.</p> <p>➤ Financial, constitutional and HR-related comments are provided for all committee reports as a matter of routine.</p> <p>➤ Financial Control Statement - reported monthly within the Chief Executive's Department, to provide a focus on a range of compliance issues. The latest evidence available from the period 11 report is summarised as follows:</p> <ul style="list-style-type: none">✓ <u>Effective use of accounting procedures</u><ul style="list-style-type: none">- Control applied over accounting code maintenance- % budget lines <£1,000 – 27%- % virement lines <£1,000 – 24%- % journal transfer values posted to direct pay codes – 0.17% of debit values & 0.14% of credit values- % journal transfer lines <£100 – 63% ✓ <u>Compliance with budget forecasting procedure</u><ul style="list-style-type: none">- High level of compliance – as detailed above under 'Budgetary Control'✓ <u>Reconciliation of bank and holding accounts</u><ul style="list-style-type: none">- All reconciliations up to date✓ <u>Monitoring of accounts payable indicators</u><ul style="list-style-type: none">- 95% paid within terms	<div></div> <p>Positive assurance</p> <p>➤ Chief Internal Auditor (Group Manager – Assurance) provides a rolling 12-month opinion of the adequacy of the Council's system of internal control, governance and risk. The latest opinion was provided to the Governance & Ethics Committee in March 2019.</p> <div></div> <p>'...a satisfactory level of internal control continues to be in operation in the Council.'</p>
Dept	Assurance Level											
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Chief Exec's	Substantial											



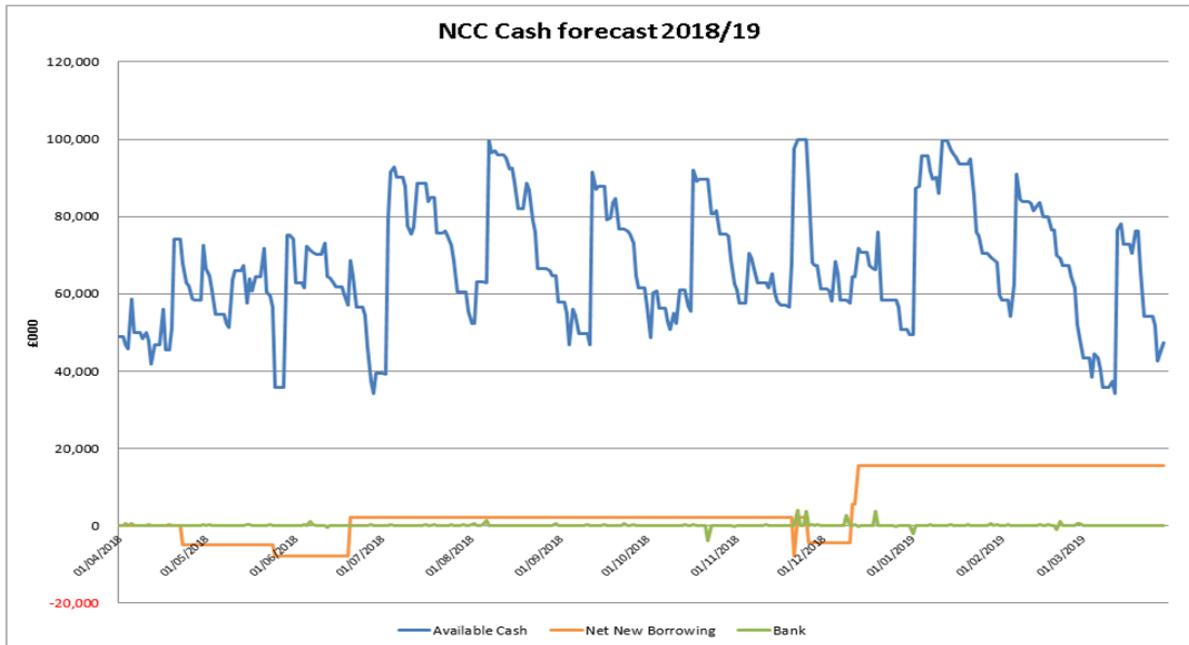




ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Financial Compliance		
Compliance with budget holder duties		Financial Regulations compliance
1 st Line	2 nd Line	3 rd Line
	<ul style="list-style-type: none"> - Low number and value of open invoices and invoices entered over 30 days ✓ <u>Monitoring of sales ledger debt</u> - % of total outstanding debt over 6 months old (by value) – 23% ✓ <u>Bad and doubtful debts monitoring</u> - The number and value of write-offs is not excessive ✓ <u>Payroll monitoring</u> - Total value of net pay – regular monthly pattern - Low number and value of net pay advances ✓ <u>Payovers monitoring</u> - Statutory payovers (tax, national insurance, statutory maternity pay, etc) are up to date ✓ <u>VAT issues</u> - No significant issues have arisen ✓ <u>Capital issues</u> - No significant issues have arisen 	
Developments in 2019/20:		
	<ul style="list-style-type: none"> • Consider options to reduce the number of journals for transfers under £100, to maximise efficiency 	

ASSURANCE MAPPING EVIDENCE**Financial Management Assurance from KLOEs – Financial Prudence**

Treasury management framework
Finance charges minimised

Investment strategy
Returns on investments

1 st Line	2 nd Line	3 rd Line						
<div></div> <div>Positive assurance 1st Line staff provide assurance that the Council's Treasury Management Framework and Investment Strategy is applied on a daily basis</div>	<div></div> <div>Positive assurance ➤ Strong compliance with the Council's Treasury Management Strategy, as reported to the Finance & Major Contracts Monitoring Committee each month.</div> <div>Effective cashflow management (March 2019 Committee report): </div> <div>➤ Prudent investment activity – outstanding investment balances totalled £54m at the start</div>	<div></div> <div>Positive assurance ➤ Internal audit of treasury management (Oct 2018)</div> <div><div><div></div><div></div><div></div></div><div>REASONABLE ASSURANCE</div><table><tr><th>Priority level</th><th>Number of Recommendations</th></tr><tr><td>Priority 1</td><td>1</td></tr><tr><td>Priority 2</td><td>5</td></tr></table></div>	Priority level	Number of Recommendations	Priority 1	1	Priority 2	5
Priority level	Number of Recommendations							
Priority 1	1							
Priority 2	5							

ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Financial Prudence

Treasury management framework
Finance charges minimised

Investment strategy
Returns on investments

1st Line2nd Line3rd Line

of the year and approximately £63m at the month-end.

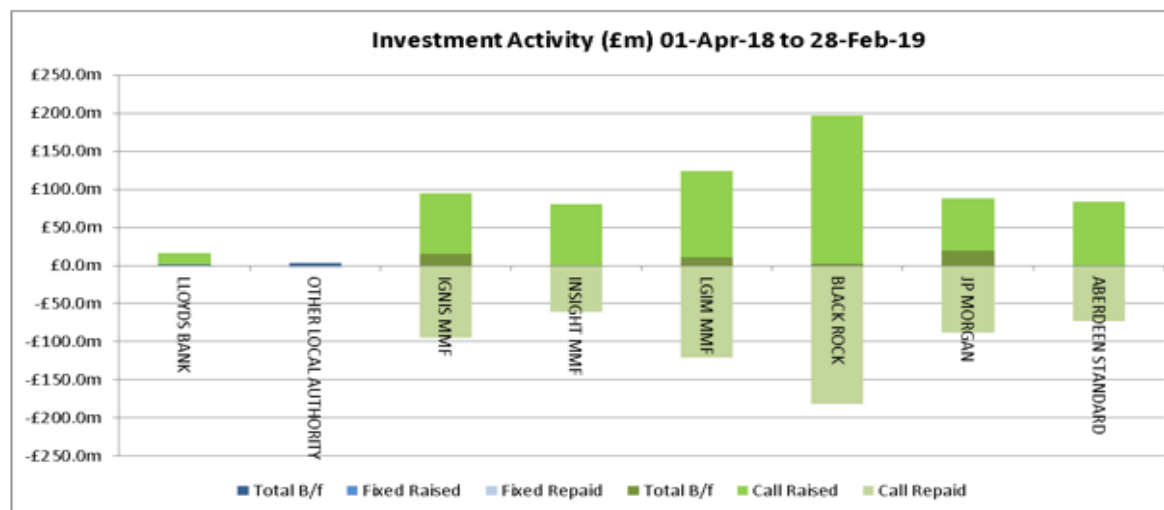


Table 2: Returns on Investments	Balance	Investment Return
	£m	%
Fixed Term Investments – LAMS	2.0	2.89
Fixed Term Investments - Other	0.0	0.00
Money Market Funds	61.6	0.67
Total	63.6	0.67

Over the same period the average 7 day LIBID was 0.56%

➤ Borrowing managed within the limits of the prudential code (Report to County Council Dec 2018)

ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Financial Prudence

Treasury management framework
Finance charges minimised

Investment strategy
Returns on investments

1 st Line	2 nd Line	3 rd Line
	<p>– Treasury Management Mid-Year Report)</p> <p>Borrowing Limits 2018/19</p> <p>£m</p> <p>Apr May Jun Jul Aug Sep</p> <p>— Authorised Limit - - - Operational Boundary Actual Borrowing</p>	
	Additional 3rd Line Assurance	

ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Financial Prudence

Treasury management framework
Finance charges minimised

Investment strategy
Returns on investments

1st Line



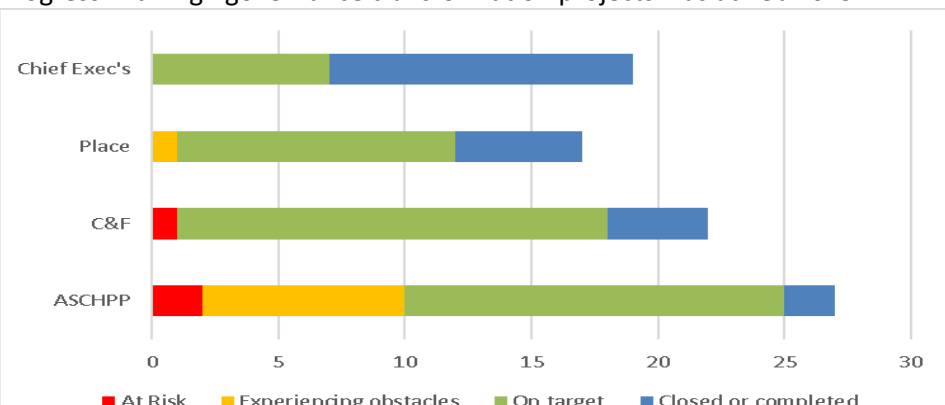


2nd Line

3rd Line

ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Financial Prudence		
Treasury management framework Finance charges minimised		Investment strategy Returns on investments
1 st Line	2 nd Line	3 rd Line
Developments in 2019/20:		
		<ul style="list-style-type: none"> Internal Audit of financial resilience is in progress at the turn of the year

ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Value for Money																																																						
Service provision review Options for change Transformation programme delivering		Use of benchmarking Value for money achieved																																																				
1 st Line	2 nd Line	3 rd Line																																																				
<div></div> <div>Positive assurance Corporate Directors’ Annual Assurance Statements</div> <div>➤ Ongoing review of services and use of benchmarking</div> <div><table><tr><th>Dept</th><th>Assurance Level</th></tr><tr><td>ASCPH</td><td>Substantial</td></tr><tr><td>C&F</td><td>Substantial</td></tr><tr><td>Place</td><td>Reasonable</td></tr><tr><td>Chief Exec’s</td><td>Substantial</td></tr></table></div> <div>➤ Partnerships and collaborations to aid VFM</div> <div><table><tr><th>Dept</th><th>Assurance Level</th></tr><tr><td>ASCPH</td><td>Substantial</td></tr><tr><td>C&F</td><td>Substantial</td></tr><tr><td>Place</td><td>Substantial</td></tr><tr><td>Chief Exec’s</td><td>Substantial</td></tr></table></div>	Dept	Assurance Level	ASCPH	Substantial	C&F	Substantial	Place	Reasonable	Chief Exec’s	Substantial	Dept	Assurance Level	ASCPH	Substantial	C&F	Substantial	Place	Substantial	Chief Exec’s	Substantial	<div></div> <div>Mixed assurance ECLT reports – Feb set on performance, finance and transformation progress</div> <div><table><tr><th colspan="3">CLT Performance Dashboard</th></tr><tr><th>Dept</th><th>Summary Feb 2019</th><th>Budget forecast Feb 2019</th></tr><tr><td></td><td>% measures on track</td><td>£m overspend /£m underspend</td></tr><tr><td>ASCPP</td><td>50%</td><td>6.5</td></tr><tr><td>C&F</td><td>69%</td><td>-0.8</td></tr><tr><td>Place</td><td>86%</td><td>-1.25</td></tr><tr><td>CEX</td><td>55%</td><td>-0.8</td></tr><tr><td>Total</td><td>65%</td><td>3.65</td></tr></table></div> <div>Progress with high governance transformation projects – as at Feb 2019</div> <div></div>	CLT Performance Dashboard			Dept	Summary Feb 2019	Budget forecast Feb 2019		% measures on track	£m overspend /£m underspend	ASCPP	50%	6.5	C&F	69%	-0.8	Place	86%	-1.25	CEX	55%	-0.8	Total	65%	3.65	<div></div> <div>Positive assurance ➤ External audit opinion - annual letter 2017/18</div> <div></div> <div>Value for Money conclusion Unqualified conclusion:- the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources</div> <div>Value for Money risk are Medium Term Financial Planning – The Authority continues to face similar financial pressures and uncertainties to those experienced by others in the local government sector.</div> <div>➤ iMPower iNDEX Drawing on 30 publicly available datasets, the iNDEX ranks 150 councils using 49 outcome indicators.</div> <div>Top 10 most improved councils</div> <div><table><tr><th rowspan="2">Authority</th><th colspan="2">Overall 2018 ranking</th></tr><tr><th>2018</th><th>2017</th></tr><tr><td>Nottinghamshire</td><td>22</td><td>54</td></tr></table></div>	Authority	Overall 2018 ranking		2018	2017	Nottinghamshire	22	54
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ASSURANCE MAPPING EVIDENCE

Financial Management Assurance from KLOEs – Value for Money		
Service provision review Options for change Transformation programme delivering		Use of benchmarking Value for money achieved
1 st Line	2 nd Line	3 rd Line
Developments in 2019/20:		
	<ul style="list-style-type: none"> Implementation of co-ordinated monthly business reporting to Extended Corporate Leadership Team, providing an integrated view of finance, performance and transformation in each department. 	

1 May 2019**Agenda Item: 11****REPORT OF SERVICE DIRECTOR, FINANCE, PROCUREMENT &
IMPROVEMENT****LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL
GOVERNANCE STATEMENT – 2018/19****Purpose of the Report**

1. To review the Local Code of Corporate Governance for Nottinghamshire County Council, and to seek approval for the proposed Annual Governance Statement 2018/19.

Information and Advice

2. The Accounts and Audit (England) Regulations 2011 require the Authority to review the effectiveness of its system of internal control and publish an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control.
3. The focus of the Annual Governance Statement is to assess the extent to which the Council's Local Code of Corporate Governance has been complied with in 2018/19. The opportunity is also taken to review and update the content of the Local Code.
4. Review of the Local Code has identified that only minor amendment is required. Paragraph 2.3 in the Code has been updated to make reference to the assurance mapping process. This is the subject of a separate report on today's agenda, which recommends retention of the process. Should this not be approved, then the amendment at paragraph 2.3 will be removed.
5. The Annual Governance Statement has been drawn up on the basis of a range of evidence sources:
 - The outcomes of the quarterly governance updates to the Corporate Leadership Team
 - Assurance statements received from Corporate Directors and other key officers regarding the operation of the governance framework during 2018/19 in their areas of responsibility
 - The outcomes of the assurance mapping pilot in the areas of financial management, risk management and performance management
 - Other evidence supplied by relevant officers or obtained from the Council's website/intranet to support the assessment of specific aspects of the Code.

The draft Statement has been endorsed by the Corporate Leadership Team.

6. The Annual Governance Statement, once approved, is published alongside the Statement of Accounts 2018/19.

Other Options Considered

7. The requirement to publish an annual governance statement is set out in the Accounts and Audit Regulations 2011. No other options are available.

Reason for Recommendation

8. To set out how the Authority has met its governance responsibilities for 2018/19.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

- 1) That the Committee approves the updated Code of Corporate Governance
- 2) That the Committee approves the Annual Governance Statement 2018/19 and makes any comments or recommendations which it considers ought to be included in the statement.
- 3) That the Committee determines the frequency with which it should receive updates on progress against the action plan.

Nigel Stevenson

Service Director – Finance, Infrastructure & Improvement

For any enquiries about this report please contact:

Rob Disney

Group Manager - Assurance

Constitutional Comments (SLB 11/04/2019)

Governance and Ethics Committee is the appropriate body to consider the content of this report.

Financial Comments (RWK 11/04/2019)

There are no specific financial implications arising directly from the report.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

None

Electoral Division(s) and Member(s) Affected

All



Nottinghamshire County Council

LOCAL CODE OF CORPORATE GOVERNANCE

1. Defining governance

- 1.1. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 1.2. The governance framework comprises the culture, values and duties of the Authority, supported by the systems and processes put in place to provide assurance that the culture, values and duties are complied with in practice. The Authority uses this framework to direct and control its work and ensure that it engages with, leads, and accounts to the community it serves. The framework enables the Authority to provide assurance over the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services within the existing legal framework.
- 1.3. 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 aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's 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.

2. Annual Governance Statement and Assurance Mapping

- 2.1. Each year the Council will carry out a review of its governance arrangements to ensure compliance with this Code. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively, or to identify action that is planned to ensure effective governance in the future.
- 2.2. The outcome of the review will take the form of an Annual Governance Statement prepared on behalf of the Leader and Chief Executive. It will be submitted to the Governance & Ethics Committee for consideration and review. The Annual Governance Statement will accompany the Council's Statutory Statement of Accounts, as required by the Accounts and Audit Regulations.
- 2.3. The Council undertakes annual assurance mapping, to co-ordinate the sources of assurance available in the Council in respect of its governance arrangements. The Governance & Ethics Committee receives an annual assurance mapping report, the outcomes of which are used as a further source of evidence for the Annual Governance Statement.

3. Core Principles of Good Governance

- 3.1. The County Council has adopted a Code of Corporate Governance based upon the CIPFA / SOLACE document entitled "Delivering Good Governance in Local Government: Framework.' The Framework identifies seven core principles of good governance, along with a number of sub-principles. These are set out below, along with details of the actions and behaviours Nottinghamshire County Council adopts to put these principles into practice.

Key governance principles and supporting actions and behaviours:	What the Council does to apply them:
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p><i>Behaving with integrity:</i></p> <ul style="list-style-type: none"> ➤ Maintains appropriate Codes of Conduct, for both members and staff, together with a Code on Member and Officer Relationships ➤ Complaints relating to breaches of the Code of Conduct for Councillors and Co-opted Members are considered by the Governance & Ethics Committee ➤ Sets out the required standards of conduct at meetings ➤ Has in place a Member induction and development programme ➤ Maintains a comprehensive, online staff induction programme ➤ Maintains the Council's Constitution, setting out how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. ➤ Incorporates in the Constitution a formal scheme of delegation, setting out the delegated powers of the Authority's most senior officers ➤ Implements and publicises a policy and strategy for countering fraud and corruption, along with a Fraud Response Plan. ➤ Maintains an up-to-date register of interests for members and staff ➤ Maintains an up-to-date register of gifts and hospitality ➤ Provides for declarations of interest at all Council and committee meetings <p><i>Demonstrating strong commitment to ethical values:</i></p> <ul style="list-style-type: none"> ➤ Sets out its shared values in its strategic plan: treating people fairly; value for money; working together. ➤ Sets out in the Equality Policy how the Authority aims to achieve its equality objectives, both in terms of the delivery of services and in terms of its employment practices. ➤ Carries out equality impact assessments for change proposals, including consultation with the relevant staff networks <p><i>Respecting the rule of law:</i></p> <ul style="list-style-type: none"> ➤ Allocates to the Head of Paid Service responsibility for reporting to Full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers. ➤ Allocates to the Monitoring Officer key responsibilities for: <ul style="list-style-type: none"> • ensuring the lawfulness and fairness of decision-making. This includes responsibility, after consulting with the Head of Paid Service and Chief Finance Officer, for reporting to Full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration • contributing to the promotion and maintenance of high standards of conduct. ➤ Includes constitutional comments in reports to Council and Committees to advise on compliance with the policy framework and the Constitution. ➤ Allocates responsibility to the Service Director – Finance, Procurement and Improvement to highlight any proposal, decision or course of action which will involve any unlawful expenditure. ➤ Relies on the External Auditors to bring to the attention of the Council any concerns over compliance with legislative requirements

Key governance principles and supporting actions and behaviours:	What the Council does to apply them:
	<p>highlighted by the audit process</p> <ul style="list-style-type: none"> ➤ Conforms with the governance requirements of the CIPFA Statement on the Role of The Chief Financial Officer in Local Government. ➤ Maintains an effective Legal Service for the provision of ongoing advice to members and officers on all matters of legality
<p>B. Ensuring openness and comprehensive stakeholder engagement</p>	<p>Openness:</p> <ul style="list-style-type: none"> ➤ Prepares and widely publishes a Strategic Plan, identifying and communicating the Authority's vision and intended outcomes for citizens and service users. Specifically, it provides for the following: <ul style="list-style-type: none"> • Providing a clear statement of the Authority's vision, priorities and values, together with a commitment to treat people fairly, provide value for money and to work together with partners and residents. • Enabling agreed political objectives and statutory requirements to drive the Authority's activities • Enabling the communication of the Authority's priorities to the community of Nottinghamshire, partner organisations and staff. • Providing a broad framework of objectives and performance indicators, to ensure effective performance management. ➤ Sets out on the Council's website a range of information that is freely available to the public under its publication scheme. This covers: organisational structures; priorities and performance; policies and procedures; spending and financial information; decision-making, including schedules of council meetings and supporting papers; land and property; parking; lists and registers; services provided by the council; trade union liaison. ➤ Publishes an annual performance report <p>Engaging comprehensively with stakeholders, individual citizens and service users:</p> <ul style="list-style-type: none"> ➤ Offers a range of communication channels which are cost-effective and targeted. ➤ Has in place an established Social Media Policy ➤ Operates a Citizens' Panel to engage with citizens throughout the County on a wide range of issues
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>Defining outcomes:</p> <ul style="list-style-type: none"> ➤ Sets out the council's intended outcomes in its strategic plan ➤ Sets out in a Planning & Performance Management Framework the Council's approach to planning, commissioning and performance management based on outcomes and intelligence. ➤ Details in its Planning & Performance Management Framework the Council's plans and the relationship between them as part of the strategic management cycle, linking the outcomes and actions of service plans, the strategic plan and key strategies. As part of this cycle Service Plans should be developed to commence from the beginning of April each year. ➤ Regularly monitors and reports on progress against key performance indicators <p>Sustainable economic, social and environmental benefits:</p> <ul style="list-style-type: none"> ➤ Approves and publishes a Sustainable Community Strategy, setting

Key governance principles and supporting actions and behaviours:	What the Council does to apply them:
	<p>out the key priorities for Nottinghamshire over a ten year period</p> <ul style="list-style-type: none"> ➤ Maintains a rolling Medium Term Financial Strategy, to serve as the financial plan which underpins the Strategic Plan. ➤ Approves the annual budget and capital programme, which includes an update of the Medium Term Financial Strategy. ➤ Takes a regular report on the Council's financial position to the Finance and Major Contracts Management Committee, and submits separate progress reports to the Improvement & Change Sub-Committee regarding delivery of the options for change to achieve the required cost savings the Authority needs to make to achieve a balanced budget. ➤ Maintains a capital investment strategy and capital programme which is funded within a prudential financial framework.
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>Determining interventions</p> <ul style="list-style-type: none"> ➤ Develops, and continues to implement, an extensive programme of change in response to the conflicting pressures the Council faces of reducing financial resources at a time of increasing demand for services. The Council's strategic plan seeks to ensure that the Council can deliver the services that the people of Nottinghamshire value in a sustainable way. ➤ Develops and presents option appraisals to members. ➤ Consults appropriately to ensure the Council's plans for service development are well informed by the input of stakeholders. <p>Planning interventions</p> <ul style="list-style-type: none"> ➤ Sets out, in the Planning & Performance Management Framework, the Council's planning and control cycles that cover strategic and operational plans, priorities and targets. ➤ Aligns the Council's annual budget process with the organisation's objectives and the over-arching Medium Term Financial Strategy. ➤ Maintains a list of key strategic services for which a business continuity plan is required to be in place. The Council's Emergency Planning Team oversees and advises on the arrangements in place for disaster recovery. <p>Optimising achievement of intended outcomes</p> <ul style="list-style-type: none"> ➤ Uses the Medium Term Financial Strategy to balance service priorities, affordability and other resource constraints. ➤ Operates a budgeting process that takes account of the full cost of operations over the medium and longer term.
<p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>Developing the entity's capacity:</p> <ul style="list-style-type: none"> ➤ Develops and maintains an effective Workforce Strategy to support the delivery of the Council's strategic priorities. ➤ Undertakes regular reviews of activities, outputs and planned outcomes to identify areas for improvement. ➤ Makes appropriate use of research and benchmarking to inform priorities for service development. ➤ Makes appropriate use of partnerships and collaborative working where added value can be achieved.

Key governance principles and supporting actions and behaviours:	What the Council does to apply them:
	<p>Developing the capability of the entity's leadership and other individuals:</p> <ul style="list-style-type: none"> ➤ Establishes protocols to ensure a shared understanding between members and the Chief Executive and the Corporate Leadership Team of respective roles and objectives. ➤ Ensures the Leader and the Chief Executive have clearly defined and distinctive leadership roles ➤ Has in place a scheme of delegation which is reviewed annually. ➤ Maintains its standing orders and financial regulations ➤ Maintains an effective induction and development programme both for members and officers.
<p>F. Managing risks and performance through robust internal control and strong public financial management</p>	<p>Managing risk:</p> <ul style="list-style-type: none"> ➤ Operates a Risk, Safety and Emergency Management Board to oversee the process of risk management in the Council. The Board meets periodically throughout the year. The corporate risk register is reviewed at each of the Board's meetings, to determine whether additional steps are required to mitigate key risks. ➤ Supports the Board through Risk, Safety and Emergency Management Groups, one for each department. The Groups are responsible for having an overview of risk management in each department and for maintaining a departmental risk register. <p>Managing performance:</p> <ul style="list-style-type: none"> ➤ Implements and complies with a performance management framework to monitor delivery of the Council's strategy and key plans. <p>Robust internal control:</p> <ul style="list-style-type: none"> ➤ Operates an effective Governance & Ethics Committee which meets regularly during the year and fulfils the recommended core functions as set out in CIPFA's publication, 'Audit Committees – Practical Guidance for Local Authorities'. ➤ Ensures the Council's Internal Audit service is delivered in accordance with the requirements of the Public Sector Internal Audit Standards ➤ Reviews and publicises the Council's counter-fraud and counter-corruption strategy <p>Managing data:</p> <ul style="list-style-type: none"> ➤ Implements a data management framework, featuring procedures and policies for the safe collection, storage, use and sharing of data. Particular emphasis is given to safeguarding personal data. ➤ Employs a designated data protection officer with primary responsibility for promoting awareness of the Council's information management policies and procedures. ➤ Ensures effective arrangements are in place for sharing data with other bodies. <p>Strong public financial management:</p> <ul style="list-style-type: none"> ➤ Ensures an effective system of budgetary control is in operation at all levels of financial planning and control.
<p>G. Implementing good</p>	<p>Implementing good practice in transparency:</p>

Key governance principles and supporting actions and behaviours:	What the Council does to apply them:
<p>practices in transparency, reporting, and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> ➤ Complies with the local government transparency code and publishes all information in a timely manner ➤ Puts in place effective, transparent and accessible arrangements for dealing with complaints ➤ Keeps under review, publicises and reports on the Council's Whistleblowing Policy ➤ Establishes, monitors and reports on the Council's complaints procedure <p>Implementing good practices in reporting:</p> <ul style="list-style-type: none"> ➤ Publishes a formal, annual report covering performance, value for money and stewardship of resources ➤ Publishes the annual financial statements in a timely manner ➤ Prepares and publishes an Annual Governance Statement to assess the Council's compliance with this Code of Corporate Governance, identifying any areas for improvement and proposed actions to address them. <p>Assurance and effective accountability:</p> <ul style="list-style-type: none"> ➤ Complies with CIPFA's Statement on the Role of the Head of Internal Audit ➤ Allows its Internal Audit service direct access to Members, such that assurance can be provided with regard to effective governance, risk management and control ➤ Provides regular updates on actions taken to implement agreed Internal Audit recommendations ➤ Ensures that the recommendations of external audit and of other regulatory bodies and inspectorates are properly considered and acted upon.

NOTTINGHAMSHIRE COUNTY COUNCIL

ANNUAL GOVERNANCE STATEMENT 2018/19

1. SCOPE OF RESPONSIBILITY

- 1.1. Nottinghamshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. Public money must be safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority 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. The Localism Act 2011 has, among other things, established a general power of competence for local authorities.
- 1.2. In discharging this overall responsibility, the County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including the arrangements for the management of risk.
- 1.3. This statement meets the requirements of regulation 4 of the Accounts and Audit Regulations (England) 2011 in relation to the publication of an annual governance statement.

2. THE LOCAL CODE OF CORPORATE GOVERNANCE

- 2.1. Nottinghamshire County Council has adopted a local Code of Corporate Governance. This Code is subject to annual review and approval by the Governance and Ethics Committee, and it is published on the Council's website.
- 2.2. The Code is based on the seven core principles of good governance, as recommended in the CIPFA/SOLACE Framework for 'Delivering good governance in Local Government' (2016 Edition).

3. REVIEW OF EFFECTIVENESS

- 3.1. The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. This Statement sets out the outcome of the latest review for the financial year 2018/19. The outcomes are set out in terms of the extent to which the Council has applied in practice the seven core principles of good governance.
- 3.2. The evidence to assess effectiveness is drawn from a range of sources, notably the following:

- Quarterly governance update meetings with senior management, at which the Council's overall governance arrangements are kept under review. At the start of the year, these updates were conducted at meetings of the Council's three statutory officers (Head of Paid Service, Monitoring Officer and Chief Financial Officer), who have responsibility for the development and maintenance of the governance environment. During the year, the decision was taken to widen the breadth of input to the quarterly discussions by directing the update reports to the Corporate Leadership Team, which comprises the Council's Corporate Directors in addition to the three statutory officers. By the end of the year, and going forward, the breadth of input has been expanded further by holding the quarterly governance discussions at meetings of the Extended Corporate Leadership Team, which also includes the Council's Service Directors.
- the Group Manager (Assurance)'s annual internal audit report
- reports of the External Auditor and other review agencies and inspectorates
- assurance statements from Corporate Directors concerning the application of key governance issues in their areas of service
- review of core governance issues dealt with by the Council and its committee structure.

3.3. Where any issues of concern are highlighted by the review, these issues are noted below in section 4 of the Statement, along with the key actions planned to address them.

Core Principle	Review of compliance with the Code of Corporate Governance in 2018/19
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>Assessed assurance level for compliance with the Code of Corporate Governance: Substantial</p> <p>The key policies, procedures and practices set out in the Local Code of Corporate Governance remained in force during 2018/19.</p> <p>Corporate Directors report, overall, a substantial level of compliance with the Council's procedures.</p> <p>Progress against the 2017/18 Statement's action plan for this aspect of governance is summarised as follows:</p> <ul style="list-style-type: none"> - Improving the consistency with which Equality Impact Assessments (EIA) are carried out across the Council – an audit of EIAs has been completed and considered by the Corporate Equality Group. Update for outcome. (see Action Plan 1). - Actions to raise awareness of the procedure for declaring interests: <ul style="list-style-type: none"> ➤ 'Team Talk' article to remind all staff of the procedure for declaring interests that need to be declared. Departmental records of interests were found to be in variable states of readiness. The Council's Legal Services Team will now conduct a review and propose a refresh of the corporate requirements (see Action Plan 2). ➤ Further work to ensure the Children's & Families (C&F) Department's register of interests is updated and that it is fully understood what constitutes a declarable interest. The C&F record has been reviewed and will be used to inform the review by Legal Services. <p>An objection to the 2015/16 financial accounts was raised by a member of the public. The matter was investigated by the Ombudsman, the Police and by the External Auditor. The latter's report was still being finalised at the close of the year (see Action Plan 3).</p> <p>No new additional actions are identified to address any new concerns arising in 2018/19. However, the Governance & Ethics Committee will receive a report early in 2019/20 on any implications for the Council arising from a review by the Committee on Standards in Public Life into 'Local Government Ethical Standards'.</p>
<p>B. Ensuring openness and comprehensive stakeholder engagement</p>	<p>Assessed assurance level for compliance with the Code of Corporate Governance: Substantial</p> <p>The Council's strategic plan, 'Your Nottinghamshire, Your Future', was published to run from 2017 through to 2021. The Council complied with the requirements of the Transparency Code in 2018/19.</p> <p>Regular reports on Council performance were submitted to the Improvement & Change Sub-Committee during the year. The Council's Business Reporting and Management Information (BRMI) project continued to drive improvements in the timeliness and quality of performance reporting.</p>

Core Principle	Review of compliance with the Code of Corporate Governance in 2018/19
	<p>Corporate Directors report, overall, a substantial level of assurance over the arrangements for stakeholder engagement with their services.</p> <p>The Communications Policy and Social Media Policy remained in place during the year, securing stakeholder engagement through a range of pathways. A cross-Council programme has been established as part of Phase II of the Council Plan, 'Your Nottinghamshire, Your Future 2019-2021', to improve customer experiences through digital development.</p> <p>The Council continued to operate its Citizen's Panel to consult regularly with panel members about County Council services.</p>
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits	<p>Assessed assurance level for compliance with the Code of Corporate Governance: Substantial</p> <p>The key Council policies, strategies and reporting regimes identified in the Local Code of Corporate Governance remained in place during the year, and were further developed in some areas.</p> <p>The Council's Planning and Performance Management Framework was reviewed during the year, with changes proposed to make improvements to the clarity of progress reporting against the Council Plan. Other amendments were relatively minor in nature and were focused on bolstering congruence between plans at each level in the planning hierarchy. The revised Framework was due to be considered by the Policy Committee at its meeting in April 2019.</p> <p>A revised approach to budget forecasting was implemented during the year to ensure a tighter focus on the most volatile areas of the Council's budget.</p>
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	<p>Assessed assurance level for compliance with the Code of Corporate Governance: Substantial</p> <p>The Council strategy, 'Your Nottinghamshire, Your Future', is supported by the departmental strategies. These strategies were undergoing an annual refresh at the close of the year.</p> <p>The Planning & Performance Management Framework was implemented in 2017/18 and, having been operational for a full year's cycle, the opportunity was taken to review its effectiveness, as outlined above at Section C. A key element of the proposed changes is to improve the clarity of performance reporting at two key levels (see Action Plan 5) :</p> <ul style="list-style-type: none"> - When reporting overall progress against the Council Plan to the Improvement & Change Sub-Committee - When reporting monthly to the Extended Corporate Leadership Team on updates relating to: performance measures; the Council's financial position; and progress against the organisation's transformation and change programmes.

Core Principle	Review of compliance with the Code of Corporate Governance in 2018/19
	<p>The action plan also incorporates actions identified from the assurance mapping process carried out in 2018/19. These concern: a simplified approach to service planning for 2019/20 (Action Plan 6); greater consistency across departments in reporting and monitoring performance (Action Plan 7); a review of the use of benchmarking tools as part of the performance framework (Action Plan 8); and the delivery of an internal audit of service planning and performance management in 2019/20 (Action Plan 9).</p> <p>The Council's model for transformation was under review in the latter half of the year and was scheduled for completion in 2019/20. This will incorporate an assurance framework for high governance projects (see Action Plan 10).</p> <p>Corporate Directors report, overall, substantial assurance that change proposals are informed by the input of stakeholders.</p>
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	<p>Assessed assurance level for compliance with the Code of Corporate Governance: Substantial</p> <p>A refreshed Workforce Strategy for the Council was in progress at the close of the year (see Action Plan 17).</p> <p>Positive levels of assurance were received from Corporate Directors regarding arrangements for:</p> <ul style="list-style-type: none"> ➤ inducting new members of staff ➤ conducting regular employee appraisals. ➤ regular reviews of activities, outputs and planned outcomes to identify areas for improvement ➤ appropriate use of research and benchmarking to inform priorities for service development ➤ appropriate use of partnerships and collaborative working where added value can be achieved. <p>With regard to Members of the Council, a pre-determined induction programme is in place for the first six months of each new administration. Training is compulsory for all Members in relation to the code of conduct and standards. Training is also compulsory for certain Members on committees dealing with pensions and planning & licensing. A wide range of training for Members was carried out in 2018/19, including ongoing briefings in respect of current issues.</p>
F. Managing risks and performance through robust internal control and strong public financial management	<p>Assessed assurance level for compliance with the Code of Corporate Governance: Reasonable</p> <p>The key policies, procedures and practices set out in the Local Code of Corporate Governance remained in force during 2018/19.</p> <p>Progress against the 2017/18 Statement's action plan for this aspect of governance is summarised as follows:</p> <ul style="list-style-type: none"> - Close monitoring of the Information Governance Improvement Programme's progress - regular reports were taken to the Governance & Ethics Committee to outline progress against the

Core Principle	Review of compliance with the Code of Corporate Governance in 2018/19
	<p>two complementary and sequential phases of the programme. An Internal Audit follow-up review reported that substantial progress is being made in this area. Significant developments during 2018/19 have been: the appointment of an Information Governance Team in August 2018 to provide the Council with additional expertise and capacity in this specialist area; strengthened governance arrangements for the programme; and progress with phase two of the programme, to focus on a Council-wide approach to document:</p> <p>Corporate Directors report a mixed level of assurance that effective arrangements are in place for keeping sensitive and personal information secure.</p> <ul style="list-style-type: none"> - Update the Council's Counter-Fraud and Counter-Corruption Policy & Strategy, along with the Fraud Response Plan – the updates were completed and approved. - Implement the agreed action plan arising from the external quality assessment of the internal audit service - all actions have either been implemented or are continuing to progress. Notable actions include the conversion from an annual internal audit plan to termly, 4-monthly plans in order to tighten reporting and formalise flexibility. The Internal Audit Team has also made strides in its approach to, and use of, data analytics in its day-to-day operations. - Continue to monitor implementation of the agreed actions from the internal audit review of the Council's response to social care fraud – an update report on direct payments and deprivation of assets was taken to Governance & Ethics Committee in September 2018. An Internal Audit follow-up of agreed actions was carried out in January 2019 and identified that some actions remained in progress (see Action Plan 11). - Implement the action plan for addressing the threat posed by serious and organised crime – an Internal Audit follow-up of agreed actions was carried out in January 2019 and identified some actions remained in progress. A data-washing exercise with Nottinghamshire Police was continuing to progress at the close of the year. <p>The Governance & Ethics Committee continued to play an active role in overseeing the implementation of agreed actions arising from the recommendations of Internal Audit. Where implementation fell behind target, senior managers attended Committee to update the Committee about the progress being made and to commit to further updates at agreed intervals.</p> <p>The Governance & Ethics Committee considered national guidance publications for effective governance in local government. Its approach was to self-assess the arrangements at the Council against each piece of guidance, to identify opportunities for improvement. Actions were agreed in relation to the following and will be the subject of further progress updates in 2019/20 (see Action Plan 12):</p> <ul style="list-style-type: none"> ➤ effectiveness of the audit committee role in local government. ➤ Cyber security and information risk guidance

Core Principle	Review of compliance with the Code of Corporate Governance in 2018/19
	<p>At the close of the year, the Committee was due to consider further guidance published in 2018/19, notably: National Audit Office review of governance in local authorities and the Chartered Institute of Public Finance & Accountancy (CIPFA) statement on the role of the Head of Internal Audit (see Action Plan 4).</p> <p>The assurance mapping process in 2018/19 identified the lack of a procedure to determine the Council's risk appetite in relation to key areas of its activities and risk management arrangements (see Action Plan 13). It also highlighted that the Governance & Ethics Committee will continue to monitor the implementation of actions agreed to address risks identified by an internal audit of vacant property management (see Action Plan 18). With regard to performance data, greater priority is to be given to addressing data quality issues on the Adults Social Care system (see Action Plan 19).</p>
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability	<p>Assessed assurance level for compliance with the Code of Corporate Governance: Substantial</p> <p>The evidence collected from the sources of assurance set out above at 3.2 confirmed that the key policies, procedures and practices identified in the Local Code of Corporate Governance remained in force during 2018/19.</p> <p>Evidence from Internal Audit's follow-up procedures has continued to provide good evidence that strong action is taken across the Council to implement agreed actions.</p> <p>A report on complaints in 2017/18 was taken to the Governance & Ethics Committee, and each meeting of the Committee included the latest decisions of the Local Government and Social Care Ombudsman.</p> <p>The Governance & Ethics Committee determined to introduce an annual report to Full Council of its activities and achievements. The first edition of this report will be in respect of the Committee's work in 2018/19 and is due to be considered by the Committee at its meeting in May 2019.</p>

4. SIGNIFICANT GOVERNANCE ISSUES

- 4.1. **The transformation agenda:** the Council Plan and departmental strategies are driving the Council's response to the challenging financial and policy environment. The Planning & Performance Management Framework was refreshed during 2018/19, and a revised model for transformation is being devised for implementation in 2019/20. The Council will also consider CIPFA's Financial Management Code and assess the Council's processes and governance arrangements against it (*see Action Plan 4*).
- 4.2. **Budget forecasting:** Effective management of the most volatile elements of the annual budget remains a key area of focus. Concern lies around processes for budget setting, forecasting and the effective use of data.
- 4.3. **Retention of local business rates:** Preparatory work for this change in the local taxation framework continues to progress.
- 4.4. **Pressure on core systems of internal control:** The findings of Internal Audit continue to identify some areas in which only limited assurance can be provided over the effectiveness of internal controls. Areas of concern during 2018/19 were reported through to the Governance & Ethics Committee as part of the Group Manager – Assurance's progress updates. However, the follow-up procedure for Internal Audit recommendations is providing strong evidence that agreed actions are being taken across the Council. The Governance & Ethics Committee plays an active role where progress with implementation slips against target timescales.
- 4.5. **Vulnerability to fraud:** The Annual Fraud Report 2017/18 was presented to the Governance and Ethics Committee in June 2018, and a counter-fraud progress report was considered by the Committee in December 2018. The incidence of internal attacks are low, but the Council remains vulnerable to attacks from external sources. Focused efforts in high risk areas of service continue, especially in relation to social care provision. The Governance & Ethics Committee is actively monitoring the Council's response to these risks (*see Action Plan 11*).
- 4.6. **Risk of exposure to serious and organised crime:** National evidence identifies local government as a prime target for fraudulent activity to fund serious and organised crime. Internal Audit completed a detailed review against the DCLG/Home Office recommended audit programme and the agreed actions to address areas of vulnerability are being followed through under the auspices of the Governance & Ethics Committee. Regular liaison arrangements with Nottinghamshire Police have continued. Data-sharing opportunities are progressing but need to be prioritised to bring outcomes to fruition (*see Action Plan 14*).
- 4.7. **Independent Inquiry into Child Sexual Abuse (IICSA):** The strong governance framework put in place by the Council ensured the Inquiry was effectively supported in carrying out its work. The Inquiry conducted its

hearings in relation to Nottinghamshire councils in October 2018, and a report is expected to be released in the summer of 2019 (**see Action Plan 15**).

- 4.8. **Controversial/sensitive decisions:** The risk of challenge and demonstrations at Council meetings, at which potentially controversial and sensitive decisions are to be taken, is recognised and remains under active management.
- 4.9. **General Data Protection Regulations (GDPR):** The Information Governance Improvement Programme continues to help the Council manage the significant reputational and financial risks of breaches in data protection. The Programme is a two-phase approach, focusing on: compliance with the new data protection law; and a Council-wide approach to document management. Close monitoring of progress against the improvement plan is continuing to mitigate these risks.
- 4.10. **Move to the Cloud:** The County Council currently stores its software and data within the ICT Data Centre on the County Hall campus. Work is underway to provide these services using a 'cloud' based online approach, as part of the plans to use the latest technology to provide more cost effective ICT Services. The Council has been working with Microsoft to review the existing ICT estate to identify which services can be moved, and this requires very careful preparation. From April 2018, a team from Microsoft has been on site working with the ICT Cloud Programme.
- 4.11. **Brexit implications for the Council:** The Council has identified this as a potential matter of significance and has carried out an assessment of the organisation's exposure to the potential areas of risk. The Council is co-ordinating its preparations through the Local Resilience Forum in Nottinghamshire.
- 4.12. **Local Government Association Peer Challenge:** The Council has determined to request a peer challenge and this will be carried out in June 2019. The scope of the review will be based around the LGA's standard offer, to embrace: setting priorities; leadership of place; organisational leadership and governance; financial planning and viability; and capacity to deliver. It will be a priority for the Council in the coming year to formulate an action plan to ensure opportunities for improvement identified by the Peer Challenge are implemented promptly (**see Action Plan 16**).

5. Action Plan 2019/20

Planned action	Officer responsible	Target date for completion
1. Equality Impact Assessments (EIA) – identify and share key learning from the initial review of EIAs and review progress in 12 months' time.	Monitoring Officer	Share outcomes from initial review by July 2019
2. Register of Interests – Legal Services Team to conduct a review of the Council's arrangements.	Group Manager – Legal, Democratic & Complaints	September 2019
3. Objection to 2015/16 financial accounts - Respond to any recommended actions arising from the review of the objection.	Service Director – Finance, Infrastructure & Improvement	To be determined on receipt of the external auditor's report
4. Best practice guidance for governance – Governance & Ethics Committee to consider self-assessments against: ➤ CIPFA Financial Management Code ➤ National Audit Office review of governance in local authorities ➤ CIPFA statement on the role of the Head of Internal Audit	Group Manager – Finance Strategy & Compliance Group Manager – Assurance Group Manager - Assurance	To be agreed post-consultation June 2019 June 2019
5. Planning & Performance Management Framework a) implement the hierarchy approach to performance measures b) implement co-ordinated reporting of finance, performance and transformation to the Extended Corporate Leadership Team	Group Manager - Assurance	For all performance reporting in 2019/20
6. Service Planning – implement simplified approach to service planning	Group Manager - Assurance	May 2019
7. Performance reporting in specific departments – a) Revised arrangements for monthly performance board reporting in the Place and Chief Executive's Departments b) Revised arrangements for six-monthly reporting of progress against the Chief Executive's Department strategy	Group Manager – Assurance	June 2019
8. Benchmarking - Co-ordinate CIPFA benchmarking reports and consider its use within the performance management framework, along with other benchmarking tools (eg CFO Insights)	Group Manager – Assurance	September 2019

9. Performance management – carry out an internal audit review of service planning and performance management	Group Manager – Assurance	March 2020
10. Transformation Operating Model – agree and implement a revised operating model for transformation in the Council	Group Manager – Transformation and Change	Report to Committee by June 2019
11. Social care fraud risk - Continue to monitor implementation of the agreed actions from the internal audit review of the Council's response to social care fraud.	Group Manager – Assurance and Service Directors/Group managers with responsibility for social care services	Periodic updates to the Governance & Ethics Committee through Internal Audit's follow-up procedure
12. Governance & Ethics Committee self-assessments – implement agreed action plans arising from the review of best practice guidance	Group Manager – Assurance, in close liaison with the Chairman of the Governance & Ethics Committee	In accordance with the timelines agreed with the Committee
13. Risk appetite - Development of an approach to establishing the Council's risk appetite	Group Manager, Emergency Planning Management and Registration	Next risk management update to Governance & Ethics Committee
14. Serious & Organised Crime - Implement the action plan for addressing the threat posed by serious and organised crime.	Group Manager - Assurance and key Service Directors in affected areas of service	Through timelines agreed with the Governance & Ethics Committee
15. Independent Inquiry into Child Sexual Abuse (IICSA) - Respond to any recommended actions arising from the report into Nottinghamshire councils	Corporate Director - Corporate Director Children, Families and Cultural Services	To be determined on release of the Inquiry's report
16. LGA Peer Challenge – devise and approve an action plan to implement agreed recommendations from the Peer Challenge.	Group Manager - Assurance	On receipt of the Peer Team's report in the summer of 2019
17. Workforce Strategy – implement the refreshed strategy	Service Director – Customers, Governance and Employees	Strategy due to be approved by Personnel Committee in July 2019
18. Vacant property management – further progress report to Governance & Ethics Committee on actions to address the risks identified by the internal audit	Corporate Director - Place	Update report to Governance & Ethics Committee in July 2019
19. Data quality in Mosaic – greater priority given to addressing issues	Corporate Director – Adults Social Care and	To commence in the first quarter

highlighted by routine reporting	Health	of 2019/20
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APPROVAL OF THE LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE

The Council has adopted a robust approach to addressing these financial, demographic, technological and legislative challenges.

The Governance and Ethics Committee reviewed the local code of corporate governance and this statement at their meeting on 1 May 2019. We are aware of the steps that are being and will be taken to address the above significant governance issues and we are satisfied that these are appropriate. We will monitor their implementation during the course of 2019/20 and beyond.

Signed:.....

LEADER

Signed:.....

CHIEF EXECUTIVE

1 May 2019**Agenda Item: 12****REPORT OF THE MONITORING OFFICER****REVIEW OF OUTSIDE BODIES****Purpose of the Report**

1. To consider the outcomes of the review of outside bodies undertaken by the Governance and Ethics Committee cross party working group.

InformationBackground

2. At its meeting of 13 June 2018, Governance and Ethics Committee established a cross party working group to undertake a review of the Council's register of outside bodies.
3. The review had originally been requested by Policy Committee, specifically with regard to consideration of the ongoing need for, and relevance of, the Council's involvement with the various bodies and also to monitor the attendance of the Council's representatives (primarily Councillors) at meetings of those bodies.
4. In establishing the working group, Governance & Ethics Committee agreed that the scope of the review should also include the process for making appointments to outside bodies.
5. The working group was made up of Councillors Andy Sissons (Chair), Keith Walker, Nicki Brooks and Rachel Madden. The group met on three occasions in order to undertake the review which was supported by Democratic Services.

Evidence Gathering

6. In order to assess the relevance of the Council's ongoing involvement in the various bodies, the working group requested that officers seek the views of both the organisations and the Council's representatives, using questionnaires. These responses were followed up with telephone conversations where further clarification was needed.
7. It should be noted that questionnaires were not sent to the majority of those organisations owned, partly owned or established by the Council (those organisations listed in **Appendix A**) on the basis that the need for continued representation was already known to be a legal requirement. It should also be noted that responses were not received from all outside bodies.

Categorisation of the various outside bodies

8. The Council's register of outside bodies is an ongoing list which has developed over time and includes a wide range of very different types of organisations. All Councillors attend a number of meetings of outside organisations, such as local community school governing bodies and this is seen as a crucial part of a Councillor's role as local elected member and community champion. However, the register of outside bodies is not intended to cover all such groups and should be primarily focussed upon those bodies where there is a statutory or other legal requirement for Council representation (such as where this is enshrined within an organisation's terms of reference, constitution, articles of association etc.) and / or where the focus of such groups is intrinsically linked with the strategic focus or day to day business of the Council.
9. In order to bring greater clarity to the existing list of outside bodies and to help recognise the different types of bodies and the Council representatives' roles within them, it is proposed to use the following three broad categories:-
 - Category A – Organisations which have been established or are owned or partly owned by Nottinghamshire County Council – see **Appendix A**
 - Category B – Local or national organisations that are linked to the strategic focus of the Council – see **Appendix B**
 - Category C – Local community groups, charities and partnerships whose primary focus is on local community issues.– see **Appendix C**
10. It should be recognised that the categorisation of these groups is a judgement call to some extent and Members' views are welcome on these initial categorisations.
11. A fourth category of groups was also identified from the current list in relation to liaison committees regarding ongoing planning matters, such as the operation of quarries or other industrial plant sites – see **Appendix D**. These groups have been established as a requirement of planning conditions, can often be time-limited by their nature and are attended usually by planning officers and local County Councillors.
12. It should be noted that in responding to the questionnaire, Councillor representatives underlined the importance of these committees and their ongoing wish to be involved with them. It is proposed that these groups should continue to be supported and attended by the Council's Planning team and local elected Members as appropriate but should not be categorised as outside bodies and should therefore be removed from the register.
13. On a similar note, it is proposed that the Nottinghamshire and City of Nottingham Fire and Rescue Authority, the Parking & Traffic Regulations Outside London Adjudication Joint Committee (PATROLAJC) and Bus Lane Adjudication Service Joint Committee (BLASJC) should no longer be categorised as outside bodies but instead be dealt with as joint committees. Appointments will continue to be made through the usual committee appointments process at the Annual Council meeting (with any subsequent changes in membership actioned on an ongoing basis throughout the year where necessary).

Relevance of Council involvement

14. In the majority of responses, both the bodies and their Council representatives were in agreement that the Council should continue to be represented.
15. There were a few responses received whereby the bodies and the relevant Council representatives agreed that the Council's involvement was no longer required.
16. There were also several Councillor responses which queried the benefit of ongoing Council involvement in specific bodies, although the bodies themselves were keen to retain representation. In these cases, further work was undertaken to clarify whether Council representation was a statutory requirement and/or enshrined within the organisation's scheme / constitution / articles of association and the working group balanced these aspects within their consideration. During the review a further historical charity whose constitution requires a County Council trustee to be appointed was identified as not currently being on the list and it is therefore proposed to add the Clayworth Educational Foundation to the list of outside bodies.
17. Some bodies requested continued representation but were happy for the nominee to be an officer rather than a Councillor if necessary. However, the resource implications of making any such changes would need to be fully considered.
18. The following bodies are either no longer active or have responded to the survey to state that formal Council representation is not legally required and is no longer needed (although it is recognised that local elected Members may want to continue attending meetings of these bodies as part of their role as County Councillor):-

<u>Body</u>	<u>Comments</u>
Age Concern Chilwell	The existing Councillor representative feels that County Councillor representation is helpful but not crucial and confirms that District and Borough Councillors are attending.
Age Concern Eastwood and District	<p>The existing Councillor representative, who is also a Borough Councillor, feels that County Councillor representation in its own right is helpful.</p> <p>Council representation on some branches of this organisation and not others is largely due to historical reasons which has resulted in an inconsistent approach across the County.</p> <p>The Council's Communities Team feels that working relationships with both of these organisations, as with other branches of Age Concern, can be actively maintained through County Council officers. The local County Councillors would still be able to attend meetings of the body if they thought this would be helpful to the organisation and themselves in undertaking their local elected Member role.</p>
Cotgrave Strategic Board	This Board is now defunct and therefore needs to be removed from the register.
Community Safety	As part of the review it has been clarified that elected Members at a

Partnerships (CSPs) – Bassetlaw, Newark & Sherwood / Mansfield & Ashfield / South Notts	County level are not formally represented on the District / Borough area CSPs, unlike District and Borough Councillors. In a two tier authority such as Nottinghamshire, the County Council may appoint representatives to the county level group (that is, the Safer Nottinghamshire Board), which is chaired by the County Council's Chief Executive. Historically, some County Councillors have received invitations to attend CSP meetings but these have been ad hoc arrangements made by the host Borough / District Council. County Council officers attend each of the District / Borough area CSP meetings to enable the County Council to fulfil its statutory requirements and such attendance will continue. In light of this clarification, it is proposed that the CSPs be removed from the register of outside bodies and the Safer Nottinghamshire Board be added to the register in their place. It is also proposed that the existing County Council representation be retained, with the Chief Executive continuing to Chair the Board and the elected member with lead responsibility for community safety (Councillor Handley currently) continuing to be invited to attend. For information, the Board's operating arrangements, including membership, was last reviewed in August 2016 and is due to be reviewed in 2019 as part of the development of a new Partnership Agreement.
Family Care	This body is now defunct and therefore needs to be removed from the register.
NET Partnership Board	This Board is no longer active. If the Board is re-established in the future then the County Council will be contacted to make fresh appointments as appropriate.
Rushcliffe Borough Council - Cotgrave Local Growth Board	This Board is now defunct and therefore needs to be removed from the register.

19. The following bodies do not legally require Council representation and the existing Councillor appointees have recommended that the Council no longer be formally represented:-

<u>Body</u>	<u>Comments</u>
Bassetlaw Public and Third Sector Partnership	This is essentially an officer partnership group, attended by representatives from the Police, Health and relevant community and voluntary organisations., with no Councillor representation currently. The County Council will continue to be represented by relevant officers at the Partnership's meetings but it is proposed that the organisation no longer needs to be included in the register of outside bodies.
Campaign to Protect Rural England Nottinghamshire	It is proposed that the Council will continue to link in to this national organisation as appropriate, through relevant officers being included in mailing lists etc. rather than attending meetings.
Hucknall Partnership Group	The Councillor representative on this body is newly appointed and has limited experience of the group. The previous Councillor

	representative underlines that he already had regular contact with the people involved in the Partnership through his role as the local elected Member and therefore does not believe that this needs to be an ongoing formal appointment. The organisation is keen to retain links with the Council to assist in sharing information and receiving advice and support. The local County Councillor would still be able to attend meetings of the body if they thought this would be helpful to the organisation and themselves in undertaking their local elected Member role.
Local Government Information Unit (LGIU)	The LGIU is the largest independent local authority membership organisation in the country. As a member, the County Council is entitled to send representatives to an annual Member Assembly. However, we are not aware that the Council has attended such meetings in the past and there are no plans to send Members to future meetings. Therefore it is proposed that the Council should continue to subscribe to be a member of the LGIU without appointing formal representatives for the sake of this annual meeting.
Mid Nottinghamshire Alliance Leadership Board Mid Nottinghamshire Alliance Operational Oversight Group	Remove from the outside bodies register - as part of the evidence-gathering for this review, it has been clarified that Policy Committee agreed on 13 July 2016 that the Councillor appointments to this Board and the Operational Oversight Group be replaced with officer appointments (the Corporate Director for ASCHPP and the Service Director for Mid-Nottinghamshire respectively). The Council will continue to input into both groups (although it is understood that the Operational Oversight Group has not been active of late) with officers continuing to attend and briefing elected Members as appropriate. In light of this it is proposed that both bodies be removed from the outside bodies register.

20. With regard to Samworth Church Academy, the existing Council representative is appointed as a Governor, just as many other County Councillors are also appointed as Governors at local Academies. It is proposed that this body be removed from the outside bodies register to ensure a consistent approach is being taken. The Academy are aware of this proposal and have raised no concerns.

21. It is therefore recommended that the Council now end its formal representation on the bodies listed at paragraph 18 and 19 and that these bodies be removed from the register (N.B. any bodies recommended for removal from the register are highlighted in bold font in **Appendix B and C**).

Information on the work of outside bodies

22. As part of the review, further thought was given as to how information can be fed back to the Council about the work of each of the outside bodies. It is felt that the best means of doing this would be for information to be brought to the most appropriate Council Committee for the outside body in question. The lists attached at **Appendix A - C** specify the most relevant Committee. Again there is a degree of judgement involved and Members' views are welcome

on these initial judgements. There will also be ongoing scope for some flexibility depending on the issues in question.

23. In light of the fact that Committee agendas are already very full, it is proposed that such reporting should be by specific request of the Committee, with such requests made largely on a 'by exception' basis, for example where concerns have been expressed or where there is a particular issue which is relevant to a Committee's current focus. Such requests for information can be raised by Members through work programme discussions. The relevant outside body's Council representative would be expected to provide the information when requested with sufficient notice, working in conjunction with the outside body as appropriate.
24. If a committee has concerns about a specific outside body and the Council's ongoing involvement, these concerns will be referred to Policy Committee as appropriate.

Attendance of Council representatives at meetings of outside bodies

25. The questionnaire responses from the bodies themselves highlighted no concerns about specific appointed representatives not attending meetings. The responses from Councillors highlighted that some bodies are not holding regular meetings or sharing dates of meetings, either at all or with sufficient notice to enable attendance. Contact details for representatives will be reiterated to the relevant bodies to encourage the sharing of meeting dates well in advance.
26. It is proposed that if concerns were ever to be raised about a Councillor consistently failing to attend meetings for which sufficient notice had been received, then those concerns should be discussed with the relevant Group Business Manager/s so that discussions can be held with the relevant Councillor and consideration given to changing the Council's representative if felt necessary. If the Council's representative in question is an officer then such concerns will also be shared with the relevant Line Manager.
27. The number of Councillor appointments for specific bodies (Lambs Charity, Scape Group Limited and SACRE) was queried by Councillors within their questionnaire responses. Scape Group Limited has subsequently confirmed that the Council is required to appoint one Director (Cllr Adair currently) and can also appoint one alternate Director to deputise (currently Councillor Richard Butler). Further clarification will be sought as to whether the number of Councillor appointments to the Lambs Charity and SACRE can be reduced but this may not be possible if the numbers are requirements of the bodies' constitutions.

Process for adding or removing outside bodies to the register

28. The decision to add or remove outside bodies from the register is currently a decision of Policy Committee. This results in frequent individual reports to Policy Committee and a streamlined process would therefore be preferable.
29. As an alternative approach, it is proposed that a six monthly update report be brought to Policy Committee to confirm the latest version of the outside bodies list and to seek approval or endorsement of any changes that have occurred in the reporting period.
30. It is also proposed that a delegation be made to the Team Manager, Democratic Services, in consultation with the Monitoring Officer, to categorise any new outside bodies and to add

Category B bodies to the register. The delegation is limited to Category B bodies on the basis that it is recognised that the addition of Category A bodies to the outside bodies list will normally form part of any reports establishing such bodies. It is also recognised that the inclusion of Category C bodies, due to their nature, will not normally require an urgent decision and can therefore be included within the regular six monthly update.

31. The removal of any category of outside body will continue to be a decision for Policy Committee and will also be included within the six monthly report, again on the basis that the removal of an outside body will not normally require immediate action.

Process for making appointments to outside bodies

32. The existing process for making appointments to agreed Outside Bodies is for the Ruling Group's Group Business Manager to arrange these, in consultation with the Group Business Manager of the relevant opposition group/s where appropriate.
33. It is recognised that this process has proven to be effective and efficient. It is therefore proposed that this approach should continue in the future for all categories of outside bodies and that this arrangement be formalised as part of this review.

Other Options Considered

34. In drawing its conclusions, the working group considered different options.

Reason/s for Recommendation/s

35. Policy Committee requested the Governance and Ethics Committee to review the Outside Bodies process.

Statutory and Policy Implications

36. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

37. There are no direct financial implications arising from this report.

RECOMMENDATION/S

That Governance & Ethics Committee endorses the following recommendations of the working group for approval by Policy Committee:-

- a) That the approach to divide the various types of organisations within the Outside Bodies register to three categories be agreed, with Members' views welcomed on the initial categorisation of each of the bodies.
- b) That the various Planning Liaison Committees continue to be attended by the relevant Councillors and Planning officers and continue to be supported by the Planning team but that such committees be removed from the Outside Bodies list together with the outside bodies listed at paragraphs 18 and 19 and denoted in bold font in Appendix B and C.
- c) That the Safer Nottinghamshire Board and the Clayworth Educational Foundation be added to the register of outside bodies and the relevant formal appointments be made by the Ruling Group's Group Business Manager.
- d) That the proposed approach for sharing information about outside bodies with relevant committees be agreed, with Members' views welcomed on which are the most relevant committees for each body and that each committee be informed of the relevant outside bodies and their representatives which come within their remit, to enable information to be requested from the Council's representatives on specific bodies as and when required.
- e) That any concerns raised about a lack of attendance by Councillor representatives at meetings of any outside body in the register be raised with the Ruling Group's Group Business Manager and the Group Business Manager of the relevant Councillor as appropriate.
- f) That further clarification be sought as to whether the number of Councillor appointments can be reduced on the Lambs Charity and SACRE.
- g) That the proposed process for adding or removing outside bodies to the register, as detailed in paragraphs 28-31, be agreed and authority be delegated to the Team Manager, Democratic Services, in consultation with the Monitoring Officer, to categorise any new outside bodies and to add Category B bodies to the register.
- h) That appointments to any outside bodies included in the register continue to be made by the Ruling Group's Group Business Manager, in consultation with the Group Business Manager of the relevant opposition group/s where appropriate.

Marjorie Toward
Monitoring Officer

For any enquiries about this report please contact:

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Constitutional Comments (SLB – 16/4/19)

38. Governance and Ethics Committee is the appropriate body to consider the content of this report.

Financial Comments (RWK – 16/04/2019)

39. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Responses to Questionnaires to Outside Bodies and Council representatives

Electoral Division(s) and Member(s) Affected

- All

Category A Outside Bodies

These organisations were established or are owned /partly owned by Nottinghamshire County Council.

Organisation	Current Appointees	Relevant Committee	Actions
Arc Partnership	Cllr Reg Adair Mr Jon Hawkette	Communities and Place Review and Development	Retain in the outside bodies register.
Futures Advice, Skills and Employment Ltd	Cllr Boyd Elliott Cllr Kevin Rostance	Children & Young People's	Retain in the outside bodies register.
Greater Nottingham Light Rapid Transit Ltd	Previously Corporate Director of Place	Finance and Major Contracts Management	Retain in the outside bodies register and clarify need for any refresh of appointments.
Holme Pierrepont Leisure Trust	Cllr Mrs Kay Cutts MBE	Communities and Place	Retain in the outside bodies register.
Inspire	Cllr John Cottee Cllr Glynn Gilfoyle	Communities and Place	Retain in the outside bodies register.
Marketing Nottingham & Nottinghamshire Ltd	Cllr Mrs Kay Cutts MBE	Communities and Place	Retain in the outside bodies register.
Scape Group Ltd	Cllr Reg Adair (Cllr Richard Butler has been appointed as an alternate Director to deputise for Cllr Adair if required).	Finance and Major Contracts Management	Retain in the outside bodies register.
Via EM	Mr Anthony May Mr Nigel Stevenson	Communities and Place Review and Development	Retain in the outside bodies register.

Category B Outside Bodies

These organisations are a mixture of both local and national organisations that are linked to the strategic focus of the Council.

<u>Organisation</u>	<u>Current Appointees</u>	<u>Relevant Committee</u>	<u>Actions</u>
Campaign to Protect Rural England (CPRE)	Cllr Bruce Laughton	Planning and Licensing	Remove from the outside bodies register, although relevant officers will continue to be involved as appropriate.
Cotgrave Strategic Board	Cllr Richard Butler		Remove from the outside bodies register as the Board no longer meets.
County Councils Network (CCN)	Cllr Mrs Kay Cutts MBE Cllr Reg Adair Cllr Richard Butler Cllr Alan Rhodes	Policy	Retain in the outside bodies register.
Creswell Heritage Trust	Cllr John Cottee	Communities and Place	Retain in the outside bodies register – Council representation is specified within the body's Constitution.
CSP: Bassetlaw, Newark & Sherwood Community Safety Partnership	Cllr Keith Walker	Communities and Place	Remove from the outside bodies register, although relevant officers will continue to be involved as appropriate.
CSP: Mansfield & Ashfield Community Safety Partnership	Cllr Phil Rostance Cllr Martin Wright Cllr Andy Sisson	Communities and Place	Remove from the outside bodies register, although relevant officers will continue to be involved as appropriate.
CSP: South Nottinghamshire Community Safety Partnership	Cllr John Handley Anthony Shardlow	Communities and Place	Remove from the outside bodies register, although relevant officers will continue to be involved as appropriate.
D2N2 Commission	Cllr Reg Adair	Policy	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.
D2N2 European Structural Investment Fund (ESIF) Sub Committee	Cllr Reg Adair	Policy	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.
D2N2 Infrastructure & Investment Board (IIB)	Cllr Mrs Kay Cutts MBE Cllr Richard	Policy	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.

	Jackson		
D2N2 Local Area Partnership	Cllr Mrs Kay Cutts MBE	Policy	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.
East Midlands Council & East Midlands Council Executive Board	Cllr Mrs Kay Cutts MBE	Policy	Retain in the outside bodies register – the Leader of the County Council is automatically given a place on East Midlands Council and the Executive Board as the Leader of an ‘Upper Tier’ authority. N.B. The County Council are not automatically entitled to any other places but the political groups at the Council are approached to make expressions of interests for the remaining places on the Council and various sub-groups in order to achieve political balance across the Region. The following ‘additional places’ were given to County Councillors on a political balance basis:- <ul style="list-style-type: none"> • East Midlands Council – Cllrs Reg Adair, Kate Foale, Philip Owen and Alan Rhodes • Regional Employers Board – Cllr Kate Foale • Regional Migration Board –Cllr Philip Owen
East Midlands Lead Member Network: Adult Social Care and Health & Wellbeing	Cllr John Doddy	Adult Social Care & Public Health	Retain in the outside bodies register - this body was set up between the East Midlands Councils and East Midlands Regional Association of Directors of Adult Social Services. It has not been active recently but officers understand that the body does plan to meet again
East Midlands High Speed 2 (HS2) Skills and Supply Chain Board	Cllr Philip Owen	Communities and Place	Retain in the outside bodies register – this body was added subsequent to the review, as agreed by Policy Committee on 20 March 2019.
Family Care	Cllr Tracey Taylor		Remove from the outside bodies register as this body is now defunct.
Greater Nottingham Joint Planning Advisory Board	Cllr Phil Rostance Cllr Gordon Wheeler	Communities and Place Review and Development	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.
High Sheriff Community Safety Forum	Cllr John Handley	Communities and Place	Retain in the outside bodies register –representation could be via an officer but it is proposed to continue the existing elected Member representative.
HS2 East Midlands Strategic Growth Board	Cllr Mrs Kay Cutts MBE Cllr Reg Adair	Policy	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.
Local Authorities Energy Partnership (LAEP)	Cllr Phil Rostance	Finance and Major Contract Management	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.

Local Authority Pension Fund Forum (LAPFF)	Cllr Eric Kerry Mr Nigel Stevenson	Pension Fund Committee	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.
Local Government Association (LGA) General Assembly	Cllr Mrs Kay Cutts MBE Cllr Reg Adair Cllr Alan Rhodes Mr Anthony May	Full Council	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference.
Local Government Flood Forum	Cllr Bruce Laughton Clive Wood	Finance and Major Contracts Management	Retain in the outside bodies register (although no legal requirement)
Local Government Information Unit (LGIU)	Cllr Bruce Laughton Cllr Reg Adair	Policy	Remove from the outside bodies register – although the Council will continue to be a member of the organisation.
Lowland Derbyshire and Nottinghamshire Local Nature Partnership	Cllr Reg Adair	Communities and Place	Retain in the outside bodies register – Council elected Member representation is specified within the Terms of Reference of this D2N2 Sub-Group.
Mansfield & Ashfield Economic Development Partnership	Cllr Martin Wright	Community and Place	Retain in the outside bodies register (although no legal requirement) – representation could be via an officer but it is proposed to continue the existing elected Member representative.
Mid Nottinghamshire Alliance Leadership Board	Cllr Stuart Wallace Director of Adult Social Care and Public Health	Adult Social Care & Public Health	Remove from the outside bodies register - as part of the evidence-gathering for this review, it has been clarified that Policy Committee agreed on 13 July 2016 that the Councillor appointments to this Board and the Operational Oversight Group be replaced with officer appointments (the Corporate Director for ASCHPP and the Service Director for Mid-Nottinghamshire respectively). The Council will continue to play an active part in both groups (although it is understood that the Operational Oversight Group has not been active of late) with officers continuing to attend and briefing elected Members as appropriate. In light of this it is proposed that both bodies be removed from the outside bodies register.
Mid Nottinghamshire Alliance Operational Oversight Group	Cllr Dr John Doddy	Adult Social Care & Public Health	
NET Partnership Board	Cllr Gordon Wheeler Chris Charnley	Communities and Place Review and Development	Remove from the outside bodies register as not currently active (the County Council will be requested to make fresh appointments in the future if the body is re-established).

Nottinghamshire and City of Nottingham Fire and Rescue Authority	Cllr Andrew Brown Cllr John Clarke Cllr Sybil Fielding Cllr Vaughan Hopewell Cllr John Longdon Cllr Michael Payne Cllr Francis Purdue-Horan Cllr Mike Quigley MBE Cllr Kevin Rostance Cllr Parry Tsimbiridis Cllr Jonathan Wheeler Cllr Jason Zadrozny	Full Council	Remove from the outside bodies register – this is a Combined Fire Authority and should be dealt with as a joint committee rather than as an outside body.
Nottinghamshire Healthcare NHS Foundation Trust	Cllr Stuart Wallace	Health and Wellbeing Board	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.
Nottinghamshire Local Access Forum	Cllr Chris Barnfather Cllr Francis Purdue-Horan Cllr Rachel Madden	Communities and Place	Retain in the outside bodies register – Council elected Member representation is a statutory requirement.
Nottinghamshire Roosevelt Travelling Scholarship	Cllr Mrs Sue Saddington	Children and Young People's	Retain in the outside bodies register – Council elected Member representation is specified within the organisation's Constitution, with the Chairman of the County Council being an ex-officio Trustee.
Nottinghamshire Skills & Employment Board	Cllr Neil Clarke MBE	Personnel	Retain in the outside bodies register (although no legal requirement)

PATROLAJC – Parking & Traffic Regulations Outside London Adjudication Joint Committee & BLASJC - Bus Lane Adjudication Service Joint Committee	Cllr John Cottee	Communities and Place	Remove from the outside bodies register – these committees should be dealt with as joint committee rather than as an outside body.
Rural Services Network	Cllr Bruce Laughton	Communities and Place	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.
Rushcliffe Borough Council - Bingham Local Growth Board	Cllr Francis Purdue-Horan	Communities and Place Review and Development	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.
Rushcliffe Borough Council - Cotgrave Local Growth Board	Cllr Richard Butler		Remove from outside bodies register – this Board is now defunct.
Rushcliffe Borough Council - East Leake Local Growth Board	Cllr Andrew Brown	Communities and Place Review and Development	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.
Rushcliffe Borough Council - Radcliffe on Trent Local Growth Board	Cllr Neil Clarke MBE	Communities and Place Review and Development	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.
Rushcliffe Borough Council - Strategic Growth Board	Cllr Reg Adair	Communities and Place Review and Development	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.
Rushcliffe Borough Council - West Bridgford Local Growth Board	Cllr Jonathan Wheeler	Communities and Place Review and Development	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.

SACRE (Standing Advisory Council for Religious Education)	Cllr Boyd Elliott Cllr Phil Rostance Cllr Vaughan Hopewell	Children and Young People's	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference and is a statutory requirement.
<i>Safer Nottinghamshire Board</i>	<i>Chief Executive Member with lead responsibility for Community Safety (Cllr John Handley)</i>	<i>Communities and Place</i>	<i>New – add to the outside bodies register, in place of the Community Safety Partnerships.</i>
Sherwood Forest Hospitals NHS Foundation Trust	Cllr Dr John Doddy	Health and Wellbeing Board	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference and is a statutory requirement.
Sustainable Urban Development Strategic Advisory Committee.	Cllr Reg Adair	Communities and Place	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference. Further clarification to be sought about meeting dates etc.
Transport for the North (TfN) Board	Cllr John Ogle	Finance and Major Contracts Management	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.
Trent Regional Flood and Coastal Committee	Cllr Roger Jackson	Finance and Major Contracts Management	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.
Waste Partnering Agreement Board (Joint Waste Management Committee)	Cllr Phil Rostance	Communities and Place	Retain in the outside bodies register – Council elected Member representation is specified within the body's Terms of Reference.

Category C Outside Bodies

These organisations are local community groups, charities and partnerships whose primary focus is on local community issues.

Organisation	Current Appointees	Relevant Committee for reporting purposes	Proposed Action
Age Concern Chilwell	Cllr Eric Kerry	Adult Social Care & Health	Remove from the outside bodies register, although officers from the Council's Communities Team will continue to be involved and the local County Councillor is free to continue to attend meetings, in their role as the local elected Member, should this be helpful.
Age Concern Eastwood & District	Cllr Tony Harper	Adult Social Care & Health	Remove from the outside bodies register, although officers from the Council's Communities Team will continue to be involved and the local County Councillor is free to continue to attend meetings, in their role as the local elected Member, should this be helpful.
Arnold Old People's Welfare Committee	Cllr Pauline Allan	Adult Social Care & Health	Retain in the outside bodies register whilst the need for Council representation is still included in the organisation's terms of reference and constitution (the organisation is looking to review the objectives and activities of the Committee over the next year).
Bassetlaw Public and Third Sector Partnership	Cathy Harvey, Communities Team Manager	Communities and Place	Remove from the outside bodies register, although officers from the Council's Communities Team will continue to be involved.
Brunts Charity	Cllr Stephen Garner	Children and Young People's	Retain in the outside bodies register – Council elected Member representation is specified within the charity's Scheme.
Chesterfield Canal Partnership	Cllr Sybil Fielding Heather Stokes	Communities and Place Review and Development	Retain in the outside bodies register – Council representation is specified within the body's Terms of Reference (representation could be via an officer but it is proposed to continue the existing elected Member representative).
<i>Clayworth Education Foundation</i>	<i>Cllr Tracey Taylor</i>	<i>Children and Young People's</i>	<i>New, add to outside bodies register - During the review we were notified that a Council elected Member representation is specified within their constitution</i>
Constable's Field Foundation	Cllr Chris Barnfather	Planning and Licensing	Retain in the outside bodies register – Council elected Member representation is specified within the charity's Scheme.

Diana Eyre's Educational Foundation	Cllr John Ogle	Children and Young People's	Retain in the outside bodies register – Council representation is specified within the Foundation's constitution (representation could be via an officer but it is proposed to continue the existing elected Member representative).
Doncaster Sheffield Airport Consultative Committee	Cllr Mike Quigley	Communities and Place Review and Development	Retain in the outside bodies register – Council elected Member representation is specified within the Committee's Terms of Reference.
East Midlands Airport Independent Consultative Committee	Cllr Andrew Brown Cllr Reg Adair	Communities and Place Review and Development	Retain in the outside bodies register – Council representation is specified within the Committee's Terms of Reference. Representation could be via an officer but it is proposed to continue one of the two existing elected Member representatives, subject to confirmation that a single appointment will satisfy the requirements of the Terms of Reference.
Faith Clerkson Trust	Cllr Stephen Garner	Children and Young People's	Retain in the outside bodies register – Council representation is specified within the Foundation's constitution (representation could be via an officer but it is proposed to continue the existing elected Member representative).
Focus on Young People in Bassetlaw	Cllr Tracey Taylor	Children and Young People's	Retain in the outside bodies register – Council elected Member representation is specified within the group's Terms of Reference.
Grantham Canal Partnership	Cllr Jonathan Wheeler	Communities and Place Review and Development	Retain in the outside bodies register – Council representation is specified within the body's Terms of Reference (representation could possibly be via an officer but it is proposed to continue the existing elected Member representative).
Greenwood Community Forest Partnership	Cllr Phil Rostance	Communities and Place	Retain in the outside bodies register – Council elected Member representation is specified within the group's Terms of Reference.
Groundwork Cresswell, Ashfield & Mansfield	Cllr Jim Creamer	Communities and Place	Retain in the outside bodies register – Council elected Member representation is specified within the group's Terms of Reference.
Groundwork Greater Nottingham	Cllr Jim Creamer	Communities and Place	Retain in the outside bodies register – Council elected Member representation is specified within the group's Terms of Reference (representation could be via an officer but it is proposed to continue the existing elected Member representative).
Hucknall Partnership Group	Cllr Phil Rostance	Communities and Place	Remove from the outside bodies register, although the local County Councillor is free to continue to attend meetings, in their role as the local elected Member, should this be helpful.

Lamb's Charity	Cllr Mrs Sue Saddington Cllr Tracey Taylor Cllr Boyd Elliott Cllr Phil Rostance Cllr Vaughan Hopewell	Children and Young People's	Retain in the outside bodies register but further clarification to be sought about the number of appointees required – Council representation is specified within the Charity's Scheme but only a single nomination appears to be required (representation could also possibly be via an officer). Only one of the 5 Councillors currently appointed has been contacted recently.
Lilley & Stone Charity Trust	Cllr Stuart Wallace Cllr Tony Roberts MBE	Children and Young People's	Retain in the outside bodies register – Council elected Member representation is specified within the charity's Scheme.
Magnus Educational Foundation	Cllr Stuart Wallace	Children and Young People's	Retain in the outside bodies register – Council representation is specified within the Foundation's constitution (representation could be via an officer but it is proposed to continue the existing elected Member representative).
Manor Park Residents Association Limited	Cllr Reg Adair	Planning and Licensing	Retain in the outside bodies register – representation could be via an officer but it is proposed to continue the existing elected Member representative.
Mansfield BID	Cllr Andy Sissons	Finance and Major Contract Management	Retain in the outside bodies register – Council representation is specified within the body's Terms of Reference (representation could possibly be via an officer but at this stage it is proposed to continue the existing elected Member representative).
Mansfield Educational Foundation	Cllr Andy Sissons Cllr Martin Wright	Children and Young People's	Retain in the outside bodies register – Council representation is specified within the Foundation's Terms of Reference (representation could possibly be via an officer but at this stage it is proposed to continue the existing elected Member representative).
Mansfield Woodhouse Community Development Group	Cllr Joyce Bosnjak	Communities and Place	Retain in the outside bodies register (although no legal requirement).
Municipal General Charity	Cllr Stuart Wallace	Adult Social Care and Health	Retain in the outside bodies register – Council representation is specified within the charity's scheme (representation could be via an officer but it is proposed to continue the existing elected Member representative).
Norwell Educational Foundation	Cllr Bruce Laughton	Children and Young People's	Retain in the outside bodies register – Council elected Member representation is specified within the Foundation's constitution.

Nottinghamshire Building Preservation Trust	Cllr Roger Jackson	Finance and Major Contract Management	Retain in the outside bodies register – Council representation is specified within the Trust's constitution (representation could be via an officer but it is proposed to continue the existing elected Member representative).
Nottinghamshire Clubs for Young People	Cllr Boyd Elliott	Children and Young People's	Retain in the outside bodies register – Council representation is specified within the Trust's constitution (representation could be via an officer but it is proposed to continue the existing elected Member representative).
Nottinghamshire Young Farmers Clubs	Cllr Roger Jackson	Children and Young People's	Retain in the outside bodies register (although no legal requirement) – representation could be via an officer but it is proposed to continue the existing elected Member representative.
Platt Lane Management Committee	Cllr John Cottee	Planning and Licensing	Retain in the outside bodies register – Council elected Member representation is specified within the Committee's Terms of Reference.
Portland College	Cllr John Handley	Children and Young People's	Retain in the outside bodies register (although no legal requirement) – representation could be via an officer but it is proposed to continue the existing elected Member representative.
Queen Elizabeth's Endowed School Trust	Cllr Stephen Garner Cllr Phil Rostance Cllr Andy Sissons Hon Alderman John Carter Hon Alderman Terry Butler	Children and Young People's	Retain in the outside bodies register – Council representation is specified within the charity's scheme (representation could be via an officer but it is proposed to continue the existing elected Member representative). Further clarification to be sought about the number of appointees required.
Reads Exhibition Foundation (educational charity)	Cllr John Ogle	Children and Young People's	Retain in the outside bodies register – Council elected Member representation is specified within the charity's Scheme (although this has been reduced from four to one appointees over time).
Rural Community Action Nottinghamshire (RCAN)	Cllr Jim Creamer	Community and Place	Retain in the outside bodies register (although no legal requirement) – representation could be via an officer but it is proposed to continue the existing elected Member representative.
Samworth Church Academy	Cllr Stephen Garner Until May 2019	Children and Young People's	The Academy did not respond to the consultation. It is proposed that the Academy be removed from the outside bodies register but that the local elected Member continue to attend (this is in line with the practice of County Councillors' involvement as Governors of other Academies).

The Crossing SEC Ltd	Cllr Kevin Greaves Sub: Vacant	Community and Place	Retain in the outside bodies register – Council elected Member representation is specified within the Committee's Terms of Reference.
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Planning Liaison Committees

It is proposed that these groups should not be classed as outside bodies and should therefore be removed from the outside bodies register whilst continuing to be supported and attended by the Council's Planning team and local elected Members as appropriate.

Organisation	Current Appointees
Liaison Committee Besthorpe & Girton Quarries	Cllr Maureen Dobson Mike Hankin
Liaison Committee Bestwood 2 Quarry	Cllr Chris Barnfather Mike Hankin
Liaison Committee Dorket Head	Cllr Michael Payne Cllr Boyd Elliott Mike Hankin
Liaison Committee East Leake Quarry	Cllr Reg Adair Cllr Andrew Brown Debbie Wragg
Liaison Committee Hoveringham Quarry	Cllr Roger Jackson Mike Hankin
Liaison Committee John Brooke Sawmill, Winderpool	Cllr John Cottee Joel Marshall
Liaison Committee Kirton Brickworks	Cllr Mike Pringle Mike Hankin
Liaison Committee Langford Lowfields	Cllr Maureen Dobson Mike Hankin
Liaison Committee On-Farm Green Composting Facility at Stragglethorpe	Cllr Richard Butler Cllr Mrs Kay Cutts MBE Debbie Wragg Tim Turner
Liaison Committee Oxton Composting	Cllr Roger Jackson Mike Hankin
Liaison Committee Spring Road, Mission shale gas exploration site	Councillor Tracey Taylor Jonathan Smith Oliver Meek Tim Turner

Liaison Committee Staple Landfill	Cllr Keith Walker Mike Hankin
Liaison Committee Staythorpe Power Station	Cllr Mrs Sue Saddington
Liaison Committee Tinker Lane shale gas exploration site	Councillor Tracey Taylor Jonathan Smith Oliver Meek Tim Turner
Liaison Committee Two Oaks Farm Quarry	Councillor Samantha Deakin Jonathan Smith John Cranham
Liaison Committee Vale Road Quarry	Cllr Joyce Bosnjak Cllr Parry Tsimbirdis Oliver Meek
Liaison Committee Welshcroft Waste Transfer Station	Cllr John Knight Cllr Rachel Madden Cllr Jason Zadrozny Tim Turner

1 May 2019**Agenda Item: 13****REPORT OF THE MONITORING OFFICER****COMMITTEE ON STANDARDS IN PUBLIC LIFE – LOCAL GOVERNMENT
ETHICAL STANDARDS REPORT****Purpose of the Report**

1. To update members on recommendations made by the Committee on Standards in Public Life's (CoSPL) following its consultation last year about ethical standards in local government and to seek agreement that members receive a follow up report if Government and/or the Local Government Association implement any of the CoSPL recommendations.

Information

2. In May last year, this Committee considered the consultation document on local government ethical standards issued by the CoSPL and agreed a response. The CoSPL has completed its review and published its report in January this year. The CoSPL considered that high standards of conduct in local government were needed to protect the integrity of decision-making, maintain public confidence and safeguard local democracy.
3. The Committee stated that their evidence supported the view that the vast majority of councillors and officers maintain high standards of conduct. However, there was evidence of misconduct by some councillors, largely relating to bullying and harassment or other inappropriate behaviour. They were concerned about a risk to standards under the current arrangements, as a result of the current rules around declaring interests, gifts and hospitality and the increasing complexity of local government decision-making.
4. They considered whether there was a need for a centralised body to govern and adjudicate on standards but felt that local authorities should retain responsibility for ethical standards. They made 26 recommendations. A full list of these recommendations is set out in Appendix A to this report. A summary of findings and recommendations is set out in the following paragraphs.
5. The CoSPL was concerned that, although local authorities are required to have in place a code of conduct, there was considerable variation in length, quality and clarity. They considered that many codes failed to address adequately important areas of behaviour such as use of social media and bullying and harassment. It was therefore recommended that the Local Government Association should create an updated model code of conduct. However, the CoSPL stated that any model should be capable of adaptation so that local authorities were able to take ownership of their code. There was also a feeling that the scope of the code

should be widened so that there was a rebuttable presumption that a councillor's public behaviour, including comments made on publically accessible social media, is in their official capacity.

6. The Committee considered that the current arrangements for declaring and managing interests are unclear, too narrow and do not meet the expectations of councillors or the public. It was considered that the current rules should be repealed and replaced with an objective test, in line with the devolved standards bodies in Scotland, Wales and Northern Ireland.
7. With regard to investigations and safeguards, the CoSPL considered that local authorities should maintain their standards committees. This committee would have the role to advise on standards issues, decide on alleged breaches and sanctions, or a combination of these. They considered that Independent members of decision-making standards committees should be able to vote. The CoSPL also felt that the Independent Person was an important safeguard in the current system and that their role should be strengthened so that a local authority should only be able to suspend a councillor where the Independent Person agrees both that there has been a breach and that suspension is a proportionate sanction. They also recommend that Independent Persons should have fixed terms and legal protections. In addition, the view of the Independent Person in relation to a decision on which they are consulted should be published in any formal decision notice.
8. With regards to sanctions, the Committee concluded that the current sanctions available to local authorities are insufficient. It considered that the lack of robust sanctions damages public confidence in the standards system and leaves local authorities with no means of enforcing lower level sanctions nor of addressing serious or repeated misconduct. It was therefore recommended that local authorities should be given power to suspend councillors without allowances for up to 6 months, but with the Councillor being given a right of appeal to the Local Government Ombudsman, whose decision will be binding. Further, the current criminal offences relating to Disclosable Pecuniary Interests should be abolished.
9. The role of the Monitoring Officer as lynchpin to the current standards arrangements was acknowledged by the Committee. There was a view that employment protections should be extended for all statutory officers and they should be supported by training on local authority governance.
10. The committee acknowledged that decision-making in local government is becoming more complex, which in turn puts governance under strain. In particular the potential for conflicts is increased. The Committee had analysed a number of high profile cases of corporate failure in local government and considered that standards risks, where they are not addressed, can become risks of corporate failure. They considered that this underlines the importance of establishing and maintaining an ethical culture.
11. The role of political groups in maintaining an ethical culture was acknowledged by the Committee. They commented that expected standards of behaviour should be embedded through effective induction and ongoing training and that political groups should require their members to attend the code of conduct training provided by a local authority.
12. In last year's Committee report, it was highlighted that the government was looking to bring forward legislation removing the requirement for candidates standing for election as

councillors needing to publish their home addresses on the ballot paper. The Government has now removed that requirement and has also removed the requirement for each candidate's qualifying address to be published during the election process.

Other Options Considered

13. All options will be considered when deciding what action should be taken following the publication of the Government and/or the Local Government Association response to the CoSPL Report.

Reason/s for Recommendation/s

14. In the light of the fact that the County Council reviewed its code last year, it will wait to make further changes until a new model code is published or legislation is enacted.

Statutory and Policy Implications

15. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

That Committee:

- 1) considers any actions they would like to be taken in connection with the information within the report and
- 2) agrees to receive a follow up report if Government and/or the Local Government Association implement any of the Committee on Standards in Public Life's (CoSPL) recommendations.

Marjorie Toward

Monitoring Officer and Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:
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0115 9772438

Constitutional Comments (SLB 03/04/2019)

Governance and Ethics Committee is the appropriate body to consider the content of this report.

Financial Comments (RWK 04/04/2019)

There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- The Local Government Ethical Standards Review is published
<https://www.gov.uk/government/publications/local-government-ethical-standards-report>

Electoral Division(s) and Member(s) Affected

- All

List of recommendations

Number	Recommendation	Responsible body
1	The Local Government Association should create an updated model code of conduct, in consultation with representative bodies of councillors and officers of all tiers of local government.	Local Government Association
2	The government should ensure that candidates standing for or accepting public offices are not required publicly to disclose their home address. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 should be amended to clarify that a councillor does not need to register their home address on an authority's register of interests.	Government
3	Councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly-accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.	Government
4	Section 27(2) of the Localism Act 2011 should be amended to state that a local authority's code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority.	Government
5	The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 should be amended to include: unpaid directorships; trusteeships; management roles in a charity or a body of a public nature; and membership of any organisations that seek to influence opinion or public policy.	Government
6	Local authorities should be required to establish a register of gifts and hospitality, with councillors required to record any gifts and hospitality received over a value of £50, or totalling £100 over a year from a single source. This requirement should be included in an updated model code of conduct.	Government

Number	Recommendation	Responsible body
7	Section 31 of the Localism Act 2011 should be repealed, and replaced with a requirement that councils include in their code of conduct that a councillor must not participate in a discussion or vote in a matter to be considered at a meeting if they have any interest, whether registered or not, “if a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your consideration or decision-making in relation to that matter”.	Government
8	The Localism Act 2011 should be amended to require that Independent Persons are appointed for a fixed term of two years, renewable once.	Government
9	The Local Government Transparency Code should be updated to provide that the view of the Independent Person in relation to a decision on which they are consulted should be formally recorded in any decision notice or minutes.	Government
10	A local authority should only be able to suspend a councillor where the authority’s Independent Person agrees both with the finding of a breach and that suspending the councillor would be a proportionate sanction.	Government
11	Local authorities should provide legal indemnity to Independent Persons if their views or advice are disclosed. The government should require this through secondary legislation if needed.	Government /all local authorities
12	Local authorities should be given the discretionary power to establish a decision-making standards committee with voting independent members and voting members from dependent parishes, to decide on allegations and impose sanctions.	Government

13	Councillors should be given the right to appeal to the Local Government Ombudsman if their local authority imposes a period of suspension for breaching the code of conduct.	Government
14	The Local Government Ombudsman should be given the power to investigate and decide upon an allegation of a code of conduct breach by a councillor, and the appropriate sanction, on appeal by a councillor who has had a suspension imposed. The Ombudsman's decision should be binding on the local authority.	Government
15	The Local Government Transparency Code should be updated to require councils to publish annually: the number of code of conduct complaints they receive; what the complaints broadly relate to (e.g. bullying; conflict of interest); the outcome of those complaints, including if they are rejected as trivial or vexatious; and any sanctions applied.	Government
16	Local authorities should be given the power to suspend councillors, without allowances, for up to six months.	Government
17	The government should clarify if councils may lawfully bar councillors from council premises or withdraw facilities as sanctions. These powers should be put beyond doubt in legislation if necessary.	Government
18	The criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished.	Government
19	Parish council clerks should hold an appropriate qualification, such as those provided by the Society of Local Council Clerks.	Parish councils
20	Section 27(3) of the Localism Act 2011 should be amended to state that parish councils must adopt the code of conduct of their principal authority, with the necessary amendments, or the new model code.	Government

21	Section 28(11) of the Localism Act 2011 should be amended to state that any sanction imposed on a parish councillor following the finding of a breach is to be determined by the relevant principal authority.	Government
22	The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 should be amended to provide that disciplinary protections for statutory officers extend to all disciplinary action, not just dismissal.	Government
Number	Recommendation	Responsible body
23	The Local Government Transparency Code should be updated to provide that local authorities must ensure that their whistleblowing policy specifies a named contact for the external auditor alongside their contact details, which should be available on the authority's website.	Government
24	Councillors should be listed as 'prescribed persons' for the purposes of the Public Interest Disclosure Act 1998.	Government
25	Councillors should be required to attend formal induction training by their political groups. National parties should add such a requirement to their model group rules.	Political groups National political parties
26	Local Government Association corporate peer reviews should also include consideration of a local authority's processes for maintaining ethical standards.	Local Government Association

01 May 2019**Agenda Item: 14****REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &
IMPROVEMENT****UNDERSTANDING YOUR COUNCIL'S FINANCIAL REPORTING
REQUIREMENTS – CIPFA WORKSHOP****Purpose of the Report**

1. To seek approval for the attendance of two Members at a CIPFA workshop on Understanding Your Council's Financial Reporting requirements.

Information

2. This CIPFA network workshop will take place in Leeds on 29 May 2019. The session is designed specifically to provide elected members with greater insight into the financial reporting requirements of the authority, giving them the knowledge and confidence to deliver effective engagement, scrutiny and challenge of the statement of accounts as part of their overall governance role. The workshops also consider the 2018/19 changes to local authority accounting and how that might impact on the financial statements members are required to approve. A copy of the programme is attached as Appendix 1.
3. During the session, members will be provided with information on 4 focused themes as set out below:
 - a. Overview of Local Government Financial Reporting
 - b. A Councillor's Guide to the Accounting Statements
 - c. Update on latest changes in Local Authority Financial Reporting
 - d. Key questions and governance considerations for Elected Members

Other Options Considered

4. Not attending this event was not a viable option, due to the importance of ensuring that those charged with decision-making and financial management have effective knowledge and skills.

Reason/s for Recommendation/s

5. Under the terms of the Council's constitution, the Governance and Ethics committee is responsible for maintaining an overview of the Council's Financial Regulations, and it is best practice to ensure that those charged with decision-making have effective knowledge and skills.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

7. The estimated cost of attendance for two members is as follows:

CIPFA member rate	1 st delegate	£175
CIPFA member rate	2 nd delegate	£175
Travel		£115
Total		£465

These costs will be met from the budget for Member's conference fees.

RECOMMENDATION/S

- 1) That attendance at the CIPFA workshop on Understanding Your Council's Financial Reporting Requirements for two members be approved.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

Constitutional Comments (SLB 10/04/2019)

8. Governance and Ethics Committee is the appropriate body to consider the content of this report.

Financial Comments (RWK 11/04/2019)

9. The financial implications are set out in paragraph 7 of the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

CIPFA Training and Development

Leeds – 29 May 2019

Understanding your Council's Financial Reporting Requirements

10.30 - 11.00	Arrival and Refreshments
11.00 - 11.10	Introduction and Welcome
11.10 - 11.45	Overview of Local Government Financial Reporting <p>The opening session of the day sets out the regulatory background to local authority financial reporting, exploring the overall objectives, the key roles, responsibilities, processes and timelines involved.</p>
11.45 - 13.00	A Councillor's Guide to the Accounting Statements <p>In order to fulfil their governance responsibilities, it is essential that elected members have a sound understanding of the core local authority financial statements, and how they illustrate the financial performance and position of their authority.</p> <p>This session provides a guided tour through a typical set of local authority accounts highlighting the main messages it contains, and how the various parts of the statements and disclosure notes link together. The session also covers the role of the Annual Governance Statement in providing additional assurance over the financial performance statements.</p>
13.00 - 13.45	Lunch
13.45 - 14.45	Latest Changes in Local Authority Financial Reporting <p>This session highlights the main changes in the 2018/19 Accounting Code of Practice, summarising the background to those accounting changes and their likely impact on the presentation of local authority performance in the financial statements and disclosure notes.</p>
14.45 - 15.25	Key Questions and Governance Considerations for Elected Members <p>The final session of the day will focus on areas of scrutiny and engagement for elected members as part of their role in approving the accounts, ensuring the authority is reporting performance transparently and held accountable to the stakeholders they represent.</p>
15.25 - 15.30	Summary and Close

1 May 2019**Agenda Item: 15****REPORT OF THE MONITORING OFFICER****THE CODE OF CONDUCT FOR COUNCILLORS AND CO-OPTED MEMBERS
– APPOINTMENT OF INDEPENDENT PERSONS****Purpose of the Report**

1. For the Committee to consider endorsing appointment /s for the role of Independent Person to Full Council.

Information

2. Some of the information relating to this report is not for publication by virtue of Schedule 12A of the Local Government Act 1972 as it is information relating to an individual. Having regard to all the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because the information would add little to public understanding of the issues but would be of detriment to the reputation of the person concerned should the matter not be agreed. The exempt information is set out in the Exempt Appendix.
3. Under the Localism Act 2011 it is a legal requirement for the County Council to adopt a Code of Conduct for Councillors and Co-opted Members. The Council's latest Code was adopted in May 2018. It is also a legal requirement for the County Council to appoint at least two Independent Persons (IP), whose views are sought and taken into account in connection with the standards regime. Councillors and Co-opted Members who are the subject of an allegation may also seek the view of the IP if they wish to do so. Following changes in legislation, the IP also has an advisory role in connection with any proposed dismissal of the head of Paid Service, Finance Officer (section 151 officer) or Monitoring Officer.
4. In May 2018 the County Council decided that due to the length of time that the current IPs have been appointed, a full recruitment process be undertaken for 2019-20. The County Council agreed for Governance and Ethics Committee to oversee the process. A cross-party steering group was established comprising three Members of Governance and Ethics Committee together with the Monitoring Officer as advisor. This steering group undertook the initial selection process with interviews arranged for 26th March and 29th April 2019.
5. As a result of the initial interview held on 26th March, one suitable candidate was identified. A brief summary of their details is included in the exempt Appendix to this report. Two satisfactory references have been received in respect of this candidate.

6. The steering group has two other candidates to interview, but the process has not been completed in their case, with the final interviews taking place on 29th April.
7. Should the steering group feel that either or both of the remaining two candidates prove suitable for appointment, then further information about these candidates will be circulated to the Committee prior to the meeting on 1st May. Any decisions of the Committee for these candidates will be subject to the receipt of satisfactory references.

Other Options Considered

8. It is a legal requirement to appoint at least 2 IPs.

Reason/s for Recommendation/s

9. To ensure that the County Council complies with legal requirements.

Statutory and Policy Implications

10. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

That Committee:

- 1) Considers endorsing to Full Council the appointment of the preferred candidate from the interviews held on 26th March, as detailed in the exempt appendix, for the role of Independent Person.
- 2) Considers endorsing to Full Council the appointment of any further candidates recommended by the steering group for the role of Independent Person, subject to the receipt of satisfactory references.

Marjorie Toward

Monitoring Officer and Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:
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linda.walker@nottsc.gov.uk
0115 9772438

Constitutional Comments (SLB 03/04/2019)

Governance and Ethics Committee is the appropriate body to consider the content of this report.

Financial Comments

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Report to Governance and Ethics Committee dated 30th January 2019.

Electoral Division(s) and Member(s) Affected

- All

1 May 2019**Agenda Item: 16****REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND
EMPLOYEES****WORK PROGRAMME****Purpose of the Report**

1. To review the Committee's work programme for 2018 - 19.

Information and Advice

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the Committee's agenda, the scheduling of the Committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and Committee meeting. Any member of the Committee is able to suggest items for possible inclusion.
3. The attached work programme includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.

Other Options Considered

4. None.

Reason/s for Recommendation/s

5. To assist the Committee in preparing and managing its work programme.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That Committee considers whether any changes are required to the work programme.

Marjorie Toward
Service Director, Customers, Governance and Employees

For any enquiries about this report please contact:

Keith Ford, Team Manager, Democratic Services Tel. 0115 9772590

E-mail: keith.ford@nottsc.gov.uk

Constitutional Comments (SLB)

The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (NS)

There are no financial implications arising directly from this report.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None

Electoral Division(s) and Member(s) Affected

All

GOVERNANCE & ETHICS COMMITTEE - WORK PROGRAMME (AS AT 16 APRIL 2019)

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>Lead Officer</u>	<u>Report Author</u>
12 June 2019			
Education Appeals – resources for voluntary Panel Members	To consider a proposal to pay a nominal annual allowance to Education Appeal Panel Members to cover the cost of ICT consumables.	Marjorie Toward	Keith Ford
Update on Use of the Councillors' Divisional Fund	To consider the six monthly update.	Marjorie Toward	Keith Ford
National Audit Office Cyber Security and Information Risk Guidance for Audit Committees	To consider a six monthly update and any subsequent actions required.	Nigel Stevenson	Adam Crevald
Information Governance Improvement Programme Update	To consider a six monthly update, as agreed by the Committee on 18 December 2018	Marjorie Toward	Caroline Agnew
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council (item to be confirmed).	Marjorie Toward	Laura Mulvany-Law
Presentation on 2018/19 Statement of Accounts and Status of External Audit	A presentation of the main headlines from this year's Statement of Accounts	Nigel Stevenson	Glen Bicknell
Annual Fraud Report 2018-19	To review the latest Annual Fraud Report and consider any follow-up actions required	Rob Disney	Simon Lacey
Follow-up of Internal Audit Recommendations	To consider the latest progress with the implementation of agreed actions from Internal Audit's reports	Rob Disney	Rob Disney
National Audit Office report on Local Government governance	To consider any implications for NCC of the findings of the NAO report	Rob Disney	Rob Disney
CIPFA statement on the role of the Head of Internal Audit	To consider any implications for the arrangements at NCC arising from the updated CIPFA statement	Rob Disney	Rob Disney

24 July 2019			
Update on Use of Resources by Councillors	To consider the six monthly update.	Marjorie Toward	Keith Ford
Information Governance Action Plan Update	To consider a quarterly update on performance against this new Action Plan.	Marjorie Toward	Caroline Agnew
Update on Local Government and Social Care Ombudsman Decisions	To consider any recent findings of the Local Government Ombudsman in complaints made against the County Council (item to be confirmed).	Marjorie Toward	Laura Mulvany-Law
Statement of Accounts 2018/19	To seek approval for this year's Statement of Accounts	Nigel Stevenson	Glen Bicknell
Internal Audit Annual Report for 2018-19 2019-20 Term 2 Plan	To consider the Head of Internal Audit's Annual Report and to consult on the planned work for Term 2 of 2019-20.	Rob Disney	Rob Disney