Nottinghamshire County Council

Governance and Ethics Committee

Thursday, 30 September 2021 at 14:00

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

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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)	
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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 Sara Allmond (Tel. 0115 977 3794) 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

Nottinghamshire County Council **minutes**

Meeting	GOVERNANCE AND ETHICS COMMITTEE
Date	Wednesday 23 June 2021 (commencing at 10.30 am)

membership
Persons absent are marked with `A'

COUNCILLORS

Philip Owen (Chairman)
Nigel Moxon (Vice-Chairman)

Richard Butler
Steve Carr
Neil Clarke MBE
John Cottee
Errol Henry JP **A**
Michael Payne
Helen-Ann Smith
Roger Upton
Elizabeth Williamson

SUBSTITUTE MEMBERS

Councillor Pauline Allan for Councillor Errol Henry JP

OFFICERS IN ATTENDANCE

Sara Allmond Glen Bicknell Rob Disney Jo Kirkby Simon Lacey Nigel Stevenson Marjorie Toward	Chief Executive's Department
Ainsley Macdonnell	Adult Social Care and Health Department

OTHER ATTENDEES

Ian Bayne	Independent Person
Craig Cole	Independent Person
Rob White	Independent Person
John Gregory	Grant Thornton

1. CHAIRMAN AND VICE-CHAIRMAN

RESOLVED 2021/020

That the appointment by Full Council on 27 May 2021 of Councillor Philip Owen as Chairman and Councillor Nigel Moxon as Vice-Chairman of the Committee for the 2021-22 municipal year be noted.

2. MEMBERSHIP

RESOLVED 2021/021

That the membership of the Committee for the 2021-22 municipal year be noted as follows:

Councillors Philip Owen, Nigel Moxon, Richard Butler, Steve Carr, Neil Clarke MBE, John Cottee, Errol Henry JP, Michael Payne, Helen-Ann Smith, Roger Upton and Elizabeth Williamson.

3. MINUTES

The Minutes of the last meeting held on 31 March 2021, having been previously circulated, were confirmed and signed by the Chairman.

4. APOLOGIES FOR ABSENCE

An apology for absence was received from:

- Councillor Errol Henry JP (other reasons)

5. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

6. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN (LGSCO) DECISIONS – MARCH TO MAY 2021

Jo Kirkby, Team Manager, Complaints and Information introduced the report which informed Members of the latest complaint decisions by the LGSCO. Ainsley Macdonnell, Service Director, Community Services – Living Well responded to questions on the decisions.

RESOLVED: 2021/022

The committee agreed to receive a summary of no fault found decisions in future reports and continue to receive full decisions where fault was found.

7. CONSTITUTION REVIEW WORKING GROUP

The Committee considered a report establishing a member working group to review the Council's Constitution, as directed by Full Council.

RESOLVED: 2021/023

1) To approve the establishment of a Constitution Review Working Group, with the membership as set out in paragraph 4 of the report.

2) To receive a report from the working group on its proposed changes to the Constitution to be made by Full Council once the review is complete.

8. GOVERNANCE AND ETHICS COMMITTEE ANNUAL REPORT 2020/21

The Committee considered the report to be presented to Full Council which set out the work of the committee over the previous year.

RESOLVED: 2021/024

That the Committee agreed the contents of the report and referred it to Full Council for its consideration.

9. LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT – 2020/21

The Committee considered a report which reviewed the Local Code of Corporate Governance for Nottinghamshire County Council and sought approval for the proposed Annual Governance Statement 2020/21.

RESOLVED: 2021/025

1) That Committee approves the Annual Governance Statement 2020/21, with no changes required.

2) That the Committee approves that any changes required to the Annual Governance Statement prior to its final publication in September 2021 may be agreed by the Chief Executive in consultation with the Leader of the Council.

10. ASSURANCE MAPPING ANNUAL REPORT 2020-21

The committee considered a report which set out the outcomes from the assurance mapping work carried out during 2020-21 and proposed an approach for 2021-22.

RESOLVED: 2021/026

1) That the assurance mapping process be retained in 2021/22.

2) That the scope of the assurance map for 2021/22 be consolidated to focus on the existing eight assurance areas.

3) That progress against proposed actions to address the issues identified be reported to Committee as part of the quarterly update reports on the Annual Governance Statement.

4) That no additional actions are required.

11. HEAD OF INTERNAL AUDIT'S ANNUAL REPORT FOR 2020/21

The Committee considered a report which set out the Head of Internal Audit's Annual Report for 2020/21 and his opinion on the adequacy of the County Council's arrangements for governance, risk management and control.

Members requested that future reports include an executive summary highlighting the key points from the report.

RESOLVED: 2021/027

That the action set out above be agreed.

12. STATEMENT OF ACCOUNTS 2020/21 – ACCOUNTING POLICES

The Committee considered a report which set out the proposed accounting policies used in creating the Authority's Statement of Accounts for 2020/21.

A presentation on the accounting policies would be given at a future meeting.

RESOLVED: 2021/028

That the proposed changes to the Authority's accounting policies be approved.

13. INFORMING THE AUDIT RISK ASSESSMENT – 2020-21 STATEMENT OF ACCOUNTS

The Committee considered a report which set out 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 2020/21.

RESOLVED: 2021/029

That no further actions were required.

14. GRANT THORNTON – EXTERNAL AUDIT PLAN 2020/21

The Committee considered a report which set out the External Auditors' Audit Plan for their 2020/21 Audit.

RESOLVED: 2021/030

That no further actions were required.

15. WORK PROGRAMME

RESOLVED: 2021/031

That the work programme be agreed.

The meeting closed at 11.32 am.

CHAIRMAN

Nottinghamshire County Council

Report to Governance and Ethics Committee

30 September 2021

Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE AND EMPLOYEES

LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN DECISIONS: JUNE – AUGUST 2021

Purpose of the Report

1. 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 27th August 2021.

Information

2. Members have asked to see the outcome of Ombudsman investigations 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.

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 fourteen decisions relating to the actions of this Council have been made by the Ombudsman in this period. Appendix A to this report summarises the decisions made in each case for ease of reference and Appendix B provides the full details of each decision where fault has been found.

6. Following initial enquires into eight cases the LGSCO decided not to continue with any further investigation for the reasons given in Appendix A. Copies of the full decisions are available as background papers.

7. Full investigations were undertaken in six complaints. Appendix A provides a summary of the outcome of each investigation. Where fault was found, the table shows the reasons for the failures and the recommendations made. If a financial remedy was made the total amount paid or reimbursed is listed separately. (Reference and page numbers refer to the information in Appendix B).

8. During this period there were five cases concerning Adult Social care, one of which is a Public Report (page 4 in Annex B). There are many reasons why the LGSCO might issue a public report. The main reason is because the Ombudsman believes it is in the public interest to highlight particular issues or problems. He might also issue a public report because what went wrong is significant or because the impact on the person complaining is significant.

9. The complainant in this case complained about the services provided at Berry Hill Park Care Home to his late mother; the services were commissioned by the Council. He also complained about the council's safeguarding investigation. The report notes good social work practice : "*case records show the Council officers involved were empathetic and impartial. Officers were navigating a difficult family situation while keeping Mrs D at the heart of decision making. The records show officers obtaining the views of all involved, responding to Mr C's frequent emails but also maintaining lines of communication with the care home".* However fault was found in relation to the Care Homes actions in restricting the complainants access to the Home, and in relation to a delay in informing him of the outcome of the safeguarding investigations, although no fault was found in relation to the investigation itself.

10. The report made several recommendations which have all been accepted by the Council:
    - formally acknowledge the failures identified in this report and apologise for the frustration, distress, time and trouble the Care Provider's and Council's actions caused him;
    - pay Mr C £650 to reflect:
        - the distress he was caused by the Care Provider banning him from the care home without notice;
        - the distress he was caused from not seeing his mother for six weeks; and
        - his time and trouble in having to raise his complaints with both the Care Provider and Council for the restrictions to be removed;

- through contract monitoring processes ensure the Care Provider:
    - reminds care staff about what actions to take before a person is excluded from a care home;
    - reminds care staff about the importance of recording risk assessments and that these are evidence based rather than opinion;
    - provides training to staff about anti discriminatory recording and behaviours;
- remind staff about the importance of telling people the outcome of safeguarding investigations as quickly as possible;
- remind staff about recording and completing any follow up actions arising from a safeguarding investigation.

11. Some actions have already been completed and Adult Social Care have developed an action plan (attached at Appendix C). The LGSCO will require the Council to evidence that the actions have been completed within the timescale.

12. In two of the remaining cases concerning ASCH (pages 1 and 18 in annex B) the Council remedied the complaint as the Ombudsman was making enquiries, and therefore the complaints were closed, one with no further remedies, and one with agreed actions. One case (page 27 in Annex B) found that the Council had not fully taken into account all the relevant family matters before deciding a service user had “notional capital” to pay for care. This followed a series of gifts and a property transfer within the family. The Council will apologise and will conduct a re-assessment.

13. One complaint spanned adults and childrens services and related to transition planning and withdrawal of support services. The main strands of the complaint: service provision and planning, were not upheld. It was found that there had been confusing communication (which had already been identified and apologies offered before the LGSCO was involved). The decision to deal with additional complaints through the adults complaints process was also criticised, although the robust investigation that resulted was recognised.

14. The final case (page 21 in Annex B) related to children’s services, and concerned a tragic case surrounding the care of a young child following the mothers murder by the father. Although the main substance of the complaint was not upheld, fault was found in that a statutory health assessment of the child was not carried out within statutory timescales.

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.

Data Protection and Information Governance

16. The decisions attached are anonymised and will be publicly available on the Ombudsman’s website.

Financial Implications

17. Financial remedies from Adult Social Care and Health budget total £900 although £650 has been rejected by the complainant. A remedy of £300 was paid from the Chief Executives Department.

Implications for Service Users

18. 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.

RECOMMENDATIONS

1. That members consider whether there are any actions they require in relation to the issues contained within the report.

2. That there is some detailed work done with Adult Social Care Department, in relation to identifying core issues in complaints that are not resolved at the earliest point.

Marjorie Toward
Monitoring Officer and Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Jo Kirkby Team Manager – Complaints and Information Team

Constitutional Comments (HD (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 (RWK 16/09/2021)

The decisions detailed in the report and the appendix have resulted in financial remedies totalling £1,200. These costs will be met from within the budget for adult social care (£900) and the Chief Executive's department.

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.

- Ombudsman decisions where no fault found.

Electoral Division(s) and Member(s) Affected

- All

APPENDIX A

DECISIONS NOT TO INVESTIGATE FURTHER

DATE	LGO REF	PROCEDURE	COMPLAINT SUMMARY	REASON FOR DECISION
3 June 2021	20 013 698	Adults	Council did not apply for Continuing Health Care funding for mother in law, Council unfairly started legal action to recoup debt.	No evidence of fault regarding the Council's decision not to apply for CHC funding, and the legal action is out of jurisdiction.
15 June 2021	21 001 363	Corporate	Council will not pay for repairs to car after it was damaged by a pothole.	It is reasonable to expect him to take court action for the compensation he seeks
24 June 2021	21 000 210	Childrens	Complaint about social worker and managers actions.	It is unlikely we could achieve a significantly different outcome than the Council's response to complaint and there are other bodies better placed.
30 June 2021	20 010 679	Corporate	Council damaged driveway when carrying out work to pavement. Offers to carry out repair work rejected by complainant.	Complainant can seek a remedy in court, directly or through her insurers, if she believes the Council caused the damage.
1 July 2021	21 001 628	Adults	Complaint that the council incorrectly refused to disregard a house owned by parents, when it financially assessed father in relation to care support fees	Complaint is made late and there are no good reasons to exercise the Ombudsman's discretion to look at it now. (Complainant told he could complain to Council in early 2019 – he chose not to).
20 July 2021	21 002 599	Childrens	Complaint about events that occurred in 2002.	Unlikely that we would be able to carry out a fair investigation into decisions made about complainant and her child's care in 2002.
23 July 2021	21 003 195	Childrens	Complaint about contents of a social work assessment.	The assessment has been subject to court proceedings.
16 August 2021	21 002 557	Corporate	Complaint about the Council's adoption of its Mineral Plan	No evidence of fault in the Council's decision-making process. LGSCO cannot consider the decision of the Planning Inspectorate.

FULL INVESTIGATIONS

DATE	LGO REF ANNEX PAGE No	PROCEDURE	COMPLAINT SUMMARY	DECISION	RECOMMENDATION	FINANCIAL REMEDY
1 June 2021	20 011 817 Page 1	Adults	Complaint about the outcome of an assessment of adult son's care and support needs completed in November 2020	There is evidence of fault by the Council. There was no evidential basis for the reduction to support hours.	During this investigation, Council reconsidered its decision and reinstated support hours. There is no further remedy required	
23 June 2021	19 019 681 Page 4	Adults	Complaint about the standard of care provided to his late mother at a Council commissioned care home, the visiting restrictions imposed on him by the care home, and the Council's safeguarding process which failed to uphold his complaints.	Fault and injustice	Apology Contract monitoring of care provider Reminders to staff	£650 (rejected by complainant)
23 July 2021	20 007 088 Page 18	Adults	Complaint about the Council's refusal to obtain an independent valuation of jointly owned property when assessing his contribution towards residential care home fees.	The Council was at fault by not obtaining a valuation of assets. The Council has agreed an appropriate remedy.	Apology Arrange independent valuation share of the jointly owned business. The valuation obtained should inform a revised financial assessment. .	
11 August 2021	20 011 879 Page 21	Childrens	Complained about how the Council considered complaint under the children's statutory complaint procedure in relation to its actions towards his grandchild's care following the death of their mother.	Failure to carryout health assessment within statutory timescales, not picked up by investigation.	Apology Remind staff about timeliness of health assessments for looked after children.	
17 August 2021	20 013 881 Page 27	Adults	Council wrongly assessed mother as having 'notional capital' to pay for care following a series of gifts and a property transfer she made between 2014 and 2017.	Upheld – Council not taken account of all relevant matters.	Apology Reassessment of decision Briefing to staff	£250
23 August 2021	20 009 398 Page 35	Childrens and Adults	Complaint about poor transition planning	Transition work progressed as well as it could, given	Apology Consider the	£300

			for daughter when she moved from children's to adult support services, including the withdrawal of support services.	pandemic, needs were met throughout by support services or by family. Some confusing communication and some criticism of complaint handling.	lessons it could learn in terms of joint working between its children's and adults teams, and how it will ensure that complaints about children's services are considered using the children's statutory process.	

1 June 2021

Complaint reference:
20 011 817

Complaint against:
Nottinghamshire County Council

Local Government & Social Care OMBUDSMAN

The Ombudsman's final decision

Summary: There was no evidential basis for the Council's decision to reduce Mr Y's support hours. During this investigation the Council reconsidered its decision and reinstated the hours. There is no further remedy required.

The complaint

1. Mr X complains about the outcome of an assessment of his adult son's care and support needs completed in November 2020. The assessment formed part of an agreed remedy on a public report this office issued in November 2019 (18 015 558).

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'. 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)***

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 have:

- considered the complaint and discussed it with Mr X;
- considered the correspondence between Mr X and the Council, including the Council's response to the complaint;
- made enquiries of the Council and considered the responses;
- considered relevant legislation;
- offered Mr X and the Council an opportunity to comment on a draft of this document.

What I found

5. Mr Y has autism. He lives with his parents, Mr & Mrs X, who provide support with all aspects of daily living.

6. In November 2019, this office published a public report which criticised the Council for its decision to reduce Mr Y's personal budget without proper assessment of his care and support needs. As part of the agreed remedy the Council agreed to *"review Mr Y's assessment and produce a care and support plan which reflects his needs over a seven-day period and explain in detail how these needs will be met, in consultation with Mr Y and Mr & Mrs X".*

7. Due to lockdown, there was a delay in the completion of the assessment. The Council completed the assessment in November 2020. The outcome of which resulted in a reduction in Mr Y's weekly support hours from 13 hours per week to 6.

8. Having considered the needs assessment completed in 2018, the content of which informed the findings of the public report, and the assessment completed in November 2020, I contacted the Council to ask it to explain the basis for its decision to reduce Mr Y's weekly support hours, when the assessment showed little change in his needs.

9. The 2020 assessment considered all areas of Mr Y's needs. Of which:

- 19 concluded no change from the 2018 assessment
- 2 concluded increased independence (no 1 & 18 of the assessment)
- 2 concluded increased need for support (no 5 & 11 of the assessment)

10. The 2018 assessment records Mr Y to need between 3 – 3.5 hrs support a day

11. The November 2020 assessment records Mr Y to need between 4.5 – 5 hours support a day. Both assessments record Mr Y to need support *'in the community more than 6 times a week'.*

12. During this investigation, the Council reconsidered its decision to reduce Mr Y's support hours and agreed to reinstate the support hours to 13 per week and backdate it to November 2020. The Council has issued a revised support plan, which Mr Y and Mr X are satisfied with. The Council plans to review Mr Y's needs again in June 2022.

Analysis

13. It is not our role to decide if a person has social care needs, or if they are entitled to receive services from the Council. Our role is to establish if the Council assessed a person's needs properly and acted in accordance with the law.

14. In this case, the Council failed to do so because there was no evidential basis for the reduction to Mr Y's support hours.

15. If a person's support package is reduced or changed in a significant way, then the law requires that the Council provides a detailed and convincing explanation as to why this is happening (for example because the person's condition has improved substantially). In this case there was no convincing explanation.

16. The Council reconsidered its decision and reinstated Mr Y's hours. There is no outstanding injustice that needs to be remedied. The Ombudsman welcomes the Council's actions.

Final decision

17. There is evidence of fault by the Council. There was no evidential basis for the reduction to Mr Y’s support hours.

18. During this investigation, the Council reconsidered its decision and reinstated Mr Y’s support hours. There is no further remedy required..

19. It is on this basis; the complaint will be closed.

Investigator’s decision on behalf of the Ombudsman

Local Government &
Social Care
OMBUDSMAN

Report by the Local Government and Social Care Ombudsman

Investigation into a complaint against Nottinghamshire County Council (reference number: 19 019 681)

23 June 2021

The Ombudsman's role

For more than 40 years the Ombudsman has independently and impartially investigated complaints. We effectively resolve disputes about councils and other bodies in our jurisdiction by recommending redress which is proportionate, appropriate and reasonable based on all the facts of the complaint. Our service is free of charge.

Each case which comes to the Ombudsman is different and we take the individual needs and circumstances of the person complaining to us into account when we make recommendations to remedy injustice caused by fault.

We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- apologise
- pay a financial remedy
- improve its procedures so similar problems don't happen again.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

Key to names used

Mr C	The complainant
Mrs D	The complainant's mother
X	A family member
Y	A family member
Z	A family friend

Report summary

Adult Social Care

Mr C complained about the standard of care provided to his late mother at a Council commissioned care home, the visiting restrictions imposed on him by the care home, and the Council's safeguarding process which failed to uphold his complaints. Mr C says the Council's failures have caused him personal distress and anxiety and his mother's health deteriorated because of the inadequate care she received.

Finding

Fault found causing injustice and recommendations made.

Recommendations

To remedy the injustice identified in this report we recommend the Council:

- formally acknowledge the failures identified in this report and apologise to Mr C for the frustration, distress, time and trouble the Care Provider's and Council's actions caused him;
- pay Mr C £650 to reflect:
  - the distress he was caused by the Care Provider banning him from the care home without notice;
  - the distress he was caused from not seeing his mother for six weeks; and
  - his time and trouble in having to raise his complaints with both the Care Provider and Council for the restrictions to be removed;
- through contract monitoring processes ensure the Care Provider:
  - reminds care staff about what actions to take before a person is excluded from a care home;
  - reminds care staff about the importance of recording risk assessments and that these are evidence based rather than opinion;
  - provides training to staff about anti discriminatory recording and behaviours;
- remind staff about the importance of telling people the outcome of safeguarding investigations as quickly as possible;
- remind staff about recording and completing any follow up actions arising from a safeguarding investigation.

The Council has accepted our recommendations.

The complaint

1. Mr C complained about services provided at Berry Hill Park Care Home, to his late mother, Mrs D. We have used Mr C and Mrs D rather than real names to protect anonymity.
2. Mr C complained about:
   - the care Mrs D received in Berry Hill Park Care Home;
   - wrongly put in place deprivation of liberty safeguards to prevent him from taking Mrs D out of the care home;
   - the Council's best interest decision Mrs D should remain at Berry Hill Park Care Home; and
   - the Council's safeguarding investigation.
3. Because of these failures Mr C considers the Care Provider neglected Mrs D and she did not receive the care she should have. He also believes he lost time with his mother after the care home inappropriately restricted his access to her. Mr C says the Council's failures caused him distress and frustration.

Legal and administrative background

The Ombudsman's role and powers

4. We investigate complaints about 'maladministration' and 'service failure'. In this report, we 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. We 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)***
5. 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)***
6. We investigate complaints about councils and certain other bodies. Where an individual, organisation or private company is providing services on behalf of a council, we can investigate complaints about the actions of these providers. ***(Local Government Act 1974, section 25(7), as amended)***
7. When a council commissions another organisation to provide services on its behalf it remains responsible for those services and for the actions of the organisation providing them. So, if we find fault with the actions/service of the care provider, we make recommendations to the council.
8. We normally name care homes and other providers in our reports. However, we will not do so if we think someone could be identified from the name of the care home or care provider. ***(Local Government Act 1974, section 34H(8), as amended)***
9. We normally expect someone to refer the matter to the Information Commissioner if they have a complaint about data protection. However, we may decide to investigate if we think there are good reasons. ***(Local Government Act 1974, section 24A(6), as amended)***

Relevant law and guidance

The Care Act 2014

10. Section 42 of the Care Act 2014 says a council must make necessary enquiries if it has reason to think a person may be at risk of abuse or neglect and has needs for care and support which mean he or she cannot protect himself or herself. It must also decide whether it or another person or agency should take any action to protect the person from abuse or risk.

The Mental Capacity Act 2005 and Code of Practice to the Mental Capacity Act

11. The Mental Capacity Act 2005 is the framework for acting and deciding for people who lack the mental capacity to make decisions for themselves. The Act (and the Code of Practice 2007) describes the steps a person should take when dealing with someone who may lack capacity to make decisions for themselves.

12. A key principle of the Mental Capacity Act 2005 is that any act done for, or any decision made on behalf of a person who lacks capacity must be in that person's best interests. Section 4 of the Act provides a checklist of steps that decision makers must follow to determine what is in a person's best interests. The decision maker must also consider if there is a less restrictive choice available that can achieve the same outcome.

13. The Deprivation of Liberty Safeguards (DoLS) is an amendment to the Mental Capacity Act 2005 and came into force on 1 April 2009. The safeguards provide legal protection for individuals who lack mental capacity to consent to care or treatment and live in a care home, hospital or supported living accommodation. The DoLS protect people from being deprived of their liberty, unless it is in their best interests and there is no less restrictive alternative. The legislation sets out the procedure to follow to obtain authorisation to deprive an individual of their liberty. Without the authorisation, the deprivation of liberty is unlawful.

The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014

14. The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 (the 2014 Regulations) set out the requirements for safety and quality in care provision. The Care Quality Commission (CQC) issued guidance in March 2015 on meeting the regulations (the Guidance.). We consider the 2014 Regulations and the Guidance when determining complaints about poor standards of care.

15. Health and Social Care Act 2008 (Regulated Activities) Regulations 2014:

- Regulation 12 – "Safe care and treatment". Providers must assess the risks to people's health and safety during any care or treatment. Guidance says providers must do what is reasonably practicable to mitigate risks;
- Regulation 13 – "Safeguarding service users from abuse and improper treatment". This regulation says a person should not be deprived of their liberty without lawful authority;
- Regulation 14 – "Meeting nutritional and hydration needs". Providers must ensure people have enough to eat and drink to meet their nutrition and hydration needs and receive the support they need to do so. This is to reduce risks of malnutrition and dehydration.
- Regulation 17 – 'Good governance'. Providers must have systems and procedures to assess, monitor and mitigate any risks relating to the health,

safety and welfare of people using services. Providers must also maintain accurate, complete and detailed records for each person using the service.

16. CQC's "Information on visiting rights in care homes – detailed version" says care home visits for those who lack mental capacity should be enabled unless there are compelling reasons to say the visits are not in their best interests.

Human Rights Act 1998

17. The Care Act 2014 says CQC regulated Care Providers are acting as public authorities for the purposes of the Human Rights Act 1998 (HRA) if a local authority funds/arranges a person's care. This means that if a local authority funds/arranges a person's care then the Care Provider is a public authority and so the person gets the protection of the HRA.

18. The Human Rights Act 1998 brought the rights in the European Convention on Human Rights into UK law. Public bodies, including councils, must act in a way to respect and protect human rights. It is unlawful for a public body to act in a way which is incompatible with a human right. 'Act' includes a failure to act. ***(Human Rights Act 1998, section 6)***

19. It is not our role to decide whether a person's human rights have been breached. That is for the courts. We decide whether there has been fault causing injustice. Where relevant, we consider whether a council has acted in line with legal obligations in section 6 of the Human Rights Act 1998. We may find fault where a council cannot evidence it had regard to a person's human rights or if it cannot justify an interference with a qualified right.

20. Article 5 of the European Convention on Human Rights says everyone has the right not to be deprived of their liberty except in limited cases including the detention of someone who is of "unsound mind".

21. Article 8 of the European Convention on Human Rights says everyone has a right to respect for their private and family life, home, and correspondence. This right is qualified which means it may need to be balanced against other people's rights or those of the wider public. A qualified right can be interfered with only if the interference is designed to pursue a legitimate aim, is a proportionate interference and is necessary. Legitimate aims include:

- the protection of other people's rights;
- national security;
- public safety;
- the prevention of crime;
- the protection of health.

Equality Act 2010

22. The Equality Act 2010 protects the rights of individuals and supports equality of opportunity for all. It offers protection, in employment, education, the provision of goods and services, housing, transport and the carrying out of public functions.

23. The Equality Act makes it unlawful for organisations carrying out public functions to discriminate on any of the nine listed protected characteristics. The Public Sector Equality Duty also sets out duties for such organisations to follow to stop discrimination. The 'protected characteristics' referred to in the Act are:

- age,
- disability,

- gender reassignment,
- marriage and civil partnership,
- pregnancy and maternity,
- race,
- religion or belief,
- sex, and
- sexual orientation.

24. Direct discrimination occurs when a person or service provider treats another less favourably than they treat or would treat others because of a protected characteristic.

How we considered this complaint

25. We spoke with Mr C, considered written information he provided and made enquiries of the Council. We considered:

- the Council's response, and documents provided by both Mr C and the Council. This included safeguarding and case records;
- Care and Support Act 2014;
- Care and Support Statutory guidance (CASS);
- Mental Capacity Act 2005;
- Deprivation of Liberties Safeguards;
- The Equality Act 2010;
- Human Rights Act 1998.

26. Mr C, the Council and Care Provider had an opportunity to comment on our draft report. We considered any comments received before producing the final report.

What we found

Background information

27. Mrs D and Mr C lived together in the community. Mr C has a history of mental health problems. After Mrs D developed dementia Mr C became her main carer. Because of an increase in Mrs D's care needs she moved into Berry Hill Park Care Home, a residential care home run by HC-One Limited, the "Care Provider". The Council arranged and funded the care home. Mr C continued to support his mother visiting daily.

28. Mrs D had a close family member, who we refer to as X. X lived abroad but visited the country once or twice a year. When in England X saw Mrs D regularly, as did another family member, who we refer to as Y. Mr C says Mrs D had fallen out with X and Y and had little contact with them before moving into the care home.

29. There is no dispute that Mr C and X were concerned about Mrs D's welfare. However both had different views on how the Council should meet Mrs D's needs.

What happened

30. In August 2018, the Care Provider made a safeguarding alert to the Council as Mr C threatened to move Mrs D after he found her bruised. Mr C says the Care Provider did not warn him about the bruising, and he only found out when he

visited the care home and saw his mother. The Care Provider told him they forgot to contact him. Mr C says this was not an isolated incident and on at least three further occasions Mrs D had been at risk. Mr C also alerted the Council that Mrs D did not have a DoLS in place.

31. A few days later the Care Provider said Mr C had become loud and aggressive after he saw X visiting Mrs D. The Care Provider said some of the altercation happened in the main lounge in front of other residents, some of whom felt threatened. Mr C had not however aimed any of his anger at the residents or staff.

32. A staff member escorted Mr C out of the care home. Within 20 minutes Mr C had calmed down and apologised to the staff member. Following the incident the Care Provider wrote to Mr C banning him from the care home. The Care Provider did not give Mr C any warning nor did it discuss its concerns before the ban. At the time the Care Provider did not have a specific policy or process in place for visitor restrictions.

33. During the safeguarding investigation the care home raised further concerns about Mr C which included:

- Mr C providing personal care to Mrs D with Z, a family friend;
- Mr C's preference for some carers over others and only wanting those carers to provide care to Mrs D;
- Mr C was verbally "abusive" and threatening to staff members;
- Mrs D was often anxious after Mr C's visit;
- personal comments about Mr C and the way some staff felt around him, that he made them feel uncomfortable, negative comments about his appearance, demeaner and "different" behaviour.

34. Mr C says these were all false allegations.

35. As part of the safeguarding investigation the Council interviewed members of staff, asked for Mr C's views and those of other family members, and reviewed care records.

36. Over the next few weeks Mr C made both safeguarding alerts and complaints to the Council, he also started to look at an alternative care home. The Council dealt with these together. They included:

- Mrs D did not always have access to water;
- Mrs D was often in soiled or wet clothing and left to urinate in public places;
- Mrs D did not receive acceptable personal care;
- the Care Provider was short staffed and could not properly care for residents;
- the Care Provider's inability to manage Mrs D's mobility;
- lack of social stimulation for Mrs D;
- the failure to meet Mrs D's religious needs. Although a priest visited the care home regularly the care home prevented Mr C from taking his mother to church;
- the Care Provider's discrimination against him because of his mental health problems. He says because of this the Care Provider gave more weight to X's views and preferences than his;

- inappropriately shared information with X; and
- contacted Z about an incident without telling Mr C first.

37. After the Care Provider imposed restrictions on Mr C his relationship with staff members worsened. Mr C felt Mrs D should move to a different care home or return home to live with him.

38. Alongside the safeguarding investigation a separate Council department undertook assessments as part of DoLS. The Care Provider had asked for an urgent authorisation as it felt the way in which it provided care to Mrs D could potentially be a deprivation of her liberty.

39. The DoLS assessor interviewed members of staff, considered care records, met with Mrs D, and spoke with Mr C. The assessor also considered the restrictions on Mr C.

40. Both the safeguarding investigating officer and the DoLS assessor criticised the way in which the Care Provider had acted in banning Mr C from the care home. It failed to:

- properly consider Mrs D's right to family life, a potential breach of her Article 8 rights;
- properly record or evidence any of the claims it was making in defence of its actions or the safeguarding alert; and
- engage with Mr C with a view to taking less restrictive action.

It also imposed a ban without any tangible evidence that Mrs D or anyone else, staff member or resident was at risk from Mr C. And appeared to apply a ban to Z, a frequent visitor to Mrs D without any proper cause or reason.

41. The DoLS assessor concluded Mrs D was deprived of her liberty but that it was necessary and the least restrictive option available to maintain her care and safety. By this time, the Care Provider had agreed restricted access between Mr C and Mrs D. It said the first visits would be in public areas and supervised. The DoLS authorised the deprivation but for a shorter period than usual to give the Care Provider an opportunity to resolve matters with Mr C and for the assessor to review the authorisation.

42. The Council completed a best interest assessment. After considering the views of all those involved both family and professionals, it decided that it was in Mrs D's best interest to remain at the care home.

43. The safeguarding investigation into Mr C's allegations about the Care Provider concluded that:

a) another resident had superficially bruised Mrs D while trying to move her away from their personal space;

b) there were times when staff found Mrs D in communal areas wet or soiled. This was mainly due to Mrs D not always cooperating with staff in a toileting schedule, and Mrs D's incontinence which meant she did not always know when she needed to use the toilet;

c) Mrs D would have no access to water when the Care Provider was refilling water jugs;

d) there was weight loss but there was nothing to suggest this was because of poor nutrition but more likely than not because of reduced swelling from an oedema in Mrs D's leg; and

e) the staffing ratio within the care home met government guidelines. There may have been occasions when Mrs D did not receive personal care, but this was generally when the staff were unable to engage with Mrs D rather than out of neglect.

44. The Council recorded (a) to (c) as substantiated concerns.

45. The Council did not uphold Mr C's complaints about the care Mrs D received. It wrote to Mr C on 15 January and 14 February 2019 providing the outcome of the safeguarding and complaint investigation. It said the Care Provider had taken suitable action:

- it had referred Mrs D to both the falls clinic and the incontinence service;
- care staff were now observing Mrs D every 15 minutes;
- the Care Provider had recorded incidents and considered how to prevent reoccurrence and got medical advice when necessary;
- there had been no data breach;
- following a best interest assessment which included gaining views from all those involved; it was not in Mrs D's best interests to attend church. This was because of Mrs D's general frailty and the risk Mr C would not return her to the care home; and
- the Care Provider accepted a staff member had mistakenly contacted Y instead of Mr C and apologised for this.

46. As a result the Care Provider acted to:

- ensure staff replaced water jugs quickly and residents had access to drinks all the time;
- put in place risk assessments to prevent future altercations between Mrs D and other residents; and
- devise a policy about steps care homes should follow if they are considering restricting access to visitors.

47. The Council says the Care Provider supported Mrs D with several activities to provide her with social stimulation and that she engaged with other residents and staff members.

48. By October 2018 the relationship between the Council and Mr C had worsened and Mr C no longer trusted the Council to make unbiased judgements. He felt both the Council and Care Provider sided with X.

49. Mrs D went into hospital in February 2019 and died soon after.

Conclusions

Context

50. This was a complicated case involving difficult family dynamics and many safeguarding allegations and counter allegations. The case records show the Council officers involved were empathetic and impartial. Officers were navigating a difficult family situation while keeping Mrs D at the heart of decision making. The records show officers obtaining the views of all involved, responding to Mr C's frequent emails but also maintaining lines of communication with the care home.

Quality of care at Berry Hill

51. Through its safeguarding investigation the Council identified service failure. Some of the Care Provider's actions were not in line with the regulatory standards, detailed in paragraph 15 above. The Care Provider failed to:

- meet hydration needs by Mrs D not always having easy access to water, (Regulation 14),
- provide safe care and treatment by not addressing Mrs D's incontinence issues, (Regulation 12); and
- protect Mrs D from injury, (Regulations 12 and 17).

52. There is also a lack of record about the activities available to Mrs D and how staff encouraged her to join in these activities. This is fault and not in line with Regulation 17.

53. Mrs D has now died, and we cannot remedy any injustice the Care Provider's actions may have caused her. Mr C has however had time and trouble in raising these issues and anxiety that Mrs D was not receiving the care she should have.

54. There is no fault in the way the Council and the care home decided whether it was in Mrs D's best interests to have church visits. Through the DoLS process the Council obtained views of those involved and made a reasoned decision following the best interest check list. Although Mr C is unhappy with the outcome of the decision, we are unable to criticise decisions where there is no fault in the steps taken in reaching that decision.

55. We do not intend to investigate the alleged data breach as this is a matter for the Information Commissioner.

Restricting Mr C's access to the care home

56. The Care Provider was at fault for failing to properly consider its decision to ban Mr C from the care home. It failed to properly consider whether the ban on Mr C was necessary, the least restrictive, and in Mrs D's best interests. This is not in line with Regulation 13.

57. When the Care Provider lifted restrictions on Mr C's access to Mrs D, it did so conditionally. However there appears to be no risk assessment or rationale about what and how the care home should impose these restrictions. The lack of clear recording and risk assessments are not in line with regulatory standards in particular Regulations 12 and 17.

58. The Care Provider did not consider the impact on Mrs D, or look at ways it could support Mrs D to see her son and limit any potential risk. It did not have a policy that staff could follow and did not give Mr C formal warning before the ban. Both the Council and Care Provider also failed to communicate with Mr C about whether Z could visit. This resulted in neither of them visiting.

59. We consider the Care Provider's restrictions were also not in line with Mrs D's human rights, in particular her right to family life, Article 8. Mrs D was close to Mr C, he visited every day and had lived with her before she went into the care home. The Care Provider's actions interfered with this fundamental right with no clear evidence of how it had reached the decision or attempted to look at ways in which it could avoid the interference.

60. The Equality Act says Care Providers should not discriminate unlawfully against a person with a protected characteristic, this includes mental health problems. The comments made by care home staff about Mr C indicate the Care Provider's

actions were clouded by perceptions they had of Mr C because of his behaviour. This gives cause for concern that Mr C's mental health problems influenced its decision making. The focus was on the irregularity of Mr C's behaviour rather than how anything he did negatively affected Mrs D or others within the care home.

61. The personal comments made about Mr C, and how staff felt around him were opinion and not evidence based. They were criticised by both the DoLS assessor and safeguarding officer. While we understand the Care Provider acted in what it thought was in its, and Mrs D's best interests, the decision making was flawed because of those judgements and not in the spirit of the Equality Act.

62. Mrs D had dementia so continuity and familiarity would have been important. We therefore consider it is more likely than not Mrs D missed Mr C's visits. Mrs D has now died, and we cannot remedy any injustice the Care Provider's actions caused.

63. The Care Provider's actions have however caused Mr C anxiety, distress and frustration which exacerbated his pre-existing mental health problems. Mr C could not visit his mother for approximately six weeks, the Care Provider made the decision without any proper risk assessment, warning or discussion. Mr C lost faith in both the Care Provider and the Council which then impeded his ability to work with them to support his mother.

64. The Care Provider does now have a policy which is in line with good practice and the law. It is unclear whether this was developed because of this complaint, but the proactive steps taken by the Care Provider are welcomed.

Safeguarding

65. The Council followed the Care Act and associated guidance set out at paragraph 10 above. It correctly took safeguarding action when it received alerts initially from the Care Provider and then from Mr C. It investigated the concerns raised and interviewed all relevant parties including Mr C, the care home, family members and other professionals involved. The investigating officer visited Mrs D and considered the use of an advocate.

66. The Council completed a balanced investigation reaching a decision on the allegations made. We are generally unable to criticise a professional judgement unless there is procedural fault. While we understand Mr C is unhappy with the outcome of the investigation about Mrs D's care, we are unable to find fault with the Council's actions.

67. We understand the Council's reasons for combining the safeguarding issues with Mr C's complaints. However we consider this caused some confusion about outstanding care issues and a delay in telling Mr C the outcome of the safeguarding investigation. Even though this was a difficult situation we consider the Council should have told Mr C the outcome of the investigation into him sooner. It should have also set out what follow up actions it intended to take about Mr C's concerns about his mother's care. This would have relieved some of Mr C's anxiety and frustration of having unfounded allegations weighing over him, and reassurance that the Council was listening and taking action about Mrs D's care.

Best interest decisions about Mrs D remaining at the care home

68. It is understandable that Mr C would have lost trust and confidence with the Care Provider, however the focus of the Council was Mrs D. The decision it had to make was whether it was in her best interests to leave the care home, and if it

was, where she should live. We have found no fault in the way the Council completed the best interest assessment. It followed the best interest checklist, considered the views of all those involved, and made a reasoned decision that moving Mrs D would be damaging to her health and wellbeing. There was also no other option available, that could meet Mrs D's needs.

69. Even if there was fault in the decision making process it is unlikely Mrs D would have moved to a different care home. This is because at the time Mr C's choice of care home did not have a vacancy.

Recommendations

70. We consider there was fault by the Council and the Care Provider which caused Mr C and Mrs D injustice. Mrs D has died, and we cannot remedy her injustice. We made recommendations to the Council which it has agreed. The actions are to improve future practice and to recognise the impact the faults had on Mr C.

71. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. ***(Local Government Act 1974, section 31(2), as amended)***

72. In addition to the requirements set out above, the Council has agreed to:

- formally acknowledge the failures identified in this report and apologise to Mr C for the frustration, distress, time and trouble the Care Provider and Council's actions caused him;
- pay Mr C £650 to reflect:
  - the distress caused by the Care Provider banning him from the care home without notice;
  - the distress of not seeing his mother for six weeks; and
  - his time and trouble in having to raise his complaints with the Care Provider and Council for the restrictions to be removed;
- through contract monitoring processes ensure the Care Provider:
  - reminds care staff about what actions to take before excluding a person from a care home;
  - reminds care staff about the importance of recording risk assessments and that these are evidence based rather than opinion;
  - provides training to staff about anti discriminatory recording and behaviours;
- remind staff about the importance of telling people the outcome of safeguarding investigations as quickly as possible;
- remind staff about recording and completing any follow up actions arising from a safeguarding investigation.

73. Mr C says he will not accept the Council's apology or payment because nothing will remedy the consequences of the Council's actions.

Decision

74. We have found fault by both the Council and the Care Provider acting on behalf of the Council which has caused Mr C and Mrs D injustice. We consider the agreed actions above are suitable to remedy the complaint.

75. As there is a potential breach of the regulatory standards under the information sharing agreement between the Local Government and Social Care Ombudsman and the Care Quality Commission (CQC), we will share this decision with CQC.

23 July 2021

Complaint reference:
20 007 088

Complaint against:
Nottinghamshire County Council

Local Government & Social Care OMBUDSMAN

The Ombudsman's final decision

Summary: Mr X complained about the Council's refusal to obtain an independent valuation of jointly owned property when assessing his contribution towards residential care home fees. We find the Council was at fault for not doing so. The Council has already agreed to arrange a valuation. The Council has also agreed to apologise for not doing so sooner.

The complaint

1. Mr X complains the Council failed to carry out a proper financial assessment of jointly owned capital assets.
2. This led to him being unable to pay his care home fees, leaving his care home placement in jeopardy.
3. Mr X is represented by his wife, Mrs X and their solicitor in making this complaint.

The Ombudsman's role and powers

4. 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)***
5. 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)***
6. 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

7. I considered the information provided by Mr X's representative.
8. I considered the Council's replies to my enquiries.
9. I considered relevant law and guidance as set out below.
10. The Council and Mr X had the opportunity to comment on my draft decision. I considered comments before making a final decision.

What I found

Relevant law and guidance

11. The "Care and Support (Charging and Assessment of Resources) Regulations 2014" and the "Care and Support Statutory Guidance 2014" (The Guidance) set out the charging rules for residential care. The Council must follow these rules when carrying out a financial assessment to decide how much a person should pay towards the costs of their residential care.

12. The rules say people who have capital over the upper limit (£23,250) should pay the full cost of their residential care home fees.

13. Where the parties cannot agree the value of a property, the council should ask a professional valuer to provide a current market valuation.

14. Where the value of a property is disputed, the aim should be to resolve this as quickly as possible. Local authorities should try to obtain an independent valuation of the person's beneficial share of the property within the 12-week disregard period where a person is in a care home. ***(The Guidance, Annex B).***

What happened

15. In July 2019, Mr X went into residential care on a permanent basis. He had dementia and lacked capacity to deal with his finances. His wife, Mrs X, does so on his behalf. She instructed a solicitor to represent her in making a complaint to the Council.

16. Mr and Mrs X jointly own a property letting business ("the Business"). This is a partnership arrangement.

17. Mrs X advised the Council that Mr X's finances had fallen below the relevant threshold. Because of this she asked the Council to carry out a financial assessment with a view to receiving aa contribution towards the cost of the care home.

18. In November 2019, following a financial assessment, the Council informed Mrs X that Mr X's capital assets derived from the Business were above the threshold and so Mr X was not entitled to financial support.

19. Mrs X disagreed with this assessment. She told the Council the Business provided an income stream, but their business model meant it had little capital value.

20. Mrs X said all Mr X's available capital has been depleted and she was unable to pay for his care home placement and it was in jeopardy.

21. She complained to the Council on the following grounds:

- The Council was wrong to rely on a Zoopla valuation to value the Business's capital assets.
- The Council was wrong to insist the Business's properties should be sold on an individual basis. This is because it failed to take into consideration the properties were jointly owned by Mr and Mrs X.
- The Council's assessment did not take account of the Capital Gains Tax implications of selling the Business assets in the way it proposed.

22. Mrs X asked the Council to obtain an independent valuation as required by Annex B, paragraph 18 of The Guidance.

23. The Council refused and so Mrs X brought her complaint to the Ombudsman.

Analysis

24. In response to the Ombudsman's enquiries about this complaint, the Council has expressed its wish to reach a negotiated settlement. With this in mind, it has agreed to commission an independent valuation of the Business. This will inform the decision as to whether Mr X qualifies for financial assistance.

25. While I welcome this, the Council should have taken this approach much earlier. Annex B of The Guidance is clear where there is a dispute over the value of capital assets, as was clearly the case here, an independent valuation should be obtained.

26. Putting a valuation on Mr X's capital assets is not a straightforward matter. There are a number of complicating factors, such as Mrs X's position and the occupancy of the properties. It is understandable why Mrs X felt a Zoopla valuation could not take into account the many variables involved. Her rationale for disputing this was justifiable and so was her request for an independent valuation. For this reason, I have found the Council to be at fault for not doing so sooner. This has caused an injustice that requires a remedy.

Agreed action

27. Within eight weeks from the date of my final decision, the Council has agreed to take the following action:

a) Apologise in writing to Mr and Mrs X.

b) Arrange an independent valuation of Mr X's share of the jointly owned business. The Council should liaise with Mrs X to agree instructions to the valuers. The valuation obtained should inform a revised financial assessment. If this results in Mr X being entitled to Council support, this should be backdated to the relevant date.

Final decision

28. The Council was at fault by not obtaining a valuation of Mr X's assets. The Council has agreed an appropriate remedy. On this basis I have completed my investigation

Investigator's decision on behalf of the Ombudsman

Local Government & Social Care OMBUDSMAN

11 August 2021

Complaint reference:
20 011 879

Complaint against:
Nottinghamshire County Council

The Ombudsman's final decision

Summary: Mr X complained about how the Council considered his complaint under the children's statutory complaint procedure in relation to its actions towards his grandchild, R's, care following the death of their mother. The stage 2 investigation failed to identify the Council's failure to carry out R's health assessments in line with statutory timescales which was fault. This led to frustration and unnecessary time and trouble to Mr X. The Council agreed to apologise to Mr X and remind staff to carry out health assessments for looked after children in line with statutory timescales.

The complaint

1. Mr X complained about how the Council considered his complaints under the children's statutory complaints procedure around its actions towards his grandchild, R's, care following the death of their mother. Specifically, Mr X complained the Council;
   - failed to follow High Court guidance and consider the need to obtain an Interim Care Order for R at the earliest opportunity after their mother's death;
   - allowed R to live with their paternal family without consulting their maternal family; and
   - failed to record Mr X's wishes to be R's carer at the earliest opportunity.
2. Mr X stated R experienced harm as result of the Council's faults.

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)***
5. Under the information sharing agreement between the Local Government and Social Care Ombudsman and the Office for Standards in Education, Children's Services and Skills (Ofsted) we will share this decision with Ofsted.

How I considered this complaint

6. I read the documents Mr X provided and discussed the complaint with him.

7. I considered the documents provided by the Council in response to my enquiry letter.

8. Mr X and the Council had an opportunity to comment on my draft decision. I considered any comments received before making a final decision.

What I found

Children's Statutory Complaints Procedure

9. There is a formal procedure, set out in law, which the Council must follow to investigate certain types of complaint involving children and young people. It involves three stages:

- local resolution by the Council (Stage1);
- an investigation by an investigator, overseen by an independent person, who will prepare a detailed report and findings (stage 2). The Council then issues an adjudication letter which sets out its response to the findings; and, if the person making the complaint requests it;
- an independent panel to consider their representations (Stage 3).

10. When the council has investigated a complaint under the children's statutory complaints procedure, the Ombudsman would not normally reinvestigate it unless we find evidence of fault. We may consider specific issues that have been dealt with under the children's statutory complaints procedure such as the council's failure to follow statutory guidance.

High Court Guidance

11. Case law (In the matter of A and B [2010] EWHC 3824) has established High Court Guidance which sets out 13 points of action a council should consider in cases where one parent kills another. It states the council should give immediate consideration to the issue of legal proceedings, and that it is not appropriate to leave the extended family to resolve matters through family court proceedings. The guidance also states that a children's guardian should be appointed at the earliest opportunity and the case should be transferred to the High Court for urgent consideration.

Health assessment and care reviews for a looked after child

12. The Children Act 1989 guidance and regulations puts a statutory duty on the council to review the care plan of a child that it looks after. This is called a Looked After Child (LAC) review. The guidance states the first review should happen 20 days after the child first becomes looked after, the second within three months of the first review and third and subsequent reviews within six months. The Council should gather information from any relevant person, such as health professionals, to consider how the child's care plan is meeting their needs and if the plan needs updating. The review must consider the child's most recent health assessment.

13. The guidance says when a child becomes looked after by the council it must arrange for a health assessment of the child by a registered medical practitioner. The aim is to identify any health issues that might need attention and to provide a starting point from which the council can monitor the child's health. The council should arrange for a health assessment to take place once every six months for

children under five years old. The cycle of health assessments should start from the date of the first review and continue for as long as they are looked after.

What happened

14. The Council received a safeguarding referral for R from the police. It stated that R's father had killed their mother and that he was under arrest. R's father had arranged for R to stay with a relative before the police arrested him. The Council immediately began a safeguarding enquiry. It obtained an interim care order and the court awarded Mr X a Special Guardianship Order for R ten months after the referral. Between this period, R remained living with paternal relatives.

15. Mr X complained to the Council and said its poor handling of R's case meant the child stayed with paternal relatives for longer than necessary and experienced neglect.

16. The Council decided to bypass stage 1 of the children's statutory complaints procedure and to investigate his complaint at stage 2. This was because of the serious nature of the incident and the issues raised by Mr X. The Council appointed an investigator and an independent person and they agreed the record of complaint with Mr X. There were 37 points of complaint.

17. During the investigation, the Investigator interviewed Mr X and key members of Council staff, reviewed the Council's electronic records and considered the relevant legislation, High Court guidance and Council procedures. Following completion of the investigation, the Council issued an adjudication letter to Mr X. The investigation did not uphold 32 points, made no findings on 4 points and partially upheld 1 point of complaint.

18. In relation to the specific complaints raised with the Ombudsman, the Council made the following findings:

- failure to follow the High Court guidance – Not upheld - the Investigator found the Council took immediate steps to obtain parental responsibility for R at the same time as the legal proceedings to get an interim care order;
- Council allowed R to live with their paternal family without consulting their maternal family – Not upheld – the Investigator's report stated R's father had already placed them with their paternal family before the Council's involvement. The investigation also stated records showed Mr X expressed consistently that R should remain living with their paternal family member;
- failure to record Mr X's wishes to care for R at the earliest opportunity – Not upheld - the Investigator's report stated once Mr X expressed a wish to have R in his care the Social Worker did an initial assessment; and
- R's initial weight and possible neglect - Not upheld - the investigation found while R did lose weight they were not malnourished. It found the statutory health assessment did not raise any concerns about weight.

19. Unhappy with the Council's response Mr X asked it to consider the complaint at stage 3. Mr X stated the stage 2 Investigator did not carry out the investigation fairly and failed to consider all the evidence he provided.

20. The stage 3 independent panel considered Mr X's complaint. Mr X told the panel the issues he wished it to consider were:

- The Investigator's impartiality. Mr X stated they had taken the Council's responses as factual even when he provided contradictory evidence.

- R’s weight and possible neglect while they lived with their paternal family. Mr X said the Council was aware that R lost weight but kept this hidden from him and his partner.
- The Council’s failure to follow the High Court guidance and consider legal proceedings at the earliest opportunity and ignored his, and his partner’s, wishes to be considered as R’s carers at the earliest opportunity. Mr X said proceedings only happened after he had prompted the social worker to do so.

21. In relation to R’s weight and possible neglect, the panel asked for further information from the Investigator. The Investigator stated that at each LAC review the Health Visitor provided health information and nobody raised concerns about R’s weight.

22. The panel agreed with the Investigator’s findings and conclusions. It found the Investigator had conducted the stage 2 investigation fairly and thoroughly.

23. The Council wrote to Mr X and told him it was satisfied the Investigator’s report was thorough and detailed and the panel agreed with the Investigator’s findings and conclusions at stage 2.

24. Dissatisfied with the Council’s response Mr X complained to us.

My investigation and findings

25. Where councils have completed the statutory procedure, the Ombudsman does not normally re-investigate the complaint itself. The exception would be where there was evidence of fault in how the stage 2 or stage 3 elements were conducted or if there are specific issues to consider.

26. Mr X brought the same complaints to us which he raised with the stage 3 panel. I have therefore reviewed the Council’s findings in those areas. I have explained the information I considered and my finding on each issue.

Impartiality of the Stage 2 Investigator

27. There is no evidence to support Mr X’s complaint that the Investigator was biased. The complaint process was carried out in line with the legislation. The Investigator made a finding on each complaint and all but one of these were robust and evidence-based. I have explained below at paragraph 36 the reasons why I disagree with one of the Stage 2 findings.

Failure to follow the high court guidance

28. The records show within 24 hours of receiving the referral from the police for R the Council called an out of schedule legal planning meeting. It arranged the meeting for nine working days later so it could make enquiries. It called the meeting on the basis the threshold set out in the High Court Guidance was met. At the meeting the Council decided to apply for an Interim Care Order, in line with the guidance.

29. I have reviewed the records and agree with the Investigator’s finding on this point. The Council followed the High Court Guidance at the earliest opportunity. The Council was not at fault.

The Council allowed R to live with their paternal family without consulting their maternal family

30. The records show R was already in the care of their paternal family before the Council’s involvement. The Council had no reason to remove R from their care at that time, and it had no power in which to do so as there was nothing to suggest R was at risk of harm.

31. The Social Worker recorded on a number of occasions that Mr X was happy for R to remain with their paternal family immediately after their mother's death. Mr X states the Social Worker misrepresented his response. He said he did not know of any reason that R should not live with their paternal family member rather than that he agreed they should.

32. I was not there and cannot confirm what was said or not. Regardless of how the social worker recorded and represented Mr X's response, the records show the Council did consult with Mr X on a number of occasions. It was not the Council's decision to place R with the paternal family. I agree with the Investigator's findings on this point. The Council was not at fault.

Failure to record Mr X's wishes to care for R at the earliest opportunity

33. On the day the council became involved in R's care the Social Worker contacted Mr X by telephone. Records show Mr X told the Social Worker he and his partner were foster carers and could care for R. Six days later the Social Worker visited Mr X at home and recorded he was willing to care for R long-term if he was assessed as appropriate. Ten days later the Child and Family Assessment (CFA) recorded there were two family members who were willing to care for R long-term, one being Mr X and the other R's paternal family member. Four days later Mr X sent an email to the Social Worker and said he considered himself, and his partner, as candidates for R's kinship care.

34. 15 days later the Social Worker recorded in the case notes that she called Mr X as he was *"now putting himself forward as a long-term carer for* [R]*"*. The Social Worker started the initial assessment two days later, which was five weeks after the Council first became involved in R's care. The council completed the initial assessment before the first court hearing. The Court ordered the Council to complete viability assessments on both potential carers to assess their suitability as long-term carers for R.

35. The records show the Social Worker recorded Mr X's wishes for it to consider him as a long-term carer for R. The Council then carried out the assessment without delay and well within the 10-12 week timescales set out in relevant guidance. The Council completed the assessment, along with the one it carried out on the family member from R's paternal side prior to the first court hearing. The Council was not at fault and further investigation would not achieve anything further or lead to a different outcome.

R's weight and possible neglect

36. I have reviewed the available documentation and disagree with the Investigator's findings on this point.

37. The Investigator stated the Health Visitor provided information at each LAC review and did not raise any concerns.

38. The records show R had the first health assessment in September which recorded their weight. At the LAC review in November the Health Visitor said R had gained 'some weight' but did not provide any measurements. The Health Visitor was given an action to refer R to a dietician.

39. The Health Visitor did not attend the next LAC review the following April and there is no record of her contributing to the meeting.

40. Therefore, the Investigator is incorrect as the Health Visitor did not provide any information to the LAC review in April.

41. R had a review health assessment at the end of April. At that review R declined to have their weight measured. The assessment recorded information from the dietician's appointment at the beginning of January. At the appointment the dietician noted R had lost weight and would review it in 8 to 12 weeks at a follow up appointment. The review appointment with the dietician should have happened three weeks before the review health assessment. R was not taken to the review appointment and the review health assessment did not discuss the appointment.

42. The Council also carried out R's review health assessments seven weeks late which was fault. Because the Council did not complete the review health assessment in line with statutory timescales it did not receive the information about R's weight loss. It also did not know that R had not been taken to the follow up appointment with the dietician to monitor their weight. Therefore, the Investigator's findings were flawed which was also fault.

43. Mr X states R was caused harm. However, it is not possible from the information available to identify the cause of R's weight loss and there is no evidence showing it was as a result of living with the paternal relative. Professionals raised no other concerns about R during the period they were a looked after child. Therefore, I cannot say the identified faults caused R an injustice or, but for the fault the outcome would have been any different.

44. I have found no evidence to suggest the Council withheld any information about R's health from Mr X once it was aware of it. However, the Investigator's failure to identify the fault during the stage 2 investigation or during the stage 3 panel considerations caused Mr X frustration and the time and trouble bringing his complaint to us.

Agreed actions

45. The Council has agreed to, within one month of the final decision:

- write to Mr X and apologise for frustration and time and trouble caused by the flaw found in the stage 2 investigation around R's weight loss and the Council's failure to carry out R's health assessment in line with statutory timescales.
- provide a reminder to relevant staff about the importance of carrying out health assessments for looked after children in line with the statutory timescales. The Council will provide us with evidence it has carried this out.

Final decision

46. I have completed my investigation. I have found fault leading to injustice and the Council has agreed to my recommendations to remedy the injustice caused by the fault.

Investigator's decision on behalf of the Ombudsman

17 August 2021

Complaint reference:
20 013 881

Complaint against:
Nottinghamshire County Council

The Ombudsman's final decision

Summary: Mr B complained the Council wrongly assessed his mother as having 'notional capital' to pay for care following a series of gifts and a property transfer she made between 2014 and 2017. We uphold the complaint, finding the Council has not taken account of relevant matters in its decision. This has caused Mr B distress because of the uncertainty created. The Council accepts these findings and has agreed action to remedy this injustice, including carrying out a review of its decision.

The complaint

1. I have called the complainant 'Mr B'. He complains on his own behalf and that of his mother 'Mrs C'. He complains that in assessing whether Mrs C should contribute to the cost of residential care, the Council has wrongly assessed Mrs C as having 'notional capital' available to her. In other words, the Council believes Mrs C has intentionally deprived herself of money or other assets to avoid care charges and the Council should include the value of those assets in its financial assessment. This is further to various gifts Mrs C made of money or property between 2014 and 2017.
2. Mr B says as a result the Council is unreasonably expecting Mrs C to pay towards her care based on the value of these assets.

The Ombudsman's role and powers

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. 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. 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)***

6. 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

7. Before issuing this decision statement I considered:

- Mr B's written complaint to the Ombudsman and supporting information provided in a telephone conversation;
- information provided by the Council in reply to our enquiries;
- relevant law and guidance as referred to in the text below.

8. I also gave Mr B and the Council chance to comment on a draft decision statement. I took account of any comments made before issuing this final decision.

What I found

Relevant Law and Guidance

9. Section 14 of the Care Act 2014 allows councils to charge for care and support services they provide or arrange. Charges are means tested based on a person's financial resources; including any income or capital they have. Capital includes such matters as savings, investments and can include the value of assets such as houses.

10. The Care and Support (Charging and Assessment of Resources) Regulations 2014 say that "*an adult is to be treated as possessing capital of which the adult has deprived themselves for the purpose of decreasing the amount they may be liable to pay towards the cost of meeting their needs for care and support, or their needs for support*". In these circumstances the Council is to treat the adult 'as if' they still own the income they have deprived themselves of and to treat that as 'notional capital'.

11. The Government has also produced statutory care and support guidance in support of the above Regulations. Annex E of that guidance discusses "*deprivation of assets*". It says a council should refer to the guidance in cases where it suspects somebody has deprived themselves of capital to decrease the amount they are charged for care.

12. The guidance says:

- deprivation may come to light when a council completes a financial assessment with a client. Authorities must *"treat this issue with sensitivity and care"* (paragraph 3);
- people are entitled to *"spend the money they have saved as they wish – it is their money after all"* (paragraph 4). So, "*deprivation should not be automatically assumed. There may be valid reasons why someone no longer has an asset and a local authority should ensure it fully explores this first."* (paragraph 5)
- The term 'deprivation of assets' refers to when a person has intentionally deprived or decreased their overall assets to reduce the amount they are charged towards their care. This means that they "*must have known that they needed care and support and have reduced their assets in order to reduce the*

contribution they are asked to make towards the cost of that care and support" (paragraph 6).

- *"There may be many reasons for a person depriving themselves of an asset. A local authority should therefore consider the following before deciding whether deprivation for the purpose of avoiding care and support charges has occurred:*

a) *whether avoiding the care and support charge was a significant motivation in the timing of the disposal of the asset; at the point the capital was disposed of could the person have a reasonable expectation of the need for care and support?*

b) *did the person have a reasonable expectation of needing to contribute to the cost of their eligible care needs*?" (paragraph 11)

Chronology of key facts

13. Mrs C first came to the attention of the Council's adult social care service in April 2012. At that time, her husband, who I will refer to as 'Mr C', was still alive but seriously ill in hospital and he passed away the following month. Mr C expressed concern for Mrs C's welfare. Mrs C was known to suffer from asthma and MS. She was said to be struggling with the stairs and showering in the family home. The Council assessed Mrs C but decided her needs did not meet the threshold where she was entitled to receive social care. It suggested she may benefit from some support with tasks such as shopping and cleaning from a charity and signposted accordingly.

14. In March 2013 Mrs C moved to a flat in a retirement complex. She rented this out, wanting to see if she enjoyed living there. She rented the family home.

15. Sometime during 2014 Mrs C gave Mr B's brother (who I will call Mr D) £15,000. Mrs C said in 2017 (see below) this was to support Mr D with his business. Mr B has advised Mr D's business was struggling at the time.

16. In November 2014 Mrs C received some short-term care at home from the Council following a stay in hospital. This ended the following month. She did not have to pay for that care.

17. Around the same time Mrs C received notice that she needed to vacate her rented flat. In January 2015 Mrs C moved to another flat in the retirement complex. This was bought for her by Mr B and his wife, who I will call "Mrs B", with their savings. Mrs C lived there rent free paying the service charge and for utilities and so on.

18. In July 2015 Mrs C transferred the ownership of the family home to Mr B and Mr D (Mr B says the Council has wrongly recorded this transfer in its records as taking place in November 2015). The Council says this was for a value of £110,000. It has been repeatedly recorded that Mrs C did this in recognition that Mr B and his wife had purchased her retirement flat. Mr B said that he asked the transfer include Mr D also even though he did not contribute funds to the flat purchase.

19. In September 2015 Mrs C had another stay in hospital. The Council did not assess she had any care needs on discharge. It says that it has a record that Mrs C was given a booklet on 'paying for care' at this time.

20. In March 2017 Mrs C gifted £12,000 to two daughters of Mr C (Mr B's half-siblings). She did this after receiving a pension lump sum payable in the name of Mr C. Mr B says this was in accord with Mr C's wishes before he died.

21. In April 2017 Mrs C then gifted approximately a further £30,000 to Mr B and Mr D and a grand-daughter. This was after an ISA matured. Mr B says the funds given to him and his brother were in recognition of money spent renovating and improving Mrs C's flat after she moved in. Mr B says he and his brother gave most of this money back to their mother.

22. In April 2017 Mrs C had another stay in hospital. It is recorded in the case notes that she was suffering with COPD (Chronic Obstructive Pulmonary Disease). On discharge she received some care arranged and paid for by the Council. At this point it was envisaged Mrs C would need care at home on a longer term basis.

23. The Council therefore completed a financial assessment to see what Mrs C should contribute towards her care. It was during this assessment the three gifts of money I have referred to above and the house transfer came to light. The financial assessment records that Mrs C gave money to Mr D in 2014 to help with his business. There is no record of her providing or being asked reasons for the other gifts. It is noted on the form that Mr B owned Mrs C's flat.

24. The Council decided all the gifts above should be treated as 'notional capital' and so Mrs C was charged for home care from late May 2017 onward. The Council says Mr B did challenge this decision at the time. When he did so, it says that it asked him to provide a copy of Mr C's will but that he failed to do so.

25. In July 2018 Mrs C was again admitted to hospital. She was suffering from confusion and hallucinations. Mrs C returned home but the symptoms recurred in September 2018. Mrs C entered residential care around this time, initially on a short-term basis but later as a permanent resident.

26. In November 2018 the Council therefore undertook a second financial assessment. As before the Council identified the three gifts of money and the house transfer described above. It again decided to treat these as notional capital. Additional detail contained in this assessment (which was completed with Mr B as he was now Mrs C's attorney) refer to Mr B and Mr D supporting Mrs C with improvements and redecoration to her flat.

27. In December 2018 the Council sent a letter confirming the outcome of its financial assessment. It said it had assessed Mrs C as having around £51,000 in notional capital resulting from the three cash gifts explained above and £153,000 in notional capital from the transfer of her house to Mr B and Mr D. The letter said that at the time Mrs C transferred the house, it was unsuitable for her given her health needs, therefore she *"would have been aware that [she] may need to make financial provision for future care"*. The house valuation was based on information on the website 'Zoopla'.

Mr B's complaint

28. Mr B engaged the services of a solicitor to try and challenge the Council's financial assessment. They complained the Council:

- had put forward no evidence which showed Mrs C had gifted or transferred assets to avoid care fees;
- that all sums gifted or transferred had pre-dated the Council carrying out a financial assessment;
- that most of the sums gifted and the transfer pre-dated a time when Mrs C needed any social care and she had no reasonable expectation of needing residential care;

- that gifts were made to help Mr D with his business at a time of difficulty; to respect the wishes of Mr C or to recognise that Mr B and Mrs B had purchased her flat.

29. In its reply the Council stressed that Government guidance allowed it to consider the timing of a disposal and whether someone had a *"reasonable expectation of needing to contribute"* towards their care needs when they made a gift. The Council suggested that all the gifts, except that made in 2014, were made *"at or around the same time"* that Mrs C began needing care and support. The letter set out some details of Mrs C's engagement with adult social care services since 2012. Also, that Mrs C had received Attendance Allowance for some years. The Council said it would make some adjustment to the notional capital amount to take account that money was spent making Mrs C comfortable in her flat.

30. Mr B's solicitor asked for copies of the care records the Council referred to in its response. It did not provide these for several months. But by August 2020 the solicitor had received and reviewed the files. It said:

- these did not show Mrs C had a reasonable expectation of needing care and support at the time of making any gifts;
- that Mrs C's asthma and MS were always mild and a letter dated June 2020 from a health practitioner confirmed this was still the case; Mrs C entered residential care because of a previously unknown mental health illness whose symptoms only presented from July 2018.

31. In November 2020 the Council gave its final reply to the complaint. It said that it believed it had addressed all the issues raised by Mr B and followed 'due process' in its decision making. The Council therefore signposted Mr B to this office if he remained dissatisfied.

My findings

Ombudsman's jurisdiction

32. I note the financial assessment being challenged by Mr B is that completed by the Council in December 2018. More than 12 months elapsed between Mr B receiving that assessment and complaining to the Ombudsman. This makes Mr B's complaint a late complaint.

33. However, I consider there are special reasons that justify investigation. Within 12 months of the assessment Mr B engaged a solicitor who then raised a complaint on his behalf. Over 12 months passed between the solicitor's first letter and the Council's final response. However, I do not find Mr B contributed significantly to that delay. I find the biggest source of delay in the complaint procedure completing was that Mr B and his solicitor were waiting several months for care records. They considered these important as the Council referred to those records in justifying its position. I think it reasonable Mr B would want to read the records before deciding whether to pursue the complaint.

34. I am conscious that only part of the financial assessment in December 2018 was new – that part which related to the transfer of property between Mrs C and Mr B (and Mr D). In its financial assessment in May 2017 the Council decided to treat three cash transfers made by Mrs C between 2014 and 2017 as 'notional capital'. It took the same approach towards those transfers in its December 2018 assessment. I have considered therefore if Mr B's complaint about the treatment of the cash transfers should be considered as out of time, leaving this investigation to focus only on the treatment of the house transfer.

35. However, I do not think this would be a fair approach to take. First, because in its correspondence since December 2018 the Council has not sought to draw any such distinction. Indeed, it has implied that it may take a slightly different view of two of the transfers now than it did in May 2017. It would not be appropriate therefore not to investigate the Council's own reconsideration of this matter.

36. Second, because the assessment has a lasting and ongoing impact in terms of what the Council expects Mrs C to pay towards her care.

37. However, I take the view that any findings made in this case should only apply to the December 2018 assessment. As Mr B only engaged the Council's complaint procedure further to that assessment and not in response to the May 2017 assessment.

On the substance of the complaint

38. Turning in detail to the December 2018 assessment, I set out above relevant Government guidance which instructs councils on what to do if they believe someone may have deprived themselves of an asset to avoid care charges. I consider the following general statements can be made:

- that identifying there has been the gifting of an asset, regardless of timing, is not enough to show the gift was made to avoid care charges;
- that the Council must be able to show or reasonably infer on the facts there was *intent* to avoid care charges as a motivating factor behind a gift;
- to reach a decision on this question, the Council can legitimately make enquiries about assets which are disposed of but must do so with sensitivity;
- this means in turn, the Council must consider the reasons put forward for a gift being made; the Council can consider whatever evidence there is to support the reasons put forward;
- it is relevant to consider whether someone had a reasonable expectation of the need for care and support at the time they made a gift;
- also, the Council must consider if the person had a reasonable expectation they may have to pay for such care; as the timing of a gift can be relevant when weighing evidence as to whether there was any intent to avoid care charges.

39. In considering whether the Council made a decision in line with all the guidance above, I note the Council has cited:

- that Mrs C had health problems since 2012 and was known to social care from this time; she was at that time not found to meet the threshold for social care but was having some difficulties managing her home due to health and age-related issues;
- that Mrs C had further discussions with the Council about her health and/or care needs before May 2017; the Council has a record that at least in general terms Mrs C received some information about circumstances where someone may have to pay for care;
- that in the two months before Mrs C was assessed as having social care needs in May 2017 she had gifted over £40,000 in two separate sets of transactions to family members.

40. I also note that nowhere have I seen put forward an explanation for Mrs C's gift in April 2017 to a grand-daughter.

41. I consider all the factors listed in paragraph 39 and 40 potentially relevant to a decision on whether the Council should treat Mrs C as having notional capital after depriving herself of assets. There is no fault in the Council considering the relevance of these matters.

42. However, I cannot see where the Council has also addressed itself to the following considerations:

- that an explanation has been put forward for why Mrs C gifted £15,000 to Mr D in 2014 for reasons other than to reduce the level of care charges she should pay; that he needed support with his business at the time; this gift was at a time when Mrs C did not have any assessed social care needs; in its complaint response the Council indicated it may no longer consider Mrs C has notional capital as a result of making this gift but I have not seen this clarified or confirmed;
- that an explanation has been put forward for why Mrs C gifted £12,000 to Mr C's daughters in March 2017 for reasons other than to reduce the level of care charges she should pay; the Council's decision and complaint replies do not refer to whether it accepts this explanation and if not, why not or what evidence it might need to be persuaded otherwise;
- that an explanation has been put forward for why Mrs C gifted some of the £30,000 in April 2017 to Mr B and Mr D in recognition of money they spent on her flat; the Council's response to the complaint implies it might now accept some of this explanation but it has not clarified this; nor what difference this makes to its assessment;
- that an explanation has been put forward for why Mrs C gifted her home to Mr B and Mr D for reasons other than to reduce the level of care charges she should pay; Mr B says this was in return for Mr and Mrs B buying her retirement flat; the Council's decision and complaint response does not refer to whether it accepts this explanation and if not, why not.

43. I consider part of this failure results from the Council not following a sufficiently robust process in gathering information necessary to make an administratively sound decision. It has given the impression of jumping to a conclusion about the money gifted by Mrs C and the transfer of property, without first exploring the transactions individually.

44. The failure to consider the series of relevant factors listed in paragraph 41 means the Council is at fault. The Council cannot pick and choose which facts it finds most convenient in support of its decision. Nor can it pick and choose which parts of the statutory guidance it finds most convenient. The Council must make a robust decision that shows it has properly considered all the facts and all the relevant guidance. It has not done so here.

45. This has caused an injustice. I cannot say whether an administratively sound decision would come to the same outcome, a very different outcome or produce an outcome which may go only slightly to Mrs C's favour. I reiterate that I do not find the Council has put forward considerations without merit. But it has not balanced those with other relevant considerations. I find significant uncertainty results therefore from the administratively unsound decision taken by the Council. We regard this as a form of distress. I also find this has caused Mr B unnecessary time and trouble in pursuing complaint about this matter.

Agreed action

46. The Council accepts these findings. To remedy the injustice set out at paragraph 45 it has agreed that within 20 working days of this decision, it will:

- apologise to Mr B accepting the findings of this investigation;
- pay Mr B £250 in recognition of his time and trouble;
- agree to a reassessment of its decision that Mrs C holds 'notional capital' in line with the advice set out at paragraph 46 below.

47. The reassessment will be completed by an officer who has had no previous involvement in Mrs C's case. The Council will aim to complete the assessment within three months, enabling it to ask any relevant questions of Mr B and/or ask for any supporting evidence it thinks might be helpful to its decision. It will make relevant enquiries in writing and ask for replies in writing so there is an audit trail in support of its decision. It will offer Mr B signposting in the event he is dissatisfied with its reassessment. This can include signposting Mr B direct to this office if the Council sees no merit in further consideration of a complaint via its own procedure.

48. In addition, within three months of a decision on this complaint the Council will issue a briefing to all staff who make financial assessments to remind them of the requirements necessary to make a robust decision when it suspects someone has 'notional capital' resulting from deprivation. This can be in the form of a written reminder, staff briefing or training as it considers appropriate. The Council will write to us and tell us what action it has taken here.

Final decision

49. For reasons set out above I uphold this complaint finding fault by the Council causing injustice. The Council accepts this finding and has agreed action I consider will remedy that injustice. I have therefore completed my investigation satisfied with its response.

Investigator's decision on behalf of the Ombudsman

23 August 2021

Complaint reference:
20 009 398

Complaint against:
Nottinghamshire County Council

Local Government & Social Care OMBUDSMAN

The Ombudsman's final decision

Summary: Mr and Mrs X complained about poor transition planning for their daughter, Miss Y, when she moved from children's to adult support services, including the withdrawal of support services. The Council was at fault for its inconsistent communication about whether it would extend the overnight stays arranged by children's services beyond age 18, and for flaws in its complaints handling. The Council took appropriate steps to identify support for the family during the COVID-19 pandemic.

The complaint

1. Mr and Mrs X complained about the poor transition planning for their daughter, Miss Y, from children's to adult services when she reached age 18 in December 2020. They said Miss Y received no support after turning 18 and were particularly unhappy that respite support care was withdrawn, which placed a significant strain on Mrs X, who is Miss Y's main carer.
2. Mr and Mrs X also complained about the Council's complaints handling, which split the complaint between the two services despite it being about transition between them. This caused delay and mis-communication, putting them to extra time and trouble pursuing the Council.

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. 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. This complaint involves events that occurred during the COVID-19 pandemic. The Government introduced a range of new and frequently updated rules and guidance during this time. We can consider whether the council followed the relevant legislation, guidance and our published "Good Administrative Practice during the response to COVID-19".

6. 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

7. I considered:

- the information provided by Mr and Mrs X, and spoke to them by telephone;
- the information provided by the Council in response to my enquiries;
- relevant law and guidance, as set out below; and
- our guidance on remedies.

8. Mr and Mrs X and the Council had an opportunity to comment on my draft decision and I considered their comments before making a final decision.

What I found

Relevant law and guidance

Education Health and Care (EHC) plans

9. A child or young person with special educational needs may have an Education, Health and Care (EHC) plan. This sets out their needs and what arrangements should be made to meet them. An EHC plan should be reviewed annually and may continue until the young person is aged 25 years. The Council is responsible for ensuring the support arrangements set out in the EHC plan are delivered.

10. Under the Coronavirus Act 2020 the Secretary of State issued a notice that temporarily modified the absolute duty to secure or arrange educational provision set out in an EHC plan so that from 1 May to 31 July 2020, councils had a duty to use their "*reasonable endeavours*" to do so.

Chronically Sick and Disabled Persons Act 1970

11. Section 2 of this Act sets out the services councils must make available to parents of disabled children. This includes short breaks and respite care. Short breaks can take many forms, including access to play schemes. Where a short break cannot take place at the child or young person's home or in a community-based setting until the 1970 Act, the council can provide services under section 17 of the Children Act 1989.

Children Act 1989

12. Section 17 of this Act says a child or young person is "*in need*" if they are disabled. Councils have a duty to assess the need and provide appropriate services to meet the assessed needs.

CAMHS

13. Children and Adolescent Mental Health Services (CAMHS) is a health service for children and their families, who need support for mental health issues and learning development issues.

Direct payments

14. Where there is a need for care and support for disabled children and young adults, the Council can provide or commission services to provide the support or it can make direct payments to the family so they can arrange care and support themselves.

Transition from children's services to adult social care

15. When a child reaches age 18, they are legally an adult and responsibility for meeting their needs moves from the council's children services to its adult services. The legal basis for assessing their needs changes from the Children Act 1989 to the Care Act 2014. However, councils can decide to treat a children's assessment as an adult assessment and can also carry out joint assessments.

16. Statutory guidance says transition assessments should begin when the council can be reasonably confident about what the young person's needs for care and support will look like when they turn 18. The purpose of the assessment is to provide the young person and their family with information so they know what to expect in future and can prepare for adulthood.

17. The assessment must identify all the young person's needs for care and support, and should identify the outcomes the young person wishes to achieve. The assessment should also consider whether the carer is able to continue in their caring role after the young person turns 18.

18. After completing the transition assessment, the council must give an indication of which of their needs are likely to be "*eligible needs*" under the Care Act 2014, and which are not. This is so they and their carers can understand the care and support they are likely to receive and can plan accordingly. For those needs that are not "*eligible*" the council must provide information and advice on how those needs can be met.

19. If transition assessment and planning is carried out effectively there should be no gaps in the provision of care and support. However, if adult care and support is not in place when the young person turns 18, the council must continue providing the services under children's legislation until it is in place or until it decides the young person does not have "*eligible needs*". ***(Care and Support Statutory Guidance, 2014, at paragraph 16.68)***

20. For young people with complex needs, the council may decide that children's services are the best way to meet their needs even after they have turned 18, and the law allows them to do this.

Children's statutory complaints process

21. The law sets out a three stage procedure for councils to follow when looking at complaints about children's social care services. The Council should respond to the complaint at stage 1 within 10 working days. At stage 2, the Council appoints an investigating officer to investigate the complaint, and an independent person, who is responsible for overseeing the investigation. Stage 2 should take 25 working days, with a maximum extension to 65 days. If the complainant remains unhappy they can ask for a stage 3 panel or refer the matter to us.

22. The Guidance: Getting the best from complaints at paragraph 7.8.1 says where there are related complaints that do not fall within the statutory procedure, councils may wish to consider whether there are advantages in accepting these into a single investigation. Further, paragraph 7.8.2 says councils are "*encouraged to offer a complete single response where possible*". Staff should agree who will take the lead, and they will liaise with other staff as needed and, where possible, provide a single reply that covers all aspects of the complaint.

What happened

23. Mr and Mrs X live with their daughter, Miss Y, who has SEN. She had an EHC plan and a package of support from children's social care. Miss Y needs a high level of care and support, and her behaviour can be challenging, particularly when

her routine is disrupted. The Council initially contacted Mr and Mrs X about planning for the transition from children's to adults' services in December 2019, a year before she turned 18 in December 2020.

24. The records show the Council carried out an assessment of Miss Y's needs, which it completed in early February 2020. It asked officer 1 to oversee the transition to adult services. Officer 1 met with Mrs X regularly from mid March to discuss the support arrangements for Miss Y as an adult. She also met Miss Y at her school, to discuss her wishes and feelings.

25. At the first home visit, in March 2020, Mrs X said she was concerned that services would change when Miss Y was 18. At this point, Miss Y was supported through:

- 48 over night short breaks per year with provider A;
- a session on alternative Saturdays run by charity B, funded using direct payments;
- 60 hours of individual support through the same charity, also paid for with direct payments; and
- 140 hours funded at a holiday club at school.

26. In the mid March 2020 visit, Officer 1 explained the support from children's services would stop when Miss Y was 18 and be replaced with support arranged by adult services to meet her eligible needs, as set out in the assessment finalised in early February. Officer 1 said the support may take different forms because there were no adult alternatives to some services, such as the holiday club, and some items currently funded by direct payments would need to be funded using Miss Y's benefits. Officer 1 encouraged Mrs X to visit three Council run respite providers for adults that could potentially offer overnight stays for Miss Y. The record shows Mrs X was reluctant to do so. (Mrs X told me she had already done some research of her own about possible providers). She said she had had a negative experience with one of the providers and she felt the other two were too far from their home. She said she preferred provider C, a private provider that was closer to the family home. Provider C was also the educational setting Miss Y hoped to attend from September 2021.

27. After the meeting, officer 1:

- discussed the case with their manager, who agreed to request approval for funding overnight respite from the private sector;
- contacted charity B, which confirmed it could continue to support Miss Y after she turned 18.
- confirmed to Mrs X the Council would carry out a carer's assessment and booked a home visit to discuss her caring role. In the event, a home visit was not possible due to the COVID-19 pandemic so, to avoid delay, officer 1 sent a blank form to Mrs X to add her views.

28. Also, in March 2020, Mrs X said she had a conversation with provider A about extending the overnight stays after Miss Y turned 18 and understood this was agreed in principle.

29. In late March, the Government announced a national lockdown. Due to the risks of COVID-19 for Miss Y, her parents decided she should stay at home. In early April 2020, Mrs X reported Miss Y's behaviour was becoming difficult, due to her disrupted routines. In response, the Council:

- provided some resources to help Miss Y understand what was happening;

- agreed provider A would provide overnight stays to support the family, following Mrs X's contact with provider A. These continued from May 2020, although some stays were cancelled due to the COVID-19 pandemic and the overall level of provision was significantly reduced;
- offered to look at additional support in the home, which Mrs X declined as she did not feel this would work due to Miss Y's routines;
- carried out regular welfare checks by telephone.

In addition, provider A made regular welfare checks and gave Mrs X advice about managing Miss Y's behaviour.

30. In early May 2020, Miss Y returned to school on a part time basis, two days per week. There were also discussions about Miss Y moving to the adult group with charity B, which Mrs X declined, and charity B later agreed Miss Y could continue in the current group beyond 18. Also in May, officer 1 offered a virtual tour with provider C, which Mrs X declined because she did not think Miss Y engage with it.

31. In mid June 2020, Mrs X reported during a welfare check that:

- Miss Y was doing well and still attending school two days per week;
- the individual support from charity B had stopped and Miss Y was missing it; and
- she still did not consider that extra support in the home would work.

Mrs X asked about holiday clubs but the Council was not able to say if they would be running due to COVID-19 restrictions.

32. In early July 2020, Mrs X reported during a welfare check that Miss Y was enjoying school twice a week and various other activities and outings on other days. In mid July, Mrs X reported to officer 1 and provider A that Miss Y's behaviour been escalating from some time.

33. Also, in July 2020, Council records indicate it told Mr and Mrs X it would not agree to an extension of short break respite support from provider A after Miss Y was 18. It said this was because the focus should be on finding alternative provision from adult services. It also said, providers, including provider C, were starting to reopen after the COVID-19 restrictions were relaxed and beginning to take on new referrals.

34. In mid August, Mrs X reported to provider A that the family holiday had been difficult due to Miss Y's behaviour and she "did not know how much longer she could cope". Provider A suggested she might want to consider supported living but Mrs X said she was afraid this would mean she would lose her daughter.

35. Attempts to identify private providers in July and August were unsuccessful because no providers made bids. This was due to COVID-19 restrictions which reduced the services available and the various changes in restrictions made it difficult for them to plan for future services. In mid August, officer 1 said if there were no providers interested by late August the Council would again discuss "our contingency plan" of extending provider A support.

36. In late August, the Council's record indicates Mrs X reported:

- Miss Y was physically abusive to both parents;
- the individual support through charity B had stopped as the staff member could not continue providing the service;

- Miss Y would soon be 18, at which point the current support package would stop and Mrs X was unsure what support Miss Y will transition to;
- the family were unhappy that their request for a three month extension to overnight respite at provider A after Miss Y turned 18 had been refused;
- an application had been made for a college place for September 2021 but this would be for three days per week, and support would be needed for the other two days;
- the family had no support network and were now in crisis.

37. In light of the family situation, a referral was made to CAMHS for support with Miss Y's behavioural issues, and to its children's disability service, for a fresh assessment. CAMHS later assisted with a behavioural support plan. The children's disability service carried out a reassessment but the Council's panel decided Miss Y did not meet the threshold for additional services.

38. In early September, after a period of not accepting new referrals as a result of the COVID-19 pandemic, two of the Council's internal providers began to accept them and the Council asked Mrs X to consider these. It also offered her support to explore the possibility of a shared lives arrangement and encouraged her to consider other forms of support until overnight respite could be found.

39. At a home visit in mid September, Mrs X reported a further decline in Miss Y's moods and behaviours, which presented a high risk to herself and others. Mrs X and officer 1 discussed proposals for support, including:
    - Home based support to give Mrs X a break from her caring role. This was not considered beneficial at that time.
    - The staff member providing individual support through charity B could not continue. This service was funded through direct payments and Mrs X would contact the charity to see if they could identify a personal assistant to support Miss Y.
    - Continuation of the children's support group beyond Miss Y's 18th birthday.
    - Asking Mrs X to reconsider the Council's internal short breaks service.
    - Officer 1 agreed to ask if support from provider A could be extended, since no progress had been made in identifying overnight respite provision. The Council said later in September this would not be considered until the family had explored other options, including support from its internal providers.

40. Miss Y was seen at school in mid September by officer 2, the social worker carrying out a reassessment for the disabled children's team. The school did not report any behavioural issues but were aware of concerns about physically aggressive behaviour at home. Following the school visit, officer 2 spoke to Mrs X at home.

41. In early October provider C started taking referrals for overnight respite stays. Mrs X completed an application and an assessment session was booked for half term week. In mid October, the Council advised care provider E (which Mrs X says she initially identified for possible support when Miss Y was not in school or college) was taking new referrals.

42. Also in early October 2020, officer 1 discussed the following with Mrs X as part of a home visit:

- Provider A was no longer allowing extensions beyond age 18 for any clients. Officer 1 had asked provider A to explain its position to Mrs X.
- Shared lives arrangements but Mrs X did not consider this was suitable for Miss Y as she needed peer interaction.
- Possible support from an autism charity.
- Home based care and support, which Mrs X refused because she said Miss Y had a well-established routine after school and support in the evenings would not be beneficial as Miss X would be too tired.
- Mrs X had not identified a personal assistant and officer 1 gave advice on where to advertise for one.

43. Two days later, officer 2 spoke to Mrs X about Miss Y's support package. She said she would discuss the proposed extension of support by provider A but there needed to be a clear plan for support when that ended. Officer 2 advised Mrs X to engage with adult services and be open to their suggestions.

44. Mr and Mrs X were unhappy with the decision that overnight stays could not be extended for three months as requested and made a formal complaint. Officer 1's manager, officer 3, responded to their concerns. The response indicated the Council may consider the extension requested but that the family also needed to explore other adult service options, which were set out in detail. Provider A later agreed to a one month extension to late December 2020 but Mr and Mrs X remained unhappy as they said they had previously been told a three month extension was agreed.

45. There were further discussions at a home visit in early November, by which point provider C had offered Miss Y a provisional place from September 2021 (the next academic year). Mrs X was considering short breaks with provider D, one of the Council's internal providers for adults and had visited, although she said it took 45 minutes to get there. In light of this, Mrs X felt it would be more suitable when Miss Y was in college. Provider C was still the family's preferred service. Mrs X reported she had cancelled the Saturday sessions with charity B due to the risk of COVID-19. The record says Miss Y's support plan was discussed and officer 1 explained this would be developed further over the coming weeks.

46. In mid November, there was an online meeting to discuss the refusal to extend the provision with provider A for three months. The record shows Mr & Mrs X:

- expressed frustration that the complaints responses were by email and managers had not tried to speak to them by telephone;
- said they did not consider the options suggested met Miss Y's needs; and
- maintained a three month extension with provider A was the best option for Miss Y.

The record shows the Council:

- said it had agreed an extension for one month and explained why it could not agree a further extension; and
- explained the support available and suggested they met with officer 1 to discuss that in more detail and finalise the support plan.

Mr X said the meeting was a disgrace and no-one was listening to them. He says the Council did not explain why it could not agree to an extension.

47. Following the meeting, the Council wrote to set out what had been discussed and answer some questions Mr and Mrs X had raised, which had not been addressed during the meeting due to a lack of time. Mr and Mrs X remained unhappy. However, the Council refused to consider the complaint further at stage 2 of its complaints process because that could not achieve the outcome they wanted, namely for the Council to reverse its decision about the extension. It said it would respond separately to concerns they raised about adult services.

48. Officer 1 moved to a new role in late December 2020. In mid December, she held a transfer meeting with her manager, officer 3, who took on responsibility for the transition planning from January 2021.

49. Officer 3 had regular discussions with Mrs X about support for Miss Y from January 2021 onwards and the records show she was proactive in considering various ways to support Miss Y and the family, and arranging the funding for support. However, efforts to put the support in place were hampered by further restrictions due to COVID-19 and a third national lockdown. For example, due to COVID-19 restrictions provider D was not able to do the planned taster visit for Miss Y with her mother accompanying her – Miss Y would have had to attend alone, even though she had not been there before or met staff there. In the event, it was decided that due to levels of infection the visit should be postponed. Without taster visits, it was not possible to book overnight stays.

50. In March 2021 Miss Y was able to return to school and the weekend sessions with charity B. There were also visits to providers C, D and E. Following these visits Mrs X was able to book some sessions with providers D and E. However, further discussions with the family's preferred provider, provider C, indicated that it could not meet Miss Y's needs, largely due to changes to its services in response to the COVID-19 pandemic. Mrs X found a personal assistant through charity B in late February, funding arrangements were agreed in March and support began in early April.

51. Therefore, by early May 2021 there were some services in place, although the overnight stays were not at the level provided before Miss Y reached age 18 nor were they at the level Mr and Mrs X felt was appropriate. There are ongoing discussions with the Council about Miss Y's support plan and, in particular, the number of overnight stays.

Complaints handling

52. Mr and Mrs X complained in early October 2020 about the Council's decision not to agree an extension of the overnight stays beyond December 2020. The Council accepted there was some mis-communication about this and apologised in late October 2020. It explained that provider A could not extend further as its services were reduced due to the COVID-19 pandemic.

53. In a further letter in early November 2020, the Council said although it had originally agreed to consider a three month extension, it was important to also consider other options with adult services and that remained its position. In recognition of the family's concerns the provision had been extended by one month but it could not commit to a further extension.

54. Mr and Mrs X remained unhappy with the decision not to extend the provision. The Council arranged an online meeting to discuss their outstanding concerns. At the meeting and subsequently Mr and Mrs X raised concerns about the transition process, poor communication and a failure to identify appropriate adult services

for Miss Y. These issues were considered by the Council using its adult complaints process.

55. Mr and Mrs X remained unhappy with the outcome of that process and were also unhappy that their concerns were considered separately by children's and adults services, particularly given the concerns were about transition between the two.

56. In response to my enquiries, the Council said there was some confusion between the officers involved about what had been agreed about extending the provision with provider A, which was clarified at the complaints meeting and then confirmed in writing. It did not consider it was appropriate to use the statutory children's complaints process because its priority was to get services in place for Miss Y and it did not consider the statutory process could achieve a meaningful outcome in a timely way.

57. The Council said the ongoing concerns raised by Mr and Mrs X were about its preparing for adulthood team, which falls under its adult services and therefore it considered those using its adult services complaints process. Its usual timescale for adult complaints is to respond within 20 working days. It accepts it did not do that on this occasion for which it has already apologised to Mr and Mrs X but is happy to do so again.

58. In terms of the timescales, the Council told Mr and Mrs X on 4 December 2020 it would address the additional concerns using its adult services complaints process. Mr and Mrs X provided further information on 11 and 21 December 2020. The Council prepared a detailed report of its investigation, dated 21 January 2021, and provided a complaint response letter on 2 February 2021.

My findings

Transition

59. The Council contacted the family a year before Miss Y turned 18 to start planning for the transition to adult services. An assessment of her eligible needs was completed in early February 2020 and officer 1 was assigned to work with the family soon after that. I am satisfied the Council began the transition process in good time and was not at fault.

60. The family were receiving a significant package of support for Miss Y through children's services and Mrs X was understandably worried about losing support she relied on when Miss Y turned 18. Officer 1 explained in March 2020 that support may be different once Miss Y was an adult and explained the options available. She suggested visits to Council providers of adult overnight stays but Mrs X did not want to explore these. Mrs X says she had already done her own research before the transition process began. Mrs X's preferred provider was provider C and the Council confirmed funding for private providers without delay. I find not fault with the way the Council handled the transition at this stage.

61. In late March 2020, restrictions in response to the COVID-19 pandemic meant that:

- private care providers were not bidding for services as they had had to reduce the services offered. Provider C did not start taking new referrals until October 2020;
- visits to adult care providers could not take place. Council providers of adult overnight stays could not take new referrals until September 2020;

- provider A continued to offer overnight stays to Miss Y but not at the previous level;
- some services were available but due to the risks of COVID-19, the family felt unable to access them.

62. This caused delay between April and September in identifying adult care services for Miss Y but this was outside the Council's control and was not fault.

63. I understand this period was difficult for the family because Miss Y's behaviour was more difficult to manage due to the disruptions to her routine, and because they had to manage with less support than before. However, the Council did offer support by:

- ensuring as many overnight stays with provider A as possible;
- welfare checks and telephone support;
- considering how direct payments could be used to provide support in the home; and
- referrals to CAMHS and the children's disability team.

I am satisfied the Council took sufficient steps to support the family at this difficult time and was not at fault.

64. From September to December 2020, the Council made little progress in arranging adult services for Miss Y, although officer 1 continued to discuss options with Mrs X and Mrs X did visit provider D. The records suggest both sides became distracted by the dispute over whether provider A could continue to provide overnight stays beyond age 18, which I will discuss below.

65. From January 2021, officer 3 took over the case. Officer 3 discussed the support options with Mrs X and pursued them as best they could. However, once again, COVID-19 restrictions meant progress was slow because services were either not able to offer visits or infection rates were such that it was too risky for Miss Y to attend. I cannot criticise the Council for events outside its control and am satisfied the case was progressed as well as could be expected between January and May 2021.

Requested extension to provider A support

66. The family requested an extension to the overnight stays with provider A at an early stage. Mrs X said this was agreed by provider A in principle in March 2020, but this was a conversation and there was no written record to confirm this.

67. Following the formal complaint in October 2020, the Council accepted there were problems with its communication about this due to confusion between its adults and children's teams about what each had discussed and agreed. The records show that although the Council's position in March was that adult services should be considered before any extension to children's services was discussed, and this remained the position, although its communication about the possible extension was inconsistent. At various points the Council indicated it was considering the three month extension or at least it was there in the background as a contingency.

68. It was not fault for the Council to say it would not consider an extension until the family had explored adult options. Although the family hoped that after the three months' extension services would be available through their preferred provider, provider C, there was never any guarantee that would be the case so it was sensible to consider other options as well. However, it was at fault for not communicating its position clearly and consistently between March and mid

November 2020. It would also have been better if it had been more proactive in addressing the family's concerns about its own adult services but I cannot say this would have changed the family's views and therefore stop short of saying this was further fault.

69. It was not fault for the Council to say it would not consider an extension beyond December 2020, given that provider A's capacity had been significantly reduced as a result of COVID-19 restrictions, other children were waiting for the service for whom no alternative service was available, and adult services were available for Miss Y that the Council considered would meet her needs.

Delivery of support in Miss Y's EHC plans from April 2020

70. Miss Y's EHC plan dated 7 April 2020 set out in section H1 that she had 144 short break hours and 140 holiday club hours. Section H2 set out her 48 overnight stays with provider A. This plan was effective until 11 February 2021 when a final amended EHC plan was issued.

71. The records show that provider A continued to provide overnight stays until late December 2020, although some planned stays were cancelled due to COVID-19 so the family did not get the full 48 overnight stays in that period. In normal circumstances, the provision should have continued until an amended EHC plan was issued in February 2021 because the support and the provider were set out in the April 2020 EHC plan. However, this was not possible due to the impact of the pandemic, as explained above, and since it resulted from factors largely outside the Council's control I have not found fault with the Council.

72. The records also show that other services Miss Y had previously used were not always available to her during this period and that where services were available she did not always attend them because of the COVID-19 risks. Again, I cannot say this was fault by the Council. I am satisfied the Council did what it reasonably could to ensure support was provided.

73. The amended EHC plan issued in February 2021 did not include any information about social care support in sections H1 and H2. The family say they did not accept that plan and a revised plan was issued, which included the same social care support as before. However, it was not possible by then for the support from Provider A to be delivered for the reasons discussed above and there is nothing more I could achieve by pursuing this further.

Complaints handling

74. I consider the complaint about refusing to extend the provision with provider A comes within the scope of the statutory children's complaints process. I have set out the timescales for this at paragraph 21 above.

75. The extension at stage 2 to 65 working days should be in exceptional cases and not the standard timescale. Therefore, I am not persuaded by the argument that it should not be used where a timely outcome is needed, although I do acknowledge there are often delays in the process. I am also not persuaded that the need to prioritise identifying services for Miss Y was a reason not to use the process because it should be possible to continue to provide such services whilst the complaint process is ongoing. Therefore, I consider the failure to consider the complaint using the children's statutory process was fault.

76. Although the Council did not have to use the statutory children's process for the adult services complaints, it should consider providing a single response. I have seen no evidence to show the Council considered this and that was fault.

77. However, I acknowledge the Council did respond to all the complaints raised, including preparing a detailed investigation report on the adult services aspects, although I note Mr and Mrs X remain unhappy with the outcome. Further, the Council did arrange an online meeting to discuss their concerns in November 2020. Therefore, I consider the injustice caused to the family is limited to the uncertainty about whether a different process, combining all the concerns raised, would have delivered a different outcome or a quicker outcome, and the additional frustration and time and trouble caused to them in dealing with several teams (children's services, adults services and the complaints team).

78. The records show Miss Y's needs were met throughout by support services or by her family and I do not consider she suffered an injustice as a result of the faults I have identified. Therefore, I have not recommended a remedy for her.

Agreed action

79. The Council will, within one month of the date of the final decision:

a) apologise to Mr and Mrs X for its

- its failure to deal with the complaint about the refusal of the extension using the children's statutory complaints process; and
- its failure to consider addressing all their complaints within that process.

b) pay them £300 for the uncertainty and frustration caused.

80. The Council will, within three months of the date of the final decision, consider the lessons it could learn from this case in terms of joint working between its children's and adults teams, and how it will ensure that complaints about children's services are considered using the children's statutory process. It will report to us with the outcome of this work.

Final decision

81. I have complete my investigation. I have found fault causing personal injustice. I have recommended action to remedy the injustice caused.

82. Under the information sharing agreement between the Local Government and Social Care Ombudsman and the Office for Standards in Education, Children's Services and Skills (Ofsted), we will share this decision with Ofsted.

Investigator's decision on behalf of the Ombudsman

Nottinghamshire County Council

	Action	By
1	SD to send letter to formally acknowledge the failures identified in this report and apologise to Mr C for the frustration, distress, time and trouble the Care Provider's and Council's actions caused him	**Completed** August 2021
2	SD to arrange to pay Mr C £650 to reflect: the distress he was caused by the Care Provider banning him from the care home without notice. ▪ the distress he was caused from not seeing his mother for six weeks; and ▪ his time and trouble in having to raise his complaints with both the Care Provider and Council for the restrictions to be removed.	**Completed** August 2021 Mr C has refused to accept the money
3	Through contract monitoring processes Quality & Market Management Team (QMMT) to ensure the Care Provider: ▪ reminds care staff about what actions to take before a person is excluded from a care home. ▪ reminds care staff about the importance of recording risk assessments and that these are evidence based rather than opinion. ▪ provides training to staff about anti discriminatory recording and behaviours.	**Completed** August 2021
4	QMMT to communicate with care homes and again share guidance and good practice re: visitors/relatives	**Completed** August 2021
5	QMMT to include a check in future quality audit processes to ensure that Care Home Providers to have a robust policy in place in respect of when issues occur with relatives.	October 2021
6	Principal Social Worker (PSW) to run reflective learning session with operational staff involved re: prompt communication of Safeguarding outcomes to people and their families in a timely manner to avoid any further distress.	Sept/Oct 2021
7	Message to be sent out to all staff regarding LGO recommendations 4 and 5	**Completed** August 2021

8	Debrief Meeting with operational staff regarding "lessons learnt" from this case to prevent this happening again, including ensuring that care providers act in the best interest of the person they have in their care. Evidence shows that we did do this but clearly the Manager of the home did not always include us in decisions made. QMMT to also have this debrief.	Sept/Oct 2021
9	QMMT and operational staff to undertake briefing/training as appropriate regarding the process around contractual breaches in respect of visitors to care homes	September/October 2021
10	QMMT to produce a 'visiting care home' overview document, including links to the guidance and overview of contractual requirement.	October 2021
11	QMMT to review the care home contract with regards to the CQC visiting guidance.	September 2021

Nottinghamshire County Council

Report to Governance and Ethics Committee

30 September 2021

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE AND EMPLOYEES

LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN'S ANNUAL REVIEW LETTER 2021

Purpose of the Report

1. To inform the Committee about Local Government & Social Care Ombudsman's (LGSCO) Annual Review letter.

Information

2. 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.

3. 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. A copy of the LGSCO's annual letter is uploaded onto their website and the Council's performance data can be found as part of an interactive map https://www.lgo.org.uk/your-councils-performance

4. The LGSCO's Annual letter is attached at Annex A. The Ombudsman received 65 complaints in relation to this Council during the year and made decisions on 66 cases. At the end of March, the Ombudsman took the decision to temporarily stop their casework to allow authorities to concentrate efforts on frontline services during the first wave of the pandemic. Casework resumed after 3 months, but this accounts for the lower numbers of complaints and decisions this year compared to last. Last year the LGSCO received 102 complaints and made decisions in 104 cases.

5. Full investigations were undertaken in 29 complaints, 26 were closed after initial enquiries were made of the Council, 9 cases were referred back to the Council as the complainants had either not complained to us previously, or had not completed our process, and 2 were found to be invalid complaints.

6. The LGSCO upheld 54% of the 29 complaints that they investigated (compared to an average of 71% in similar authorities). He is satisfied that we successfully implemented 100% of recommendations made. The uphold rate for other CIPFA statistically significant Councils is set out in the table below. It is pleasing to note that this Council had the lowest uphold rate of all the statistically significant Councils.

Council	**Received**	**Full investigations**	**Closed after initial enquiries**	**Uphold rate**
Cumbria	46	21	14	67%
Derbyshire	81	19	20	68%
Essex	134	60	58	72%
Kent	156	54	49	74%
Lancashire	124	33	43	67%
Leicestershire	52	19	22	68%
Lincolnshire	52	17	16	71%
Norfolk	86	41	21	66%
Northamptonshire	61	14	23	65%
Somerset	36	17	8	76%
Staffordshire	100	44	27	84%
Suffolk	95	30	41	67%
Warwickshire	50	13	9	67%
Worcestershire	32	9	7	89%

7. The letter refers specifically to the Public Report (already reported to this Committee in March) about the failure to promptly assess the needs of a man placed in a care home by his family due to carer stress. The Council delayed completing a care and support assessment, delayed assessing his mental capacity, and delayed making a best interests decision about where he should live. The Council also failed to take account of the man's Human Rights, specifically his right to enjoy his existing home peacefully.

8. The Ombudsman notes that the Council took prompt action after the draft decision it has:

- Taken responsibility for the outstanding care fees
- Apologised to the family and made payments to acknowledge distress time and trouble
- Improved Mental capacity Act documentation and guidance
- Produced and implemented an action plan for improvement including case reviews, briefings training and improved resources for staff.

Statutory and Policy Implications

9. 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

10. The decisions referred to in this report are anonymised and will be publicly available on the Ombudsman's website.

Implications for Service Users

11. 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

1. That members consider 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:

Jo Kirkby, Team Manager – Complaints and Information Team

Constitutional Comments (HD (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 (RWK 20/09/2021)

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

Local Government &
Social Care
OMBUDSMAN

21 July 2021

By email

Mr May
Chief Executive
Nottinghamshire County Council

Dear Mr May

Annual Review letter 2021

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2021. At the end of a challenging year, we maintain that good public administration is more important than ever and I hope this feedback provides you with both the opportunity to reflect on your Council's performance and plan for the future.

You will be aware that, at the end of March 2020 we took the unprecedented step of temporarily stopping our casework, in the wider public interest, to allow authorities to concentrate efforts on vital frontline services during the first wave of the Covid-19 outbreak. We restarted casework in late June 2020, after a three month pause.

We listened to your feedback and decided it was unnecessary to pause our casework again during further waves of the pandemic. Instead, we have encouraged authorities to talk to us on an individual basis about difficulties responding to any stage of an investigation, including implementing our recommendations. We continue this approach and urge you to maintain clear communication with us.

Complaint statistics

This year, we continue to focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have focused statistics on three key areas:

Complaints upheld - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated.

Compliance with recommendations - We recommend ways for authorities to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the authority upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit authorities that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data will be uploaded to our interactive map, Your council's performance, along with a copy of this letter on 28 July 2021. This useful tool places all our data and information about councils in one place. You can find the decisions we have made about your Council, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the resource with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

As you would expect, data has been impacted by the pause to casework in the first quarter of the year. This should be considered when making comparisons with previous year's data.

During the year, we issued a public report about your Council's failure to promptly assess the needs of a man placed in a care home by his family due to carer stress. We found the Council delayed completing a care and support assessment, delayed assessing his mental capacity, and delayed making a best interests decision about where he should live. The Council also failed to take account of the man's Human Rights, specifically his right to enjoy his existing home peacefully.

The Council's delay meant the man remained in the care home for longer than necessary, and incurred a debt of £15,000, which he did not have the mental capacity to agree to. At a time of carer stress, where the man's wife had wanted time to concentrate on her terminally ill son, she needed the support of the Council but did not get it. The care home pursued her for the debt including threatening bailiff action, which she found very distressing.

It is to the Council's credit that it quickly accepted fault and our findings in this case, but disappointing that it did not do so during its own complaint investigation. The Council was keen to help resolve the case and took steps to improve its Mental Capacity Act documentation and guidance during our investigation. The Council took action following our draft report rather than awaiting the final, so that it could help the family sooner. The Council contacted the care provider to take responsibility for the outstanding care fees, so it would stop pursuing the family, apologised to the family, and made payments to acknowledge their distress, time and trouble. Finally, the Council showed it is committed to learning from the complaint by producing and carrying out an action plan for improvement that included case reviews, and briefings, training, and improved resources for staff.

Supporting complaint and service improvement

I am increasingly concerned about the evidence I see of the erosion of effective complaint functions in local authorities. While no doubt the result of considerable and prolonged budget and demand pressures, the Covid-19 pandemic appears to have amplified the problems and my concerns. With much greater frequency, we find poor local complaint handling practices when investigating substantive service issues and see evidence of reductions in the overall capacity, status and visibility of local redress systems.

With this context in mind, we are developing a new programme of work that will utilise complaints to drive improvements in both local complaint systems and services. We want to use the rich evidence of our casework to better identify authorities that need support to improve their complaint handling and target specific support to them. We are at the start of this ambitious work and there will be opportunities for local authorities to shape it over the coming months and years.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. During the year, we successfully adapted our face-to-face courses for online delivery. We provided 79 online workshops during the year, reaching more than 1,100 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,

Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld

54%

54% of complaints we investigated were upheld.

This compares to an average of **71%** in similar authorities.

15
upheld decisions

Statistics are based on a total of 28 detailed investigations for the period between 1 April 2020 to 31 March 2021

Compliance with Ombudsman recommendations

100%

In **100%** of cases we were satisfied the authority had successfully implemented our recommendations.

This compares to an average of **100%** in similar authorities.

Statistics are based on a total of 14 compliance outcomes for the period between 1 April 2020 to 31 March 2021

- Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the authority

0%

In **0%** of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **8%** in similar authorities.

0
satisfactory remedy decisions

Statistics are based on a total of 28 detailed investigations for the period between 1 April 2020 to 31 March 2021

NOTE: To allow authorities to respond to the Covid-19 pandemic, we did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints we received and decided in the 20-21 year. Please consider this when comparing data from previous years.

Nottinghamshire County Council

Report to Governance and Ethics Committee

30 September 2021

Agenda Item: 6

REPORT OF THE CHAIRMAN OF FINANCE COMMITTEE

STATEMENT OF ACCOUNTS 2020/21

Purpose of the Report

1. To present the Draft Statement of Accounts 2020/21 to Governance and Ethics Committee and to seek approval for Committee to delegate responsibility to the Section 151 Officer, in consultation with the Chairman of the Governance and Ethics Committee, to approve the Statement of Accounts 2020/21 on completion of all external audit work.

2. To inform the Governance and Ethics Committee of the contents of the auditor's External Audit Report 2020/21.

3. To present the letters of representation to be issued in relation to the audit for approval by the Governance and Ethics Committee.

Draft Statement of Accounts 2020/21

4. The deadline for publishing the draft Statement of Accounts 2020/21 was 31 July 2021. Nottinghamshire County Council's Statement of Accounts 2020/21 were published onto the Council website on 9 July 2021, well ahead of the deadline.

5. The Senior Accountant, Financial Strategy and Accounting will provide a brief presentation of the Draft Statement of Accounts to Member at Committee setting out the structure of the accounts and the most pertinent areas to view.

Audit Results

6. The statutory audit of the Statement of Accounts 2020/21 was undertaken by Grant Thornton. At the time this document was published, the external auditors were finalising completion of their work. It is expected that John Gregory (Director – Grant Thornton) will provide a verbal update on their findings at the Committee meeting.

7. On completion of the external audit work, it is proposed that the responsibility to approve the audited Statement of Accounts 2020/21 is delegated to the Section 151 Officer in consultation with the Chairman of the Governance and Ethics Committee. Also, at that stage, the Audited Statement of Accounts 2020/21 will be published on the Council's website.

8. The statement of accounts is one of the key documents prepared by the Council to demonstrate good governance and value for money. This provides information about the County Council's financial position, performance and cash flows and consequently, shows the results of the stewardship and accountability of elected members and management for the resources entrusted to them, which is of paramount importance in the use of public funds.

9. As required by The Accounts and Audit (England) Regulations 2015, the Council's S151 Officer will re-certify the accounts following completion of the audit. It is proposed that responsibility to approve the Audited Statement of Accounts 2020/21 is delegated to the Section 151 Officer, in consultation with the Chairman of Governance and Ethics Committee. Chairman of the Governance and Ethics Committee will also sign the Statement of Approval and the S151 Officer and Chairman of the Governance and Ethics Committee will sign the letters of representation.

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 where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

11. That

    a) The contents of the External Audit Report 2020/21 are commented upon.

    b) The letters of representation are approved.

    c) The Committee delegates responsibility to the Section 151 Officer, in consultation with the Chair of Governance & Ethics Committee, to approve the Statement of Accounts 2020/21 on completion of all external audit work

Councillor Philip Owen
Chairman of Governance and Ethics Committee

For any enquiries about this report please contact:
Nigel Stevenson
Service Director (Finance, Infrastructure and Improvement)

Constitutional Comments (CH 20/09/2021)

12. The recommendations fall within the delegation to Governance and Ethics Committee under its terms of reference.

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
ANNUAL FINANCIAL REPORT 2020/21

Note **Contents** **Page**

NARRATIVE REPORT

Introduction

1. The Authority's Statement of Accounts for the year 2020/21 is set out on the following pages. It is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) issued by CIPFA. The statements also comply with appropriate guidance notes issued by CIPFA covering International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the Standing Interpretations Committee (SIC) and IFRS Interpretations Committee (IFRIC) as they apply to Local Authorities.

2. The Statement of Accounts aims to provide information so that interested parties can:

   - Understand the overarching financial position of the Authority and the outturn for 2020/21;
   - Have confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner; and
   - Be assured that the financial position of the Authority is sound and secure.

   The style and format of the accounts complies with CIPFA standards and has been updated from previous years to include additional / revised statements. In order to assist users the content has been reviewed and improved where possible.

3. **Narrative Report**
   This Narrative Report provides information on key issues affecting the Authority and its accounts.

4. **Annual Governance Statement**
   Alongside the Statement of Accounts, the Authority publishes an Annual Governance Statement which sets out the Authority’s responsibility for internal control and describes both the purpose of internal control and the internal control environment. The Statement also summarises the Authority’s review of the effectiveness of internal control and highlights significant internal control issues and the actions to be taken in order to address these. The 2020/21 Statement was reported to Governance and Ethics Committee on 23 June 2021.

5. **Other Statements**
   The Statement of Accounts is supported by the Statement of Responsibilities and the Notes which follow the core financial statements. In addition, the Authority publishes the Pension Fund Accounts and a glossary of financial terms.

6. **Movement in Reserves Statement**
   This statement shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The surplus / deficit on the provision of services line shows the true economic cost of providing the Authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes.

7. **Comprehensive Income and Expenditure Statement**
   This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis (EFA) and Movement in Reserves Statement.

8. **Balance Sheet**

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are unusable reserves which the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulation'.

9. **Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

10. **Pension Fund Accounts**

This Statement shows the income and expenditure relating to the Local Government Pension Scheme (LGPS) administered by Nottinghamshire County Council.

11. **Pension Net Assets Statement**

This Statement shows the net current assets and liabilities arising from the operation of the Authority's Pension Scheme (LGPS). This Statement does not take account of liabilities to pay pensions and other benefits after the period end. Such liabilities are shown in the Balance Sheet.

COVID19 Pandemic

12. The COVID19 pandemic has had a considerable impact on the Authority. A large number of services, resources, functions, plans and programmes have been re- and de-prioritised as the Authority has had to respond to a rapidly changing and fluid situation that has included the regular provision of new guidance and legislation.

Additional costs and lost income directly associated with the crisis in 2020/21 were in the region of £83m and the Authority has managed to deal with this through a combination of Central Government support, expenditure controls and re-prioritisation of discretionary spend.

It is important to note that considerable uncertainty remains regarding aspects of the pandemic and, as such, the situation will continue to be monitored closely. In particular, information continues to be developed regarding significant risk areas in the Authority's budget including Home to School Transport, Looked After Children (LAC) and Adult Social Care and Health services. It is expected that the financial impact of the pandemic will continue to be felt for several years and the Authority's Medium-Term Financial Strategy will be adjusted accordingly.

Despite the COVID19 pandemic, the financial position of the County Council has continued to be monitored throughout the financial year, with monthly reports to the Corporate Leadership Team and the Finance and Major Contracts Management

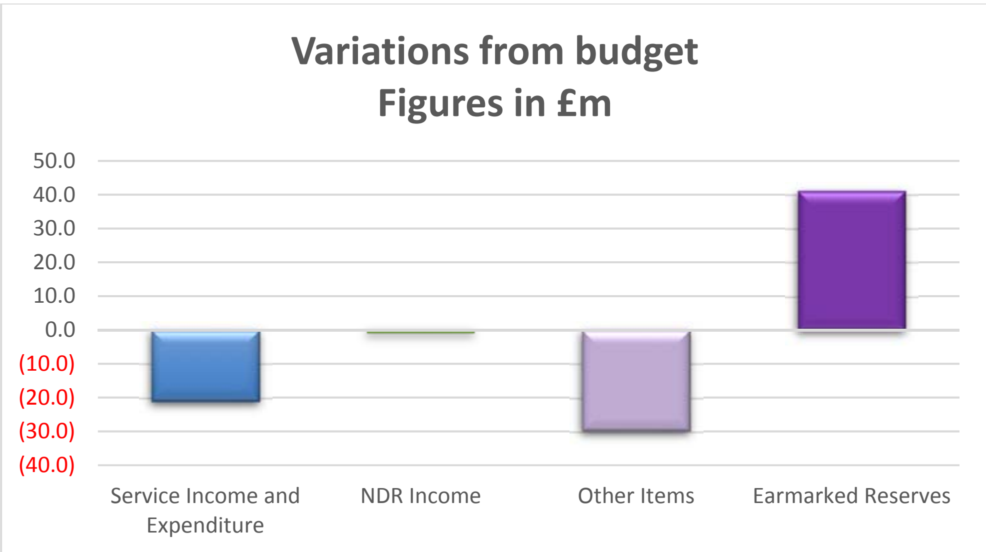
Committee providing an update of progress, thus ensuring decision makers had access to financial information on a timely basis.

Revenue Expenditure

13. The budget estimated that there would be a £0.6 million contribution from General Fund balances. The final accounts show that the final contribution was £10.2m to reserves.

	Budget £m	Actual £m	Variance from Budget £m
INCOME			
Income raised from taxation:			
Precept Income (Council Tax)	(389.1)	(389.1)	-
Non Domestic Rate Income	(116.4)	(117.3)	(0.9)
Revenue Support Grant	(7.1)	(7.1)	-
	(512.6)	(513.5)	(0.9)
NET EXPENDITURE (inc appropriations)	**513.2**	**503.3**	**(9.9)**
Contribution to/(from) General Fund Balances	**(0.6)**	**10.2**	**10.8**

The main variations to net expenditure were:



14. The Authority's Medium-Term Financial Strategy (MTFS) has identified the need for further significant savings. Budget savings of £1.9 million were approved in February 2021 with a further £47.7 million required by 2024/25. All savings are monitored with a status update included in the monthly report to Finance Committee.

Capital Expenditure and Financing

15. The Authority's capital expenditure in 2020/21 was £104.2 million. The external capital financing costs amounted to £34.5 million, which included interest on PFI schemes.

16. The Authority's borrowings, used to finance the past acquisitions of assets, were £624.0 million at 31 March 2021. This includes long-term borrowings, loans to be repaid within one year, deferred liabilities and finance leases related to PFI schemes. The Authority

makes use of financial instruments called Lenders' Option Borrowers' Option (LOBOs) which offered attractive borrowing rates of interest as well as greater flexibility. At 31 March 2021 the amount owed on these types of borrowings was £60.0 million.

17. The Authority has entered into Private Finance Initiative (PFI) partnerships. The schemes are as follows:

- The provision of schools at East Leake. Service commenced during 2003/04
- The provision of schools and leisure facilities in Bassetlaw which commenced during 2007/08
- Waste recycling and energy recovery facilities. The waste recycling facility became operational in 2007/08.

Further details of all PFI contracts are set out in Note 13 to the Accounts.

Trends

18. People living in Nottinghamshire today are fortunate to be living in a peaceful, prosperous and safe environment. They are wealthier, healthier, better educated and living longer lives than at any previous point in history with significant improvements over the last few decades.

- Nottinghamshire is a large county covering 805 square miles (2,085 sq. km). There are three distinct areas: the relatively affluent suburbs surrounding the City of Nottingham; the towns and villages in the north-west which grew out of the textile and coal industries; and the rural areas to the east and south characterised by prosperous market towns and villages in the Trent Valley.

- Towns and villages in the north and west that were the heartland of heavy industry now offer opportunities for service and manufacturing sector industries, with a major concentration of logistics and distribution companies on the M1 and A1 corridors.

- Rural communities to the east and south, outside of the main market towns, act largely as commuter belt for conurbations including Nottingham, Lincoln, Leicester and London. These also have significant agricultural economies with market towns such as Newark and Retford offering more diverse opportunities.

- The population of Nottinghamshire increased by 5% between the census in 2001 and that in 2011 and currently stands at 833,400. The total population of Nottinghamshire is expected to increase by around 75,000 over the next 13 years to 2034 and will then total approximately 908,000.

- The population of Nottinghamshire is slightly older than the national average, with 21% aged 65+ in 2020 compared with 18.5% in England and this is due to continue over the next 13 years with the number of 65-84 year olds increasing by 25% to reach 192,000 by 2034. As people live longer, they are more likely to experience disability and life limiting long-term illnesses.

- The health of the average person in Nottinghamshire has improved greatly over the last fifty years with people now living longer and healthier lives. We are lucky to live in a period when life expectancy at birth has increased to 79.6 years for men and 82.7 years for women and the average Nottinghamshire resident is expected to live in good health until the age of almost 63 which is more than 75% of their lives.

- It is anticipated that the number of older people in Nottinghamshire who will in future live alone will increase by 26% by 2030 and our ageing and increasingly isolated population has implications for future planning and delivery of services in order to meet their health and wellbeing needs.

- Whilst the average 2020 annual earnings of full-time workers in Nottinghamshire at £30,000 are below the UK level of £31,461, house prices, as quoted in the House Price Index, are much more affordable with the average house price in Nottinghamshire in 2020 (December) being £194,900 compared to £250,000 in the UK.

- In Nottinghamshire, 53% of households are within 15 minutes travel time of a GP surgery/health centre by public transport and 71% of households within 30 minutes travelling time. These figures assume a maximum of 5 minutes or a 400 metre walk from home to the nearest bus stop.

- Important visitor hubs include Rufford Abbey, the National Civil War Centre in Newark, Sherwood Forest and Holme Pierrepont Country Park. It should be noted that not all of these facilities are owned by NCC and some are run in partnership with other organisations.

Risks and Uncertainties

19. The Risk, Safety and Emergency Management Board (RSEMB) has the lead role in creating and maintaining the Authority's capacity to respond to emergencies in the community and for internal resilience to the effects of significant business interruptions. The RSEMB is chaired by the Service Director for Place and Communities and comprises of departmental representatives plus specialist officers from emergency planning, health and safety, risk and insurance, facilities management, property and ICT.

20. The Corporate Risk Register provides a summary scorecard of the main risks to the Authority at a strategic level and assesses these in terms of their likelihood and potential impact were they to occur. It identifies measures in place to mitigate these risks and further measures that are planned for the future. Progress is monitored as part of the meetings of the RSEMB and is reported to Governance & Ethics Committee on a regular basis.

Environmental

21. Nottinghamshire is a unique county with a heritage and countryside that we all want to protect and promote. We will ensure our environment is well managed and our countryside is protected. We need road and transport systems that are fit for purpose and help companies to invest in Nottinghamshire. We will provide a reliable transport system which supports a growing economy whilst encouraging sustainable and healthy travel. We will ensure we are well prepared during severe weather by gritting major roads and bus routes to help both residents and businesses carry on as normal. In addition, the Authority will:-

    - Work with partners to act as a champion protecting the environment within Nottinghamshire
    - Work in partnership with district councils and the private sector to provide waste management facilities and encourage changes in behaviour
    - Act as a community leader, by using the resources and expertise of the Authority to reduce our environmental impact
    - Deliver a road and transport infrastructure that seeks to meet the needs of our residents and businesses
    - Work in partnership with bus companies and community transport providers to improve usage of public transport
    - Continue our investment in LED street lighting, renewable energy and energy efficiency measures across the corporate estate and schools to reduce energy use and cut carbon dioxide emissions.

People

22. The Authority is the largest employer in the County with a headcount of 5,318 directly employed permanent and temporary staff, as at April 2020.

23. Detailed workforce profile information is produced annually by the Authority and the most recent published information was presented to Personnel Committee on 16 September 2020.

Vision

24. “Your Nottinghamshire Your Future” is the Council Plan for 2017 – 2021. The plan is focused around four vision statements:

A great place to bring up your family

- We want Nottinghamshire to be a great place to bring up a family so that children get the best possible start in life.
- Support will be provided to those who need it most, to ensure that children remain safe and healthy.
- Working in partnership with early years’ providers, schools, colleges and our universities, we will make sure that people have the opportunity to acquire the skills and qualifications they need to build a rewarding life and career.
- We will focus on encouraging those children who are high performers, whilst supporting those who are not yet achieving their full potential, for whatever reason.
- We want all children to have the same opportunities and life chances.

A great place to fulfil your ambition

- We want Nottinghamshire to be seen as a great place for those starting out or progressing their careers.
- Attracting a new and talented generation who have grown up with modern technologies will be instrumental in generating a strong and vibrant economy in our county.
- We know that a good choice of housing, excellent transport links, a healthy environment and a wide range of recreational facilities are all influential in persuading people to move into an area or stay there, so we will do everything possible to ensure Nottinghamshire leads the way on quality of life.

A great place to enjoy your later life

- Our ambition is to make Nottinghamshire a place where as many people as possible are healthy and happy as they grow older.
- As people live longer, many will find themselves working much later in life than previous generations.
- We will encourage a jobs market that values the skills and experience this older generation can offer.
- This will help to develop strong communities with many more people remaining active and independent for as long as possible.
- Our focus will be on helping people to help themselves and offering a variety of services which are accessible in middle and later life.

A great place to start and grow your business

- We want to build on Nottinghamshire's proud heritage of innovation and create a great place to start or grow a business.
- We want to accelerate this growth by attracting more trade, visitors and investment.

- Nottinghamshire is well placed to do this because of our position in the centre of the country, with motorways, mainline railways and international airports either in or near our county.
- Our economy has already diversified and has strong foundations for the future.
- Our strengths include food and drink production, manufacturing, life sciences, construction and the visitor economy.
- We will promote the conditions that will help businesses thrive and prosper – a skilled and highly productive workforce, great transport links and access to superfast broadband delivered through a network of high quality and innovative business parks.
- We will lobby Government for more devolution of powers and resources because we think we can make decisions better locally.

Following the May 2021 Local Election, the Authority's new administration will be presenting the new County Council vision for approval at a forthcoming Full Council meeting.

Performance

25. The Council Plan 2017-2021 was agreed by Full Council in July 2017 and articulates the ambition to provide the best possible services for local people, improve the place in which we live, and give good value for money. The Plan sets out our 12 commitments for Nottinghamshire and how we will measure our success in delivering them. The aspirations, priorities and outcomes that the Authority works towards are developed and articulated through four Departmental Strategies which set out the:

    - Priorities and Key Activities that support the delivery of the Council Plan;
    - Department Improvement and Change Portfolio;
    - Department Core Dataset.

26. The Council's Planning and Performance Framework was agreed by Policy Committee on 21 June 2017 and sets out the approach the Council will take to planning and managing its performance. As part of the Framework, the measurement of the Council's performance is set out through core data sets in the Council Plan and Departmental Strategies with the monitoring, evaluation and benchmarking of progress managed through a Business Intelligence Hub. The Authority proactively manages performance with Members and senior officers regularly reviewing performance information to identify and manage emerging challenges.

27. Key highlights from across the priorities in 2020/21 include:

    - Our ambition is to make Nottinghamshire a place where as many people as possible are healthy and happy as they grow older. At the end of 20/21, 85% of older people were still living at home after discharge from hospital into reablement/rehabilitation services. This is higher than the most recently published national average of 82% and has improved over the past 2 years; the equivalent figure at the end of 18/19 was 78%. Additionally, 39% of adults supported in the community receive support in the form of a direct payment, higher than the most recent national average of 27.9%. This enables people to choose and purchase the services they feel they need, giving them more independence and control over their own lives.

    - We want Nottinghamshire to be a great place to bring up a family so that children get the best possible start in life. We work in partnership with schools and educators so that more Nottinghamshire pupils (51.2%) achieved a strong pass in both GCSE English and mathematics (grade 9-5) in 2020.

    - We promote the conditions that will help businesses thrive and prosper. As a Council we continue to support businesses by ensuring that the vast majority of undisputed supplier invoices are paid on time.

- The digital age is rapidly transforming the way we live, do business and spend our leisure time. We are reflecting this by continuing to introduce new technology with more of our services, managers and leadership teams now able to receive bespoke business intelligence (BI) and analysis as the Council continues to implement its BI Strategy.

28. The Authority has also identified a number of key challenges and pressures that may affect performance over 2021/22 and will seek to assess and proactively manage these through the coming year.

Summary

Overall the financial position remains challenging, however the Authority continues to deliver good financial and non-financial performance. The Authority will continue to respond to change and to deliver the savings required to meet the budget requirements. Robust financial management and ongoing risk management processes will ensure the Authority continues to deliver good value to the people of Nottinghamshire and ensure we make Nottinghamshire a better place to live, work in and visit.

The COVID19 pandemic has had a profound impact on all aspects of life in Nottinghamshire, however the Authority will continue to respond to this and other changes and will deliver the savings required to meet the budget requirements.

Nigel Stevenson
Service Director (Finance, Infrastructure & Improvement & Section 151 Officer)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAMSHIRE COUNTY COUNCIL

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Service Director - Finance, Infrastructure & Improvement) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Responsibilities of the Service Director (Finance, Infrastructure & Improvement)

The Service Director (Finance, Infrastructure & Improvement) is responsible for the preparation of the Authority's Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code").

In preparing this Statement of Accounts, the Service Director (Finance, Infrastructure & Improvement) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2021 and of its income and expenditure for the year then ended.

Nigel Stevenson
Service Director (Finance, Infrastructure & Improvement & Section 151 Officer)
09 July 2021

STATEMENT OF APPROVAL OF THE STATEMENT OF ACCOUNTS

Governance and Ethics Committee, at the meeting held on 30 September 2021, approved that the Statement of Accounts 2020/21 would be approved by the Section 151 Officer in consultation with the Chairman of the Governance and Ethics Committee.

I, as Section 151 Officer, am satisfied with the position set out in the Statement of Accounts. Following consultation with the Chairman of the Governance and Ethics, I am satisfied that the approval process for the Statement of Accounts has now been completed satisfactorily and that the Statement of Accounts may now be issued.

Signed

Nigel Stevenson
(Finance Director – Finance, Infrastructure and Improvement & Section 151 Officer).

30 September 2021

Signed

Councillor Philip Owen
Chairman of the Governance and Ethics Committee
30 September 2021

STATEMENT OF ACCOUNTING POLICIES

1. General Policies

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. 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 are primarily based on the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which is based on 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 2020/21 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	£10,000
Other assets	£10,000

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 participant’s 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 2021 issued by Mr N Gamble MRICS, Group Manager – Property Asset Management from the Authority’s Place Department on 13 July 2021. 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.

Impairment

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-minimis of £0.5 million. For the 2020/21 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 Initiatives (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 Properties

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 2021 for the 2020/21 Statement of Accounts, the actuary made a number of changes in the assumptions underlying the present value of the scheme liabilities. These include changes 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 of 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).

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 (i.e. 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.

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 relevant 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, 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. Interests in Companies and Other Entities

The Authority has involvement with a number of entities where interests are not considered to be material. The nature and value of the relationships are disclosed within the single entity accounts. In line with the Code requirement on group accounts and consolidation, maintained schools within the county are considered to be entities controlled by the Authority. The income, expenditure, assets and liabilities, reserves and cash flows of these schools are recognised within the Authority's single entity accounts rather than group accounts.

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. 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.

23. 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 2021.

24. 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.

25. 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.

26. 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.

27. 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.

Movement in Reserves Statement 2020/21

	Usable Revenue Reserves Balance £000	Capital Receipts and Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2020	**192,020**	**1,682**	**193,702**	**(529,575)**	**(335,873)**
Movement in Reserves during 2020/21					
Total Comprehensive Income and Expenditure	22,186	-	22,186	(337,682)	(315,496)
Adjustments between accounting and funding basis under regulations					
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.					
Pensions Costs	42,719	-	42,719	(42,719)	-
Financial Instruments	(73)	-	(73)	73	-
Collection Fund Adjustments (Council Tax and NNDR)	(3,861)	-	(3,861)	3,861	-
Employee Benefits	(5,331)	-	(5,331)	5,331	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital expenditure	80,517	-	80,517	(80,517)	-
Total Adjustments to Revenue Resources	**113,971**	**-**	**113,971**	**(113,971)**	**-**
Adjustments between Revenue and Capital Resources					
Statutory provision for the financing of capital investment	(18,196)	-	(18,196)	18,196	-
Capital Expenditure Charged in the year to the General Fund	(4,839)	-	(4,839)	4,839	-
Total Adjustments between Revenue and Capital Resources	**(23,035)**	**-**	**(23,035)**	**23,035**	**-**
Adjustments to Capital Resources					
Capital Grants unapplied credited to CI&E	(64,780)	64,780	-	-	-
Application of grants to capital financing transferred to CAA	-	(63,574)	(63,574)	63,574	-
Movement in deferred Capital Receipts	(1,891)	-	(1,891)	1,891	-
Total Adjustments to Capital Resources	**(66,671)**	**1,206**	**(65,465)**	**65,465**	**-**
Total Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	**24,265**	**1,206**	**25,471**	**(25,471)**	**-**
Increase or (Decrease) in 2020/21	**46,451**	**1,206**	**47,657**	**(363,153)**	**(315,496)**
Balance at 31 March 2021	**238,471**	**2,888**	**241,359**	**(892,728)**	**(651,369)**

Movement in Reserves Statement 2019/20 Restated

	Usable Revenue Reserves Balance £000	Capital Receipts and Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2019	**182,496**	**8,764**	**191,260**	**(480,482)**	**(289,222)**
Movement in Reserves during 2019/20					
Total Comprehensive Income and Expenditure	(66,745)	(1)	(66,746)	20,095	(46,651)
Adjustments between accounting and funding basis under regulations					
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.					
Pensions Costs	51,387	-	51,387	(51,387)	-
Financial Instruments	(47)	-	(47)	47	-
Collection Fund Adjustments (Council Tax and NNDR)	(1,694)	-	(1,694)	1,694	-
Employee Benefits	4,841	-	4,841	(4,841)	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital expenditure	73,318	-	73,318	(73,318)	-
Total Adjustments to Revenue Resources	**127,805**	**-**	**127,805**	**(127,805)**	**-**
Adjustments between Revenue and Capital Resources					
Statutory provision for the financing of capital investment	(9,753)	-	(9,753)	9,753	-
Capital Expenditure Charged in the year to the General Fund	(5,518)	-	(5,518)	5,518	-
Total Adjustments between Revenue and Capital Resources	**(15,271)**	**-**	**(15,271)**	**15,271**	**-**
Adjustments to Capital Resources					
Capital Grants unapplied credited to CI&E	(36,265)	36,265	-	-	-
Application of grants to capital financing transferred to CAA	-	(43,346)	(43,346)	43,346	-
Movement in deferred Capital Receipts	-	-	-	-	-
Total Adjustments to Capital Resources	**(36,265)**	**(7,081)**	**(43,346)**	**43,346**	**-**
Total Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	**76,269**	**(7,081)**	**69,188**	**(69,188)**	**-**
Increase or (Decrease) in 2019/20	**9,524**	**(7,082)**	**2,442**	**(49,093)**	**(46,651)**
Balance at 31 March 2020	**192,020**	**1,682**	**193,702**	**(529,575)**	**(335,873)**

Comprehensive Income and Expenditure Statement 2020/21

	Note	2019/20 Restated Gross Expenditure	Income	Net Expenditure	2020/21 Gross Expenditure	Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Gross expenditure, gross income and net expenditure of continuing operations							
Children & Young People		188,537	(23,788)	164,749	190,491	(20,108)	170,383
Schools		338,271	(339,695)	(1,424)	340,849	(347,813)	(6,964)
Adult Social Care & Public Health		414,431	(202,983)	211,448	456,821	(266,081)	190,740
Communities & Place		159,188	(20,306)	138,882	155,027	(25,851)	129,176
Policy		52,900	(13,595)	39,305	57,863	(20,221)	37,642
Finance & Major Contracts Management		4,194	(564)	3,630	3,935	(642)	3,293
Governance & Ethics		8,253	(367)	7,886	8,480	(374)	8,106
Personnel		21,499	(3,764)	17,735	20,018	(3,842)	16,176
Cost of Services		**1,187,273**	**(605,062)**	**582,211**	**1,233,484**	**(684,932)**	**548,552**
Other Operating Expenditure							
Loss on Disposal of non-current assets		11,883	-	11,883	18,546	-	18,546
Change in fair value of Assets Held for Sale	17	33	-	33	200	-	200
Other Operating Income and Expenditure		2,845	(22,385)	(19,540)	1,271	(25,710)	(24,439)
Total Other Operating Expenditure		**14,761**	**(22,385)**	**(7,624)**	**20,017**	**(25,710)**	**(5,693)**
Financing and Investment Income and Expenditure							
Interest Payable	28	32,423	-	32,423	34,511	-	34,511
Net Interest on the defined liability/(asset)	21	25,776	-	25,776	25,792	-	25,792
Interest and Investment Income	28	-	(1,891)	(1,891)	-	(563)	(563)
Income and Expenditure in relation to Investment Properties and changes in their fair value	14	(8,965)	(596)	(9,561)	(2,334)	(542)	(2,876)
Net (Surplus)/Deficit of Trading Undertakings	32	22,763	(18,726)	4,037	20,243	(15,391)	4,852
Insurance Revenue	34	(2,022)	(1,500)	(3,522)	(2,623)	-	(2,623)
Total Financing and Investment Income and Expenditure		**69,975**	**(22,713)**	**47,262**	**75,589**	**(16,496)**	**59,093**
Taxation and Non-Specific Grant Income							
Recognised Capital Grants and Contributions	26			(36,310)			(64,817)
Income from Council Tax				(371,299)			(388,238)
General Government Grants	26			(28,997)			(44,402)
National Non-Domestic Rates Distribution				(116,769)			(124,807)
New Homes Bonus Scheme				(1,728)			(1,873)
Total Taxation and Non-Specific Grant Income				**(555,103)**			**(624,137)**
(Surplus)/Deficit on Provision of Services				**66,746**			**(22,185)**
(Surplus)/Deficit on Revaluation of non current assets				886			(13,920)
Remeasurement of the net defined benefit liability	21			(21,804)			350,769
Other Comprehensive Income and Expenditure				823			832
Total Comprehensive Income and Expenditure				**46,651**			**315,496**

Balance Sheet 2020/21

	Note	31 March 2020 £000 Restated	31 March 2020 £000	31 March 2021 £000	31 March 2021 £000
Property, Plant and Equipment (PPE)	10				
Land and Buildings		642,056		644,336	
Vehicles, Plant, Furniture and Equipment		44,588		43,090	
Infrastructure Assets		584,712		599,140	
Community Assets		27		27	
Surplus Assets		73,135		74,346	
Assets Under Construction		24,679	1,369,197	37,677	1,398,616
Heritage Assets	16	420		420	
Investment Properties	14	56,912		51,811	
Intangible Assets	15	4,721		6,081	
Long Term Advances	27	4,012		3,382	
Long Term Investments	27	5,025		5,025	
Long Term Debtors	19	4,205	75,295	3,838	70,557
Total Long Term Assets			**1,444,492**		**1,469,173**
Short Term Investments	27	-		20,001	
Inventories		1,069		1,114	
Short Term Debtors	19	63,671		120,348	
Cash and Cash Equivalents	37	54,895		83,909	
Assets Held for Sale	17	4,746		5,318	
Total Current Assets			**124,381**		**230,690**
Short Term Creditors	22	(119,278)		(162,562)	
Short Term Provisions	23	(1,701)		(1,862)	
Loans to be repaid within 1 year	27, 30	(20,792)		(18,671)	
Other Short Term Liabilities	12, 13, 27, 30	(6,920)	(148,691)	(6,808)	(189,903)
Total Assets less Current Liabilities			**1,420,182**		**1,509,960**
Long Term Provisions	23	(11,843)		(12,289)	
Long Term Borrowing	27, 30	(478,051)		(497,135)	
Long Term Creditors	22	(4,336)		(5,465)	
Other Long Term Liabilities	12, 13, 27, 30	(107,392)		(101,369)	
Deferred Liability	28	(928)		(853)	
Capital Grants Receipts in Advance	26	(8,759)		(19,545)	
IAS 19 Pensions Liability	21	(1,144,746)		(1,524,673)	
Total Long Term Liabilities			**(1,756,055)**		**(2,161,329)**
Total Net Assets			**(335,873)**		**(651,369)**
Usable Reserves	33				
Capital Receipts and Grants Unapplied Reserve		1,682		2,888	
Other Earmarked Reserves		113,046		141,145	
General Insurance	34	34,093		36,679	
Schools Statutory Reserves	35	22,920		28,528	
General Fund Balance		21,961	193,702	32,119	241,359
Unusable Reserves	36				
Capital Adjustment Account		406,901		422,853	
Revaluation Reserve		224,411		228,472	
Deferred Capital Receipts		-		1,891	
IAS 19 Pensions Reserves	21	(1,144,746)		(1,539,068)	
Financial Instruments Adjustment Account		(2,391)		(2,318)	
Collection Fund Adjustment Account		2,669		6,530	
Employee Benefits Account		(16,419)	(529,575)	(11,088)	(892,728)
Net Worth / Total Reserves			**(335,873)**		**(651,369)**

CASH FLOW STATEMENT

	Note	2019/20 £000	2020/21 £000
Net (surplus) or deficit on the provision of services		66,746	(22,185)
Adjust for non-cash movements			
Depreciation and amortisation		(44,556)	(44,520)
Revaluation / Impairment of Property, Plant and Equipment		(18,610)	(6,153)
Donated Assets		46	37
Movement in current assets and liabilities		(18,251)	(2,668)
Movement in reserves and provisions		2,979	(607)
Adjustments in respect of pension charges		(64,457)	(28,326)
Carrying amount of non-current assets sold		(12,482)	(27,853)
Other		5,554	2,049
		(149,777)	**(108,041)**
Adjust for items included in investing or financing activities		36,865	72,196
Net cash flows from operating activities		**(46,164)**	**(58,030)**
Investing activities	39	62,314	39,053
Financing activities	40	(14,737)	(10,037)
Net (increase)/decrease in cash and cash equivalents		**1,413**	**(29,014)**
Cash and cash equivalents at beginning of period		**56,308**	**54,895**
Cash and cash equivalents at end of period	37	**54,895**	**83,909**

NOTES TO THE STATEMENT OF ACCOUNTS

1. Explanation of Prior Period Adjustments

There are no prior period adjustments to report in the 2020/21 accounts.

2. Accounting Standards issued but not yet Adopted

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

From 2022/23, the adoption of IFRS16 Leases will require Local Authorities that are lessees to recognise most leases on their balance sheets as right of use assets with corresponding lease liabilities (there is exemption for low-value and short-term leases.) This will involve a change in accounting policy however the quantifiable impact is not known or reasonably estimable at this stage.

There are a number of further minor changes to the Code which will not have a material impact upon the financial statements of the Authority.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Statement of Accounting Policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Authority has made detailed assessment and applied judgement regarding the extent of control exercised over schools run under various arrangements to determine whether associated assets and liabilities are consolidated into the single entity accounts. The outcome in relation to School non-current assets is as follows:

    - Community schools - on Balance Sheet
    - Academy schools - off Balance Sheet
    - Foundation schools - on Balance Sheet
    - Voluntary Aided school – off Balance Sheet
    - Voluntary Controlled schools – off Balance Sheet

- The 2020/21 Code of Practice clarifies the requirements for valuing property, plant and equipment (PPE) to ensure valuations are "sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period". To achieve this objective, the Authority has consulted its professional valuers who have affirmed that there is no such material deviation from current value at the Balance Sheet date for those assets not subject to a formal in-year valuation.

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2021 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

- **Property, Plant and Equipment**

Land and Building assets that are required to be measured at current value are revalued on a 5-year rolling basis by the Authority's internal team of valuers. Each property is assessed and valued on its own merits and the valuation is determined with due regard to any changes or uncertainties which may affect the specific property.

The 2020/21 financial year has continued to be dominated by the COVID19 pandemic and the impact of Brexit. Although evidence from our property portfolio throughout the year has been one of continuing activity, less weight can be attached to previous market evidence to inform opinions of value as there remains an unprecedented set of circumstances on which to base a judgement. As such, a material valuation uncertainty is disclosed in the Authority's property valuation report as per VPS 3 and VPGA 10 of the RICS Valuation Global Standards.

It is estimated that a theoretical 2.5% market drop applied across all properties valued in 2020/21 would equate to an impairment variation of £4.1 million to be expensed through the surplus / deficit on the provision of services. In terms of the materiality threshold set for this Statement of Accounts, such a decrease in market values would reduce the combined value of Property, Plant and Equipment by approximately £6.9m. This equates to 0.5% of carrying value at the Balance Sheet date.

The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Authority's internal valuers. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.7 million for every year that useful lives had to be reduced.

- **Fair Value**

When determining fair value for the measurement and disclosure requirements in relation to the Authority's assets and liabilities, it is likely the Authority will be required to make assumptions and estimations. Where direct observable market data is unavailable, professional judgement is required in order to determine a fair value and the Authority uses relevant experts to ensure that appropriate valuation techniques are employed given full consideration of risk and uncertainty. At the current time, due to the absence of sufficient observable market data, it is not possible to accurately predict the longevity and severity of the impact of COVID19 on the economy. As such, a material valuation uncertainty is also disclosed in the Authority's property valuation report in relation to the valuations for both Surplus Assets and Investment Properties which are required to be measured at Fair Value.

- **Insurance**

The Authority operates a self insurance scheme and has established a provision of £10.8 million to cover known claims and liabilities. The values provided are based upon historic experience and advice from claims advisers. However, the actual payments paid out are subject to agreement and possible legal action. Therefore, the final payments may differ significantly from that provided. A variation of 10% on the amount provided would have an impact of £1.1 million on the provision required.

- **Pensions**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. It is important to note that the on-going impact of the COVID19 pandemic has resulted in a material valuation uncertainty being disclosed in the pension fund property valuation report. The effects on the net pensions' liability of changes in individual assumptions can be measured and is contained in Note 21.

- **Britain's Exit from the European Union**

There remains a high level of uncertainty in relation to the implications of leaving the European Union and the potential impact on the value of the Authority's assets and liabilities. At the Balance Sheet date, the assumption has been made that there will be no significant impairment to the net worth of the Authority. This assumption will be regularly reviewed in the coming months.

5. Post Balance Sheet Events

There are no material events to report since the accounts were prepared, which are not already reported in the accounts.

6. Adjustments between Accounting Basis and Funding Basis under Regulations

The adjustments between the accounting basis and the funding basis under regulations are shown in the Expenditure and Funding Analysis (note 7) and the Movement in Reserves Statement.

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's Committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

		2020/21	
	Net Expenditure Chargeable to the General Fund	**Total Adjustments between Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
	£000	**£000**	**£000**
Children & Young People	134,486	35,897	170,383
Schools	(7,320)	356	(6,964)
Adult Social Care & Public Health	185,568	5,172	190,740
Communities & Place	110,691	18,485	129,176
Policy	31,918	5,724	37,642
Finance & Major Contracts Management	3,009	284	3,293
Governance & Ethics	7,841	265	8,106
Personnel	14,632	1,544	16,176
Cost of Services	**480,825**	**67,727**	**548,552**
Other Income and Expenditure	(527,276)	(43,462)	(570,738)
(Surplus) or Deficit on Provision of Services	**(46,451)**	**24,265**	**(22,186)**
Opening Usable Revenue Reserves	**192,020**		
Surplus or (Deficit) on Provision of Services	46,451		
Closing Usable Revenue Reserves	**238,471**		

		2019/20	
	Net Expenditure Chargeable to the General Fund	**Total Adjustments between Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
	£000	**£000**	**£000**
Children & Young People	122,741	42,008	164,749
Schools	(2,570)	1,146	(1,424)
Adult Social Care & Public Health	200,766	10,682	211,448
Communities & Place	101,917	36,965	138,882
Policy	36,063	3,242	39,305
Finance & Major Contracts Management	3,097	533	3,630
Governance & Ethics	7,402	484	7,886
Personnel	14,806	2,929	17,735
Cost of Services	**484,222**	**97,989**	**582,211**
Other Income and Expenditure	(493,746)	(21,719)	(515,465)
(Surplus) or Deficit on Provision of Services	**(9,524)**	**76,270**	**66,746**
Opening Usable Revenue Reserves	**182,496**		
Surplus or (Deficit) on Provision of Services	9,524		
Closing Usable Revenue Reserves	**192,020**		

		2020/21		
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	**Adjustments for Capital Purposes £000**	**Net change for Employee Adjustments under IAS19 £000**	**Other Differences £000**	**Total Differences £000**
Children & Young People	30,130	5,767	-	35,897
Schools	-	356	-	356
Adult Social Care & Public Health	1,519	3,653	-	5,172
Communities & Place	16,065	2,444	(24)	18,485
Policy	5,300	424	-	5,724
Finance & Major Contracts Management	-	284	-	284
Governance & Ethics	-	265	-	265
Personnel	160	1,384	-	1,544
Net Cost of Services	**53,174**	**14,577**	**(24)**	**67,727**
Other Income and Expenditure	(62,363)	22,811	(3,910)	**(43,462)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure surplus or deficit	**(9,189)**	**37,388**	**(3,934)**	**24,265**

		2019/20		
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	**Adjustments for Capital Purposes £000**	**Net change for Employee Adjustments under IAS19 £000**	**Other Differences £000**	**Total Differences £000**
Children & Young People	31,215	10,793	-	42,008
Schools	-	1,146	-	1,146
Adult Social Care & Public Health	3,189	7,493	-	10,682
Communities & Place	33,114	3,849	2	36,965
Policy	1,068	2,174	-	3,242
Finance & Major Contracts Management	-	533	-	533
Governance & Ethics	-	484	-	484
Personnel	223	2,706	-	2,929
Net Cost of Services	**68,809**	**29,178**	**2**	**97,989**
Other Income and Expenditure	(47,026)	27,050	(1,743)	**(21,719)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure surplus or deficit	**21,783**	**56,228**	**(1,741)**	**76,270**

8. Segmental Income

Income received on a segmental basis is analysed below. This is the income attributable to the General Fund under the funding basis rather than an accounting basis.

	2019/20 £000	2020/21 £000
Children & Young People	(29,815)	(31,800)
Schools	(339,398)	(348,412)
Adult Social Care & Public Health	(256,246)	(325,653)
Communities & Place	(32,706)	(37,690)
Policy	(32,711)	(33,094)
Finance & Major Contracts Management	(1,743)	(5,601)
Governance & Ethics	(686)	(730)
Personnel	(11,773)	(11,655)
Total	**(705,078)**	**(794,635)**

9. Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

	2019/20 £000	2020/21 £000
Expenditure		
Employee expenses	475,797	469,435
Other operating expenses	697,402	757,783
Depreciation, amortisation & impairment	63,150	50,656
Other Expenditure relating to held for sale & investment properties	(9,527)	(2,134)
Interest Payments	32,423	34,511
Precepts & Levies	288	293
Gains or Losses on disposal of Non Current Assets	11,883	18,546
Total Expenditure	**1,271,416**	**1,329,090**
Income		
Fees, charges & other service income	(198,267)	(220,023)
Interest & Investment Income	(1,891)	(563)
Income from Council Tax, NNDR	(488,068)	(513,045)
Government grants	(516,442)	(617,644)
Total Income	**(1,204,668)**	**(1,351,275)**
(Surplus)/Deficit on Provision of Services	**66,748**	**(22,185)**

10. Property, Plant and Equipment

Movement in 2020/21

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000	PFI Assets included in Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2020	645,881	92,427	842,231	35	73,649	24,723	1,678,946	53,332
Additions	16,332	6,796	35,202	-	903	26,988	86,221	134
Donations	-	37	-	-	-	-	37	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,125	-	-	-	3,473	-	10,598	(772)
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(8,960)	-	-	-	(47)	-	(9,007)	(60)
Derecognition - disposals	(16,822)	(3,969)	(67)	-	-	-	(20,858)	(23)
Derecognition - other	-	-	-	-	-	(712)	(712)	-
Assets reclassified (to)/from Held for Sales/Investment Property	-	-	-	-	(3,987)	-	(3,987)	-
Other Transfers between Asset Categories	12,440	-	-	-	882	(13,322)	-	-
Other Movements in cost or valuation	-	(1)	1	-	(2)	1	(1)	-
At 31 March 2021	**655,996**	**95,290**	**877,366**	**35**	**74,871**	**37,677**	**1,741,235**	**52,611**
Accumulated Depreciation and Impairment								
At 1 April 2020	(3,825)	(47,839)	(257,519)	(8)	(514)	(44)	(309,749)	(5,194)
Depreciation charge	(14,364)	(7,697)	(20,773)	(1)	(56)	-	(42,891)	-
Depreciation written out to the Revaluation Reserve	3,303	-	-	-	19	-	3,322	-
Depreciation written out to the Surplus/Deficit on Provision of Services	2,830	-	-	-	24	-	2,854	(1,649)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	240
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	412
Derecognition - disposals	397	3,336	67	-	-	-	3,800	-
Derecognition - other	-	-	-	-	-	44	44	-
Change in category	-	-		-	-	-	-	23
Other movements in depreciation and impairment	(1)	-	(1)	1	2	-	1	-
At 31 March 2021	**(11,660)**	**(52,200)**	**(278,226)**	**(8)**	**(525)**	**-**	**(342,619)**	**(6,168)**
Net Book Value								
At 31 March 2021	**644,336**	**43,090**	**599,140**	**27**	**74,346**	**37,677**	**1,398,616**	**46,443**
At 31 March 2020	**642,056**	**44,588**	**584,712**	**27**	**73,135**	**24,679**	**1,369,197**	**48,137**

10 .Property, Plant and Equipment (Continued)

Movement in 2019/20

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000	PFI Assets included in Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2019	695,809	88,345	804,293	35	54,417	14,780	1,657,679	51,376
Additions	18,135	8,568	38,384	-	669	19,856	85,612	1,496
Donations	-	46	-	-	-	-	46	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(19,030)	-	-	-	16,467	-	(2,563)	(462)
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(42,777)	-	-	-	2,095	-	(40,682)	922
Derecognition - disposals	(12,364)	(4,531)	(445)	-	-	-	(17,340)	-
Derecognition - other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sales/Investment Property	(586)	-	-	-	(3,219)	-	(3,805)	-
Other Transfers between Asset Categories	6,694	-	-	-	3,219	(9,913)	-	-
Other Movements in cost or valuation	-	(1)	(1)	-	1	-	(1)	-
At 31 March	**645,881**	**92,427**	**842,231**	**35**	**73,649**	**24,723**	**1,678,946**	**53,332**
Accumulated Depreciation and Impairment								
At 1 April 2019	(12,641)	(44,729)	(237,825)	(7)	(457)	(44)	(295,703)	(4,565)
Depreciation charge	(15,401)	(7,452)	(20,139)	(1)	(68)	-	(43,061)	(1,496)
Depreciation written out to the Revaluation Reserve	1,672	-	-	-	6	-	1,678	447
Depreciation written out to the Surplus/Deficit on Provision of Services	22,067	-	-	-	5	-	22,072	420
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	476	4,342	445	-	-	-	5,263	-
Derecognition - other	-	-	-	-	-	-	-	-
Change in category	2	-	-	-	-	-	2	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March	**(3,825)**	**(47,839)**	**(257,519)**	**(8)**	**(514)**	**(44)**	**(309,749)**	**(5,194)**
Net Book Value								
At 31 March 2020	**642,056**	**44,588**	**584,712**	**27**	**73,135**	**24,679**	**1,369,197**	**48,137**
At 31 March 2019	**683,168**	**43,616**	**566,468**	**28**	**53,960**	**14,736**	**1,361,976**	**46,811**

11. Valuation of Property, Plant and Equipment (PPE)

The Authority carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at current value are revalued at least every five years. Furthermore, for those assets measured at current value that fall outside of the 5-year rolling cycle, a revaluation is applied when evidence suggests the carrying amount may be materially inaccurate. Annual revaluations are undertaken for the highest value assets and also those subject to significant in-year additional expenditure. This ensures that the closing current value of assets held on the balance sheet does not materially deviate from a current value as determined by a recent formal revaluation. The effective date of valuation is 31st March.

Operational land and buildings are valued based on their existing use value to reflect their current operating capacity. Surplus Assets (i.e. those assets not being used for service delivery and/or not eligible to be classified as Held for Sale) are measured at their fair value which represents the financial capacity and opportunity cost of holding such an asset as surplus.

All valuations of land and buildings have been carried out internally in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Other PPE assets are carried at depreciated historic cost as a proxy for current value.

Revaluation of Property, Plant and Equipment

The following statement shows the progress of the Authority's rolling programme for the revaluation of PPE. The basis for valuation is set out in the Statement of Accounting Policies.

Basis of Measurement	Op Land & Bldgs £000	Surplus Assets £000	Other PPE Assets £000	Total £000
Valued at current value as at:				
31/03/2021	215,793	34,584		250,377
31/03/2020	376,750	16,856		393,606
31/03/2019	14,595	3,352		17,947
31/03/2018	24,698	15,191		39,889
31/03/2017	12,500	4,363		16,863
Valued at historic cost			679,934	679,934
Total	**644,336**	**74,346**	**679,934**	**1,398,616**

Fair Value Hierarchy

The Authority's portfolio of Surplus Assets have been assessed in relation to the Fair Value Hierarchy for the purposes of valuation (see Statement of Accounting Policies for full explanation)

Surplus Assets by type	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/21 £000
Strategic development site	-	4,676	38,225	**42,901**
Cleared land	-	8,903	14,521	**23,424**
Vacant premises	-	4,528	3,493	**8,021**
	-	**18,107**	**56,239**	**74,346**

2019/20 Comparative

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/20 £000
Strategic development site	-	6,004	43,565	**49,569**
Cleared land	-	5,652	8,526	**14,178**
Vacant premises	-	5,831	3,557	**9,388**
	-	**17,487**	**55,648**	**73,135**

Transfers between levels of the Fair Value Hierarchy

There were no transfers of assets between levels 1 and 2 of the hierarchy during the year.

Significant Observable Inputs - Level 2

The fair value of Surplus Assets has been derived using the market approach applying current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant.

Significant Unobservable Inputs - Level 3

The market approach uses comparable data based on recent transactions with similar characteristics and locations to the Authority's assets. Where this valuation is significantly adjusted by the valuer to reflect asset specific factors, the inputs are categorised as Level 3. In addition, if the inputs are categorised in different levels of the hierarchy, the asset is categorised on the same level as the lowest level input that is significant to the entire measurement.

Assets are also measured using the investment approach based on discounted cash flows to establish the present value of the net projected income stream. This method requires the use of estimates (e.g. future rental income) and other unobservable inputs to determine a fair value. There is no reasonably available information to indicate that market participants would use different assumptions.

Reconciliation of Fair Value Measurements within Level 3

	2020/21 **£000**
Opening Balance	**55,648**
Transfers into Level 3	2,444
Transfers out of Level 3	(4,175)
Total gains (or losses) for the period included in Surplus or Deficit on Provision of Services resulting from changes in Fair Value	(426)
Unrealised gains / (losses)	2,143
Additions	624
Disposals	-
Other	(19)
Closing Balance	**56,239**

Impairment review

In accordance with the requirements of the Code, the Authority undertakes a review each year to identify any assets which may have been subject to an impairment in value. Where a potential impairment of Land and Buildings is identified, the asset is revalued and consequently any decrease in value is treated as a revaluation loss.

The Authority recognised no impairment losses in the CIES during the year (£0.0m 2019/20).

12. Leases

Authority as Lessee

Finance Leases

The Authority leases the following assets that qualify as finance leases:

Land & Buildings - Highways Depot
Vehicles

The assets acquired under each lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	2019/20 £000	2020/21 £000
Other Land & Buildings	2,817	2,780
Vehicles, Plant, Furniture and Equipment	-	46
	2,817	**2,826**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2019/20 £000	2020/21 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	1	7
- non-current	878	891
Finance costs payable in future years	4,613	3,644
Minimum lease payments	**5,492**	**4,542**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Not later than one year	48	47	1	7
Later than one year and not later than five years	193	175	1	15
Later than five years	5,251	4,320	876	876
	5,492	**4,542**	**878**	**898**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £0.0m of contingent rents were payable by the Authority (£0.0m in 2019/20).

Operating Leases

The Authority leases a wide variety of property, plant and equipment for use in the provision of services including libraries, offices, vehicles, industrial units and youth centres.

The minimum lease payments due under leases in future years are:

	2019/20 £000	2020/21 £000
Not later than one year	926	1,555
Later than one year and not later than five years	942	3,209
Later than five years	629	2,061
	2,497	**6,825**

The expenditure charged in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2019/20 £000	2020/21 £000
Minimum lease payments	1,107	1,753
Contingent rents	37	66
	1,144	**1,819**

These payments have increased compared to the previous year due to a review of payments made in advance of the implementation of IFRS16 (Leases), which has identified a number of current payments which should be classified as operating leases.

Authority as Lessor

Finance Leases

The Authority leases school land and buildings to Academy schools for 125 year terms on peppercorn rentals. As per accounting policy, related assets are derecognised from the Authority's balance sheet upon transfer to Academy status.

Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

The minimum lease payments receivable under leases in future years are:

	2019/20	2020/21
	£000	£000
Not later than one year	578	829
Later than one year and not later than five years	686	1,102
Later than five years	813	488
	2,077	**2,419**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £0.1m contingent rents were receivable by the Authority (£0.1m in 2019/20).

13. Private Finance Initiative (PFI)

East Leake Schools

The Authority has a contract with East Leake Schools Limited for the provision of secondary and primary schools and a community leisure facility in East Leake. Service commenced during 2003/04 and the contract finishes on 31 July 2027 when the buildings transfer back to the Authority.

The Authority retained the freehold of the land which is valued and included in the Balance Sheet as other land and buildings where the school is under local authority control.

The assets used to provide the schools services are recognised on the Authority's Balance Sheet where the school is under local authority control.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2021 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service Charge	Lifecycle Replacement	Finance Liability	Interest	Contingent Rent	Total
	£000	£000	£000	£000	£000	£000
Payable within 1 year	587	360	735	674	384	**2,740**
Within 2-5 years	2,408	1,193	4,006	1,846	1,786	**11,239**
Within 6-10 years	824	178	1,911	212	725	**3,850**
	3,819	**1,731**	**6,652**	**2,732**	**2,895**	**17,829**

Bassetlaw Schools

The Authority has a contract with Transform Schools (Bassetlaw) Ltd for the provision of five secondary schools, two post-16 centres, one special school and two community leisure centres. These became fully operational during 2007/08 and the contract finishes on 31 July 2032 when the buildings transfer back to the Authority.

An agreement has been entered into between Nottinghamshire County Council and Bassetlaw District Council with regards to the two leisure facilities which form part of the PFI Scheme. A lease has been granted to Bassetlaw District Council for a term of 60 years secured on both the leisure facilities. Consequently these facilities are not included as assets on the Authority's Balance Sheet.

The Authority retained the freehold of the land which is valued and included in the Balance Sheet as other land and buildings where the school is under local authority control.

The assets used to provide the schools services are recognised on the Authority's Balance Sheet where the school is under local authority control.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2021 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service Charge	Lifecycle Replacement	Finance Liability	Interest	Contingent Rent	Total
	£000	£000	£000	£000	£000	£000
Payable within 1 year	6,590	1,658	4,208	7,350	267	**20,073**
Within 2-5 years	28,332	7,386	21,001	24,901	970	**82,590**
Within 6-10 years	40,323	14,070	36,779	18,223	(544)	**108,851**
Within 11-15 years	12,271	2,922	14,723	1,592	603	**32,111**
	87,516	**26,036**	**76,711**	**52,066**	**1,296**	**243,625**

Waste Recycling

The Authority has received Government support for a Nottinghamshire Waste PFI scheme which involves the commissioning of Materials Recycling Facilities and an Energy Recovery Facility. A PFI credit of £38.3 million has been allocated. The contract was signed on 26 June 2006 with Veolia Environmental Services and the contract ends on 31 March 2033 when the assets transfer to the Authority. The first main new facility, the Materials Recycling Facility (MRF), became operational in January 2009. The MRF site is subject to a 50 year rental agreement with the Authority, which is then recharged to Veolia Environmental Services at the same rates.

The Authority retained the freehold of the land which is valued and included in the Balance Sheet.

The assets used to provide the services are recognised on the Authority's Balance Sheet. Movements in their value over the year are included in the analysis of the movement in Property, Plant and Equipment balance.

The Authority makes an agreed payment per tonne of waste which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2021 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service Charge	Lifecycle Replacement	Finance Liability	Interest	Contingent Rent	Total
	£000	£000	£000	£000	£000	£000
Payable within 1 year	19,596	869	1,857	2,473	2,390	**27,185**
Within 2-5 years	83,410	6,160	9,988	10,102	10,376	**120,036**
Within 6-10 years	116,544	1,356	8,710	9,163	20,058	**155,831**
Within 11-15 years	50,798	-	3,360	1,332	9,892	**65,382**
	270,348	**8,385**	**23,915**	**23,070**	**42,716**	**368,434**

14. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2019/20 £000	2020/21 £000
Rental income from Investment Properties	(596)	(542)
Direct operating expenses arising from Investment Properties	106	145
Net (income)/expenditure	**(490)**	**(397)**

There are no restrictions on the Authority's ability to realise the value inherent in its Investment Properties or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop Investment Properties or to undertake repairs, maintenance or enhancement.

Investment Properties have been valued as at the Balance Sheet date by the Authority's estate specialist Mr N Gamble MRICS who holds a relevant professional qualification and has recent experience.

The following table summarises the movement in the fair value of Investment Properties over the year:

	2019/20 £000	2020/21 £000
Balance at start of year	**25,904**	**56,912**
Additions:		
Subsequent expenditure	22,143	-
Disposals	(155)	(7,580)
Net gains/(losses) from fair value adjustments	9,071	2,479
Transfers:		
(to)/from PPE	(50)	-
Other Movements	(1)	-
Balance at end of year	**56,912**	**51,811**

Fair Value Hierarchy

The Investment property portfolio has been assessed in reference to the Fair Value Hierarchy as per the requirements of IFRS13 (see Statement of Accounting Policies for further detail).

Investment Properties by Type	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/21 £000
Industrial	-	-	4,886	**4,886**
Land	-	21,684	22,913	**44,597**
Residential	-	615	73	**688**
Smallholding	-	-	1,640	**1,640**
	-	**22,299**	**29,512**	**51,811**

2019/20 Comparative

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/20 £000
Industrial	-	-	4,694	**4,694**
Land	-	22,281	27,198	**49,479**
Residential	-	549	-	**549**
Smallholding	-	-	2,190	**2,190**
	-	**22,830**	**34,082**	**56,912**

Transfers between levels of the Fair Value Hierarchy

There were no assets which transferred between levels 1 and 2 of the hierarchy during the year.

Valuation techniques used to determine Fair value

Significant Observable Inputs - Level 2

The fair value has been derived using the market approach applying current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant.

Significant Unobservable Inputs - Level 3

The fair value has been measured using the investment method, where expected cash flows are discounted to establish the present value of the net income stream. The approach uses existing lease terms and internal data relating to rent growth and occupancy levels to derive a fair value. There is no reasonably available information to indicate that market participants would use different assumptions.

In estimating the fair value of the Authority's investment property portfolio, the highest and best use of the properties is their current use.

Reconciliation of Fair Value Measurements within Level 3

	2020/21
	£000
Opening Balance	**34,082**
Transfers into Level 3	18
Transfers out of Level 3	
Total gains (or losses) for the period included in Surplus or Deficit on Provision of Services resulting from changes in Fair Value	2,992
Additions	-
Disposals	(7,580)
Closing Balance	**29,512**

15. Intangible Assets

The Authority accounts for its software as Intangible Assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessment of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are from 3-5 years.

Intangible Assets are held at depreciated historic cost as a proxy for fair value where useful lives are low and/or values are immaterial.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £1.6 million in 2020/21 (£1.5 million in 2019/20) was charged to the CIES.

The movement on Intangible Asset balances during the year is as follows:

	2019/20 Purchased Software Licences £000	2020/21 Purchased Software Licences £000
Balance at start of year		
Gross carrying amounts	7,475	8,646
Accumulated amortisation	(2,594)	(3,925)
Net carrying amount at start of year	**4,881**	**4,721**
Purchases	1,334	2,989
Disposals	-	-
Amortisation for the period	(1,495)	(1,629)
Other Movements	1	-
Net carrying amount at end of year	**4,721**	**6,081**
Comprising		
Gross carrying amounts	8,646	10,464
Accumulated amortisation	(3,925)	(4,383)
	4,721	**6,081**

Fully amortised assets with a gross value of £1.2 million were disposed of in year.

16. Heritage Assets

Heritage Assets are measured at Open Market Value, or, under certain circumstances, at historic cost and depreciated where appropriate.

	2019/20 £000	2020/21 £000
Balance at 1 April	420	420
Additions	-	-
Revaluations	-	-
Balance at 31 March	**420**	**420**

Further Information on Heritage Assets

Savile of Rufford Abbey estate records

These documents relate to estates built up by the family in the West Riding of Yorkshire from the Middle Ages to the 17th century, and subsequently, augmented by the inheritage of the former Rufford Abbey estates in Nottinghamshire in 1626 through the marriage into the Talbot family, earls of Shrewsbury. The records were removed from Rufford Abbey prior to the Second World War and subsequently catalogued by the National Register of Archives in London in the 1940s and 1950s. They were deposited in the Nottinghamshire Archives in 1958, with subsequent additional deposits added in 1960, 1974 and 1982. These were supplemented by smaller acquisitions made in 1982. The collection consists of 394 boxes of documents.

Architectural drawings of Rufford and elsewhere by James Gibbs, 17th-18th centuries

The collection consists of 35 documents: 22 architectural drawings of Rufford Abbey, Ollerton Hall and Ollerton Church, with one drawing possibly of Osberton Hall, together with 17th and 18th century news cuttings reporting on Rufford Abbey and the Savile family, prints of Mr Henry Savile, Sir Henry Savile and Rufford landscapes.

The drawings were passed down to the present Lord Savile by descent. They were purchased at Sotheby's auction by Nottinghamshire Archives in July 2010, with the assistance of then Museums Libraries and Archives Council (now Arts Council)/ Victoria and Albert Museum Purchase Grant Fund and the friends of the National Libraries.

Ceremonial Regalia and Art Collection

The ceremonial regalia and art collection includes ceremonial items, paintings (both oil and watercolour), sketches, sculptures, glass and silverware acquired over a number of years. The majority of the collection is on display at County Hall with the remainder held in secure storage.

17. Assets Held for Sale

	Current Assets	
	2019/20	**2020/21**
	£000	**£000**
Balance at start of year	**1,145**	**4,746**
Assets newly qualified as Held for Sale:		
Property, Plant and Equipment	4,159	3,987
Revaluation losses	(33)	(200)
Revaluation gains	-	-
Declassified		
Property, Plant and Equipment	(307)	-
Assets sold	(250)	(3,215)
Other Movements	32	-
Balance at end of year	**4,746**	**5,318**

There are no non-current assets held for sale.

18. Capital Expenditure and Financing

	2019/20 £000	2020/21 £000
Opening Capital Financing Requirement (CFR)	**752,452**	**809,709**
Capital Investment		
Property, Plant and Equipment	106,310	85,736
Intangible Assets	1,334	2,989
Amounts treated as revenue expenditure in accordance with the Code but which are classified as capital expenditure under statute	15,098	18,024
Additions/(Reductions) to finance liability	1,477	485
Sources of finance		
Capital receipts	-	(5,208)
Government grants and other contributions	(51,691)	(72,088)
Sums set aside from revenue (Inc. MRP)	(12,020)	(16,416)
Repayment of PFI finance liability	(3,251)	(6,594)
Finance lease payments	-	(26)
Closing Capital Financing Requirement (CFR)	**809,709**	**816,611**
Movement in year		
Change in underlying need to borrow (unsupported by Government financial assistance)	57,257	6,902
	57,257	**6,902**

The estimated commitments for capital expenditure in future years for schemes that had started and for which a legal contract had been entered into by 31 March 2021 are:

	£000
2021/22	34,022
2022/23	3,970
2023/24	951
2024/25	448
	39,391

The committed projects for 2021/22 are:

	£000
School Projects	13,145
Top Wighay Development	1,581
Better Broadband for Nottinghamshire	1,295
Lindhurst Project	3,187
Investing in Nottinghamshire	8,506
Other	6,308
	34,022

19. Debtors and Long-Term Debtors

Debtors less than one year	2019/20 £000	2020/21 £000
Central government bodies	14,250	16,015
Other local authorities	10,009	2,133
NHS bodies	4,914	18,317
Public corporations and trading funds	-	86
Other entities and individuals	41,711	91,945
	70,884	**128,496**
Less impairment allowance for bad and doubtful debts	(7,213)	(8,147)
Total	**63,671**	**120,349**

Long term debtors	2019/20 £000	2020/21 £000
Adult care property debt	549	460
PFI prepayment	3,633	3,354
Other	23	24
Total	**4,205**	**3,838**

Analysis of allowance for bad and doubtful debt	2019/20 £000	2020/21 £000
Opening allowance for bad and doubtful debt	**6,246**	**7,213**
Amounts paid	(3,868)	(4,390)
Amounts written off	(552)	(674)
Allowance adjustment	5,387	5,998
Closing allowance for bad and doubtful debt	**7,213**	**8,147**

20. Pensions – Contributions

Teachers

In 2020/21, the Authority paid £20.7 million to the Teacher's Pension Agency (£18.2 million in 2019/20) in respect of teachers' pension costs, which represents 23.68% of teachers' pensionable pay (16.48% up to August 2019).

In addition the Authority is responsible for all pension payments relating to added years it has awarded together with the related inflation increases. In 2020/21, this was £5.5 million (£5.5 million in 2019/20), representing 6.24% of pensionable pay (5.12% in 2019/20). The Authority is allowed to enhance lump sum retirement payments to teachers however, in 2020/21 no payments were made (nil in 2019/20).

Other Employees

During 2020/21, the net cost of pensions and other benefits amounted to £45.1 million (£43.5 million in 2019/20), which represented 22.20% of pensionable pay (22.20% in 2019/20).

The Actuarial report upon which the 2020/21 accounts are based is for a 3 year period commencing 1 April 2020. The report indicated rates that will provide the cost for 100% of pension funding in accordance with IAS19.

This is a combined rate of 18.7% and an additional amount to be contributed is as follows:

	Additional contribution £000
2020/21	7,169
2021/22	7,169
2022/23	7,169

The Authority is responsible for all pension payments relating to historical, discretionary added years benefits it has awarded, together with the related inflation increases. In 2020/21 these amounted to £2.4 million (£2.4 million in 2019/20), representing 1.4% of pensionable pay (1.75% in 2019/20). The Authority also paid £0.9 million into the Pension Fund in 2020/21 (£0.9 million for 2019/20) to fund the non-discretionary additional strain on the the pension fund of early retirements.

21. Pensions – IAS19

The IAS19 position as at 31 March 2021 was a net liability as set out in the table below :

	2019/20 Restated £000	2020/21 £000
Local Government Pension Scheme	(1,068,666)	(1,444,429)
Teachers Unfunded Defined Benefit Scheme	(76,080)	(80,244)
Total Net Liability	**(1,144,746)**	**(1,524,673)**

Assets have been valued using the market value at 31 March 2021. Liabilities have been valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. This work was undertaken by Barnett Waddingham LLP, an independent firm of actuaries, based upon the estimated position at 31 March 2021 provided by the Authority during February/March 2021.

A ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements put in place when moving from final salary to average salary scheme arrangements. The Court of Appeal judgements were made in cases affecting judges' pensions (the McCloud Judgement) and firefighter pensions (the Sergeant Judgement). The ruling may have implications for the Local Government Pension Scheme which also moved from a final salary to a career average salary scheme.

The Government Actuary's Department has undertaken a scheme level review for England and Wales to assess the impact on the Local Government Pension Scheme in respect of the potential impact on scheme liabilities and service cost and the IAS19 figures included in the accounts reflect the estimated impact of the McCloud and Sergeant Judgements.

Local Government Pension Scheme

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2019/20 £000	2020/21 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- Current service cost	(79,961)	(75,679)
- Past service cost (including curtailments)	(3,502)	(1,031)
- Liabilities (assumed) / extinguished on settlements	7,084	9,904
- Settlement Prices received / (paid)	(4,396)	(5,056)
Other Operating Expenditure		
- Administration Expenses	(748)	(818)
Financing and Investment Income and Expenditure		
- Net interest on the defined (liability) / asset	(23,622)	(24,103)
Net Charge to the Comprehensive Income and Expenditure Statement	**(105,145)**	**(96,783)**

Movement in Reserves

- Reversal of net charges made for retirement benefits in accordance with IAS19	105,145	96,783
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers contributions payable to the Pension Fund and retirement benefits payable directly to pensioners	48,014	48,412

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, the following actuarial gains/losses were included within Other Comprehensive Income and Expenditure.

	2019/20	2020/21
	£000	£000
Actuarial gains / (losses)	3,088	343,010

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2019/20	2020/21
	£000	£000
At 1 April	**2,868,199**	**2,754,982**
Current service cost	79,961	75,679
Interest cost	67,951	63,826
Change in Financial Assumptions	(280,226)	733,368
Change in Demographic Assumptions	(48,024)	(30,105)
Experience loss/(gain) on Defined Benefit Obligation	140,118	(36,172)
Past service costs/(gain)	1,715	1,031
Liabilities extinguished on settlements	(7,084)	(9,904)
Benefits paid	(78,543)	(79,957)
Contributions by scheme participants	12,951	13,348
Unfunded pension payments	(2,036)	(1,964)
at 31 March	**2,754,982**	**3,484,132**

Reconciliation of fair value of the scheme assets:

	2019/20	2020/21
	£000	£000
At 1 April	**1,865,681**	**1,686,316**
Interest on assets	44,329	39,723
Return on assets less interest	(169,722)	324,081
Other actuarial gains/(losses)	(16,473)	-
Administration expenses	(748)	(817)
Employer contributions	34,121	64,029
Contributions by scheme participants	12,951	13,348
Estimated benefits paid	(80,579)	(81,921)
Settlement prices received/(paid)	(4,396)	(5,056)
Other Movements*	1,152	-
At 31 March	**1,686,316**	**2,039,703**
Opening Net Position	**(1,002,518)**	**(1,068,666)**
Closing Net Position	**(1,068,666)**	**(1,444,429)**

*Contribution from Nottinghamshire Probation Trust for former employees of the Authority.

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2020 for the year to 31 March 2021). The returns on gilts and other bonds are assumed to be gilts yields and corporate bond yields (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilts yields.

Scheme History

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Present value of liabilities	(2,831.5)	(2,803.4)	(2,868.1)	(2,754.9)	(3,484.1)
Fair value of scheme assets	1,694.5	1,752.1	1,865.6	1,686.3	2,039.7
Surplus/(deficit) in the scheme	(1,137.0)	(1,051.3)	(1,002.5)	(1,068.6)	(1,444.4)
Cumulative actuarial gain/(loss)	**(598.9)**	**(488.2)**	**(353.5)**	**(350.4)**	**(7.4)**

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2022 is £37.9 million.

The actuarial assumptions used to calculate the position in accordance with IAS19 were as follows:

	31 March 2020	31 March 2021
Rate of inflation - RPI Increases	2.7%	3.2%
Rate of inflation - CPI Increases	1.9%	2.8%
Rate of increase in salaries	2.9%	3.8%
Rate of increase in pensions	1.9%	2.8%
Discount rate	2.4%	2.0%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	21.8	21.6
Women (years)	24.4	24.3
Longevity at 65 for future pensioners:		
Men (years)	23.2	22.9
Women (years)	25.8	25.7
Proportion of employees opting to take an increased lump sum/reduced pension	50.0%	50.0%

The Authority's estimated asset allocation, which is 33% of the whole fund is as follows:

	31 March 2020		31 March 2021	
	£000	%	£000	%
Assets				
Equities	973,231	58	1,321,231	65
Gilts	70,067	4	68,530	3
Other Bonds	154,943	9	139,801	7
Property	251,439	15	208,374	10
Cash	68,723	4	92,747	5
Inflation-linked pooled fund	63,001	4	98,698	5
Infrastructure	104,912	6	110,321	5
Total	**1,686,316**	**100**	**2,039,702**	**100**

The Authority publishes a Pension Fund Annual Report which is available upon request. A copy is also available on the pension fund website (www.nottspf.org.uk).

Sensitivity analysis

This table shows the assumption change and the impact upon present value of total obligation and projected Service Cost:

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	3,415,904	3,484,132	3,553,791
Projected Service Cost	102,958	105,952	109,026
Adjustment to long term Salary Increase	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	3,490,329	3,484,132	3,477,982
Projected Service Cost	106,010	105,952	105,894
Adjustment to pensions Increase and Deferred revaluation	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	3,546,978	3,484,132	3,422,512
Projected Service Cost	108,994	105,952	102,986
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	3,643,164	3,484,132	3,332,198
Projected Service Cost	110,726	105,952	101,362

Teachers

Under IAS19, the Teachers added years scheme is classed as an unfunded defined benefit scheme. The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2019/20 £000	2020/21 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- Past service (cost) / gain	-	-
- Gains / (losses) on curtailments	-	-
Financing and Investment Income and Expenditure		
- Interest cost	(2,154)	(1,689)
Net Charge to the Comprehensive Income and Expenditure Statement	**(2,154)**	**(1,689)**

	2019/20 £000	2020/21 £000
Movement in Reserves		
- Reversal of net charges made for retirement benefits in accordance with IAS19	2,154	1,689
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers contributions payable to the Pension Fund and retirement benefits payable directly to pensioners	6,111	5,284

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, the following actuarial gains/losses were included within other comprehensive income and expenditure.

	2019/20 £000	2020/21 £000
Actuarial gains / (losses)	18,716	7,759

Liabilities in relation to retirement benefits
Reconciliation of present value of the scheme liabilities:

	2019/20	2020/21
	£000	£000
Deficit at 1 April	**98,753**	**76,080**
Interest cost	2,154	1,689
Actuarial (gains) / losses	(4,847)	9,671
Change in demographic assumptions	(2,294)	(916)
Experience loss / (gain)	(11,575)	(996)
Unfunded pension payments	(6,111)	(5,284)
Deficit at 31 March	**76,080**	**80,244**

Scheme History

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Present value of liabilities	(111.1)	(104.0)	(98.8)	(76.1)	(80.2)
Fair value of scheme assets	-	-	-	-	-
Surplus/(deficit) in the scheme	**(111.1)**	**(104.0)**	**(98.8)**	**(76.1)**	**(80.2)**

The actuarial assumptions used to calculate the position in accordance with IAS19 were as follows:

	31 March 2020	31 March 2021
Rate of inflation - RPI Increases	2.7%	3.5%
Rate of inflation - CPI Increases	1.9%	2.9%
Rate of increase in pensions	1.9%	2.9%
Discount rate	2.3%	1.8%

Mortality assumptions:
Longevity at 65 for current pensioners

		31 March 2020	31 March 2021
Men	(years)	21.8	21.6
Women	(years)	24.4	24.3

22. Creditors and Long-Term Creditors

Creditors less than one year	2019/20	2020/21
	£000	£000
Central government bodies	9,686	30,052
Other local authorities	12,885	3,394
NHS bodies	4,747	1,909
Public corporations and trading funds	119	688
Other entities and individuals	91,843	126,519
Total	**119,280**	**162,562**

Long Term Creditors	2019/20	2020/21
	£000	£000
Other entities and individuals	4,336	5,465

23. General Provisions

Where events have happened, which are likely to result in future costs to the Authority, an estimate of the likely impact is made and a provision is set aside. The provisions made are set out below:

Short Term Provisions	2019/20	Movement	2020/21
	£000	£000	£000
General Insurance Claims prior to 1/4/98	434	(33)	401
General Insurance Claims from 1/4/98	664	13	677
Corporate Redundancy Provision	110	(99)	11
NDR provision for backdated appeals	493	156	649
Provisions below £200,000	-	124	124
Total	**1,701**	**161**	**1,862**

Long Term Provisions	2019/20	Movement	2020/21
	£000	£000	£000
General Insurance Claims prior to 1/4/98	3,896	(300)	3,596
General Insurance Claims from 1/4/98	5,976	123	6,099
NDR provision for backdated appeals	1,971	623	2,594
Total	**11,843**	**446**	**12,289**

24. Contingent Liabilities

Insurance

In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal liability claims, which will take many years to materialise and finalise. On 13 November 2012 the board of MMI triggered the previously agreed Scheme of Arrangement and EY LLP became responsible for the management of MMI's business, affairs and assets. In February 2013 the proposed levy or claw-back rate was initially set at 15%. On 16 March 2016, MMI wrote to all scheme creditors and proposed that the levy be increased to 25%. This has been agreed by the Scheme Creditors Committee and the balance of 10% will comprise the second levy to be applied to claims payments made under the Scheme of Arrangement since 30 September 1993. The actuarial review of the insurance liabilities of MMI remains uncertain and EY LLP is not able to guarantee that this revised levy percentage will be sufficient for a solvent run-off. It is therefore anticipated that further levies will be made.

25. Specific Revenue Grants

The value of revenue grants included as income within the cost of services is as follows:

Committee Segments	2019/20 £000	2020/21 £000
Children & Young People	5,949	11,876
Schools	332,075	339,079
Adult Social Care & Public Health	81,381	114,784
Communities & Place	6,655	10,206
Policy	71	5,953
Governance & Ethics	81	65
Personnel	1,229	17
Finance & Contracts Management	22,346	24,992
	449,787	**506,972**
Grants		
Dedicated Schools Grant (DFE)	292,641	308,788
Pupil Premium (DFE)	13,262	13,043
Public Health Grant (DOH)	40,535	41,561
Better Care Fund (MHCLG)	26,484	31,921
COVID19 (MHCLG)	22,346	24,991
COVID19 (DOH)	-	11,455
Other (DFE)	-	22,660
Other Grants	54,520	52,553
	449,787	**506,972**

Analysis of Revenue Receipts in Advance		
Ministry of Housing, Communities & Local Government	6,748	113
Department for Education	363	68
Department of Health & Social Care	119	20,150
Department for Transport	-	2,146
Other Grants & Contributions	67	66
	7,297	**22,543**

26. General Government Grants Income and Taxation

The Authority set the 2020/21 Council Tax for a Band D property at £1,534.95 including the Adult Social Care Precept (£1,476.06 in 2019/20). This was suitably adjusted for other bands of property and a precept was issued to the District Councils to recover the relevant amounts. Any variances in the amounts actually collected by the District Councils on behalf of the Authority will be adjusted in the amounts payable in the following year.

The figure for income from Council Tax includes accruals for the year-end position for the Authority's share of the various District Council Collection Funds. The value of the accrual in 2020/21 increased by £3.9 million (£1.5 million increase in 2019/20) which is reversed out of the General Fund in the Movement in Reserves Statement and held in the Balance Sheet in the Collection Fund Adjustment Account.

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement during the financial year:

Credited to Taxation & Non Specific Grant Income	**2019/20**	**2020/21**
	£000	**£000**
Department for Education	5,944	5,595
Department for Transport	19,231	31,808
Other Grants & Contributions	11,089	27,379
Donations	46	35
Recognised Capital Grants & Contributions	**36,310**	**64,817**

	2019/20	**2020/21**
	£000	**£000**
Revenue Support Grant	6,951	7,064
PFI	14,377	14,377
Adult Social Care Support Grant	6,025	20,387
Other Grants & Contributions	1,644	2,574
General Government Grants	**28,997**	**44,402**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that, if not fulfilled, will require the monies or property to be returned to the donor. The balances at year-end are as follows:

	2019/20	**2020/21**
Capital Grants Receipts in Advance	**£000**	**£000**
Ministry of Housing, Communities & Local Government	1,032	209
Department for Education	9	9
Department for Transport	376	3,030
Other Grants & Contributions	7,342	16,297
Total	**8,759**	**19,545**

27. Financial Instruments Balance

The financial assets and financial liabilities disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

	Borrowings		**Creditors**	
	2019/20	**2020/21**	**2019/20**	**2020/21**
	£000	**£000**	**£000**	**£000**
Long term financial liabilities at amortised cost	585,443	598,504	4,336	5,465
Short term financial liabilities at amortised cost	27,712	25,479	103,575	130,423
Total Financial Liabilities	**613,155**	**623,983**	**107,911**	**135,888**

	Investments		**Debtors**	
	2019/20	**2020/21**	**2019/20**	**2020/21**
	£000	**£000**	**£000**	**£000**
Long term financial assets at amortised cost	9,037	8,407	4,205	3,838
Short term financial assets at amortised cost	-	20,001	44,199	100,471
Total Financial Assets	**9,037**	**28,408**	**48,404**	**104,309**

The Authority does not hold any financial liabilities at fair value through profit and loss or at fair value through other comprehensive income.

The Authority's borrowings include finance leases associated with PFI schemes, borrowings with the Public Works Loans Board (PWLB) and with UK and European banks through 'Lender's Option, Borrowers' Option' loans (LOBOs). These are classed as 'other liabilities' and measured at amortised cost.

Financial liabilities at amortised cost

Long term

	2019/20	**2020/21**
	£000	**£000**
(a) Long Term Borrowing		
Amounts still owed on loans received from external sources to acquire capital assets such as roads, buildings & equipment.		
Long Term Borrowing for repayment after 1 year	478,051	497,135
(b) Other Long Term Liabilities		
Amounts still owed on finance leases taken with external sources to acquire capital assets for PFI Schemes and long term finance leases for repayment after 1 year	107,392	101,369
Total Long Term Borrowing at 31 March	**585,443**	**598,504**

	2019/20	**2020/21**
	£000	**£000**
(c) Long Term Creditors	4,336	5,465

Short term

	2019/20	**2020/21**
	£000	**£000**
(d) Borrowing		
Long term borrowing for repayment within 1 year	20,792	18,671
Other long term liabilities related to PFI schemes and long term finance leases for repayment within 1 year	6,920	6,808
Total Borrowing at 31 March	**27,712**	**25,479**

	2019/20	**2020/21**
	£000	**£000**
(e) Trade Creditors	103,575	130,423

Financial Assets at amortised cost

Long Term Investments

	2019/20	**2020/21**
(a) Long term Investments	**£000**	**£000**
Long term investments with other local authorities, local authority subsidiary and financial institutions	5,025	5,025

	2019/20	**2020/21**
Long Term Advances	**£000**	**£000**
(b) Long term Advances		
Nottinghamshire County Cricket Club	2,387	2,159
Adult Care Property Debt - Deferred Payment Scheme	1,357	879
Other Long Term Advances	268	344
	4,012	**3,382**

On 19 September 2007 the Authority approved a loan of £1.23m for 20 years to Nottinghamshire County Cricket Club to help fund the £8.2m development plans for the Trent Bridge ground. In addition to enhancing the reputation of the Cricket Club and helping it to retain Trent Bridge as a test match venue

there are benefits to the economy and wider community. Consequently, the loan was offered at a discounted rate with a capital repayment holiday for the first 5 years. Security has been set by way of a charge against the fixed assets of the Club to safeguard the interests of the Authority. Since the loan was offered at less than the prevailing rate the figure in the Balance Sheet represents the fair value of the loan carried at its amortised cost. The balancing figure appears in the Financial Instruments Adjustment Account.

On 7 October 2015 Policy Committee approved a further loan, in conjunction with Nottingham City Council and Rushcliffe Borough Council. The loan allowed the club to invest £8.1m in a media facility, refurbish the Pavilion, and enhance the William Clarke Stand and Lady Bay development. The loan is over 20 years with no holiday periods for capital repayment and is secured by way of a charge against the fixed assets of the Club. The loan has been drawn upon as required, and the interest rate is fixed at the 20 year annuity PWLB rate plus 2%.

Adult Care Property Debt under the deferred payment scheme (Section 35 of the Care Act 2014) consists of loans to those with insufficient income and capital, excluding their property, to meet their care home fees. Repayment of such loans is deferred until the residents die or their property is sold.

	2019/20	2020/21
	£000	**£000**
(c) Long Term Debtors	4,205	3,838

Short term

(d) Temporary investments	**2019/20**	**2020/21**
	£000	**£000**
Temporary investments with other local authorities and financial institutions	-	20,001

The Authority manages its cash in line with its approved Treasury Management Policy and in accordance with prevailing statutory requirements. The amount invested at the year-end depends on the cash flow position at that date.

Short term Trade Debtors	**2019/20**	**2020/21**
	£000	**£000**
(e) Trade Debtors (less allowance for bad and doubtful debt)	44,199	100,471

Financial Assets - unquoted equity investment at cost

Economic Development: There are equity holdings amounting to £0.12m (£0.12m in 2019/20) that have been written off to the Comprehensive Income and Expenditure Account to reflect the high risk of the investment. Consequently, their fair value has been assessed as nil on the Balance Sheet.

Interests in Companies - Joint Ventures, Subsidiaries and Divested Organisations

The Authority holds a share in the Local Authority controlled SCAPE Group Ltd (17% share). The value of this holding is small and there are conditions on the shares that prevent them being traded on the open market. Consequently, since the fair value cannot be measured reliably, no value is carried on the Balance Sheet.

ARC Property Services Partnership Ltd began trading in June 2016. It is a Joint Operation with SCAPE Group where both parties share 50% risk. The company is contracted to deliver property services to the Authority and the predominant place of business is Nottinghamshire. More information is available at the ARC website. https://www.arc-partnership.co.uk/

Via East Midlands Ltd began trading in July 2016. It is a subsidiary of Nottinghamshire County Council. The company is contracted to deliver highways services to the Authority and the predominant place of business is Nottinghamshire. More information is available at the Via website: https://www.viaem.co.uk/

The Authority has a 50% interest in Futures Advice Skills and Employment Limited (formerly Nottingham and Nottinghamshire Futures Limited). The Company transferred into Local Authority control from the Learning and Skills Council at 1 April 2008 at no cost and consequently, this is reflected at an immaterial investment cost in the Authority's accounts.

The East Midlands Development Corporation Limited has been established as an interim vehicle which will take forward propositions for a new era of growth across the regional economy. This vehicle was incorporated on 4 May 2021, after the balance sheet date, and will be funded initially by contributions from Nottinghamshire County Council and four other Local Authorities.

28. Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments are made up as follows:

	2019/20			2020/21		
	Financial Liabilities £000	Financial Assets £000	Total £000	Financial Liabilities £000	Financial Assets £000	Total £000
Interest expense	(32,423)	-	(32,423)	(34,511)	-	(34,511)
Interest payable and similar charges	**(32,423)**	**-**	**(32,423)**	**(34,511)**	**-**	**(34,511)**
Interest income	-	1,891	1,891	-	563	563
Interest and investment income	**-**	**1,891**	**1,891**	**-**	**563**	**563**

The average cost of external borrowing was 4.01% (4.09% in 2019/20).

The interest expense figure includes the cost of administration fees. For most of the transactions entered into by the Authority the transaction costs are negligible. For example, the PWLB charges an administration fee when advancing new loans at the current rate of 35p per £1,000 and LOBO loans taken out through brokers have incurred fees of £24,000 on borrowings of £10m. Administration fees below 0.5% of the amount borrowed are considered not material and are charged directly to the Comprehensive Income and Expenditure Statement.

Following comprehensive local government re-organisation in 1974, the Authority took over assets from other local authorities on which there were repayments of advances still outstanding. These debts are administered by the other authorities and the amounts recharged to the Authority are included in the above figures.

The balance outstanding on these deferred liabilities is as follows:

	2019/20 £000	2020/21 £000
Loan taken over from District Councils when the responsibility for services was transferred to the Authority on local government reorganisation in 1974.	928	853

29. Fair Value of Assets and Liabilities carried at amortised cost

Financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

For long term borrowings and investments, fair values have been calculated by reference to relevant interest rates in force as at 31 March 2020 and 2021 as follows:

- for PWLB loans, the relevant PWLB rate in force
- for LOBO loans, the relevant PWLB rate applicable to loans in excess of 50 years
- for long term investments, the market rate for a loan of similar value and profile
- for finance leases and Salix loan, the PWLB rate for an annuity commencing on 31 March of equal length to the remaining scheduled length
- for loans and receivables, the PWLB rate for an annuity commencing on 31 March of length equal to the remaining scheduled length of the relevant instrument, plus 1% to recognise risk on loans and receivables.

	2019/20		2020/21	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	**£000**	**£000**	**£000**	**£000**
Public Works Loan Board	403,532	429,201	420,961	485,367
External Bonds and Loans	91,197	114,736	91,184	127,411
Finance Leases related to PFI and other schemes	114,312	184,483	108,176	176,517
Salix Loan	4,114	3,991	3,661	3,600
Trade Creditors	103,575	103,575	130,423	130,423
Long Term Creditors	4,336	4,336	5,465	5,465
Total Financial Liabilities	**721,066**	**840,322**	**759,870**	**928,783**

The fair value is greater than the carrying amount because the Authority's portfolio of loans and finance leases includes a number of fixed rate loans and leases where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Authority would have to pay if the lender agreed to early repayment of the loans.

	2019/20		2020/21	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets at amortised cost	**£000**	**£000**	**£000**	**£000**
Short Term Investments	-	-	20,001	20,001
Trade Debtors (less credit loss allowance)	44,199	44,199	100,471	100,471
Long Term Investments	5,025	5,025	5,025	5,025
Long Term Advances	4,012	4,010	3,382	3,514
Long Term Debtors	4,205	4,205	3,838	3,838
Cash	54,895	54,895	83,889	83,889
Total	**112,336**	**112,334**	**216,606**	**216,738**

The fair value is different from the carrying amount because the Authority's portfolio of investments included a number of fixed rate loans where the interest rate receivable was different from the rates available for similar loans at the Balance Sheet date. Where the agreed interest is above current market rates, the Authority would have to accept higher repayment if it negotiated early repayment of the loans; where the interest rate is lower then a lower repayment.

Fair Value Hierarchy

The financial liabilities, loans and receivables have been assessed in reference to the Fair Value Hierarchy as per the requirements of IFRS13 (see Statement of Accounting Policies for further detail).

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/21 £000
Financial liabilities	-	928,783	-	928,783
Financial Assets at amortised cost	-	211,713	5,025	216,738

	Level 1	Level 2	Level 3	Fair Value as at 31/3/20
	£000	£000	£000	£000
Financial liabilities	-	840,322	-	840,322
Financial Assets at amortised cost	-	107,309	5,025	112,334

Valuation techniques used to determine Fair Value

Significant Observable Inputs - Level 2

Assets and liabilities at Level 2 are those where the quoted market prices are not available. The prices used in calculating the fair values are based upon inputs from observable market data - see above for relevant rates used.

Significant Unobservable Inputs - Level 3

Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Reconciliation of Fair Value Measurements within Level 3

	2019/20	2020/21
	£000	£000
Opening Balance	**5,025**	**5,025**
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Total gains (or losses) for the period included in Surplus or Deficit on Provision of Services resulting from changes in Fair Value	-	-
Additions	-	-
Disposals	-	-
Closing Balance	**5,025**	**5,025**

30. Disclosure of nature and extent of risks arising from financial instruments

The Authority’s activities expose it to a variety of financial risks:

- credit risk – the risk of failure by a counterparty to meet its contractual obligations under an investment, borrowing, capital, project or partnership financing
- liquidity risk – the risk that cash will not be available when it is needed, thereby causing additional unbudgeted costs with consequent impact on the Authority's business/service objectives
- market risk – the risk that, through adverse market fluctuations in the value of the principal sums the Authority borrows and invests, its stated Treasury Management policies are compromised.

The Authority’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. In 2002, the Authority adopted the CIPFA Code of Practice on Treasury Management. In accordance with this Code of Code of Practice, the Authority sets an annual Treasury Management Strategy by March each year. This contains a number of measures to control the key financial instrument risks above including:

- treasury management practices
- prudential indicators for borrowing and investment
- approved counterparties for lending purposes.

The Authority also receives regular reports measuring the performance of the treasury management function. A copy of the Authority's Treasury Management Policy and Strategy is available upon request.

Credit Risk

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amounts at 31/3/21 £000	Historical experience of default	Historical experience adjusted for market conditions at 31/3/21	Estimated maximum exposure to default and uncollecta-bility £000
Deposits with banks and financial institutions	20,001	-	-	-
Customers	43,372	0.36%	0.36%	156

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Customers are assessed, taking into account their financial position, past experience and other factors. The Authority's policy is to set aside an impairment allowance for bad and doubtful debts in order to minimise the effect of default. As at 31 March 2021, the Authority had an outstanding balance of short-term debtors of £120.3m (£63.7m in 2019/20) including government grants, receipts in advance and the Authority's share of Council Tax and Business Rates debtors. In line with the Expected Credit Loss Model set out in Accounting policy 17, an impairment allowance of £8.1m has been calculated (£7.2m in 2019/20). It is not certain that this impairment will be sufficient as the Authority cannot assess with certainty which debts will be collected or not. The economic impact of the COVID19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts. There is no current evidence to suggest that general debtors are increasing due to COVID19. Debtors will however continue to be monitored regularly and should general debtors rise in 2021/22 the Authority may consider raising the impairment allowance.

The Authority does not generally allow credit for customers, such that £14.9 million (£12.0 million in 2019/20) of the £43.4 million (£32.3 million in 2019/20) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	4,476
Three to six months	2,212
Six months to one year	2,695
More than one year	5,553
	14,936

Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that a significant proportion of borrowings will mature at a time of unfavourable interest rates. Current borrowings are spread over 50 years with a maximum of any one year's maturity around 5.9% of the total. However, since the Authority's future borrowing requirement is fairly sizeable in relation to current debt, the prudential indicator for debt maturity has been set as part of the annual Treasury Management Strategy. The strategy for new loans is to borrow each year close to the lowest rate available and, where economic circumstances make it favourable, early repayment of fixed rate loans will be considered.

In addition, the Authority has a number of finance lease liabilities that relate to PFI and other schemes.

The maturity analysis of financial liabilities is as follows:

	2019/20 £000	%	2020/21 £000	%
Maturity date				
Within 1 year	27,712	4.5	25,479	4.1
1 year and up to 2 years	19,976	3.3	20,055	3.2
2 years and up to 5 years	58,533	9.6	59,800	9.6
5 years and up to 10 years	101,437	16.5	102,568	16.4
10 years and up to 15 years	73,506	12.0	65,208	10.5
15 years and up to 20 years	51,121	8.3	50,003	8.0
20 years and up to 25 years	30,003	4.9	20,004	3.2
25 years and over	250,867	40.9	280,865	45.0
	613,155	**100.0**	**623,982**	**100.0**

	2019/20 £000	2020/21 £000
Source of Borrowing		
Public Works Loan Board	403,532	420,961
External Bonds and Loans	91,197	91,184
Finance Leases related to PFI and other schemes	114,312	108,176
Salix Loan	4,114	3,661
	613,155	**623,982**

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The Authority is exposed to risk in terms of interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowings will fall.
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest receivable on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance pound for pound. Movements in the fair value of fixed rate investments will be reflected in other comprehensive income and expenditure.

The Authority has a number of strategies for managing interest rate risk. The policy for borrowing rates is to achieve a managed decline in the average rate and to borrow each year close to the lowest rate available. During periods of falling interest rates, and where economic circumstances make it favourable, early repayment of fixed rate loans will be considered to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs. The Treasury Management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget. The strategy is used to advise investment and borrowing decisions and also whether new borrowing taken out should be fixed or variable. This allows any adverse changes to be accommodated.

The Authority has no variable rate borrowings and minimal variable rate investments. A 1% change in interest rates would therefore have no material impact on the Comprehensive Income and Expenditure Statement. If interest rates had been 1% higher at 31 March 2021, with all other variables held constant, the fair value of fixed rate borrowings would be lower but with no impact on the Comprehensive Income and Expenditure Statement.

Price risk

The Authority does not hold any equity shares that can be measured and consequently is not exposed to losses from movements in the prices of shares.

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to movements in exchange rates.

31. Related Parties

The Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority.

Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant part of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government Departments are set out in the subjective analysis in Notes 25 and 26.

Members

Members of the Authority have direct control over the Authority’s financial and operating policies. The total of Members allowances paid in 2020/21 is shown in Note 48. During 2020/21, there were no works or services commissioned from companies in which Members had an interest (2019/20 - none). Any contracts would have been entered into in full compliance with the Authority's standing orders. Grants totalling £16,001 were paid to six organisations in which four Members had positions on the governing body (2019/20 £9,063 to five organisations, five Members). No material grants were made to organisations whose senior management included close members of the families of a Members or Senior Officers. In all instances, the grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members Interests which is open to public inspection and is also available on the Authority’s website at this address:
http://www.nottinghamshire.gov.uk/council-and-democracy/councillors/allowances-expenses-conduct

There are two Members on the board of Culture, Learning and Libraries (Midlands) trading as "Inspire" and the transactions with the Authority have been examined. There were no material direct grants paid to Inspire.

Senior Employees

In accordance with section 117 of the Local Government Act 1972, senior employees must declare their interest in any organisations which have received grant payments. During 2020/21, £450 in a grant was paid to an organisation where one senior employee declared an interest (in 2019/20 £250 was made, one senior employee). There was a senior employee (now resigned) on the board of Via with transactions between Via and the Authority detailed below.

Other Public Bodies (subject to common control by Central Government)

The Authority has a pooled budget arrangement with Integrated Community Equipment Loan Service (ICELS). The Authority has also entered into a pooled budget arrangement with NHS bodies called the Better Care Fund (BCF). Balances are detailed in Note 46.

The Authority is the administering body for the Local Government Pension Scheme (LGPS). Details of the Accounts of the Pension scheme can be found after the notes to the Authority's accounts.

Entities Controlled or Significantly Influenced by the Authority

These organisations are deemed to be influenced significantly or controlled by the Authority through its representation on the board or ownership of shares.

SCAPE Group Ltd - See note 27.

ARC Property Partnership Ltd

	Audited 2019/20 £000	Unaudited 2020/21 £000
Revenue	45,693	39,439
Profit / (loss)	(418)	(496)
Total Assets	12,583	11,674
Total Liabilities	(13,987)	(17,853)
Equity and Reserves	(1,404)	(6,179)

The liabilities total includes £12.7m of pension liability (£7.5m 2019/20) not covered in the shareholder agreement split 50:50.

Nottinghamshire County Council had the following transactions with ARC:

	2019/20 £000	2020/21 £000
Purchases of works and services	46,071	42,353
Service Level Agreements	(91)	(35)

Via East Midlands Ltd

	Audited 2019/20 £000	Unaudited 2020/21 £000
Revenue	67,436	80,751
Profit / (loss)	788	541
Total Assets	12,462	17,119
Total Liabilities	(11,173)	(15,825)
Equity and Reserves	1,289	1,294

Nottinghamshire County Council had the following transactions with Via:

	2019/20 £000	2020/21 £000
Purchases of works and services	66,955	75,347
Service Level Agreements	(6,959)	(3,700)
Other	4	-

Futures Advice, Skills & Employment Ltd (Futures)

	Audited 2019/20 £000	Unaudited 2020/21 £000
Revenue	14,595	15,695
Profit / (loss)	(2,288)	(794)
Total Assets	7,441	14,692
Total Liabilities	(24,984)	(42,048)
Equity and Reserves	(17,543)	(27,356)

Nottinghamshire County Council had the following transactions with Futures:

	2019/20 £000	2020/21 £000
Grants given	-	-
Purchases of works and services	1,415	51

Culture, Learning and Libraries (Midlands), trading as Inspire

Culture, Learning and Libraries (Midlands), trading as Inspire, is an independent Community Benefit Society launched by the Authority. Although the Authority does not control this entity, it does exercise power due to contract volume, being lessor of most of the properties. However, it has been agreed that the value does not meet the Authority's group accounts materiality threshold.

The total Authority expenditure with Inspire is £13.9m (£16.0m in 2019/20) and income is £1.1m (£1.1m in 2019/20). More information can be found on the Inspire website https://www.inspireculture.org.uk/

32. Summary Revenue Accounts of Trading Undertakings

	2019/20			2020/21		
	Turnover	Expend-iture	Surplus/ (Deficit)	Turnover	Expend-iture	Surplus/ (Deficit)
	£000	£000	£000	£000	£000	£000
Direct Services *Cleaning, catering, grounds maintenance to external clients and within the Authority*	33,104	35,968	(2,864)	25,616	30,412	(4,796)
County Supplies *A purchasing and supply service. Transferred June 2019 to Herts CC The figures presented in the accounts show some residual transactions arising from its previous operations*	328	360	(32)	20	1	19
Clayfields Secure Unit *Specialist children's services to the Youth Justice Board and Local Authorities*	4,483	5,625	(1,142)	5,843	5,918	(75)
Total	37,915	41,953	(4,037)	31,479	36,331	(4,852)

33. Movement on Usable Reserves

	2018/19 £000	Transfers Out £000	Transfers In £000	2019/20 £000 Restated	Transfers Out £000	Transfers In £000	2020/21 £000
General Fund Balance	24,071	(2,110)	-	21,961	-	10,158	32,119
Schools Statutory Reserves	23,051	(131)	-	22,920	-	5,608	28,528
General Insurance Reserve	29,588	-	4,505	34,093	-	2,586	36,679
Capital Receipts and Grants Unapplied Reserve	8,764	(60,882)	53,801	1,682	(466)	1,672	2,888
Corporate Reserves							
Earmarked Reserves	1,448	-	1,756	3,204	-	-	3,204
Capital Projects Reserve	5,298	(4,391)	2,253	3,160	(721)	5,099	7,538
NDR Pool Reserve	8,022	(473)	2,607	10,156	(1,188)	2,514	11,482
East Leake PFI Schools	3,328	(508)	16	2,836	-	73	2,909
Bassetlaw PFI Schools	1,905	(2,312)	502	95	-	781	876
Waste PFI Reserve	24,993	(981)	131	24,143	-	132	24,275
Workforce Reserve	8,747	(2,597)	-	6,150	-	-	6,150
COVID Recovery Reserve	-	-	-	-	-	19,283	19,283
IICSA Reserve	1,740	(263)	-	1,477	(83)	-	1,394
Strategic Development Fund	2,892	(77)	-	2,815	-	9,600	12,415
Covid-19 Reserve	-	-	22,346	22,346	(22,346)	-	-
Council Tax Equalisation Reserve	-	-	-	-	-	2,350	2,350
Earmarked for Services Reserves							
Trading Activities	1,033	(1,379)	588	242	(145)	528	625
Departmental Reserves	9,682	(2,062)	1,488	9,108	(946)	1,247	9,409
Revenue Grants	16,096	(5,208)	2,822	13,710	(4,607)	7,503	16,606
Section 256 Grants	20,602	(7,226)	228	13,604	(1,542)	10,567	22,629
Total Other Earmarked Reserves	**105,786**	**(27,477)**	**34,737**	**113,046**	**(31,578)**	**59,677**	**141,145**
Total Usable Reserves	**191,260**	**(90,600)**	**93,043**	**193,702**	**(32,044)**	**79,701**	**241,359**

General Fund Balance comprises reserves available for use by the Authority as a contingency.

Schools Statutory Reserves - See note 35

General Insurance Reserve - See note 34

Capital Receipts and Grants Unapplied Reserve - holds capital grant / capital receipt balances that have been received but not yet utilised.

Corporate Reserves

Earmarked Reserves hold year-end underspends where approval has been given to be carried forward and spent in the following year. This reserve also contains reserves previously classified under earmarked for services which are no longer required for their original purpose.

Capital Projects Reserve supports the Medium Term Financial Strategy as well as current and future capital commitments.

NDR Pool Reserve holds the Authority's share of the Non Domestic Rates pool surplus. The pool was established 1 April 2013 when the funding mechanism was introduced with the seven District and Borough Councils. It also holds the Authority's share of growth and renewable energy.

East Leake, Bassetlaw and Waste PFI Reserves are surplus funding amounts set aside during the early years of the PFI contracts. These are contributions from central Government and the Authority will be required in later years to finance the unitary charge.

Workforce Reserve created from merging the corporate redundancy and surplus pensions reserves to provide for a more wide ranging reserve, to cover pay protection, national living wage increases and pension strain as well as covering pension deficit contributions and redundancy.

COVID19 Recovery Reserve will assist the Authority in its continued response to the pandemic by helping to mitigate against significant uncertainty in relation to both service demand and the economic impact on Authority funding.

IICSA Reserve was established to fund future expenditure associated with the Government led inquiry into historic abuse.

Strategic Development Fund will support future year costs associated with the Authority's Transformation agenda.

COVID19 Reserve held funding received from Central Government on 27 March 2020 to help alleviate the immediate financial pressures caused by the pandemic. This funding was utilised in full during 2020/21 as part of the Authority's response to the pandemic.

Council Tax Equalisation Reserve recognises the impact of the phasing arrangement mandated by Central Government in relation to the estimated anomalous deficit on the 2020/21 Collection Fund owing to the pandemic.

Earmarked for Services Reserves

Trading Activities reserves comprise accumulated revenue surpluses plus or minus any transfer between those reserves and the General Fund.

Departmental Reserves are amounts set aside to cover expected events where the accounting criteria for the creation of provisions are not met.

Revenue Grants and Section 256 Grants are grants without specific conditions that remain unspent at the year-end are transferred into usable reserves, in accordance with the Code.

34. Insurance Reserve and Account

The Authority operates a self-insurance scheme and covers each kind of risk up to set limits which are reviewed annually. External insurers cover risks in excess of the internally insured amounts. The major areas where significant risks are covered externally are Fire, Liability and Motor. The insurance provision covers known liabilities. Amounts are also set aside in the Insurance Reserve to cover possible insurance claims losses that are not yet known about.

The total of the Insurance Provision and Reserve as at 31 March 1998 has been ring-fenced for liabilities arising up to that date. The balance and the liabilities are being shared by the County and City Council's in the proportion of 23.55% City and 76.45% County.

The amount set aside in the Insurance Provision is detailed in Note 23. The Insurance Reserve is shown below:

General Insurance Reserve	**Note**	**2019/20**	**2020/21**
		£000	**£000**
General Insurance Reserve		**34,093**	**36,679**

Insurance Account		**2019/20**	**2020/21**
		£000	**£000**
Premiums paid		1,788	1,765
Claims made		2,831	1,770
Contribution (from)/to Provision		(1,009)	(300)
Contribution to Closed Fund from County Council		1,147	-
Miscellaneous charges		34	28
		4,791	3,263
Less charges to Departments	1	(6,978)	(6,120)
Future Liabilities of Nottm City Council Adjustment		165	234
Total Expenditure		**(2,022)**	**(2,623)**

	2019/20	**2020/21**
	£000	**£000**
External Premiums	-	-
Contribution to Closed Fund from City and County Council	(1,500)	-
Total Income	**(1,500)**	**-**
Net (surplus)/deficit	**(3,522)**	**(2,623)**

Note 1. Classed as expenditure to avoid double counting in the net cost of services.

35. Schools Statutory Reserves

Surplus and deficit balances relating to schools must be carried forward from one financial year to the next in accordance with the requirements of Section 48 of the School Standards and Framework Act 1998. The Schools Statutory Reserves are committed to be spent on schools and are not available to the Authority for general use.

During 2020/21 the overall reserve has increased by £5.6 million to £28.5 million. Within the total reserve school accumulated balances increased by £7.3 million to £24.7 million; of this, £1.8 million is to fund capital schemes.

The reserves also includes £4.0 million relating to the non-ISB (Individual Schools Budget) element of the Schools Budget.

Part of the reserves are used to finance a school loan scheme, whereby schools are advanced funding for major capital items and then repay this over a three year period.

School Balances	2019/20	Movement in year	2020/21
	£000	£000	£000
Balances held by schools	17,403	7,277	24,680
Non ISB Balances	5,709	(1,727)	3,982
School Loan Scheme	(192)	58	(134)
School Statutory Reserves Total	**22,920**	**5,608**	**28,528**

36. Unusable Reserves

	2019/20	2020/21
	£000	£000
Revaluation Reserve	224,411	228,472
Capital Adjustment Account	406,901	422,853
Financial Instruments Adjustment Account	(2,391)	(2,318)
IAS 19 Pensions Reserve	(1,144,746)	(1,539,068)
Collection Fund Adjustment Account	2,669	6,530
Deferred Capital Receipts	-	1,891
Employee Benefits Account	(16,419)	(11,088)
Total Unusable Reserves	**(529,575)**	**(892,727)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2019/20	2020/21
	£000	£000
Balance at 1 April	**231,952**	**224,411**
Upward revaluation of assets	35,611	21,747
Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(36,496)	(7,826)
Surplus/(deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(885)	13,921
Difference between fair value depreciation and historic cost depreciation	(4,042)	(3,258)
Accumulated gains on assets sold or scrapped	(2,614)	(6,601)
Amount written off to the Capital Adjustment Account	(6,656)	(9,860)
Balance at 31 March	**224,411**	**228,472**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2019/20	2020/21
	£000	£000
Balance at 1 April	**414,947**	**406,901**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation on non-current assets	(43,061)	(42,891)
Revaluation and Impairments on PPE	(18,610)	(6,153)
Amortisation of intangible assets	(1,495)	(1,629)
Revenue expenditure funded from capital under statute	(15,098)	(18,028)
Transformation costs funded under Capital Direction	(600)	(2,208)
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(11,883)	(20,437)
	(90,747)	**(91,345)**
Adjusting amounts written out of the Revaluation Reserve	6,656	9,860
Net written out amount of the cost of non-current assets consumed in the year	**(84,091)**	**(81,485)**
Capital financing applied in the year:		
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	46	37
Application of grants to capital financing from the Capital Grants Unapplied Account	51,691	72,087
Statutory provision for the financing of capital investment charged against the General Fund	9,753	18,196
Capital expenditure charged against the General Fund	5,518	4,839
	67,008	**95,159**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	9,071	2,479
Movement in the fair value of Non Current Assets Held for Sale credited to the Comprehensive Income and Expenditure Statement	(33)	(200)
Other Movements	(1)	-
Balance at 31 March	**406,901**	**422,853**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments.

	2019/20	2020/21
	£000	£000
Balance at 1 April	**(2,438)**	**(2,391)**
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	-
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	47	73
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	47	73
Balance at 31 March	**(2,391)**	**(2,318)**

IAS19 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019/20 Restated £000	2020/21 £000
Balance at 1 April	**(1,114,340)**	**(1,144,746)**
Actuarial gains / (losses) on pensions assets and liabilities	21,804	(350,769)
Other gains / (losses)	(823)	(834)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provisions of Services in the Comprehensive Income and Expenditure Statement	(105,512)	(92,716)
Employer's pensions contributions and direct payments to pensioners payable in the year	54,125	49,997
Balance at 31 March	**(1,144,746)**	**(1,539,068)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2019/20 £000	2020/21 £000
Balance at 1 April	**975**	**2,669**
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	1,467	(847)
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	227	4,708
Balance at 31 March	**2,669**	**6,530**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve is an unusable reserve that holds the value of capital receipts that the Authority has recognised as disposal income in the Comprehensive Income and Expenditure Statement but where the consideration is to be paid in future years.

	2019/20 £000	2020/21 £000
Balance at 1 April	**-**	**-**
Movement in Deferred Capital Receipts held	-	1,891
Balance at 31 March	**-**	**1,891**

Employee Benefits Account

The Employee Benefits Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2019/20 £000	2020/21 £000
Balance at 1 April	**(11,578)**	**(16,419)**
Settlement or cancellation of accrual made at the end of the preceding year	11,578	16,419
Amounts accrued at the end of the current year	(16,419)	(11,088)
Amount by which the officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(4,841)	5,331
Balance at 31 March	**(16,419)**	**(11,088)**

37. Cash and Cash Equivalents

The Authority monitors cash balances on a daily basis to make maximum use of the funds available and invests any surplus cash identified. The bank account balance at 31 March will consist of an overdraft with the Authority’s main bank, amounts held in call accounts or money market funds and school deposits either with the Authority's main bank or held with other banks.

The analysis of cash and cash equivalents is as follows:

	2019/20		2020/21	
	£000	£000	£000	£000
Amounts held in call accounts and money market funds		44,207		72,185
Main Bank accounts:				
Main Authority accounts		6,557		5,888
Other bank accounts		4,131		5,836
		54,895		**83,909**

38. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2019/20 £000	2020/21 £000
Interest received	6,939	184
Interest paid	(32,690)	(34,281)
Dividends received	1,284	400
	(24,467)	**(33,697)**

39. Cash Flow Statement - Investing Activities

	2019/20 £000	2020/21 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	112,104	98,840
Purchase of short and long-term investments	-	20,000
Purchase of shares in a subsidiary	5,025	-
Other payments for investing activities	2,653	2,154
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(600)	(3,591)
Capital Grants and contributions received	(39,149)	(75,566)
Proceeds from short-term and long-term investments	(15,000)	-
Net other receipts from investing activities	(2,719)	(2,784)
Net cash flows from investing activities	**62,314**	**39,053**

40. Cash Flow Statement - Financing Activities

	2019/20 £000	2020/21 £000
Cash receipts of short and long-term borrowing	(34,660)	(30,735)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	3,250	6,620
Repayments of short and long-term borrowing	16,673	14,078
Net cash flows from financing activities	**(14,737)**	**(10,037)**

41. Reconciliation of Liabilities Arising from Financing Activities

	2020/21 01-Apr £000	Financing Cash flows £000	Non Cash Acquisition £000	Other £000	2020/21 31-Mar £000
Long term borrowings	478,051	19,084	-	-	497,135
Short term borrowings	20,792	(2,121)	-	-	18,671
Lease liabilities	878	(26)	46	-	898
On balance sheet PFI liabilities	113,434	(6,594)	439	-	107,279
Total liabilities from financing activities	**613,155**	**10,343**	**485**	**-**	**623,983**

	2019/20 01-Apr £000	Financing Cash flows £000	Non Cash Acquisition £000	Other £000	2019/20 31-Mar £000
Long term borrowings	460,220	17,831	-	-	478,051
Short term borrowings	22,110	(1,318)	-	-	20,792
Lease liabilities	878	-	-	-	878
On balance sheet PFI liabilities	115,207	(296)	(1,477)	-	113,434
Total liabilities from financing activities	**598,415**	**16,217**	**(1,477)**	**-**	**613,155**

42. Minimum Revenue Provision (MRP)

Regulations require local authorities to calculate a prudent MRP charge each year to provide for the redemption of outstanding debt. Depreciation charged to the Comprehensive Income and Expenditure Statement is reversed out of General Fund balances through the Movement in Reserves Statement and replaced by the calculated MRP charge.

The amount required under the MRP regulations for 2020/21 is £18.2m (£9.8m for 2019/20) of which £6.6m (£3.3m for 2019/20) relates to repayments of the PFI and finance lease liabilities. The amount of depreciation and amortisation charged was £44.5m (£44.6m for 2019/20).

43. Audit Fees

The Authority has been advised of the following fees payable for 2020/21. Fees have been included for an objection now resolved and grant claims.

	2019/20 £000	2020/21 £000
External Audit Fees	84	104
Teachers Pension Agency Grant (prior year)	4	4
Objection work (KPMG)	10	-
Other	16	16
	113	**124**

44. Employee Remuneration

The table below shows the number of staff employed by the Authority whose remuneration, taxable expenses and severance (if applicable) amounted to £50,000 or more in the financial year. The table includes the senior staff separately identified in the subsequent tables.

Pay Band		Number of Staff					
		2019/20			2020/21		
		Exc Redundancy		Inc. Redundancy	Exc Redundancy		Inc. Redundancy
		Schools	Non Schools	Total	Schools	Non Schools	Total
£185,000	£189,999	-	-	-	-	1	1
£180,000	£184,999	-	1	1	-	-	-
£175,000	£179,999	-	-	-	-	-	-
£170,000	£174,999	-	-	-	-	-	-
£165,000	£169,999	-	-	-	-	-	-
£160,000	£164,999	-	-	-	-	-	-
£155,000	£159,999	-	-	-	-	-	-
£150,000	£154,999	-	-	-	-	-	-
£145,000	£149,999	-	-	-	-	1	1
£140,000	£144,999	-	1	1	-	-	-
£135,000	£139,999	-	-	-	-	-	-
£130,000	£134,999	-	1	1	-	1	1
£125,000	£129,999	-	1	1	-	1	1
£120,000	£124,999	-	-	-	-	-	-
£115,000	£119,999	-	-	-	-	-	-
£110,000	£114,999	-	-	-	-	-	-
£105,000	£109,999	-	-	-	-	-	-
£100,000	£104,999	-	-	-	-	4	4
£95,000	£99,999	-	3	3	1	5	6
£90,000	£94,999	3	6	9	-	1	1
£85,000	£89,999	1	2	3	3	1	4
£80,000	£84,999	-	-	1	1	4	5
£75,000	£79,999	3	2	5	7	3	10
£70,000	£74,999	16	6	22	16	9	25
£65,000	£69,999	27	10	37	40	18	58
£60,000	£64,999	54	17	72	46	13	59
£55,000	£59,999	53	35	88	69	35	105
£50,000	£54,999	92	38	130	90	48	138
		249	**123**	**374**	**273**	**145**	**419**

The tables below show the remuneration of the Authority's Senior Employees as defined by the Accounts and Audit (England) Regulations 2015.

2020/21

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances)	Expenses	Compen-sation for Loss of Office	Employer Pension contri-butions*	Total Remuneration
		£	£	£	£	£
Chief Executive - A May		185,386	461	-	41,156	227,003
Corporate Director of CFCS		147,118	-	-	32,660	179,778
Corporate Director of ASC & PH		132,356	160	-	29,383	161,899
Corporate Director of Place (and Deputy CEO)	2	137,494	705	-	30,524	168,722
Service Director (Customers, Governance and Employees)	3	102,974	-	-	22,860	125,834
Director of Public Health		98,869	-	-	21,949	120,818
Service Director (Finance, Infrastructure & Improvement)	1	102,974	-	-	22,860	125,834

*Pension Contributions are estimated at 22.2% to account for the pensions deficit (see note 20).

1. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of Section 151 Officer.

2. The post of Corporate Director Place previously assumed the Deputy Chief Executive role. Their annualised salary is £132,356 with an additional allowance of £5,138 for the Deputy Chief Executive role.

3. The Service Director for Customers, Governance and Employees has the statutory responsibility of the Monitoring Officer.

2019/20

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances)	Expenses	Compen-sation for Loss of Office	Employer Pension contri-butions*	Total Remuneration
		£	£	£	£	£
Chief Executive - A May		180,424	1,528	-	40,054	222,006
Corporate Director of CFCS		143,181	-	-	31,786	174,967
Corporate Director of ASC & PH		128,814	737	-	28,597	158,147
Corporate Director of Place (and Deputy CEO)	2	133,814	597	-	29,707	164,118
Service Director (Customers, Governance and Employees)	3	98,216	-	-	21,804	120,020
Director of Public Health		92,759	581	-	20,918	114,258
Service Director (Finance, Infrastructure & Improvement)	1	98,216	462	-	21,804	120,482

*Pension Contributions are estimated at 22.2% to account for the pensions deficit (see note 20).

1. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of Section 151 Officer.

2. The post of Corporate Director Place assumed the Deputy Chief Executive role. Their annualised salary is £128,814 with an additional allowance of £5,000 for the Deputy Chief Executive role.

3. The Service Director for Customers, Governance and Employees has the statutory responsibility of the Monitoring Officer.

The table below includes all exits from the Authority, including school based staff and takes into account the cost of pension contributions that would have been paid had a retiring employee not left the Authority early. It may therefore differ from other published information.

Payment Ranges			Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages		Total Cost of Exit Packages £	
			2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0	-	£20,000	27	20	143	21	170	41	1,024,616	252,121
£20,001	-	£40,000	3	2	30	3	33	5	936,318	164,874
£40,001	-	£60,000	2	1	9	1	11	2	316,232	90,509
£60,001	-	£80,000	-	-	1	1	1	1	650,230	77,375
£80,001	-	£100,000	1	-	-	-	1	-	266,301	-
£100,001	-	£150,000	2	-	-	3	2	3	335,203	327,377
£150,001	-	£200,000	-	-	-	1	-	1	359,444	176,846
Over £200,000			-	-	-	-	-	-	712,348	-
			35	**23**	**183**	**30**	**218**	**53**	**4,600,692**	**1,089,102**

45. Deployment of Dedicated Schools Grant

The Authority's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DFE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DFE to fund Academy schools in the Authority's area. The DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2015. The Schools Budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2020/21 are as follows:

Schools Budget Funded by Dedicated Schools Grant

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2020/21 before Academy recoupment			643,680
Academy figure recouped for 2020/21			(340,601)
Total DSG after Academy recoupment for 2020/21			303,079
Brought Forward 2019/20			5,709
Carry Forward to 2021/22 agreed in advance			-
Agreed initial budgeted distribution for 2020/21	**68,708**	**240,080**	**308,788**
In year adjustments	(8,991)	8,238	(753)
Final budgeted distribution for 2020/21	59,717	248,318	308,035
Actual central expenditure	(55,735)	-	(55,735)
Actual ISB deployed to schools	-	(248,318)	(248,318)
Plus Local Authority contribution for 2020/21	-	-	-
Carried forward to 2021/22	**3,982**	**-**	**3,982**

46. Pooled Budgets

Under Section 31 of the Health Act 1999, Nottinghamshire County Council has entered into the following Pooled Budget Arrangements with the partners set out below. The County Council is the host authority for the pooled budget and has responsibility for its financial management. ICELS reissued restated accounts in their report to the Partnership Board on 19th May 2020. The restated details are set out below:

Integrated Community Equipment Loan Service (ICELS) - Nottinghamshire
Nottinghamshire County Council (Host)
Nottingham City Council
Nottingham City CCG
Nottinghamshire County CCGs
Bassetlaw CCG

Pooled Budgets Memo Account	2019/20 Restated £000	2020/21 £000
Net (surplus) / deficit brought forward	**(724)**	**(992)**
Funding provided to the pooled budget:		
Nottinghamshire County Council ASC&PH	(1,365)	(1,354)
Nottinghamshire County Council CYP	(400)	(400)
Nottingham City Council	(1,109)	(1,133)
Bassetlaw CCG	(647)	(821)
Nottinghamshire County CCGs	(3,560)	(1,604)
Nottingham City CCG	(1,428)	(3,927)
Other	(1)	(7)
Total Funding	**(8,510)**	**(9,246)**

Expenditure met from the pooled budget:	2019/20 £000	2020/21 £000
Partnership Management and Administration Costs	829	815
Contract Management Fee	1,311	1,327
Equipment	5,983	6,389
Minor Adaptations	119	66
Direct Payments	-	2
Total Expenditure	**8,242**	**8,599**
Net (surplus) / deficit carried forward	**(992)**	**(1,639)**

The current contract began on 1 April 2016 for a period of 5 years with the option to extend for a further 2 years.

Better Care Fund

Nottinghamshire County Council and the Nottinghamshire Clinical Commissioning Groups have entered into a framework agreement under section 75 of the National Health Service Act 2006. This is a pooled budget arrangement known as the Better Care Fund (BCF). This Fund enables the local authority and the NHS to better deliver local health and social care services.

Pooled budgets occur where a number of partners agree to set aside funds for a specific purpose that they will pursue jointly, to address common objectives or realise benefits from working together. Whilst partners collectively agree the services to be provided, the agreed services are commissioned by the respective partners via their own contracts with end providers, with the commissioning entity holding end providers to account for the services they provide. On this basis, the Authority has determined that the transactions of these pools are not reflected in the Authority's financial statements, except for expenditure incurred on agreed services commissioned by the Authority via its own contracts with end providers, and the income it receives from the Pools to pay for these services.

Assessment of the operation of the BCF pooled fund identified that it does not constitute a joint arrangement and therefore requirements of IFRS11 (Joint Arrangements) are not met.

Pooled Budgets Memo Account	**2019/20**	**2020/21**
	£000	**£000**
Net (surplus) / deficit brought forward	**(3,040)**	**(3,040)**
Funding provided to the pooled budget:		
Nottinghamshire County Council ASC&PH	(10,478)	(37,898)
Bassetlaw CCG	(8,181)	(8,601)
Mansfield & Ashfield CCG	(13,850)	-
Newark & Sherwood CCG	(8,844)	-
Nottingham and Nottinghamshire CCGs	-	(49,624)
Nottingham North & East CCGs	(9,991)	-
Nottingham West CCG	(6,676)	-
Rushcliffe CCG	(7,718)	-
iBCF	(26,484)	-
Total Funding	**(92,222)**	**(96,123)**

	2019/20	**2020/21**
Expenditure met from the pooled budget:	**£000**	**£000**
Nottinghamshire County Council ASC&PH	31,930	30,481
Bassetlaw CCG	5,043	5,303
Mansfield & Ashfield CCG	8,617	-
Newark & Sherwood CCG	5,658	-
Nottingham and Nottinghamshire CCGs	-	30,329
Nottingham North & East CCGs	6,026	-
Nottingham West CCG	3,714	-
Rushcliffe CCG	4,750	-
iBCF (various projects)	26,484	30,011
Total Expenditure	**92,222**	**96,124**
Net (surplus) / deficit carried forward	**(3,040)**	**(3,039)**

47. Termination Benefits

The Authority terminated the contracts of a number of employees in 2020/21, with a net value of £0.6 million (£1.2 million in 2019/20). These figures include accounting entries required by The Code.

48. Members Allowances

The Authority makes payments to Councillors for work undertaken in the course of their duties. The cost during the financial year was £1,647,785 (£1,595,303 in 2019/20). In addition to this, Members were reimbursed a total of £13,433 (£59,991 in 2019/20) for expenses incurred on Authority business. Travel has been reduced due to the COVID19 pandemic.

49. Income from bodies under the Local Authority (Goods and Services) Act 1970

The Authority is empowered by this Act to provide goods and services to other public bodies. The Authority provided the following:

	2019/20		2020/21	
	£000	£000	£000	£000
	Expenditure	Income	Expenditure	Income
Administration and Professional Services				
NHS Trusts	70,164	(70,164)	101,633	(101,633)
Other Authorities	9,616	(9,616)	14,104	(14,104)
Colleges	9	(9)	2	(2)
Maintenance works				
Other Authorities	178	(178)	-	-
Colleges	8	(8)	227	(227)
	79,975	**(79,975)**	**115,966**	**(115,966)**

50. Section 137 of the Local Government Act 1972

Local authorities are empowered by Section 137 of the Local Government Act 1972, as amended, to make contributions to certain charitable funds, not for profit bodies providing a public service and mayoral appeals. During 2020/21 these powers were not used.

51. Publicity Work

Local authorities are required to disclose their expenditure on publicity. The definition of publicity includes a number of routine items of expenditure. The Authority's expenditure is summarised below:

	2019/20	2020/21
	£000	£000
Advertising for staff	200	168
Other advertising, including education courses	369	221
Public Relations - salaries and running costs	971	798
Other publicity expenditure	465	357
	2,005	**1,544**
As a percentage of gross expenditure (cost of services)	0.17%	0.13%

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

FUND ACCOUNT

	Notes	2019/20 £000	2020/21 £000
Contributions	4		
Employer contributions		(137,261)	(201,395)
Member contributions		(47,906)	(49,638)
		(185,167)	**(251,033)**
Transfers in from other pension funds		(9,655)	(5,581)
Benefits	5		
Pensions		171,375	179,425
Commutation of pensions and lump sum retirement benefits		35,699	31,607
Lump sum death benefits		5,050	5,237
		212,124	**216,269**
Payments to and on account of leavers	6	13,657	13,086
Net (additions)/withdrawals from dealings with members		**30,959**	**(27,259)**
Administration expenses	7	2,176	2,692
Oversight and governance expenses	8	1,460	1,804
Investment management expenses	9	4,995	4,370
Net (additions)/withdrawals after fund management expenses		**39,590**	**(18,393)**
Investment Income	10	(130,410)	(84,822)
(Profits)/losses on disposal of investments & changes in value		483,224	(988,631)
Taxes on income		247	172
Net Returns on Investments		**353,061**	**(1,073,281)**
Net (increase)/decrease in net assets available for benefits during the year		**392,651**	**(1,091,674)**
Opening net assets of the Fund		5,433,063	5,040,412
Closing net assets of the Fund		**5,040,412**	**6,132,086**

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

NET ASSETS STATEMENT FOR THE YEAR ENDED

	Notes	31 March 2020 £000	31 March 2021 £000
Investment Assets	11 & 15		
Fixed Interest Securities		384,727	307,787
Equities		846,815	1,716,831
Pooled Investment Vehicles		3,145,087	3,517,348
Property		481,379	350,442
Cash deposits		151,744	210,083
Other Investment Balances	13	28,575	24,710
Investment liabilities	13	(5,387)	(4,762)
		5,032,940	**6,122,439**
Current assets	14	15,760	21,345
		5,048,700	6,143,784
Current liabilities	14	(8,288)	(11,698)
Closing net assets of the Fund		**5,040,412**	**6,132,086**

The actuarial present value of promised retirement benefits, as required by the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* , is shown at note 2c.

NOTES TO THE ACCOUNTS

1. Accounting Policies

(a) Basis of Preparation

The Pension Fund accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* (the Code). On issues where there is no clear guidance in the Code, reference has been made under the hierarchy of standards to *Financial Reports of Pension Schemes: a Statement of Recommended Practice 2018* (the Pensions SORP) or to individual International Accounting Standards (IAS). Disclosures required by IFRS 9 and 15 have been reflected in the accounts where material. Disclosures in the Pension Fund accounts have been limited to those required by the Code. Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. Three accounting standards have been issued but are not yet in force. These are IFRS16, ISA28 and IAS19.

The accounts have been prepared on a going concern basis.

The 2020 accounts were prepared amidst the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation on 11 March 2020 as a “Global Pandemic”. This impacted global financial markets with significant volatility in valuations both before and after year end, and increased the uncertainty of fair value assessments at 31 March 2020.

Market activity was impacted in many sectors. The property valuation was reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global as the valuers do not consider that they can rely upon previous market evidence to fully inform opinions of value at the valuation date.

Furthermore private assets are based on valuations generally a quarter earlier and did not reflect the market impact of the pandemic, however the extent of this was not measurable at year end. Consequently the assessed valuation range in note 15b) was increased for 31 March 2020 to reflect the additional uncertainty.

The market situation recovered gradually over the last year with trading having returned in all sectors. Consequently the uncertainty over fair value valuations has returned to close to normal levels at 31 March 2021.

(b) Debtors and Creditors

The accruals concept is applied to these accounts in compliance with the Code.

(c) Investments

Pension Fund investments are carried at fair value in accordance with the Code. Fair value is defined as 'the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction'. Where an active market exists, the quoted market price is used. Where there is no active market, fair value is established by using valuation techniques.

Specific details on the valuation methods for particular classes of assets are listed below:

- Equities traded through a stock exchange are valued at the latest quoted price. Where more than one price is quoted the 'bid' price is used.
- Unit Trusts and managed funds are valued at the closing single price or the bid price where applicable. These reflect the market value of the underlying investments.

- Unquoted securities and pooled private equity investments are valued at fair value by the fund managers based on earnings, revenues and comparable valuations in accordance with industry accepted guidelines.

- The market value of fixed interest investments is based on the 'clean price', i.e. excludes income accrued at 31 March but not yet due for payment.

- Property investments are stated at open market value based on a quarterly independent external valuation in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards at the Net Assets Statement date based on lease terms, nature of tenancies, covenant strength, vacancy levels, estimated rental growth and discount rate.

Transaction costs arising on all investment purchases and sales are charged to the Fund Account within 'Profits & losses on disposal of investments & changes in value' by adding to purchase costs and netting against sale proceeds, as appropriate, for all investment types. This achieves consistency between asset classes and ensures all transaction costs are charged to the Fund Account. It also ensures that the financial statements faithfully represent the economic substance of the transactions. The economic substance of purchases and sales of all asset types is to generate returns for the Fund to help mitigate the cost to employers of providing pensions. Transaction costs are ancillary to this purpose.

The change in fair value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Forward foreign exchange contracts are "over the counter contracts" under which two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange. These are used to manage the economic exposure to bond markets and hedge against foreign currency movements. These contracts are included at fair value by determining the gain or loss that would arise from closing out the contract at the Net Assets Statement date by entering into an equal and opposite contract at that date. The movements on these contracts during the year are shown in the reconciliation of opening and closing balances of investments at note 11(b).

(d) Investments Income

Income is accounted for on an accruals basis for the following:

- interest on cash deposits and fixed interest securities is accrued on a daily basis
- dividends from equities are accrued when the stock is quoted ex-dividend
- Rental income from operating leases on properties owned by the Fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(e) Taxes on Income

UK equity dividends are quoted and accounted for at the net rate. The tax credit, which the Fund is unable to recover, is not recognised (in accordance with the Pensions SORP). Overseas equity dividends are accounted for gross of withholding tax, where this is deducted at source. Partial reclaims of withholding tax, where allowed, are adjusted at the year end by outstanding claims.

(f) Foreign Currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at the rate ruling on the date of the transaction. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

(g) Contributions

Normal contributions, both from the members and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from employers are accounted for on an accruals basis.

(h) Benefits Payable

Under the rules of the scheme, members can receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised. Other benefits are accounted for on the date the member leaves the scheme or on death.

(i) Transfers to and from Other Schemes

Transfer values represent the capital sums either receivable (in respect of members from other pension schemes of previous employers) or payable (to the pension schemes of new employers for members who have left the scheme). They take account of transfers where the trustees (or administering authority) of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

(j) Other Expenses

Management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT. Nottinghamshire County Council charges the Fund with the costs it incurs in administering the scheme and the Fund. Fees and charges within pooled investment vehicles have the effect of reducing the fair value of those investments. These embedded costs are disclosed at note 10.

(k) Property related income

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. Operation of the Fund

(a) General

Nottinghamshire County Council is the Administering Authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire. The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The LGPS is a statutory scheme administered by individual pension funds. The benefits within the scheme are determined by regulation and are guaranteed by statute. The Pension Fund exists to help defray the cost of paying the pension benefits. Members make contributions to the Fund as specified in the regulations and employers make contributions as determined by the Fund's actuary as part of the triennial valuation of the Fund. All new employees are brought into the scheme automatically, unless a positive election not to participate is received from the employee.

The Authority administers the Pension Fund for over 510 participating employers and over 145,000 members. The employers include Nottinghamshire County Council, Nottingham City Council, District Councils and organisations which used to be part of local government (such as Nottingham Trent University, Colleges, Police civilian staff and Academies). They also include organisations which satisfy the conditions to participate in the LGPS and have been admitted to the Fund by the Authority. In general, these organisations are non-profit making, or are undertaking a service which was, or could be, carried out by a local authority.

The operation of the Fund is set out in a number of published policy statements. Under the Governance Compliance Statement, the functions as administering authority of the Fund are delegated to the Nottinghamshire Pension Fund Committee.

The Funding Strategy Statement sets out the aims and purpose of the Fund and details the responsibilities of the administering authority as regards funding the scheme.

The Investment Strategy Statement sets out more detailed responsibilities relating to the overall investment strategy of the Fund including the proposed asset allocation, restrictions on investment types, the type of investment management used and performance monitoring. It also states the Fund's approach to responsible investment and corporate governance issues.

The Communications Strategy Statement details the overall strategy for involving stakeholders in the Fund. A key part of this strategy is a dedicated Fund website (available at www.nottspf.org.uk).

A separate annual report for the Fund is also produced and this, along with previous years' reports, will be accessible via the pension fund website. The annual report includes the accounts and the published policies as well as information on the performance of the Fund.

The accounts of the Fund are set out in these pages. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 requires:

- a Fund Account showing the changes in net assets available for benefits;
- a net assets statement showing the assets available at the year end to meet benefits;
- supporting notes.

(b) Contributions and Solvency

With effect from 1 April 2008 The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 were introduced. The principal changes from the 1997 regulations were: the replacement, for future service, of the existing benefits structure (based on a pension of 1/80th of pensionable pay for each year of pensionable service plus an automatic lump sum of three times this amount) by one based on 1/60th of pensionable pay for each year of pensionable service and no automatic lump sum. Under the 2008 scheme, employees were required to make percentage contributions by deduction from earnings at a rate between 5.5% and 7.5% depending on salary.

From 1 April 2014 the new Local Government Pension Scheme was introduced for service accruing after that date. This is a career average revalued earnings (CARE) scheme with an accrual rate of 1/49th of pensionable pay and a retirement age linked to the state retirement age. Employee contribution rates in the new scheme range from 5.5% to 12.5% depending on salary.

Employers are required to make such balancing contributions, determined by the Actuary, as will maintain the Fund in a state of solvency, having regard to existing and prospective liabilities.

(c) Actuarial Valuations

As required by the Regulations an Actuarial Valuation of the Fund was carried out as at 31 March 2019. The market value of the Fund's assets at the valuation date was £5,433 million. The Actuary has estimated that the value of the Fund was sufficient to meet 93% of its expected future liabilities in respect of service completed to 31 March 2019. The certified contribution rates are expected to improve this to 100% within a period of 19 years. The full actuarial valuation report is available on the Fund's website at www.nottspf.org.uk.

The Actuarial Valuation was carried out using the projected unit method and the assumptions used within the valuation are shown below.

	31 March 2019 % pa
Expected investment returns:	
Equities	6.7
Gilts	1.7
Property and Infrastructure	6.1
Discount Rate	4.8
Retail price inflation (RPI)	3.6
Consumer price inflation (CPI)	2.6
Long term pay increases	3.6
Pension Increases	2.6

The 2019 valuation produced an average employer contribution rate of 21.6%. Employer contributions were certified by the actuaries for the years 2020/21 to 2022/23. For the majority of employers, the rate for future service accrual was certified as a percentage of salary with an additional cash amount specified for deficit recovery. The following list shows the contributions payable by the main employers as certified in the final report:

Certified employer contributions		**2020/21**	**2021/22**	**2022/23**
Nottinghamshire County Council		18.7%	18.7%	18.7%
	Plus:	£7,424,000	£7,695,000	£7,975,000
Nottingham City Council		17.9%	17.9%	17.9%
	Plus:	£8,544,000	£8,855,000	£9,178,000
Ashfield District Council		18.0%	18.0%	18.0%
	Plus:	£1,546,000	£1,603,000	£1,661,000
Bassetlaw District Council		19.6%	19.6%	19.6%
	Plus:	£919,000	£953,000	£988,000
Broxtowe Borough Council		18.0%	18.0%	18.0%
	Plus:	£264,000	£273,000	£283,000
Gedling Borough Council		18.2%	18.2%	18.2%
	Plus:	£413,000	£428,000	£443,000
Mansfield District Council		19.5%	19.5%	19.5%
	Plus:	£1,789,000	£1,855,000	£1,922,000
Newark and Sherwood District Council		17.5%	17.5%	17.5%
	Plus:	£771,000	£800,000	£829,000
Rushcliffe Borough Council		17.6%	17.6%	17.6%
	Plus:	£950,000	£985,000	£1,021,000

A number of employers have made accelerated payments for their future years' deficit recovery amounts.

(d) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits has been calculated by the Fund's actuaries in accordance with IAS 26. To do this, the actuaries rolled forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2019 allowing for the different financial assumptions required under IAS 26. The assumptions used for the purposes of the IAS 26 calculations (which are consistent with IAS 19) are as follows:

	31 March 2019		31 March 2020		31 March 2021	
	% pa	Real % pa	% pa	Real % pa	% pa	Real % pa
RPI Increases	3.4	-	2.7	-	3.2	-
CPI increases	2.4	(1.0)	1.9	(0.8)	2.9	(0.3)
Salary Increases	3.9	0.5	2.9	0.2	3.9	0.7
Pension Increases	2.4	(1.0)	1.9	(0.8)	2.9	(0.3)
Discount Rate	2.4	(1.0)	2.4	(0.3)	2.0	(1.2)
Mortality assumptions:						
Longevity at 65 for current pensioners						
Men (years)				21.8		21.6
Women (years)				24.4		24.3
Longevity at 65 for future pensioners						
Men (years)				23.2		22.9
Women (years)				25.8		25.7
Estimated return on assets				-7%		22%

Members will exchange half of their commutable pension for cash at retirement.

The net liability under IAS 26 is shown below.

	31 March 2019 £000	31 March 2020 £000	31 March 2021 £000
Present value of funded obligation	8,769,711	8,315,005	10,909,533
Fair value of Fund assets	5,406,638	5,009,752	6,102,491
Net Liability	**3,363,073**	**3,305,253**	**4,807,042**

The present value of funded obligation consists of £10,703.2 million in respect of vested obligation and £206.3 million in respect of non-vested obligation.

A ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements put in place when moving from final salary to average salary scheme arrangements. Court of Appeal judgements were made in cases affecting judges' pensions (the McCloud Judgement) and firefighter pensions. The ruling will have implications for the Local Government Pension Scheme which also moved from a final salary to a career average salary scheme. The IAS 26 figures included in the accounts reflect the estimated impact of the McCloud Judgement.

These figures are presented only for the purposes of IAS 26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

(e) Investment Strategy

The investment strategy of the Fund is designed to maximise growth within acceptable risk parameters to help meet the future liabilities. The powers of investment are governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The current investment policy is set out in the Fund's Investment Strategy Statement, a copy of which is available on the pension fund website (www.nottspf.org.uk).

During 2020/21 the Nottinghamshire Pension Fund Committee, was responsible for determining the investment strategy of the Fund and the type of investment management to be used. The Pension Fund Committee consisted of nine elected County Councillors (voting members), three representatives of Nottingham City Council, two representatives of the District Councils, two representatives of the Trade Unions, a representative elected by the other scheduled and admitted bodies and two appointed pensioner representatives (non voting members). Meetings were also attended by an independent adviser and representatives of the Chief Financial Officer.

The investments were managed by officers of the Authority or by organisations specialising in the management of pension fund assets. The Pension Fund Committee was responsible for monitoring performance of the fund and met on a quarterly basis to review the Fund's main investment managers and their performance.

(f) Critical Judgements and Estimations

In applying the accounting policies set out in Note 1 above, the Authority has had to make certain critical judgements and estimates about complex transactions or those involving uncertainty about future events. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

Pension Fund Liability - The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 2 c). Actuarial re-valuations are used to set future contribution rates and underpin the Fund’s most significant investment management policies.

Property Investments - Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.

Level 3 Investments - Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

(g) External Audit

A separate fee is payable to Grant Thornton UK LLP for audit of the Pension Fund. All fees have been included in the accounts for the period to which they relate. The fee for 2020/21 is £23,043 (£27,293 for 2019/20).

3. Contributors and Pensioners

	County Council	City Council	District Councils	Other	Total
	Members at 31 March 2021				
Contributors	14,404	7,405	3,328	18,820	43,957
Deferred Beneficiaries	25,405	12,834	4,386	18,310	60,935
Pensioners	18,393	8,233	5,039	8,816	40,481
					145,373

	County Council	City Council	District Councils	Other	Total
	Members at 31 March 2020				
Contributors	15,879	8,064	3,428	20,685	48,056
Deferred Beneficiaries	24,150	12,507	4,358	14,987	56,002
Pensioners	17,793	7,826	4,938	8,197	38,754
					142,812

4. Analysis of Contributions

	Employers		Members		Total	
	2019/20 £000	**2020/21 £000**	**2019/20 £000**	**2020/21 £000**	**2019/20 £000**	**2020/21 £000**
County Council	31,371	60,057	12,267	12,717	43,638	72,774
Scheduled Bodies	98,961	133,910	33,378	34,676	132,339	168,586
Admitted Bodies	6,929	7,428	2,261	2,245	9,190	9,673
	137,261	**201,395**	**47,906**	**49,638**	**185,167**	**251,033**

5. Analysis of Benefits

	2019/20 £000	2020/21 £000
Pensions	171,375	179,425
Commutation and lump sum	35,699	31,607
Lump sum death benefits	5,050	5,237
	212,124	**216,269**
Comprising of:		
County Council	79,575	80,726
Scheduled Bodies	122,965	126,936
Admitted Bodies	9,584	8,607
	212,124	**216,269**

6. Payments to and on account of leavers

	2019/20 £000	2020/21 £000
Refunds to members leaving the Fund	497	444
Payments for members joining state scheme	162	(109)
Group transfers to other funds	-	-
Individual transfers to other funds	12,998	12,751
	13,657	**13,086**

7. Administration Expenses

	2019/20 £000	2020/21 £000
Printing and stationery	8	8
Legal fees	16	27
Other external fees	398	502
Bad debts	-	252
Administering Authority Costs	1,754	1,903
	2,176	**2,692**

8. Oversight and Governance Expenses

	2019/20 £000	2020/21 £000
Training and conferences	2	-
Printing and stationery	2	-
Subscriptions and membership fees	40	24
Actuarial fees	70	35
Audit fees	27	23
Legal fees	-	-
Other external fees	965	1,349
Administering Authority Costs	354	373
	1,460	**1,804**

Other external fees include the Fund's share of the running costs of LGPS Central Ltd.

9. Investment Management Expenses

	2019/20 £000	2020/21 £000
Legal fees	-	11
Custody fees	299	274
Investment management fees	4,614	4,059
Other external fees	65	10
Administering Authority Costs	17	16
	4,995	**4,370**

The investment management fees shown above are those fees attributable to external managers and charged directly to the Fund. Additional fees and charges are incurred through pooled investment vehicles. These have the effect of reducing the fair value of the investments. The estimated embedded costs within pooled investment vehicles were £13.3 million in 2020/21 (£13.3 million in 2019/20).

10 Investment Income

Analysis by type of investment	2019/20 £000	2020/21 £000
Interest from fixed interest securities	(21,980)	(8,856)
Dividends from equities	(42,287)	(43,080)
Income from pooled investment vehicles	(35,880)	(6,735)
Income from property pooled vehicles	(6,005)	(5,095)
Net rents from property	(22,011)	(19,491)
Interest on cash deposits	(1,335)	(333)
Other	(912)	(1,232)
	(130,410)	**(84,822)**

Directly held property		
Rental income	(23,989)	(21,850)
Less operating expenses	1,978	2,359
Net rents from property	**(22,011)**	**(19,491)**

The future minimum lease payments receivable by the Fund are as follows:

	2019/20 £000	2020/21 £000
Within one year	23,909	18,606
Between one and five years	82,690	65,893
Later than five years	213,681	193,200
Future lease payments due under existing contracts	**320,280**	**277,699**

11. Investments

(a) Investment Analysis

	31 March 2020 £000	31 March 2021 £000
Fixed Interest Securities		
UK Public Sector	208,155	205,032
UK Other	176,572	102,755
Overseas Other	-	-
Equities		
UK	667,552	979,966
Overseas	174,959	734,865
Unlisted	4,304	2,000
Pooled Investment Vehicles		
Unit Trusts	1,252,280	1,176,296
Other Managed Funds	1,627,204	2,068,069
Pooled Vehicles Invested in Property		
Property Unit Trusts	116,997	112,721
Other Managed Funds	148,606	160,262
Property	481,379	350,442
Cash and Currency	151,744	210,083
Total Investments	**5,009,752**	**6,102,491**

The original values of investments are based on purchase cost plus transaction costs. If any investments have been held since 1 April 1974 (when the Authority was given the responsibility for the Fund) these are included at the market value as at that date.

	31 March 2020 £000	31 March 2021 £000
Market Value	5,009,752	6,102,491
Original Value	4,733,655	5,195,947
Excess of Market Value over Original Value	**276,097**	**906,544**

(b) Reconciliation of Opening and Closing Values of Investments 2020/21

	Value at 1 April 2020 £000	Purchases at Cost £000	Proceeds of Sales £000	Change in Market Value £000	Value at 31 March 2021 £000
Fixed Interest Securities	384,727	80,582	(141,508)	(16,014)	307,787
Equities	846,815	1,010,580	(485,477)	344,913	1,716,831
Pooled Investment Vehicles	2,879,484	260,526	(615,780)	720,135	3,244,365
Property Pooled Vehicles	265,603	14,747	(843)	(6,524)	272,983
Property	481,379	670	(77,728)	(53,879)	350,442
	4,858,008	**1,367,105**	**(1,321,336)**	**988,631**	**5,892,408**
Cash deposits	151,744				210,083
	5,009,752				**6,102,491**

Reconciliation of Opening and Closing Values of Investments 2019/20

	Value at 1 April 2019 £000	Purchases at Cost £000	Proceeds of Sales £000	Change in Market Value £000	Value at 31 March 2020 £000
Fixed Interest Securities	677,054	324,838	(639,019)	21,854	384,727
Equities	1,008,561	290,444	(249,355)	(202,835)	846,815
Pooled Investment Vehicles	2,858,772	565,989	(259,910)	(285,367)	2,879,484
Property Pooled Vehicles	248,361	16,164	(1,551)	2,629	265,603
Property	483,262	28,517	(9,350)	(21,050)	481,379
	5,276,010	**1,225,952**	**(1,159,185)**	**(484,769)**	**4,858,008**
Forward Foreign Exchange	(25)	92,166	(93,686)	1,545	-
	5,275,985	**1,318,118**	**(1,252,871)**	**(483,224)**	**4,858,008**
Cash deposits	130,653				151,744
	5,406,638				**5,009,752**

Transaction costs are included in the cost of purchases and sale proceeds. The costs charged directly to the Fund, such as fees, commissions and stamp duty, amounted to £2.3 million in 2020/21 (£1.8 million in 2019/20). In addition, indirect costs are incurred through the bid-offer spread on investments. This amount is not separately provided.

(c) Management Arrangements

The assets of the Fund are managed within six portfolios and a breakdown of these as at the Net Assets Statement date is shown below:

	31 March 2020 £000		31 March 2021 £000	
Core Index	1,110,544	22.2%	1,445,553	23.7%
Schroder Active Equities	1,297,411	25.9%	1,840,496	30.1%
LGPS Central			713,069	11.7%
Fixed Interest	681,429	13.6%	102,755	1.7%
Aberdeen Property	610,486	12.2%	487,880	8.0%
Specialist	1,309,882	26.1%	1,512,738	24.8%
Total	**5,009,752**	**100.0%**	**6,102,491**	**100.0%**

Investments managed by LGPS Central were brought together in a new portfolio during the year.
The majority of the Fund's Fixed Interest investments are now managed by LGPS Central.

A breakdown of material pooled holdings managed by external managers within the Core Index, Schroders, LGPS Central and Specialist portfolios is shown below:

	31 March 2020 £000	31 March 2021 £000
Core Index		
Legal & General	1,065,133	1,428,946
Schroders		
Schroders	533,940	227,251
LGPS Central		
LGPS Central	283,738	507,991
Specialist		
Aegon Capital (previously Kames Capital)	265,908	371,778
RWC Capital	177,543	266,767
Darwin	79,444	82,752

The following investments represent over 5% of the net assets of the Fund.

	Market Value 31 March 2020 £000	% of Fund	Market Value 31 March 2021 £000	% of Fund
Legal & General UK Equity Index	439,566	8.7%	558,323	9.1%
Legal & General North America Equity Index	231,170	4.6%	330,087	5.4%
Schroder North American Equity Fund	409,042	8.1%	-	-
LGPS Central Global Corporate Bonds Fund	283,738	5.6%	315,508	5.2%

The Schroder North American Equity Fund was replaced with directly held stocks during the year.

(d) Asset Allocation

The asset allocation of the Fund as at the Net Assets Statement date is shown below:

	31 March 2020 £000		31 March 2021 £000	
UK Fixed Interest	384,727	7.7%	307,787	5.0%
Overseas Fixed Interest	283,738	5.7%	315,508	5.2%
UK Equities	1,082,969	21.6%	1,502,972	24.6%
Overseas Equities:				
US	641,947	12.8%	851,016	13.9%
Europe	362,238	7.2%	490,939	8.0%
Japan	241,134	4.8%	319,747	5.2%
Pacific Basin	120,864	2.4%	183,321	3.0%
Emerging Markets	197,797	3.9%	289,497	4.7%
Global Equities	26,085	0.5%	72,112	1.2%
UK Property	636,890	12.7%	514,046	8.4%
Overseas Property	110,092	2.2%	109,379	1.8%
Private Equity	218,264	4.4%	243,328	4.0%
Infrastructure	311,677	6.2%	330,065	5.4%
Credit	52,421	1.0%	67,402	1.1%
Multi-Asset	187,165	3.7%	295,289	4.8%
Forward Foreign Exchange	-	-	-	-
Cash	151,744	3.0%	210,083	3.4%
Total	**5,009,752**	**100.0%**	**6,102,491**	**100.0%**

(e) Property

Direct property is shown at open market value (as defined by the International Valuation Standards Committee) as determined by Savills Commercial Limited. The valuation for 31 March 2020 was provided subject to a material uncertainty clause.

	31 March 2020 £000	31 March 2021 £000
Freehold	455,029	342,542
Leasehold more than 50 years	26,350	7,900
	481,379	**350,442**
Original Value	410,348	323,203

Details of movements on directly owned properties are as follows:-

	31 March 2020 £000	31 March 2021 £000
Opening balance	**483,262**	**481,379**
Additions:		
Purchases	201	-
New construction	27,605	(2)
Subsequent expenditure	711	663
Disposals	(9,000)	(87,150)
Net (decrease) in market value	(21,400)	(44,448)
Other changes in fair value	-	-
Closing balance	**481,379**	**350,442**

(f) Analysis of Pooled Investment Vehicles

The underlying economic exposure of pooled investment vehicles is shown below:

	31 March 2020 £000	31 March 2021 £000
Global Fixed Interest	283,738	315,508
UK Equities	512,668	645,457
Overseas Equities:		
US	640,212	330,507
Europe	249,090	356,770
Japan	181,059	241,783
Pacific Basin	120,864	181,099
Emerging Markets	197,797	289,497
Global	26,085	72,112
UK Property	155,511	163,603
Overseas Property	110,092	109,379
Private Equity	213,961	241,328
Infrastructure	214,424	207,614
Credit	52,421	67,402
Multi-Asset	187,165	295,289
Total	**3,145,087**	**3,517,348**

(g) Private Equity and Infrastructure Funds

The Fund has made commitments to a number of private equity and infrastructure funds. The original commitment amounts are shown below in the fund currencies:

	Currency	Commitment
Private Equity Funds		millions
Wilton Private Equity Fund	USD	13
Pantheon Europe Fund III	EUR	10
East Midlands Regional Venture Capital Fund	GBP	4
Schroders Private Equity Fund of Funds III	EUR	22
DCM Private Equity Fund II	USD	18
Pantheon Europe Fund V	EUR	15
Coller International Partners V	USD	18
Catapult Growth Fund	GBP	4
Altius Associates Private Equity Fund	USD	10
Partners Group Secondary 2008	EUR	13
DCM Private Equity Fund III	USD	16
Coller International Partners VI	USD	16
Altius Associates Private Equity Fund II	USD	15
Foresight Nottingham Fund	GBP	10
Aberdeen SVG Private Equity	USD	15
DCM Private Equity Fund IV	USD	16
Coller International VII	USD	16
Pantheon Multi-Strategy	EUR	14
Capital Dynamics CPEV 15-16	GBP	10
Capital Dynamics CPEV 16-17	GBP	10
Capital Dynamics CPEV 17-18	GBP	10
YFM Equity Partners Buyout Fund I	GBP	10
Darwin Leisure Development Fund	GBP	30
Darwin Leisure Property Fund	GBP	20
Capital Dynamics CPEV 17-18	GBP	10
Darwin Bereavement Services Fund	GBP	20
Capital Dynamics CPEP 18-19	GBP	10
YFM Buyout Fund II	GBP	15
LGPS Central PE Primary Fund 2018	GBP	10
LGPS Central PE Co-Investments 2018	GBP	5
Coller International VIII	USD	35
Dorchester Capital Secondaries Offshore V	USD	50
BGF	GBP	7
Infrastructure Funds		
Partners Group Global Infrastructure	EUR	12
Altius Real Assets Fund I	USD	15
Hermes GPE Infrastructure Fund	GBP	25
AMP Capital Global Infrastructure Fund	USD	34
SL Capital Infrastructure	GBP	15
JP Morgan IIF UK 1	USD	22
Green Investment Bank Offshore Wind Fund	GBP	15
MacQuarie European Infrastructure Fund 5	EUR	30
Equitix Fund IV LP	GBP	20
Hermes GPE Infrastructure II	GBP	25
Equitix Fund V	GBP	10
SL Capital Infrastructure II	EUR	30
Capital Dynamics Clean Energy and Infrastructure VIII	GBP	20

These commitments are drawn by the funds over time as investments are made in underlying companies or assets. The undrawn commitments as at 31 March 2021 were £164.3 million (£190.4 million at 31 March 2020). Of the funds above, the following were new commitments made during 2020/21:-

	Currency	Commitment millions
BGF	GBP	7
Capital Dynamics Clean Energy and Infrastructure VIII	GBP	10
SL Capital Infrastructure II	EUR	10

(h) Analysis of derivatives

There were no derivatives held at 31 March 2021 or 31 March 2020.

12. Contingent Liabilities

The Fund has no contingent liabilities.

13. Other Investment Balances and Liabilities

	31 March 2020 £000	31 March 2021 £000
Other investment balances		
Outstanding investment transactions	-	-
Investment income	28,575	24,710
	28,575	**24,710**
Investment Liabilities		
Outstanding investment transactions	-	-
Investment income	(5,387)	(4,762)
	(5,387)	**(4,762)**

14. Current Assets and Liabilities

	31 March 2020 £000	31 March 2021 £000
Current assets		
Contributions due from employers	12,065	17,273
Other	3,696	4,072
	15,760	**21,345**
Current Liabilities		
Payments in advance	-	-
Sundry creditors	(7,809)	(11,097)
Other	(479)	(601)
	(8,288)	**(11,698)**

15. Financial Instruments and Property Investments

(a) The various financial instruments held by the Fund are valued at fair value. The following tables analyse the fair value of financial assets and liabilities by asset class.

	31 March 2021			
	Financial assets measured at Fair Value through profit and loss	**Assets at amortised cost**	**Financial liabilities at amortised cost**	**Totals**
	£000	**£000**	**£000**	**£000**
Financial Assets				
Fixed Interest Securities	307,787	-	-	307,787
Equities	1,716,831	-	-	1,716,831
Pooled Investment Vehicles	3,244,365	-	-	3,244,365
Property Pooled Vehicles	272,983	-	-	272,983
Cash deposits	-	210,083	-	210,083
Other investment balances	-	24,710	-	24,710
Current Assets	-	21,345	-	21,345
	5,541,966	**256,138**	**-**	**5,798,104**
Financial Liabilities				
Investment Liabilities	-	-	(4,762)	(4,762)
Current Liabilities	-	-	(11,698)	(11,698)
	-	**-**	**(16,460)**	**(16,460)**
	5,541,966	**256,138**	**(16,460)**	**5,781,644**

	31 March 2020			
	Financial assets measured at Fair Value through profit and loss	**Assets at amortised cost**	**Financial liabilities at amortised cost**	**Totals**
	£000	**£000**	**£000**	**£000**
Financial Assets				
Fixed Interest Securities	384,727	-	-	384,727
Equities	846,815	-	-	846,815
Pooled Investment Vehicles	2,879,484	-	-	2,879,484
Property Pooled Vehicles	265,603	-	-	265,603
Cash deposits	-	151,744	-	151,744
Other investment balances	-	28,575	-	28,575
Current Assets	-	15,760	-	15,760
	4,376,629	**196,079**	**-**	**4,572,708**
Financial Liabilities				
Investment Liabilities	-	-	(5,387)	(5,387)
Current Liabilities	-	-	(8,288)	(8,288)
	-	**-**	**(13,675)**	**(13,675)**
	4,376,629	**196,079**	**(13,675)**	**4,559,033**

No financial assets were reclassified during the accounting period.

(b) Valuation of financial instruments and Property Investments carried at fair value

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

Level 1	Fair values derived from quoted market price. - this includes all quoted equity, fixed interest and index linked instruments.
Level 2	Fair values derived from valuation techniques based significantly on observable inputs. - this includes all pooled property investments.
Level 3	Fair values derived from valuation techniques where at least one significant input is not based on observable market data. - this includes unlisted shares and investments in private equity funds. - following guidance from IFRS13 Property is included in level 3.

As at 31 March 2021	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial Assets				
Fair value through profit and loss				
Financial instruments	4,750,639	272,983	518,344	5,541,966
Non Financial Assets				
Fair value through profit and loss				
Freehold and leasehold property	-	-	350,442	350,442
Total	**4,750,639**	**272,983**	**868,786**	**5,892,408**
Financial Liabilities				
Liabilities	-	-	-	-
Financial liabilities	(16,460)	-	-	(16,460)
Total	**(16,460)**	**-**	**-**	**(16,460)**
Net	**4,734,179**	**272,983**	**868,786**	**5,875,948**

As at 31 March 2020	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial Assets				
Fair value through profit and loss				
Financial instruments	3,625,917	265,603	485,109	4,376,629
Non Financial Assets				
Fair value through profit and loss				
Freehold and leasehold property	-	-	481,379	481,379
Total	**3,625,917**	**265,603**	**966,488**	**4,858,008**
Financial Liabilities				
Liabilities	-	-	-	-
Financial liabilities	(13,675)	-	-	(13,675)
Total	**(13,675)**	**-**	**-**	**(13,675)**
Net	**3,612,242**	**265,603**	**966,488**	**4,844,333**

Reconciliation of Fair Value measurements within Level 3

	Freehold and leasehold property	Private equity and unlisted shares
	£000	**£000**
Market value 1 April 2020	**481,379**	**485,109**
Transfers into level 3	-	-
Transfers out of level 3	-	-
Purchases during the year	670	12,081
Sales during the year	(77,728)	(6,705)
Unrealised gains / (losses)	(43,793)	5,111
Realised gains / (losses)	(10,086)	22,748
Market value 31 March 2021	**350,442**	**518,344**

Sensitivity of assets valued at level 3

	Assessed valuation range (+/-)	**Value at 31 March 2021 £000**	**Value on increase £000**	**Value on decrease £000**
Freehold and leasehold property	5%	350,442	367,964	332,920
Private equity and unlisted shares	15%	518,344	596,096	440,592
Total		**868,786**	**964,060**	**773,512**

(c) Nature and extent of risks arising from financial instruments

The aims of the Fund are to:
- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due
- maximise the returns from investments within reasonable risk parameters
- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies.

The key risks to the achievement of these aims, as well as measures to mitigate those risks, are set out in the various Fund policies (available at www.nottspf.org.uk) including:
- Investment Strategy Statement
- Funding Strategy Statement
- Governance Compliance Statement
- Risk Management Strategy and Risk Register

The Risk Register identifies the highest risks as arising from:
- Inadequate resources are available to manage the Pension Fund
- Fund assets are assessed as insufficient to meet long term liabilities
- Standing data and permanent records are not accurate
- Significant variations from assumptions used in the actuarial valuation
- LGPS Central incurs net costs or decreases investment returns

Actions have been agreed to mitigate these risks.

The Fund’s primary risk is that its assets fall short of its long term liabilities. The Funding Strategy Statement states that the funding objectives are to:
- Set levels of employer contribution that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund

- Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.

The most significant effect on the funding level arises from changes in the discount rate used by the actuaries. The sensitivity analysis below (prepared by the Fund's actuaries) shows the impact of a movement of 0.1% in the discount rate.

Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation (£000)	10,682,987	10,909,533	11,141,113

The Fund deficit at the last triennial valuation was £405 million.

For the first time in 2013/14 there was a net withdrawal from dealings with members. Since then the net withdrawal/contribution has generally been relatively small. In 2020/21 the Fund experienced a net increase from dealings with members due to employer lump sum deficit contributions.

The Fund continues to receive significant investment income and is therefore unlikely to need to sell assets in order to meet pension benefits in the near future. This allows the Fund to implement a long term investment strategy and minimise the impact of short term fluctuations in investment and currency markets. The strategy, and the assumptions that underpin it, are reviewed on a regular basis and cash flows are monitored closely to ensure there is sufficient liquidity to meet forecast cash flows.

The investment strategy is aimed at achieving best returns in line with the requirements of the triennial valuation whilst minimising risk and overall variability in future employers' contribution rates. Specific risks arising from financial instruments include market risk, credit risk and liquidity risk. These risks are managed within the Fund through diversification of assets, careful selection of managers and counter parties, and prudent treasury management. The level of risk in the equities block is managed by a balance between passive and active management.

Policies are reviewed regularly to reflect changes in activity and in market conditions. Responsibility for reviewing and revising the policies rests with the Nottinghamshire Pension Fund Committee.

16. Members Additional Voluntary Contributions

The Nottinghamshire Fund provides an additional voluntary contribution (AVC) scheme to enable members to purchase additional benefits. Contributions are paid over to, and invested separately by, the two scheme providers, Prudential and Scottish Widows. The contributions are not included in the Fund's accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The value of the separately invested AVCs is shown below:

	31 March 2020 £000	**31 March 2021 £000**
Prudential	32,559	32,559
Scottish Widows	3,275	3,528
	35,834	**36,087**

17. Related Party Transactions

Under IAS 24, a party is related to an entity if:

- the party is a member of the key management personnel
- the party is a post-employment benefit plan for the benefit of employees of the entity.

The purpose of related party disclosures is to provide information on transactions and balances that could have an effect on the operations or financial position of an entity. For example, related parties may enter into transactions that unrelated parties would not and transactions between related parties may not be made at the same amounts as between unrelated parties.

Disclosures are required for:

- the nature of the related party relationship.
- key management personnel compensation.
- information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Nottinghamshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire and is one of the major employers within the scheme. Information regarding key management personnel is provided within the main accounts of Nottinghamshire County Council. The proportion recharged to the Pension Fund is as follows:-

2020-21 Post Holder information (Post title and name (where applicable))	**Note**	**Salary (including fees & allowances) £**	**Expenses £**	**Compen-sation for Loss of Office £**	**Employer Pension contri-butions* £**	**Total Remun-eration £**
Service Director (Customers, Governance and Employees)	1	15,446	-	-	3,429	18,872
Service Director (Finance, Infrastructure & Improvement)	2	20,595	-	-	4,572	25,167

*Pension Contributions are estimated at 22.2% to account for the pensions deficit

1. The Service Director for Customers, Governance and Employees has the statutory responsibility of the Monitoring Officer.
2. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of S151 Officer.

Members and officers of the Council involved in managing the Fund are allowed to be members of the LGPS. All transactions between Nottinghamshire County Council and the Fund and all benefit payments from the Fund are in accordance with the regulations governing the LGPS. There are no transactions therefore that are made on a different basis from those with non-related parties.

LGPS Central Ltd has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the Pool.

£1,315,000 has been invested in share capital and £685,000 in a loan to LGPS Central. These are the balances at year end, unchanged from 2019/20. The Fund earned £32,000 in interest during the year (£36,000 in 2019/20) and £32,000 was owed to the Fund at the end of the year (£36,000 in 2019/20).

LGPS Central Ltd has charged £1,057,000 in operating and investment management costs during the year (2019/20 £966,000), of which £195,000 (2019/20 £297,000) was outstanding at year end.

Nottinghamshire Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation.

Over time, LGPS Central Ltd will manage an increasing proportion of the Pension Fund's investments. At 31 March 2021 investments worth £713.02 million (31 March 2020 £398.41 million) were invested in LGPS Central Ltd funds.

18. Post Balance Sheet Events

No post balance sheet events have been identified.

GLOSSARY OF TERMS

Accruals	The concept that income and expenditure are recognised as they are earned or incurred, not as money happens to be received or paid.
Actuary	An actuary is an expert on pension scheme assets and liabilities. The Local Government Pension Scheme actuary reassesses the rate of employer contributions to the Pension Fund every three years.
Added Years	Additional years of service awarded to increase benefits of employees taking early retirement.
Amortisation	The process of charging asset consumption in relation to Intangible Assets to the Comprehensive Income & Expenditure Statement over a suitable period of time.
Balance Sheet	The accounting statement which sets out the Authority's total net assets and how they were financed.
Budget	The Authority's statement of spending plans and policies for a financial year, expressed in financial terms.
Capital Adjustment Account (CAA)	This account absorbs the timing differences between the consumption of non-current assets and the financing arrangements in respect of their acquisition, creation or enhancement throughout their useful life.
Capital Financing Requirement (CFR)	The Capital Financing Requirement is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.
Capital Grants Receipts in Advance	Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable unless conditions apply to the grant/contribution, in which case the grant/contribution is classified as Capital Grants Receipts in Advance on the Balance Sheet.
CIPFA	Chartered Institute of Public Finance and Accountancy.
Comprehensive Income and Expenditure Statement (CI&ES)	Consolidates all the gains and losses experienced during the financial year.
Community Assets	Assets such as historical structures and artefacts that the Authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal.
COVID19	Covid19 refers to the Corona Virus pandemic which hit the UK in March 2020 and is ongoing.
Creditors	Persons or bodies owed monies by the Authority that have not been paid by the end of the financial year.

Debtors	Persons or bodies owing sums to the Authority that have not been paid by the end of the financial year.
Depreciation	A charge to reflect the consumption of benefits in relation to tangible fixed assets.
Expenditure and Funding Analysis (EFA)	A statement to show the net expenditure in the Comprehensive Income & Expenditure Statement highlighting the adjustment between funding and accounting basis.
Earmarked Reserves	Reserves set aside for a specific purpose.
Financial Instruments	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. For instance, financial assets could be bank deposits, loans receivable, shares etc, whilst financial liabilities could be borrowings, financial guarantees etc.
General Fund	The account which absorbs the accumulated balances for the cost of providing services funded from Council Tax and Government Grants.
IAS	International Accounting Standard.
IFRS	International Financial Reporting Standard.
IFRIC	The International Financial Reporting Interpretations Committee provides interpretations of IFRS.
Infrastructure Assets	Assets such as roads and bridges, expenditure on which is recoverable only by continued use of the asset. These assets, by their nature, have no practical prospect of being decommissioned and sold or applied to alternative uses.
Impairments	An impairment or loss of value may arise on an asset upon revaluation. Assets which may be impaired are those in the categories of Property, Plant and Equipment and Intangible Assets.
Intangible Assets	Identifiable assets that lack physical substance and are expected to yield benefits to the Authority and the services it provides, e.g. software.
LASAAC	Partnership between CIPFA (England, Northern Ireland and Wales) and the Local Authority (Scotland) Accounts Advisory Committee.
LOBO	Loans which have a fixed primary period at a relatively beneficial interest rate followed by a higher rate for the remaining period which can be changed by the lender at agreed intervals. The Authority, as a borrower, would be able to opt to repay the loan at agreed intervals if the lender chooses to change the quoted rates.

Leasing	A method of financing capital expenditure in which a rental charge for an asset is paid for a specific period. There are two forms: 'finance leases' which transfer substantially all the risks and rewards of ownership to the lessee and other leases which are known as 'operating leases'
Local Government Pension Scheme (LGPS)	Nottinghamshire County Council is the administrating authority for the LGPS within Nottinghamshire.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to revenue in the year for the repayment of debt (credit liabilities and credit arrangements). An authority may voluntarily set aside amounts in excess of the minimum required.
NDR	Non-Domestic Rates.
PFI	Private Finance Initiative.
PPE	Property, Plant and Equipment.
Precept Income	County Councils obtain part of their income from precepts levied on the District Councils in their area. Precepts, based on the 'Council Tax bases' of the District Councils, are levied on each District's 'collection fund'.
PWLB	Public Works Loans Board.
Provisions	Sums of money set aside to meet specific expenses which are likely or certain to be incurred, but where the amounts cannot be accurately determined or dates on which they will arise. The sums set aside are charged to the appropriate service revenue accounts.
Reserves	Sums of money set aside to cover future eventualities. The sums set aside are charged to the General Fund and not to service revenue accounts.
Revaluation Reserve	Represents the difference between the revalued amount of Property, Plant and Equipment as shown in the accounts and the historic cost.
Revenue Expenditure Financed from Capital Under Statute (REFfCUS)	Legislation permits certain expenditure to be funded by capital resources even though no fixed asset is carried on the Balance Sheet. Examples include works on property not owned by the Authority and grants provided for economic development purposes.

This matter is being dealt with by:
Nigel Stevenson
T 0115 977 3033
E nigel.stevenson@nottscc.gov.uk
W nottinghamshire.gov.uk

Nottinghamshire County Council

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
BIRMINGHAM
B4 6AT

30 September 2021

Nottinghamshire County Council – Financial Statements for the year ended 31 March 2021

This representation letter is provided in connection with the audit of the financial statements of Nottinghamshire County Council for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include: the valuation of property, plant, equipment, and investment properties; the valuation of the net pension liability; the fair value of financial instruments; the completeness and accuracy of accruals and provisions. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions, or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

   a. there are no unrecorded liabilities, actual or contingent

   b. none of the assets of the Council has been assigned, pledged or mortgaged

   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. We have updated our going concern assessment and cashflow forecasts considering the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

   a. the nature of the Council means that, notwithstanding any intention to liquidate the Council or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

Information Provided

xv. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

xvi. We have communicated to you all deficiencies in internal control of which management is aware.

xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated because of fraud.

xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators, or others.

xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Governance and Ethics Committee at its meeting on 30 September 2021.

Yours faithfully,

Signed

Name Councillor Philip Owen

Position Chairman of the Governance and Ethics Committee

Date 30th September 2021

Signed

Name Nigel Stevenson

Position Service Director – Finance, Infrastructure and Improvement

Date 30th September 2021

This matter is being dealt with by:
Nigel Stevenson
T 0115 977 3033
E nigel.stevenson@nottscc.gov.uk
W nottinghamshire.gov.uk

Nottinghamshire County Council

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
BIRMINGHAM
B4 6AT

30 September 2021

Nottinghamshire County Council Pension Fund – Financial Statements for the year ended 31 March 2021

This representation letter is provided in connection with the audit of the financial statements of Nottinghamshire Pension Fund for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include level 2 and level 3 investments, and the actuarial present value of promise retirement benefits. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. Except as disclosed in the financial statements:

   a. there are no unrecorded liabilities, actual or contingent

   b. none of the assets of the Fund has been assigned, pledged or mortgaged

   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

ix. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

x. The financial statements are free of material misstatements, including omissions.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that :

   a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

   b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

   c. the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xiv. We have provided you with:

   a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

   b. additional information that you have requested from us for the purpose of your audit; and

   c. access to persons within the Fund via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

xv. We have communicated to you all deficiencies in internal control of which management is aware.

xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:

   a. management;

   b. employees who have significant roles in internal control; or

   c. others where the fraud could have a material effect on the financial statements.

xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxi. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

xxii. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.

xxiii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.

xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Governance and Ethics Committee at its meeting on 30 September 2021.

Yours faithfully,

Signed

Name	Councillor Philip Owen
Position	Chairman of the Governance and Ethics Committee
Date	30th September 2021

Signed

Name	Nigel Stevenson
Position	Service Director – Finance, Infrastructure and Improvement
Date	30th November 2021

Nottinghamshire County Council

Report to Governance & Ethics Committee

30 September 2021

Agenda Item: 7

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

CORPORATE RISK MANAGEMENT UPDATE

Purpose of the Report

1. To seek members' approval of the updated corporate risk register, and to inform members of developments in the Council's arrangements for corporate risk management.

Information

2. The County Council's corporate risk management processes are managed through the work of the Risk, Safety and Emergency Management Board (RSEMB), under the leadership of the Service Director, Place and Communities. The RSEMB comprises representatives from all departments, plus specialist support officers.

3. Under normal circumstances, RSEMB meets five times each year. Meetings are held more frequently to manage the Council's response to local and national emergencies, and this has been the case in recent times as a result of the ongoing, national coronavirus pandemic and to manage local flooding incidents. The RSEMB links to the Risk, Safety and Emergency Management Group (RSEMG) for each department, and it informs the Corporate Leadership Team (CLT) on risk issues. By this mechanism, risk topics are cascaded through the organisation as appropriate.

Corporate Risk Register

4. RSEMB continues to keep the Council's corporate risk register under regular review. The updated register has been approved by the Board and is attached as ***Appendix 1***.

5. The first page of the appendix sets out the approach to risk scoring, along with some guidance notes and definitions. There are then 11 corporate risk entries captured in the register. The following sets out a brief guide to aid understanding of the terms and format:

   - Cause and impact – this section captures the factors which may give rise to a risk event occurring and describes how significant the event would be for the Council

   - Inherent risk – using the scoring matrix on page 1 of the appendix, this is a risk ranking on the basis of there being no controls or actions in place to mitigate either the likelihood or the impact of a risk. This is an important first score, as it identifies which are the most significant risks facing the Council that need to be treated

- Current risk – using the same scoring matrix, this risk ranking takes into account the key risk management activities (summarised in the appendix) that are in place to mitigate the likelihood or impact

- Target risk – this is the expected risk score once the additional actions to be taken (summarised in the appendix) are in place and operating effectively.

6. The following summarises the movement in current risk ratings since the previous report in February 2021:

Movement in current risk rating	Commentary
1 risk increased	Risk 8: Prolonged loss of ICT – the increase here is due to improved insight into the patching status of workstations and servers across the estate. Effective patching bolsters further the hard security measures in place (firewalls), and remedial actions on this are being prioritised.
9 risks stayed the same	
1 risk reduced	Risk 4: Sustained business interruption - this reflects the fact that the Council's business continuity arrangements withstood the height of the pandemic, and the organisation continues to learn and plan for the delivery of services in an environment where coronavirus is circulating.

7. Of the entries seeing no change in the current risk rating, six are currently rated in excess of the target risk level. The appendix provides concise details of the actions planned to further mitigate these risks:
    - Information governance
    - Safe and secure premises
    - Supply chain
    - Transformation programme
    - Vulnerable children and young people
    - Governance

8. Ongoing review of the corporate risk register by RSEMB includes consideration of the need for new entries to be brought on to the register for close monitoring.

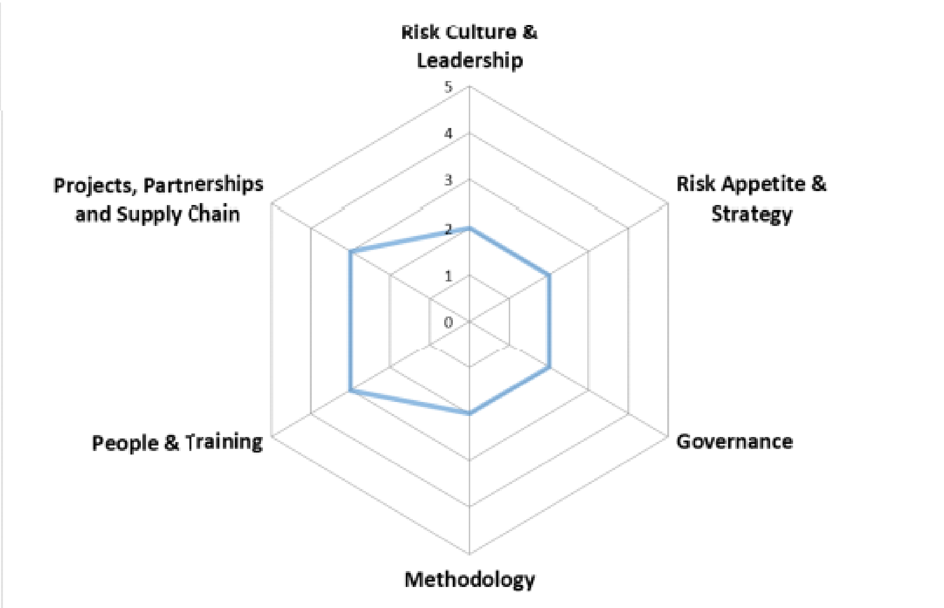
External review of Corporate Risk Management

9. Since the previous update in February 2021, an external review of the Council's risk management arrangements has been carried out by Zurich Municipal (ZM). This review was commissioned from the expert consultancy hours available to the Council under the current contract with ZM as the Council's insurance provider (ie no additional charge for the service). The work was conducted by the 'Workforce Strategies' arm of ZM, independent of its insurance underwriting team. The review provided timely assurance to inform the Council's Annual Governance Statement for 2020/21 and the Head of Internal Audit's annual opinion, both of which were presented to the Committee in June 2021.

10. The report assessed the maturity of the Council's arrangements against a performance model for six dimensions of effective risk management:

Risk Culture & Leadership	Exploring the attitude that Senior Officers and Members take towards the role and priority of risk management
Risk Appetite & Strategy	Reviewing the extent to which the policies for risk management support the organisation and how the appetite for risk is considered and utilised
Governance	Establishing how assurance is provided to stakeholders, the effectiveness of reporting arrangements and how risk is managed within departmental areas.
Methodology	Assessing whether effective risk processes and tools are in place in order to support the organisation
People & Training	Evaluating the level of risk management skills, knowledge and capacity across the organisation
Projects, Partnerships & Supply Chain	Determining whether there are effective arrangements for managing risks within projects and with partners and suppliers

11. Each dimension was rated on a maturity scale from 0 to 5 (5 being the most mature). The outcome for this Council is depicted in the following chart:



12. This indicates significant scope for improvement, and RSEMB and CLT have endorsed planned actions to address the key findings, as follows:
    a. *Strengthening the oversight and management structure for risk management*: RSEMB will review its composition to more effectively deliver its oversight of both strategic and operational risk management
    b. *Ensuring a reliable support structure is in place*: work is underway to identify the most impactful means of supporting and servicing the risk management framework within the resources currently allocated
    c. *Re-aligning the risk focus of the Risk Board and supporting Risk Groups*: establishing a clear distinction between the management of strategic and operational risk. This will introduce a new approach to strategic risk management, linking in strongly with the work and remit of the newly established Strategic Insight Unit in the Chief Executive's Department
    d. *Updating the Council's Risk Management Strategy and Policy*: this will be presented to the Governance & Ethics Committee for approval in due course
    e. *Determining the Council's approach to identifying its risk appetite*: reviewing the trial use of Key Risk Indicators, as a contributor to a wider approach to determining the Council's risk appetite
    f. *Improving consistency and clarity in risk templates and reporting*: Establishing a quarterly risk reporting regime between the Risk Groups and the Risk Board
    g. *Reviewing and refreshing risk management training*: Designing and implementing risk management training for officers and Members
    h. *Aligning our risk approach with our key suppliers and partners*: designing and implementing a risk-based approach to contract management.

13. Progress against these actions will feature as part of the next update to Committee.

Other Options Considered

14. The report presents members with an updated position on the principal, corporate risks for the Council. No other options were considered.

Reason/s for Recommendation/s

15. To present members with the opportunity to consider, and influence, the content of the Council's corporate risk register and its proposed actions to refresh the approach to corporate risk management.

Statutory and Policy Implications

16. 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 approve the updated corporate risk register.

2) Members agree to receive further updates and proposals for a refresh of the Council's approach to risk management, along with suggested training for the Committee.

Nigel Stevenson
Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact:
Rob Disney
Group Manager - Assurance

Constitutional Comments (LW 01/09/2021)

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

Financial Comments (RWK 06/09/2021)

18. 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

Impact \ Likelihood	1	2	3	4	5	6
4	M	H	H	VH	VH	VH
3	M	M	H	H	VH	VH
2	L	L	M	M	M	M
1	L	L	L	L	L	L

Impact		
4	Severe	Likely to warrant a cross-council response
3	Significant	Will require a major response from at least one department
2	Moderate	Response can be contained by the relevant area of service
1	Minor	Not a cause for concern
Likelihood		
6	Very High	Almost certain to happen in the next 12 months
5	High	Likely to happen in the next 12 months
4	Occasional	Possible occurrence in the next 2 years
3	Low	May happen in the next 3-5 years
2	Very Low	Unlikely to happen in the next 10 years
1	Almost impossible	Very rarely happens

Guidance Notes and definitions

- The term “risk” used in this register is defined by the Institute of Risk Management as the “combination of probability of an event and its consequences” (ISO/EC Guide 73)
- This Corporate Risk Register sets out the key risks to NCC that have been identified by Risk Owners.
- Risk Owners are officers who are responsible for identifying the key risks to the organisation and for implementing and managing the controls to mitigate those risks.
- Causes and impacts for each risk have been identified.
- Current controls and mitigations have been listed for each risk and these identify the controls presently in place that are designed to address the risks.
- Additional controls required and new controls that are being introduced are also recorded in the register. This identifies any gaps in controls and provides details of new contrc management are intending to introduce, to address these gaps, or are implementing to strengthen existing controls.
- For each of the identified risks, inherent, current and targetl risk scores have then been determined.
- Inherent risk is defined as the amount of risk that would exist in the absence of any controls.
- Current risk is defined as the amount of risk assuming the current mitigations are being applied.
- Target risk is defined as the amount of risk that will remain after proposed actions are put in place.

ID No.	Risk Description	Inherent Risk			Current Risk Status Q2 2021/22			Trend	Key risk management activities	Risk Status Rationale	Risk Owner	Target Risk		
		L	I		L	I						L	I	
1	**Major failure of information governance** ❑ ***Cause***:Weak data protection framework and/or failure of individuals to comply with requirements. ❑ ***Impact***:Physical, emotional or financial harm to members of the public or staff, leading potentially to litigation against the Council. Failure to deliver services in some circumstances. Financial cost to the Council and loss of reputation.	6	4	VH	2	4	H	**Same**	• **Current Controls** • IG Board reviews IG risks quarterly • ICT maintains cyber security strategy and information security risk register • Significant and diverse technical security controls • Mandatory IG training for all staff at induction and annually • Information Asset Registers in place • Data Protection Impact Assessments for new/changed personal data processing • Personal data breach management process • External cyber and IG compliance accreditation (PSN Code of Conneciton, Data Security & Protection Toolkit, Cyber Essentials) • **Planned actions** • Self-assessment against ICO Accountability Framework (Caroline Agnew - Q2, 2021/22) • Proof of concept for EDRM system (Heather Dickinson/Caroline Agnew - Q2, 2021/22) • Next steps for EDRMS - (Heather Dickinson/Caroline Agnew - Q3, 2021/22)	IG Board's quarterly monitoring indicates low levels of incidents, but inherent risks are difficult to mitigate down further.	Marjorie Toward	2	3	M
2	**Failure to provide safe and secure premises** ❑ ***Cause***:Failure to control known hazards to the health and safety of employees, care home residents and school pupils. May arise from a range of factors: lack of duty of care; inadequate expenditure on repairs and maintenance; confused responsibilities; inadequate inspection and compliance checks, including of vacant properties. ❑ ***Impact***: Death, injury or illness of members of staff, service users or the public. Judicial review and litigation against the Council, enforcement action (e.g. by HSE, Fire Environment Agency), loss of reputation, inability to deliver services, increased costs.	6	4	VH	4	4	VH	**Same**	• **Current Controls** • Corporate property strategy, service asset management plans and health & safety policies • Maintaining strong communications with occupied sites and active management of vacant and temporarily closed properties • P2 property system records conduct and outcomes of the programme of statutory inspections, risk assessments and remedial actions • Planned maintenance programme and partnership arrangements with Arc, including service level agreements and key performance indicators • Property compliance action plan and reporting to the Compliance Board • Independent review of property compliance by BSI • Risk transfer through insurance covers for known risks • **Planned actions** • Implement Corporate Landlord Model FM for centralised and standardised approach to property management (Matthew Neal/Neil Gamble, 2021/22)	The impact of the pandemic has changed the work locations and circumstances for the workforce. The challenges arising from this are being addressed and the Council's hybrid approach to future working is being rolled out in phased stages.	Adrian Smith	2	4	H
3	**Major supplier or supply chain failure (including contract management failure)** ❑ ***Cause***: Major supplier of critical services goes out of business. Breakdown in availability, supply and distribution chains for essential items and services, including as a result of increased demand for emergency items. Failure of internal commissioning and contract management approachto effectively specifyand monitor	5	3	VH	3	3	H	**Same**	• **Current Controls** • Corporate contract management toolkit and support from Corporate Procurement Team, bringing a category and market management approach and active supply chain management • Deparmental procurement groups • Business continuity plans, including those of the Nottinghamshire Integrated Community Equipment Loans Service	The pandemic raised significant challenges to secure sufficient and reliable supplies of PPE.Whilst these supplies are now largely stable, uncertainty in supply	Nigel Stevenson	2	3	M

ID No.	Risk Description	Inherent Risk L	Inherent Risk I		Current Risk Status Q2 2021/22 L	Current Risk Status Q2 2021/22 I		Trend	Key risk management activities	Risk Status Rationale	Risk Owner	Target Risk L	Target Risk I	
	delivery of contracted supply, including rogue purchases from unapproved suppliers. Heightened risk of fraud in challenging economic circumstances.Increased costs and supply reliability post-Brexit. ❑ ***Impact***: Increased costs. Loss of reputation. Inability to deliver key services, or staff carry on working in unsafe conditions. Potential for litigation (eg for inadequate supply of PPE). Acquisition of sub-standard items at inflated prices. Inadequate provision of equipment to support and supply people's care requirements.								• New emergency payment terms and systems • Active focus on Brexit risk • Dunn & Bradstreet checks on suppliers • Maintenance of contracts database • Application of local and national guidance for PPE • Engagement with Trading Standards to ensure supplier compliance • Local Fair Price for Care implemented • Local partnering through: East Midlands Property Alliance and LRF/Category 2 critical infrastructure plans • **Planned actions** • Review of Local Fair Price for Care (Kaj Ghattaora, through new Commissioning Board)	markets persists in the post-pandemic and post-Brexit conditions.				
4	**Inability to deliver critical services due to a sustained business interruption** ❑ ***Cause***:Loss of human and physical resources essential to the delivery of Council services, arising from a range of potential risks, notably: ➢ premises and utilities(gas/electricity/water) ➢ staff- unavailability of senior officers and key staff essential to the Council's structures for business continuity. Well-being and mental health of staff adversely affected by prolonged working in COVID related environment and prolonged home-working ➢ ICT and telecomms - heightened due to extent of homeworking, including reliable access to wifi connectivity Lack of understanding of what is critical and so prioritise and properly plan for business continuity of Council services. ❑ ***Impact***:Sustained response to significant civil emergencies or other external challenges may lead to the inability to deliver critical services / business as usual. Harm to staff, service users and the public. Failure to protect and safeguard people at risk. Failure to protect buildings and the health and safety of people. Failure to maintain ability to pay employees and suppliers. Reduced ability to deliver the aspirations in the Strategic Plan. Loss of reputation and reduced confidence in the ability of the Council to deliver services.	4	4	VH	3	3	H	**Lower**	• **Current Controls** • Corporate business continuity plans, disaster recovery plans, business impact analyses and emergency plans, based around list of critical services • Continual review of business continuity plans, business impact analyses and scheduling of plan exercise testing • Health & safety at work policies and HR guidance, including remote working • Monitoring by: Corporate Leadership Team; Risk, Safety & Emergency Management Board; Risk, Safety & Emergency Management Groups • Re-deployment arrangements to direct resources to critical services • **Planned actions** • Assessment of capacity to deal with multiple emergencies concurrently (Rob Fisher)	The pandemic represented a significant test of the Council's business cointinuity plans and, for the most part, these have stood up well. There is some concern over capacity to deal with concurrent emergencies, such as the combination of a continuing pandemic and seasonal climate-related emergencies.	Derek Higton	2	2	L
5	**Failure to deliver the transformation programme and maintain critical services** ❑ ***Cause***: Lack of funding and staffing capacity to support delivery of the business cases. Inability to keep up with the pace of change, including from legislative change, and to respond to unanticipated increases in	4	4	VH	3	3	H	**Same**	• **Current Controls** • Established transformation and change programme, incorporating KPIs, metrics, programme governance, reporting arrangements and reviews • Medium term financial strategy(MTFS) • Regular reports to, and monitoring by: Corporate Leadership Team; Transformation Development Group; Policy and Finance Committee	The MTFS continues to highlight the importance of the reinvigorated transformation and change programmes.	Derek Higton	2	2	L

ID No.	Risk Description	Inherent Risk L	Inherent Risk I		Current Risk Status Q2 2021/22 L	Current Risk Status Q2 2021/22 I		Trend	Key risk management activities	Risk Status Rationale	Risk Owner	Target Risk L	Target Risk I	
	organisational and extrenal costs, or reductions in funding streams. Suitability of ICT systems to develop and adapt, and failure to identify interdependencies and unintended consequences. ❑ ***Impact***:Poor performance, overspending, missed opportunities for improvement and loss of reputation. Failure to deliver value for money.								Finance Committee • Dedicated Transformation & Change Bureau • Project risk management process • Budgetary control and financial pressure reviews. • **Planned actions** • Currently in the process of establishing the revised, corporate transformation and change work programmes, following approval by the former Improvement & Change Sub-Committee (Derek Higton, winter 2021/22) • Business cases are under development (autumn 2021)	Uncertainty remains over the extent and pace of the mitigating impact these programmes will have.				
6	**Failure to protect vulnerable children and young people** ❑ ***Cause***: Incidents of a child's death, abuse, sexual exploitation and allegations of historic abuse. Increasing demand for Children's social care arising from a range of current factors: hidden harm through lockdown; impact of economic downturn; mental health and drug misuse. Inappropriate case management or insufficient management control,including from qualified staff shortages and absences. Poor commissioning and contract monitoring for externally commissioned services, including post-Brexit staff shortages. Ineffective access to, and use of, data and ICT facilities. ❑ ***Impact***:Harm to children, young people and families. Serious case and domestic homicide reviews. Increased cost and reputational damage to the authority. Judicial reviews, litigation and failed inspections may ensue.	6	4	VH	4	4	VH	**Same**	• **Current Controls** • Up to date safeguardiing policies, procedures and training, supported by a robust quality assurance framework • Continuous monitoring of social worker caseloads and capacity, bolstered by the use of agency workers. Development of recruitment and retention incentives • Emergency residential care arrangements and risk review process for Covid impacts • Monitoring of post-Brexit implications for staffing • Continued development of early help services • Action plans in place to address findings from external reviews, such as from Ofsted inspections and the Independent Inquiry into Child Sexual Abuse. • **Planned actions** • Currently developing closer alignmemt of the Multi Agency Safeguarding Hub and the Early Help Unit (Steve Edwards, monthly review)	The implications of the pandemic for demand in children's social care are yet to become fully clear.	Colin Pettigrew	3	4	H
7	**Failure to deliver an effective Medium-Term Financial Strategy** ❑ ***Cause***: Ineffective strategy to identify sufficient savings proposals, along with delay in transformation programmes. Unbudgeted expenditure on emergency activities, coupled with reduced delivery of services to paying service users and customers, and significant levels of Council Tax non-payment. Non-payment for services received, and failure to deliver capital receipts. Failure inthe budget approval, monitoring and remedial action arrangements.Ineffective re-basing following Covid. Government policy changes. ❑ ***Impact***:General Fund balance falls below acceptable levels. Renegotiation of debt at higher rates. Requirement to terminate services without due planning, and potential risk of legal action for failure to deliver minimum service requirement or failure to set a balanced budget. Government intervention, and loss of	4	4	VH	3	3	H	**Same**	• **Current Controls** • Corporate Leadership Team oversight of budget process and regular Member briefings • Established and continuing budget monitoring framework • Continual review of the Finance function and appropriate levels of reserves • Attendance at Society of County Treasurers and other conferences, environment condition briefings • Budget consultation process and regular contact with District Councils • Strong links into the Ministry of Housing, Communities and Local Government • Strong role locally in the Local Resilience Forumto keep financial risks from the pandemic under regular review • Implementing CIPFA Financial Management Code	Strong financial management framework in place, but significant levels of uncertainty from the lasting impacts of the pandemic remain.	Nigel Stevenson	3	3	H

ID No.	Risk Description	Inherent Risk L	Inherent Risk I		Current Risk Status Q2 2021/22 L	Current Risk Status Q2 2021/22 I		Trend	Key risk management activities	Risk Status Rationale	Risk Owner	Target Risk L	Target Risk I	
	reputation.													
8	**Prolonged loss of ICT** ❑ ***Cause***: Data integrity issues. Security breaches through system attacks, and failure to meet PSN/DSPN/Cyber Essentials/Cyber Essentials Plus requirements. Infrastructure failure with hardware and software. Inadequate safeguards against theft and unauthorised removal of ICT equipment. Inadequate resilience, including lack of staffing resources. Inadequate management of technical and intellectual debt, and loss of staff with key skills. ❑ ***Impact***: Loss of ICT systems, data and connectivity. Inability to provide critical services' systems. Loss of productivity. Loss of reputation.	6	4	VH	4	4	VH	**Higher**	• **Current Controls** • ICT security strategy and information security policies • Corporate sign-off of critical systems • Failover testing of power and infrastructure • Reporting to Risk, Safety & Emergency Management Board, and to Information Governance Board on compliance with PSN/DSPN/Cyber Essentials, including new set of KPIs • Business continuity arrangements for service, including testing response to loss of ICT • Maintain fit for purpose ICT provision • Ongoing infrastructure refresh programme • SLA for 99.8% availability for priority ICT systems • Insurance provisions • Formal ICT change management process • Annual network penetration testing, Public Services Network (PSN) compliance check & Cyber Essentials accreditation • Annual infrastructure refresh programme • Third party support contracts • **Planned actions** • Implementing remediation programme for Cyber Essentials (Paul Martin, by December 2021) and for PSN (Paul Martin, by July 2022)	High state of vigilance still required to protect the integrity, resilience and reliability of the Council's ICT systems. Prioritising Cyber Essentials actions to bolster further the hard security protections in place.	Nigel Stevenson	2	2	L
9	**Failure to respond effectively to a prolonged major emergency in the Community** ❑ ***Cause***: Ineffective co-ordination with local, regional and national partner organisations. Knock-on impact of capacity issues in other public services, such as NHS, prison service, probation, police, NFRS, etc. Staff absence levels in critical service areas (such as the Customer Services Centre). Failure to plan for, support and stimulate recovery during and after the emergency.Unreliable connectivity to ICT systems. Government policy and requirements issued at short notice. Major and prolonged flooding. ❑ ***Impact***: Illness/death of residents and visitors. Loss of staff. Diversion of resources to emergency response and recovery. Infrastructure compromised. Financial costs. The emergency is prolonged in Nottinghamshire compared with swifter recovery in other areas of the country. Loss of reputation. Public inquiry. Inability to respond and deliver business as usual.	5	4	VH	2	3	M	**Same**	• **Current Controls** • Maintenance of emergency plans and the planning process, including the Covid-19 Pandemic Plan • Risk, Safety and Emergency Mgmt. Board and Groups • Business plans and business continuity plans • Staff training at strategic, tactical and operational levels • Exercising of emergency plans • County Emergency Centre / Comms systems • Partnership working through the Local Resilience Forum • LRF Community Risk Register • Debriefing following significant emergency events • Safety of Sports Grounds and Events Safety structures • **Planned actions** • Increase resilience through wider engagement with managers in all departments and Alternative Service Delivery organisations (Rob Fisher, through review at each RSEMB meeting) • Emergency planning training event for NCC Extended Leadership Team (Rob Fisher, date to be arranged) • Establishment of Public Health Covid Response Team (Jonathan Gribbin, Autumn 2021)	The Council's emergency response arrangements have stood up well to the challenges of the pandemic period. There is some concern over capacity to deal with concurrent emergencies..	Derek Higton	2	3	M

ID No.	Risk Description	Inherent Risk L	Inherent Risk I		Current Risk Status Q2 2021/22 L	Current Risk Status Q2 2021/22 I		Trend	Key risk management activities	Risk Status Rationale	Risk Owner	Target Risk L	Target Risk I	
10	**Failure to protect vulnerable adults at risk of harm** ❑ ***Cause***: ➢ **Rising demand for services:** public health implications of the pandemic and economic downturn; rising drug mis-use and mental health concerns; Ability to respond to public health emergencies or incidents;Tolerance exceeded for waiting lists across critical services within Adult Care Services;Tolerance exceeded for s42 safeguarding enquiries waiting for allocation within Adults;Tolerance exceeded for increased demand seen from Customer Service Centre into frontline services;Reports provider capacity in the market to meet current demand demonstrated through NHS Care Home and Homecare capacity tracker;Task Force data source linked to the NHS Capacity Tracker (care homes on watch. ➢ **Service delivery vulnerabilities** arising from: cashflow issues for external care providers; Insurance issues for external care providers (Covid Insurance/Car insurance for Business purposes – Class A);inadequate funding to meet legislative changes across the department; recruitment and retention of suitably trained and qualified staff is a key challenge for providers – staff being 'lost' to other industry, impacting on service delivery. Limitation to effective market management and robust quality monitoring of external provision;poor data quality; unreliable ICT provision; Human Rights breaches;post-Brexit supply issues. ➢ **External inspections**: CQC insitigated actions; Coroner's enquiries; national surveys; Number of Safeguarding Adults Reviews Exceeds 3 for the year;Local Government Social Care Ombudsman exceeds 20 per year ❑ ***Impact***: Death or harm to service users. Inability to provide care services due to external service providers having insufficient funds to meet additional costs, which could lead to safety and safeguarding concerns for both those in receipt of care and those providing it. Harm to staff and risk to their health and wellbeing. Judicial review and litigation. Failed inspections and loss of reputation	6	4	VH	3	4	H	Same	• **Current Controls** • Care home response hub in place • ICS Care Sector Strategic Group to manage risk with partners across care sector • ICS Care Sector Quality Oversight group to support quality challenges in the market and coordinate further COVID19 outbreaks • ICS Collaborative provider forum • Safeguarding Board and partnership working in place • Safeguarding policies and procedures in place • Scrutiny through Chairman's meetings and monthly Adults' Social Care and Public Health Committee • Additional government funding to external providers • Additional support and training for external providers • Quality assurance framework in place , along with contract monitoring and market development • External workforce oversight group • Contract management and oversight of crucial providers on monthly basis • Weekly communications with the care market • Daily OPEL Reporting through capacity and flow meetings • Bi-Monthly review of ASCPH Risk Register • Departmental risks managed through RSEMG • Strengthened domestic violence, substance misuse and mental health procedures/funding • Work with agencies to respond to post Brexit staffing issues • Relationship with CQC/CCG quality monitoring of staff • Learning from Safeguarding of Adults Reviews, LGSCO reviews,complaints • Early warning signs from review of core metrics monitored through Departmental Performance Board • Temporary investment to increase in workforce to meet demand as outlined in Jul 2021 committee report • Public Health Covid Response Team in place until Sept 2023	The Adults Social Care and Pulic Health Department is moving into Recovery from the Pandemic with demand for services increasing and a fragile, unstable care sector market.	Melanie Brooks	3	4	H
11	**Failure to maintain effective governance** ❑ ***Cause***: Disruption to the effective operation of the Corporate Leadership Team, the Risk, Safety & Emergency Management Board (RSEMB) and the Risk, Safety & Emergency Management Groups (RSEMGs). Suspension of, or significant change in functioning of,	3	4	H	1	4	M	Same	• **Current Controls** • Five programmes of work established to manage the response to the emergency • Committee system met using virtual technologythrough the lockdowns, but all are now meeting in person again • CLT/RSEMB/RSEMGs meeting regularly to manage continuity of critical services in line with business continuity plans. Frequency of meetings is stepped up/down as circumstances demand	Governance of the Council continued effectively through the	Marjorie Toward	1	2	L

ID No.	Risk Description	Inherent Risk L	Inherent Risk I		Current Risk Status Q2 2021/22 L	Current Risk Status Q2 2021/22 I		Trend	Key risk management activities	Risk Status Rationale	Risk Owner	Target Risk L	Target Risk I	
	senior management team meetings (e.g. Senior Leadership Teams, Extended Leadership Team). Disconnect or conflict between the priorities and objectives of Councillors and Senior Officers. Ineffective communications with Nottinghamshire residents and businesses. Lack of openness and accountability for decision making. Inability to make lawful and effective decisions and comply with Standing Orders and Financial Regulations . Failure to abide by legislation and best practice guidelines . Inability to address FOI and DPA records and produce Data Subject Access Requests ❑ ***Impact***: The operations and activities of the Council become unlawful. Lack of effective strategic and operational direction. Reputational damage. Loss of confidence in the ability of the Council to maintain effective services. Increased risk of unlawful expenditure and waste. Reduced decision-making transparency (Note: Principle 10 of the COVID-19 Pandemic Plan is: 'The Council's democratic mandate must be exercised', 4.1, p. 9).								demand. • Regular briefings by senior officers with the Council Leader and Committee Chairs • Regular briefings to staff by the Chief Executive • Communications strategy in place for the Council's stakeholders • Urgent Decision procedures contained within the NCC Constitution set the parameters for the use of urgent decision-making powers and require record-keeping and reporting to relevant committees • CLT receiving situation reports from 2nd line assurers around governance • Quarterly updates to CLT of the Annual Governance Statement's Action Plan continue. The Local Code of Corporate Governance has been updated. • Daily dashboard in place for CLT to monitor staff capacity in critical services and across the Council • Assurance mapping process in place, aligned with the corporate risk registers and covering some key aspects of governance. This now incorporates continuous assurance feeds for key corporate systems and activities • RSEMB reviews the corporate risk register regularly • **Planned actions** • Review depatmental risk registers to mesh with the revised corporate approach to risk management (Rob Disney, commencing August 2021 and to run through to December	height of the pandemic and the committee structure was restored promptly.				

Nottinghamshire County Council

Report to Governance & Ethics Committee

30 September 2021

Agenda Item: 8

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

INTERNAL AUDIT TERM 2 PLAN 2021-22

Purpose of the Report

1. To consult with Members on the Internal Audit Plan for Term 2 of 2021/22.

Information

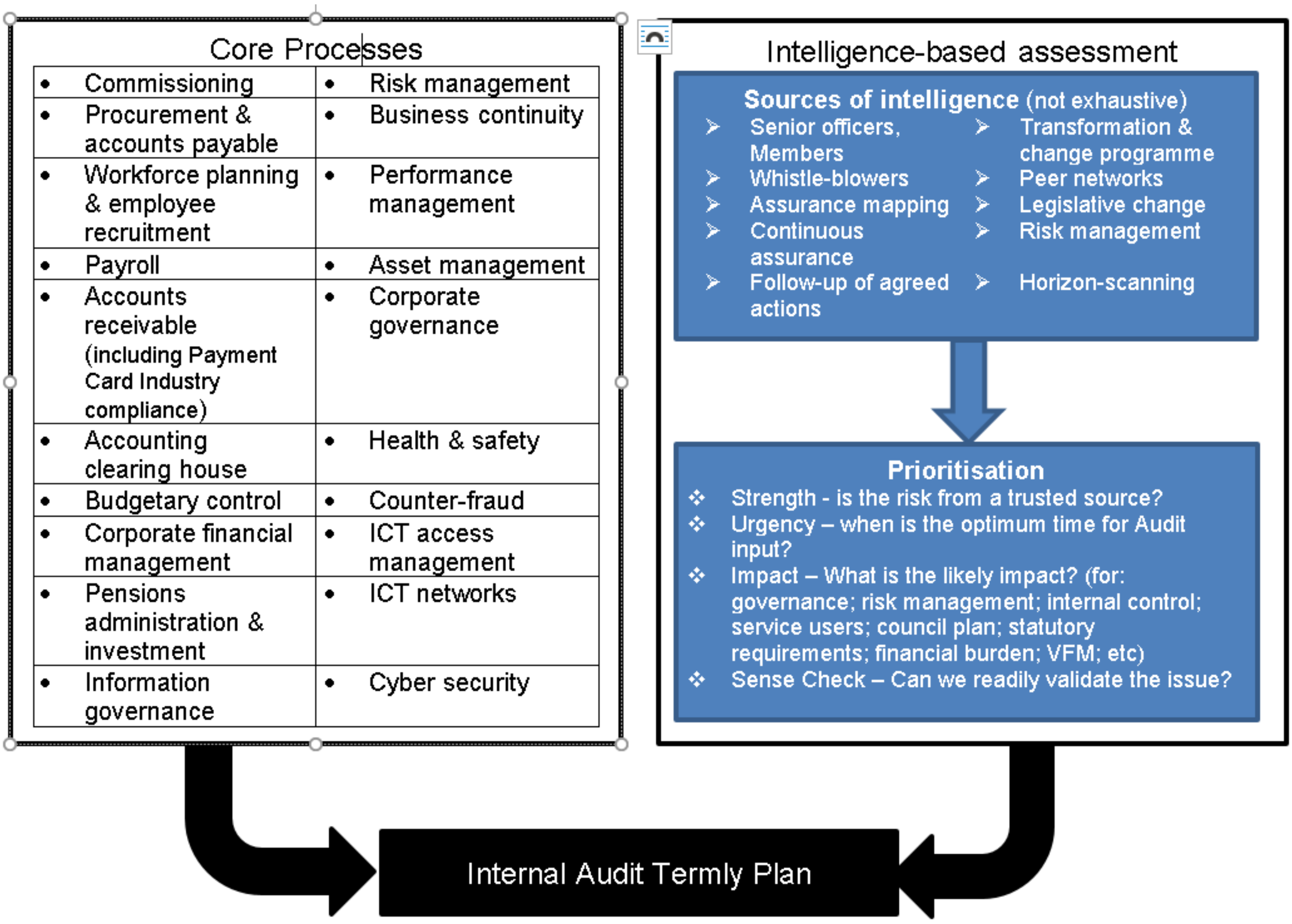
<u>Proposed Internal Audit Plan for Term 2 2021-22</u>

2. Internal Audit termly plans continue to be determined on a risk basis, as required by the Public Sector Internal Audit Standards.

3. The previous termly plan introduced a new approach to planning, replacing the former and long-established audit needs assessment. Under the former approach, each area of activity in the Council was assessed in terms of a number of factors and, using a system of scoring and weighting each factor, the needs assessment arrived at a high/medium/low risk-rating for each area of activity. This approach is commonly known as maintaining an 'audit universe'.

4. Whilst this approach served well for many years, it was increasingly the case that its outputs were becoming static and largely predictable. The approach is effective in identifying the Council's core processes, which the Head of Internal Audit needs to review on a rotational basis over a period of 2-3 years as a key element of his annual opinion. However, being grounded in large part on a retrospective assessment of risk, the approach is less effective in identifying which areas, or topics, the service should audit next to deliver timely assurance to the Council.

5. The revised approach complements the known core processes from the former needs assessment with a more forward-looking, intelligence-based priority assessment This is depicted in the following diagram.



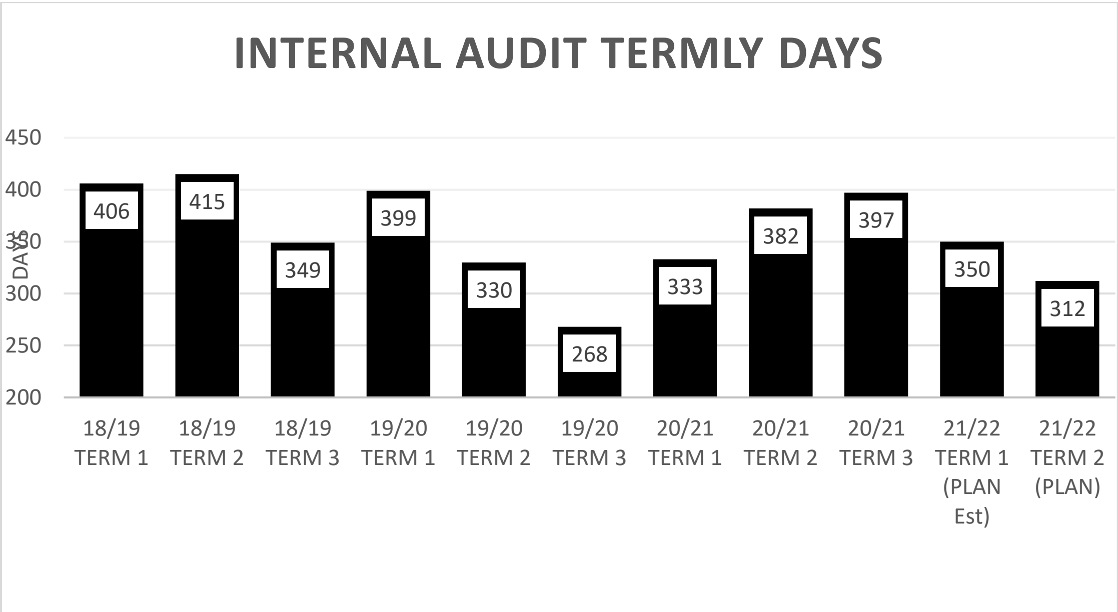
6. Termly planning continues to be developed in an agile way allowing the precise scope and objectives for each audit assignment to be agreed at the time the audit is to commence. Detailed discussions prior to an audit commencing should identify other sources of assurance already available for the area in question, thereby clarifying the objectives on which Internal Audit's focus should most impactfully be applied. At this planning stage, therefore, proposed topics for audit are expressed in terms of the broad rationale for their inclusion.

7. The Term 2 plan represents the Section's assessment of the key areas that need to be audited in order to satisfy the Authority's statutory responsibility to undertake an adequate and effective internal audit of its system of internal control. The Section's aim is to complete enough work to express an overall, annual opinion on the adequacy and effectiveness of the Authority's internal control arrangements.

8. ***Appendix 1*** sets out details of the draft coverage by Internal Audit for Term 2, and it is summarised in the following table.

Assurance from Audit Coverage	Days	Outputs
Second Line Assurance work	25	1
Opinion Assurance	210	8
Advice / Consultancy Assurance	55	1
Counter Fraud Assurance	12	4
Certification Assurance	10	3
Total	**312**	**17**
External Clients (Notts Fire & Rescue Service)	59	
Grand Total	**371**	

9. The chart below shows the trend in the number of actual days delivered in recent terms, excluding the external clients.



10. The next Internal Audit update to Committee will cover details of the outcome of Internal Audit's work in Term 1 (April – July 2021).

Other Options Considered

11. The Audit Section will work to the Public Sector Internal Audit Standards during 2021/22. This report meets the requirement of the Standards to produce a risk-based plan and to report the outcomes of Internal Audit's work. No other option was considered.

Reason/s for Recommendation/s

12. To set out the report of the Group Manager – Assurance for internal audit progress, and to propose the planned coverage of Internal Audit's work in Term 2 of 2021/22, providing Members with the opportunity to make suggestions for its content.

Statutory and Policy Implications

13. 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.

Individual audits completed and in the proposed Termly Plan may potentially have a positive impact on many of the above considerations.

Financial Implications
The Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director for Finance, Infrastructure & Improvement is the designated Section 151 officer within Nottinghamshire County Council. Section 6 of the Accounts and Audit Regulations 2011 requires Local Authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director for Finance, Infrastructure & Improvement and Section 151 Officer.

RECOMMENDATIONS

1) That Members consider whether the planned coverage of Internal Audit's work in Term 2 of 2021/22 will deliver assurance to the Committee in priority areas.

Nigel Stevenson
Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact:
Rob Disney
Group Manager - Assurance

Constitutional Comments (LW 01/09/2021)

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

Financial Comments (RWK 06/09/2021)

15. 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

Internal Audit Plan: 2021-22 - Term 2 (August 2021 - November 2021) — APPENDIX 1

Area of Assurance Coverage	Priority Level (if risk assessed)	Job count	Other 3rd Line Assurance	Assurance from audit coverage and planned days: 2nd Line Assurance Role	Opinion Assurance	Advice/ Consultancy	Counter-Fraud	Certification work	Potential scope or area of assurance coverage
Audit Risk Assessment - Assurance Requirements for Term 2									**Rationale for Assurance Requirement**
Assurance work									
Continuous audit assurance	H	1		25					***Core process based*** : continued development of routine assurance that core processes are operating as intended, or to identify areas for management attention.
Action Tracking	H	1			25				***Follow-up work*** : six monthly review of the implementation of management actions agreed from previous audits
Covid19 - Phase 3 Review	H	1			15				***Intelligence based*** : to review the continuing effectiveness of the Council's response and emerging recovery plans, to assess alignment with the national roadmap
Transformation, change and service improvement	H				15				***Intelligence based*** : contingencyof days to engage with the corporate, transformation and change programmes, and with departmental service development approaches - to provide timely assurance on their implications for governance, risk management and control
Alternative Service Delivery Models (ASDM) Financial Viability & Sustainability	H				20				***Intelligence based*** : follow-on from the review in Term 1 to carry out a deeper review where gaps in assurance were identified around the financial viability and sustainability of some of the Council's commercial interests. To incorporate learning from the Public Interest Report at Liverpool City Council.
ICT Risk Assessment Review	H	1			8				***Core process based*** : External advice to produce a revised ICT risk assessment to provide assurance on current coverage and identify emerging risk areas (working with the Head of ICT)
ICT Patching and Change Management	H				15				***Core process based*** : to review whether robust corporate systems are operating effectively
Cyber security	H		x						***Core process based*** : external assurance to be provided through Public Services Network (PSN) and Cyber Essentials accreditation
Local Government Pension Scheme (LGPS) - Investments Audit	H	1			15				***Core process based*** : Audit of LGPS investments as Nottinghamshire's contribution to the inter-council partnership for internal audts of the LGPS
Clayfields Secure Unit	H	1			15				***Intelligence based*** : To review the commercial operation of the unit
Regional Adoption Agency	H				15				***Intelligence based*** : To review the commercial operation of the agency
Vulnerable Adults - mental health capacity	H	1			12				***Intelligence based*** : Scoping in progress, likely to focus on capacity in mental health services
Adults Workforce Planning	H				15				***Intelligence based*** : Review plans and initiatives around workforce resilience, to address the reduction in staffing numbers and review the use of agency contract workers
CIPFA - Financial Management Code	H	1			10				***Intelligence based*** : Arrangement in place for compliance with the new CIPFA code
Pensions Administration	H	1			15				***Core process based*** : Completing work commenced in Term 1 to ensure robust corporate systems are operating effectively for the administration of the pension fund
Post-Brexit	H	1			15				***Intelligence based*** : Completing work agreed in Term 1 to assess whether the incidence and impact of potential issues arising from Brexit are being risk managed effectively
Children's & Families expenditure review	H					10			***Intelligence based*** : To support the Member Working Group that is reviewing key expenditure in the department, in the light of a forecast overspend of £6m in the current year
Counter-fraud	H								
Counter Fraud - Annual Report		1					5		***Counter fraud*** : Identify areas for subsequent counter fraud activity as a result of the Fighting Fraud & Corruption Locally assessment and completion of the Counter Fraud Annual Report.
Pro-active counter-fraud – *NFI 2018-20 - Review of Matches and 2020-21 submissions*		1					5		***Counter fraud*** : Review and report on the completion of recommended matches by the key contacts within departments for Cabinet Office.
Counter Fraud Alerts - network dissemination		1					1		***Counter fraud*** : Review and dissemination of fraud alerts from national counter-fraud agencies.
Adult Care Financial Services - Counter Fraud Case Reviews - financial irregularities		1					1		***Counter fraud*** : Regular liaison to address concerns of misuse of direct payments, and other possible financial abuse involving service users
Certification work									
External Certification - Platt Lane Playing Fields and Beeston Youth & Community Centre		2						5	***Certification work*** : Complete claims and returns in relation to the two organisations
Bus Operators Grant		1						5	***Certification work*** : Complete the grants work in relation to services provided by bus operators
Sub-totals		17		25	210	10	12	10	

Area of Assurance Coverage	Priority Level (if risk assessed)	Job count	Other 3rd Line Assurance	Assurance from audit coverage and planned days					Potential scope or area of assurance coverage
				2nd Line Assurance Role	Opinion Assurance	Advice/ Consultancy	Counter-Fraud	Certification work	
Planning, reporting, client management									
Governance & Ethics Committee		**0**				**10**			Preparation of reports in accordance with the Governance and Ethics Committee annual work plan and attendance at meetings
Client management		**0**				**20**			Planning and termly progress reports to Corporate Leadership Team
Advice		**0**				**15**			Advice to client on financial and other controls, on request
Sub-totals				**0**	**0**	**45**	**0**	**0**	
Grand Totals		**17**		**25**	**210**	**55**	**12**	**10**	
				312					
Forward Plan for assurance in subsequent Terms									
Property Compliance	**H**								***Intelligence based*** : Changed arrangements for assurance via Arc Partmership, plus potential for deeper review of vacant property
Culture	**H**								***Core process based*** : follow-on from previous review of procedures, guidance and protocols - potentially to link in with other 3rd line assurance
Workforce Strategy	**H**								***Core process based*** : planning for and meeting the future requirements for workforce skills and capacity
Payroll	**H**								***Core process based*** : Periodic deeper-dive review into targeted aspects of the payroll service
Climate change	**H**								***Intelligence based*** : Assurance in relation to the Council's planning, monitoring and reporting arrangements to progress its stated objectives with regard to the climate agenda
Thematic Review of Schools Finances	**H**								***Intelligence based*** : liaising with the Schools Finance Team to identify trends in findings fromtheir routine audits that are worthy of a themed review
Cloud Services	**H**								***Intelligence based*** : Review of arrangements for the delivery of Cloud Services compared to guidance from the National Audit Office
Private Finance Initiative	**H**								***Intelligence based*** : Arrangements in place for the completion, exit and hand back of arrangements currently under PFI schemes

Nottinghamshire County Council

Report to Governance & Ethics Committee

30th September 2021

Agenda Item: 9

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

ANNUAL FRAUD REPORT 2020/21

Purpose of the Report

1. To present to Members the Council's Annual Fraud Report, and to invite feedback on the content.

Information

2. The Council's strategy for countering fraud and corruption includes the requirement for an Annual Fraud Report to be submitted to the Governance & Ethics Committee. This requirement is included in the strategy with a view to demonstrably strengthening the counter-fraud culture at the Council.

3. The attached report represents the fifth edition of the Annual Fraud Report. It sets out an update regarding national fraud risks impacting on the County Council, the preventative and detective incidents identified over the last 12 months and an assessment of the Council's resilience to attacks. The report also reviews progress against the fraud related actions planned for delivery in 2020/21, along with those to be pursued in 2021/22 to ensure the Council's defences against fraud are maintained.

Other Options Considered

4. None, since the requirement to publish an Annual Fraud Report is a feature of the Council's strategy for countering fraud and corruption.

Reason for Recommendation

5. To inform the Committee of the Council's current arrangements for tackling fraud and corruption and to invite suggestions for how those arrangements can be improved.

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 the Committee notes the content of the Annual Fraud Report 2020/21.
2) That the Committee offers its feedback on the adequacy of the Council's current and planned arrangements for tackling fraud and corruption.

Nigel Stevenson
Service Director for Finance, Infrastructure & Improvement

For any enquiries about this report please contact:
Rob Disney
Group Manager - Assurance

Constitutional Comments (LW 01/09/2021)

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

Financial Comments (RWK 06/09/2021)

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

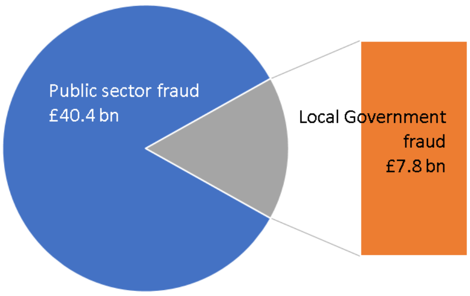
- All

Nottinghamshire County Council

ANNUAL FRAUD REPORT 2020/21

1. National Fraud Landscape

1.1. The CIPFA backed publication, 'Fighting Fraud & Corruption Locally' (FFCL), is the recognised counter fraud and corruption strategy for local government. Its fraud indicator estimates were most recently refreshed in 2017, and these suggest significant losses to fraud for local government and the public sector more widely.



1.2. These estimates are due to be updated as part of a full review of the strategy this year. This will no doubt pick up reports via the Local Government Association that Council leaders are seeing a 40% increase in reported scams since the start of the Coronavirus crisis.

1.3. The key fraud risk areas for local government are highlighted by the CIPFA Counter Fraud Centre (CCFC)'s annual 'Counter Fraud and Corruption Tracker' (CFaCT). The Council participates in this, and the latest update from August 2020 reported the following key findings on the incidence of fraud across local government.

Total value of fraud detected or prevented is down:

£239.4m in 2019/20 compared to £253m in 2018/19

Average value per fraud has increased to £5,090 compared to- £3,600 in 2018/19

The number of frauds detected or prevented has decreased to 47,000 in 2019/20 from the 71,000 cases found in 2018/19

The main targets for fraud and national trends in incidence may be broken down as follows.

Target	Trend (volume)	Target	Trend (volume)
Disabled parking concessions	**UP**	Serious & Organised Crime	Down
Adult Social Care – personal budget	**UP**	Payroll	Down
Adult Social Care - other	Down	Expenses	**UP**
Insurance	**UP**	Recruitment	Down
Procurement	Down	Pension	Down
Mandate Fraud	**UP**		

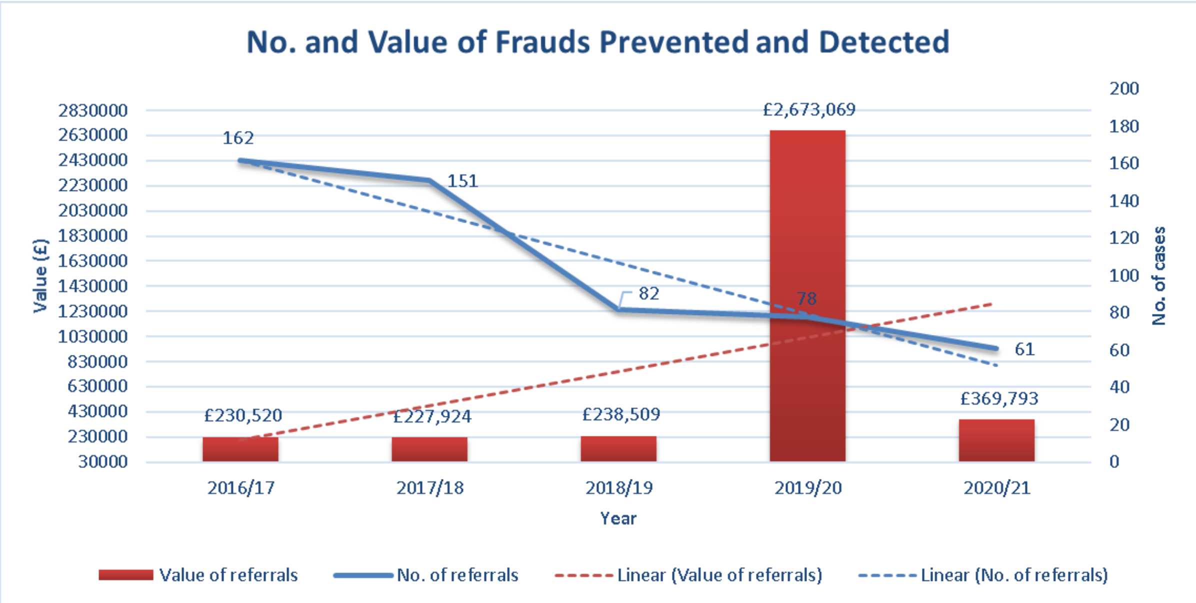
Source: CFaCT Summary Report 2020 – based upon estimated total figures

2. Incidence of Fraud Prevention and Detection at Nottinghamshire County Council

2.1. The Council is committed to responding to the threat of fraud and it continues to take a zero-tolerance stance. This is put into practice through a broad range of activity. The continuing counter fraud strategy over the past few years has focused on prevention and detection of fraud. This can be attributed to a number of factors including:

- Corporate Leadership Team's and senior members' commitment to the counter fraud agenda through the development and backing of the Counter Fraud and Counter Corruption Strategy
- Continued engagement with national research, intelligence gathering and development of data analysis
- Risk assessment to identify emerging risks and to target reviews in higher risk areas
- Raising awareness of the counter fraud agenda among all our staff, along with improving understanding and arrangements for capturing instances of detected and prevented fraud
- Officers across the Council undertake a variety of daily activities to prevent and detect fraud
- A minority of cases result in sufficient evidence to warrant the use of the prosecution sanction

2.2. Within this section we recognise both fraud detection and fraud prevention outcomes in assessing the value of the Council's overall exposure to suspected and possible fraudulent activity. The graph below analyses the trend over the last five years in the number and value of fraud prevention and detection cases at the Council.



2.3. In line with the CFaCT Summary Report 2020, the blue dotted trend line on the chart above shows a steady decline in the total number of cases compared to recent years. This was impacted partly due to Covid-19 where certain activities such as fraudulent use of disabled badges or concessionary travel passes were not picked up as the country was in lock down and car parking charges were waived.

2.4. In 2019/20 the value of fraud cases was exceptionally high due to two unsuccessful attempts to have fraudulent payment requests processed, totalling £2.2m. Both attempts were blocked by Business Support Centre controls, and no further such attacks have occurred in 2020/21.

2.5. A summary of the cases of potential fraud identified in 2020/21 is presented in the following table.

Nature of potentially fraudulent activity	No of Cases	Detection Source	Value Involved	Nature of Activity
Insurance – suspected fraudulent claims	**2**	Internal controls within claims handling	**£35,000**	These claims were successfully defended.
Adults Social Care – Financial Assessments – deprivation of assets	**20**	Internal Controls through ASCH Reviewing Team	**£223,950**	Estimated annual reduction in NCC costs because of checks
Adults Social Care – Direct Payments Fraud and Misuse	**34**	Internal Controls – ACFS Annual Audits	**£105,083**	Reported to Action Fraud. Invoices raised and recovery in progress
Adult Social Care – Short Breaks - Purchase Card Cloning	**1**	Internal Checking Controls	**£120**	Reported to Bank and monies recovered
Schools – Purchase Card	**1**	Internal Controls	**£177**	The payment was not processed. Additional security was introduced on the account
Schools – Fund Raising income misappropriation	**1**	Internal Controls	**£3,127**	Disciplinary action instigated but employee resigned. Monies recovered
Over ordering of suppliers of adaptions materials	**1**	Internal Controls	**£836**	Contract management controls reviewed and applied
C&YP – DfE Laptops for Vulnerable Children sold by parents	**1**	Social Worker Notification	**£1,500**	Sim Card disabled by ICT and case referred to Police
TOTALS	**61**		**£369,793**	
Cyber Security	numerous daily attempts	ICT controls	Not quantified	External and internal defence systems to prevent and detect attacks
Blue Badge – Misuse	19 stolen 268 lost badges cancelled	Civil Parking Enforcement Officers	Not quantified	Misuse resulting in the cessation of pass

2.6. In compliance with the Transparency Code, NCC publishes summary information on its website each year concerning its arrangements for countering fraud. This includes the number of fraud cases investigated each year. The published details for the past three years are shown below.

Information	2018/19	2019/20	2020/21
No. employees involved in fraud investigation	25	29	29
No. professionally accredited fraud specialists	1	1	1
Cost of employee time investigating fraud	£72,744	£159,167	£180,607
No. fraud cases investigated	82	81	62

2.7. The cost of staff actively involved in identifying and preventing fraud has increased since the previous year, mainly due to more robust engagement of Adult Care Financial Services in challenging suspected deprivation of assets when reviewing adult care financial assessments, and also due to additional fraud-prevention work undertaken by Internal Audit in relation to Covid-19.

National Fraud Initiative (NFI)

2.8. The 2018-20 exercise has now been completed and the key statistics for Nottinghamshire were:

28 reports matching NCC data against data from DVLA, DWP, mortality data, etc

14,121 total matches
1,551 high priority matches

NCC staff examined 8,026 matches on a risk basis and 1 case remains in progress

£64,154 of outcomes identified

2.9. The 2018-20 NFI national outcomes (July 2020, compiled by the Cabinet Office), in the headline categories of fraud for County Councils are shown below, alongside the NCC outcomes.

Category	NFI 2018-20	NCC 2016-18	NCC 2018-20
Pension Overpayments (Deceased)	£55.5m	-[1]	£54,778
Personal budgets	£2.1m	£5,848	n/a[2]
Trade Creditors	£5.1m	£1,498	£13,899
Payments to Private Care Homes for Deceased Persons	£5.1m	£0	n/a[3]
Total	**£67.8m**	**£7,346**	**£68,677**
Other significant results			
Blue Badges cancelled or withdrawn (no's)	46,750	-[4]	576
Concessionary Travel Passes Cancelled (no's)	151,815	2	1,839

[1] Figures not previously recorded, although checks were undertaken.
[2] Matches relating to Personal Budgets and Private Care Home were removed from the NFI records in 2020. This action was taken following legal advice given to NFI by Cabinet Office lawyers. We have been advised by NFI that these issues are being addressed and that the affected data set reporting is likely to be reinstated in future data matching exercises
[3] As 2 above
[4] As 1 above

3. Fraud Risk Assessment (FRA)

3.1. Internal Audit annually reviews and updates the Council's FRA to assess the nature of fraud and corruption threats to the Council. The assessment draws on intelligence from a variety of sources:

- National Anti-Fraud Network and National Fraud Intelligence Bureau alerts which are routinely received, reviewed and disseminated by Internal Audit
- National publications, professional bodies and our collaboration with Assurance Lincolnshire
- Discussion with service managers across the Council to understand inherent and residual risks facing services vulnerable to fraud
- Head of Internal Audit's knowledge and risks from core systems and the assurance mapping process
- Analysis of incidences of suspected cases at the Council
- Liaison with the Midland Counties Counter Fraud Group – Knowledge Hub. This group is used as a forum to raise questions and share knowledge of potentially fraudulent activity or issues that have arisen at other local authorities.

3.2. The latest review of the FRA highlights the following threats as potentially having the highest impact at the Council:

External Threats

- Procurement fraud – during the contract management stage of activities and including invoices for services not delivered, received or sub-standard
- Bank mandates
- Economic and voluntary sector support fraud (grant aid fraud)
- Adult social care – providers' additional claims (due to Covid 19)
- Adult social care – personal budgets
- Adult social care – misuse of direct payments
- Adult social care – deprivation of assets to increase the Council's contribution for care costs
- Travel and transport – operators' additional payment claims (due to Covid 19)
- Pension fund – continuation of payments in respect of deceased persons
- Blue badges – invalid use of parking permits

Internal Threats

- Collusion – two or more employees acting together to nullify internal checks
- Banking – including the misappropriation of cash, manipulation of bank reconciliation
- Payroll – submission of false claims for overtime, allowances and expenses
- Procurement – abuse of procurement processes and procurement cards
- Payments – abuse of position and opportunity due to temporarily reduced levels of control for emergency payments.

3.3. Due to the recent, additional pressures Covid 19 has placed on internal controls, particularly in the areas of grant payments and the procurement of emergency goods and services, additional fraud risks have been identified in specific areas of activity.

4. How is Nottinghamshire County Council responding to fraud risk?

Governance and Members

4.1. The Council's Governance and Ethics Committee continues to provide the focal point for member engagement with the counter fraud agenda. Members oversee the review of policies and guidance material that underpin the delivery of the counter fraud agenda across the Council, and this continued through 2020/21:

- Counter Fraud & Corruption Policy and Fraud Response Plan
- Anti-Money Laundering Policy
- Self-assessment against the Fighting Fraud & Corruption Locally checklist
- Whistleblowing policy

Internal Audit and Counter Fraud

4.2. The Internal Audit Team incorporates pro-active and responsive counter-fraud work in its termly plans:

- Helping to promote a counter-fraud culture - awareness-raising articles in 'Team Talk' and 'Intranet News' over the year, and especially to coincide with the International Fraud Awareness Week. Monitoring the take-up of online counter-fraud training among Council staff and producing new material for the package's re-launch
- Detective checking – through application of its data-enabled audit strategy and use of data analytic software as part of its routine audit work. In the past year, this has featured post-payment assurance over emergency and non-routine payments during the pandemic to test for potentially fraudulent activity
- Prompting targeted checks by others - through the dissemination of information and advice
- Data-matching and data-washing – co-ordination of the Council's participation in ongoing NFI and NFI Recheck exercises, along with six-monthly engagement with the national Government Agency Intelligence Network (GAIN) to check for any links with known serious and organised crime
- Continuous assurance – development of routine data monitoring for indicators of fraud in a range of corporate systems and processes.

Business Services Centre (BSC)

4.3. A range of fraud preventative activities are carried out by the BSC: as part of the recruitment process and the setting-up of new employees on the payroll:

- Recruitment – applying checks for new employees on the right to work in the UK, along with workflow prompts for managers to complete ongoing checks for those with temporary leave to remain in the UK. Carrying out Disclosure and Barring Service (DBS) checks (including identity checks) for prescribed categories of employee, and improving reference response rates through the use of the online application
- Mandate fraud controls – strong controls to counter attacks aimed at the accounts payable process
- Separation of duties and access to core systems – software enabled, continuous monitoring of activity in the Council's SAP accounting system to routinely detect transactions that warrant investigation A new, annual check is being rolled out to require managers to validate continuing staff access requirements.

ICT

4.4. The cyber security agenda continues to make national headlines, and this is a primary area of focus for the ICT team:

- Risk management process – alignment with the National Cyber Security Centre (NCSC) and Local Government Association (LGA) Directives and Best Practices
- Digital and physical asset protection measures – these continue to successfully detect and deflect a variety of cyber related virus, malware and other malicious attacks against the Council
- IT security policies - reviewed annually
- External accreditation – certification against Cyber Essentials, the Public Services Network Code of Connection and the Data Security Protection Toolkit.

Adult Care Financial Services Department (ACFS)

4.5. ACFS has developed a proactive approach and has in place rigorous measures to address the threat of losses due to the misuse of direct payments and intentional deprivation of assets:

- Direct Payment Policy, Agreement and staff guidance – becoming embedded in the department's processes
- Direct Payments Auditing and ACFS escalation process – now resumed following the diversion of resources to deal with the pandemic emergency. Financial audits are once again identifying cases of misuse, resulting in invoices being issued for repayment and alternative 'managed' services being provided where necessary.
- Deprivation of assets - cases continue to be identified, resulting in recovery action being undertaken in accordance with Section 70 of the Care Act 2014.

Risk & Insurance

4.6. The Risk and Insurance Team continues to use a 48-point checklist to screen claims on a risk basis to detect false, exaggerated and potentially fraudulent cases. During 2020-21 the team were given access to virtual refresher training sessions on fraud and the likely pandemic impact. Training was provided by industry partners and our insurers, Zurich Municipal.

Schools Finance

4.7. The work of the Schools Finance Team makes an important contribution to the counter-fraud activities:

- Advice to schools on finance and governance - including liaison with Internal Audit in relation to potential fraud cases
- Fraud alerts – dissemination of intelligence about new and emerging fraud threats for schools through the Schools Portal
- Routine audits – audits of schools on a five-year basis incorporate checking controls designed to mitigate potential fraud risks. Findings from individual reviews provide intelligence to identify areas of fraud risk and to disseminate warnings to others.

Procurement

4.8. The Procurement Team have robust processes and due diligence in place at the tendering stage to counter fraud. With regards to PPE and Covid-19 purchasing, there have been no situations of fraud identified where payment has been requested without receipt of goods. Appropriate checks and balances are in place throughout the process. The Local Authority now receives PPE from central government and the new Dynamic Purchasing

Scheme that Procurement are putting in place will follow the compliant tendering process to ensure that all appropriate due diligence and checks are in place.

Blue Badges

4.9. Activity to identify the misuse of Blue Badges was impacted by the pandemic, but the usual actions of the Enforcement Teams is recommencing in 2021/22. The focus for counter-fraud activity in this area includes the following:

- Issue of Penalty Charge Notices where Enforcement Teams identify incorrect use of badges - NCC has lobbied Central Government to consider making enforcing Blue Badge fraud simpler
- Vigilance in identifying suspicious applications for badges, including repeated claims of badges being lost
- Liaison with the City Council and Police Compliance and Fraud Officer to share intelligence of badge misuse
- Participation in the NFI to identify and cancel active badges linked to deceased badge holders.

Concessionary Passes

4.10. Key actions to counter the fraudulent use of concessionary travel passes centre around failure to notify the Council of the death of a pass holder:

- Participation in the NFI
- Linking in with the Council's 'Tell Us Once' process to facilitate notification of the death of a pass holder, and establishing closer links with the Registration Service
- Rolling out a hot-listing system which will enable remote cancellation of any badges that should no longer be in use.

5. Counter Fraud Priorities for 2021/22

5.1. The following sets out priorities for 2021/22, all of which will be led by Internal Audit.

Action	Timescale
Pro-active work with the Travel & Transport team to respond to the threat of Blue Badge and Concessionary Travel Fraud, including an audit of the notification process (Tell Us Once) and the hot-listing system.	March 2022
Continued work with Legal Services to develop a proposed protocol for the pursuit of private and civil prosecutions.	March 2022
Review progress with actions from the FFCL self-assessment and address outstanding actions.	March 2022
Review the findings from the MHCLG – Fraud and Corruption in LG Procurement work with the procurement team.	March 2022
Ensure fraud and corruption risks are appropriately captured and addressed through the Council's risk management process	December 2021
Continued engagement with GAIN on the 6-monthly data-washing matching with Organised Crime Group intelligence	March 2022
Refresh counter-fraud training material and highlight take-up among staff	November 2021
Annual refresh of the Counter Fraud & Corruption Strategy and the Fraud Response Plan	March 2022
Disseminate insight and responses to fraud alerts through 'Team Talk' to coincide with International Fraud Awareness Week.	November 2021
Complete review of grant payments through post-payment assurance work.	November 2021

Report to Governance and Ethics Committee

30 September 2021

Agenda Item: 10

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

FINANCIAL REGULATIONS WAIVERS 2020/21

Purpose of the Report

1. To inform Members about requests to waive the Financial Regulations (waivers) in the Period 1st April 2020 - 31st March 2021.

2. To inform Members about the request to waive the Financial Regulations (waivers) due to the Covid19 response.

Information

3. The Council's Financial Regulations set out the procedures and standards for financial management and control that must be followed by officers.

4. 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.

5. Waiver requests are considered by the Council's Section 151 (S151) Officer who determines whether they can be approved or not.

6. 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, 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.

7. The Group Manager for Procurement presents an annual waiver report to Governance and Ethics Committee. The table below summarise the number of waivers granted in 2020/21 (Table1) compared to the previous year by directorate and value, full details for those waivers are contained in Appendix 1.

Table 1	**2020-21**				**2019-20**			
Directorate	**Number Waivers**	**Total Value**	**No. Rejected**	**Value Rejected**	**Number Waivers**	**Total Value**	**No. Rejected**	**Value Rejected**
Chief Exec	6	£1,679,710	2	£1,506,852	3	£280,000	0	0
Adult Social Care (ASC) Health & Public Protection & Public Health	11	£1,162,241	0	0	8	£890,808	2	£70,156
Children, Families & Cultural Services (CFCS)	9	£895,245	1	£51,000	7	£655,167	0	0
Place	1	£11,751	0	0	7	£827,949	5	£722,949
Schools	0	0	0	0	0	0	0	0
TOTAL	**27**	**£3,748,947**	**3**	**£1,557,852**	**25**	**£2,653,924**	**7**	**£793,105**

8. The total number of waivers has increased by 2 from the previous year, an overall increase of 8%. In 2020-21 11% of requests received were rejected.

9. There has been an increase in waiver requests from both Adults and Children's departments. The number of waiver requests from the Place department have significantly reduced from

last year and although the number of waiver requests from Chief Executive department has doubled, only 4 waivers were approved and 2 were rejected. The value of approved waivers from the Chief Exec department has decreased from the 2019/20.

10. Category Managers continue to work with the directorates to develop Procurement Category Strategies that will aid the continued reduction of waiver requests. The Procurement team have delivered several training sessions at departmental team meetings reminding officers / commissioners of the financial regulations.

Covid Waivers

11. Due to the Council's focus on the response to Covid19 there was a need to extend contracts and direct award to suppliers to ensure business continuity.

12. Category Managers will work with the directorates to develop compliant contracts as the council moves towards the recovery stage of the Covid19 response.

13. In 2019/20 15 waivers for were approved during the Covid response. A significant of effort has been made from the Procurement Team to ensure compliant routes to market have been found and to ensure the financial regulations have been adhered too. This year only 3 waivers were requested and approved in relation to the Covid 19 response. The table below summarises this, full details for the waivers are contained in Appendix 2.

Directorate	**Number of Waivers**	**Total estimated value**
Chief Exec		
Adult Social Care (ASC) Health & Public Protection & Public Health		
Children, Families & Cultural Services (CFCS)		
Place	3	£1,160,000.00
Schools		
TOTAL	**3**	**£1,160,000.00**

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 2020 - 31st March 2021 and during the Covid19 response. 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 2020/21 and the continued progress in keeping waivers to a minimum.

Nigel Stevenson
Service Director – Finance, Infrastructure & Improvement

For any enquiries about this report please contact:
Kaj Ghattaora - Group Manager, Procurement

Constitutional Comments (KK 30/07/2021)

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

Financial Comments (RWK 12/08/2021)

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	FR324	AET training licence for SFSS	£57,421.20	Children's and Families	AET are the only company who can deliver the SFSS team with a licence to deliver training on their behalf.	Approved - Accredited company and therefore no other companies can provide the service.
2	FR325	Children on the edge of care	£60,000.00	Children's and Families	SFFC will run a pilot projected working with 40 families to utilise voluntary services which are available by any other provider.	Approved - Pilot Project and must be evaluation during the next 12 months to determine whether this is needed going forward.
3	FR326	Outdoor play area including play surface and works, play equipment, and canopies	£51,000.00	Children's and Families	Money was allocated for improvements to outdoor areas to better meet the physical, emotional, and academic development of the students. The aim was to make improvements over the year, however COVID 19 and the need to educate	Rejected - Framework in place which can be utilised.

					our pupils who all have significant special needs and are unable to social distance means the demand for them accessing outdoor learning is more crucial	
4	FR327	Placement Stabilisation Programme	£10,000.00	Children's and Families	This programme supports children in care to achieve stable family type placements (e.g. stepping down from residential care with new types of support) and to remain at home with their families or primary carers where safe to do so.	Approved – 3-month contract before the SIB starts to enable children to step down from residential care
5	FR328	Venue finding solution	£1,500,000.00	Chief Exec	Direct award using CSC framework to a vendor which will provide venue booking solution. Removes need for long and resource intensive tender which small vendors are unlikely to engage in.	Rejected – compliant route sought.
6	FR329	Care Leaver Flat	£19,500.00	Children's and Families	Pilot project for Care Leavers offering self-contained flat with coaching towards apprenticeship or job offering parent approach to the young person. if successful will be expanded across all	Approved - Pilot project with nothing similar currently available

7	FR330	Public Health Obesity Pilot	£15,000	Public Health	National Charity to assist with NCC 3-year Childhood Obesity Trailblazer Programme in 6 early years settings	Approved - Unique and Low value
8	FR331	Healthwork	£80,000.00	Chief Exec	Provision of occupational health services	Rejected - Retrospective
9	FR332	Burdett Nursing Trust	£40,000.00	ASCH	Specialist training for nurses within social care, grant provided by Health Education England	Approved - One off training provision
10	FR333	LGR Financial Appraisal	£19,000	Chief Exec	Financial appraisal review	Approved – urgent evaluation required, and provider previously commissioned to do the work.
11	FR334	Theraplay Training	£15,500.00	Children's and Families	Only provider of training in the UK	Approved – Only licensed provider
12	FR335	Covid winter grant fund	£99,000	Children's and Families	Winter grant scheme for vulnerable families for utilities bills and food	Approved – Short timeframe to deliver vital work

13	FR336	Oral Health Promotion	£24,500.00	Public Health	Oral health promotion for all age groups	Approved – requirement to maintain service whilst new tender and contract can be established.
14	FR337	Doorstep Track and Trace	£30,000.00	Public Health	Services required to undertake door to door Covid contact tracing	Approved – Short timeframe to provide service in response to Covid.
15	FR338	Winter Grant Scheme	£500,000.00	Children's and Families	Covid Winter Grant scheme which must be used for meals and financial support with utility bills for families. Huggg is the only free voucher scheme to councils. Tight grant scheme must be spent before end of March 2021	Approved - Ensuring families receive this support in the timely and secure manner necessitates direct award.
16	FR339	Audit Pentana System	£11,463.02	Chief Exec	Current supplier, continuing for a further year allows continuity. Changing would be disruptive.	Approved - software meets business needs and is relatively low cost compared to alternatives.
17	FR340	New models of Care	£24,750	ASCH	Review of current care models as a result of the impact and learning from the Covid pandemic	Approved - timing of completion of the report and the time limit for the funding available.

18	FR341	Nurse-led homelessness health service	£72,634.00	ASCH	Extra homelessness outreach service, the provider already provides the service for the CCG. Extra service and staff required due to pressures from the Covid 19 pandemic.	Approved - Tender process would take too long to be effective
19	FR342	NHS Heath checks	£453,691.00	ASCH	NHS checks are currently a mandated service which the GP practices are best to deliver, a single contract with a GP service doesn't exceed £20,000	Approved – Mandated service in conjunction with GP practices.
20	FR343	Xpert HR	£6,852.00	Chief Exec	Been using the supplier for 10 years for HR advice etc, gain discount as they are the provider for the whole east Mids.	Rejected - Retrospective
21	FR344	Post discharge support service for mental health patients	£60,666.00	ASCH	Post discharge support service for mental health patients using additional funding grant for winter period	Approved - post Covid response short term provision
22	FR345	Local Area Coordination (LAC) network	£42,000.00	ASCH	Only vendor to provide LAC membership	Approved - only vendor available
23	FR346	Integrated advertising campaign	£62,395.44	Chief Exec	Targeted Covid advertisement across all platforms, radio, podcast, outdoor and public transport.	Approved - tight timescales and paid through Covid grant funding

24	FR347	Community Care Inform	£82,824.00	Children's and Families	Online training resource for frontline workers, face to face training is unlikely to return given the current Covid restrictions	Approved - discussion to join G cloud when this reopens
25	FR348	Care Friends App	£14,000.00	ASCH	New app to support recruitment for health and social care staff	Approved - one-year contract and this is a new initiative supported by health
26	FR349	Tree removal robin hood line	£11,751.60	Place	Urgent tree removal due to tree survey on robin hood line.	Approved - Urgent tree removal due to tree survey, compliant route through reed failed.
27	FR350	Impatient detoxification	£385,000.00	ASCH	Inpatient scheme for Nottinghamshire County Council and Notts City Council, funded by a new government grant.	Approved - Edwin House is owned and managed by Framework Housing and is the only Medical Detoxification unit locally, there is no other Provider able to provide this facility.

Covid Waiver Details **Appendix 2**

Project Title	Estimated Annual Value	Estimated Duration	Comments	Category	Date	Approved
Meat - Maloney's	£250,000	8 Months	Contract extended to 30/06/2021. School meals still not as normal and supplier has assisted with supplying sandwiches. New contract timed for July orders ready for new school year 2021/22	Place	October 2020	Approved for service continuity
Public Analyst Contract - PASS	£10,000	6 Months	Contract extended to 21/04/2021. Key stakeholders heavily involved in Covid work	Place	October 2020	Approved for service continuity
Parking Enforcement Services – NSL Ltd	£900,000	12 Months	Contract extended to 21/06/2022 due to using officers as part of the track and trace service and understanding requirements as things return to normal	Place	November 2020	Approved to ensure Covid response service delivery and planning for new service.

Nottinghamshire County Council

Report to Governance and Ethics Committee

30 September 2021

Agenda Item: 11

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND EMPLOYEES

BROXTOWE COMMUNITY GOVERNANCE REVIEW

Purpose of the Report

1. This report informs Councillors about the process that is being followed by Broxtowe Borough Council in undertaking a community governance review of its area. It also summarises the proposals that are subject to consultation as part of the first phase of the review. The committee is also asked to confirm the Council reserves its position on a formal response until the next phase of the consultation by sending the courtesy letter attached to the report (**Appendix A**).

Information

2. The Local Government and Public Involvement in Health Act 2007 sets out the framework for principal councils to undertake community governance reviews of their local area. For community governance reviews the principal authority in two tier areas is district and borough councils.

3. A Community Governance Review is a legal process through which the principal council will consult those living in the area, and other interested parties, on the most suitable ways of representing the people in the area identified in the review.

4. A review can consider one or more of the following options:

   a. Creating, merging or abolishing parishes
   b. The naming of parishes and the style of new parishes and the creation of town councils
   c. The electoral arrangements for parishes (for instance, the ordinary year of election, council size, the number of councillors to be elected to the council and parish warding)
   d. Grouping parishes under a common parish council or de-grouping parishes
   e. Other types of local arrangements, including parish meetings

5. The principal authority sets the terms of reference for its review and must undertake consultation when considering what changes to make.

6. Broxtowe Borough Council is conducting a community governance review to consider parish boundaries. It reviews parishes' existing boundaries to ensure they are sustainable, provide

connectivity and reflect local community identities. This includes taking account of forecast electorate figures that take account of expected developments over the following five years.

7. The terms of reference and full details of the review can be viewed on Broxtowe Borough Council's website (Governance, Audit and Standards Committee report, Broxtowe Borough Council – 17 May 2021)

8. The timeline for the review, together with the actions that will take place at each of its phases, are set out in the following table:

Stage	Action	Dates
Commencement	- Terms of reference published - Stakeholders notified with clear definition of the remit of the review	7 June 2021
Preliminary stage	- Local briefings and meetings (Borough Councillors and parish and town councils)	7 June to 30 June 2021
Stage 1	- Initial submissions invited from stakeholders on future arrangements under terms of reference	1 July 2021 to 30 September 2021
Stage 2	- Consideration of submissions received - Draft recommendations prepared - Draft recommendations to be considered by Broxtowe Borough Council	1 October 2021 to 30 November 2021
Stage 3	- Draft recommendations published for consultation - Stakeholders notified	1 December 2021 to 28 February 2022
Stage 4	- Consideration of submissions received - Final recommendations prepared - Final recommendations published concluding the review - Final recommendations considered by Broxtowe Borough Council and decision made on arrangements with resolution to make a Reorganisation Order - Reorganisation Order made	1 March 2022 to 30 April 2022 May 2022 June 2022

9. The review is currently at phase one and the Council has been invited to make any initial submissions on the proposals, several of which would affect County Divisions boundaries. The proposals that would affect county division boundaries and their rationale are set out in the table at **Appendix B**.

10. The overall effect of the proposals on the number of electors in each Division is set out in the following table:

Division	Net Change (electors)
Beeston Central & Rylands	0
Bramcote & Beeston North	-1
Eastwood	11
Greasley & Brinsley	-67
Nuthall & Kimberley	-17
Stapleford & Broxtowe Central	74
Toton, Chilwell & Attenborough	0

11. These proposals may change in response to any comments received during the first phase of consultation. Any individual or group can comment on the proposals and put forward their own suggestions.

12. A Council undertaking a Community Governance Review may ask the Local Government Boundary Commission for England to make changes to boundaries at district or county level to reflect revised parish boundaries to maintain coterminosity. The Commission may agree to implement these related alterations and make an Order to implement them. Changes would come into effect at the next ordinary elections for each Council so there may be a period where boundaries are not coterminous.

13. If the Commission decided not to implement any proposed related alterations, the existing boundaries would remain in force.

14. If a principal council was satisfied that the identities and interests of local communities were still reflected and that effective and convenient local government would be secured, then it may decide that it does not wish to propose related alterations to ward or division boundaries.

15. Where proposals for related alterations are submitted to the Local Government Boundary Commission for England, it would expect to receive evidence that the principal council has consulted on them as part of its review.

16. Once the community governance review has been completed, Broxtowe Borough Council has indicated that it will invite the Local Government Boundary Commission for England to undertake a Further Electoral Review of its arrangements, which will consider the number of Councillors and warding arrangements for the Borough.

17. Broxtowe Borough Council has also asked whether the County Council would consider making two amendments that would be outside of the Community Governance Review to correct anomalies from historic reviews. Details of these two requests will be provided when a report is brought before Members during phase two of the consultation.

Reason/s for Recommendation/s

18. The Council is under no duty to submit a response at this stage. Not submitting response at this stage of the review would not prejudice the Council's ability to respond to any further phases of consultation.

19. Broxtowe Borough Council has undertaken a comprehensive consultation on its initial proposals. It is understood that any individual, group or body could submit a response, which would be taken into account when the final recommendations are prepared.

20. At this stage it is recommended that the Council adopts a watching brief, as it is not required to respond at this stage and simply responds with a courtesy letter to the Borough Council explaining that it will reserve its position until the next stage of the consultation.

21. By reserving any comments until the consultation on the final draft proposals (at stage three of the process), the Council will be able to refer to any local submissions made by other consultees during the stage one consultation in forming its response, and may better understand the potential impact on County divisional boundaries in light of those more advanced proposals.

22. If any individual Councillor or group wished to make comments on the stage one proposals, they are able to send any comments directly to Broxtowe Borough Council.

Statutory and Policy Implications

23. 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. The Council is a consultee in this process and advice has been sought on these issues as required.

Implications for Service Users

24. From a County Council perspective, the only change for electors affected by the proposals would be the Division that they vote for at County Council elections and potentially the polling station at which they cast their vote.

25. There are wider impacts of the review, which will be for Broxtowe Borough Council to consider when it develops its final proposals and subsequently votes on the final recommendations. These implications are an effect of the wider review and have not related to any change to the county Division boundaries. These implications include the potential for affected residents' precept to change if they move from one parish to another, their representation at parish council level, and ensuring that there is consistent community identity within neighbourhoods.

RECOMMENDATION/S

1) That the Committee authorises the Chief Executive to submit the letter at **Appendix A** to the report as a courtesy response to the first phase of consultation in respect of Broxtowe Borough Council's Community Governance Review, reserving its position for any formal response until phase 2 of the consultation.

Marjorie Toward
Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Jo Toomey, Advanced Democratic Services Officer
Telephone: 0115 977 4506
Email: jo.toomey@nottcc.gov.uk

Constitutional Comments (HD – 27/8/2021)

26. At this stage of the consultation, no formal response is proposed and it is therefore acceptable for this matter to be considered at the Council's Committee responsible for oversight of general governance matters affecting the Council.

Financial Comments (RWK 06/09/2021)

27. 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.

- Governance, Audit and Standards Committee report, Broxtowe Borough Council – 17 May 2021
- Local Government and Public Involvement in Health Act 2007
- Local Government Boundary Commission for England – Guidance on community governance reviews

Electoral Division(s) and Member(s) Affected

- Bramcote and Beeston North – Councillor Steve Carr
- Beeston Central and Rylands – Councillor Kate Foale
- Eastwood – Councillor Eddie Cubley
- Greasley and Brinsley – Councillor Elizabeth Williamson
- Nuthall and Kimberley – Councillor Philip Owen
- Stapleford and Broxtowe Central – Councillors Dr. John Doddy and John "Maggie" McGrath
- Toton, Chilwell and Attenborough – Councillors Richard Jackson and Eric Kerry

This matter is being dealt with by:
Name: Heather Dickinson
Reference: CGR/2021BBC
T 0300 500 80 80
E enquiries@nottscc.gov.uk
W nottinghamshire.gov.uk

Nottinghamshire County Council

Private and Confidential
To be opened by addressee only

Community Governance Review
Broxtowe Borough Council
Council Offices
Foster Avenue
Beeston
Nottinghamshire
NG9 1AB

30 September 2021

Dear Sir or Madam

Thank you for notifying Nottinghamshire County Council about the Community Governance Review that you are currently undertaking within the Borough.

The Council appreciates that this is the first of two periods of consultation and that at this time other proposals are likely to come forward.

At this stage Nottinghamshire County Council would like to acknowledge our interest in the review but we do not wish to make comments at this time.

The Council reserves the right to respond during the second consultation stage, after the final draft recommendations have been published. We can then consider these in conjunction with submissions and comments made by local communities during the first phase of consultation. We will therefore consider whether a formal response providing comment and response is required at that time.

Yours faithfully

Anthony May
Chief Executive
Nottinghamshire County Council

Appendix B: Broxtowe Community Governance Review proposals affecting County Council Division boundaries

Area	Division		Affected properties	Affected electors	Reason
	From	To			
Gilt Hill	Greasley & Brinsley	Nuthall & Kimberley	12	20	Ensure all properties on Gilt Hill are within Kimberley Parish
A610 Island (North)	Greasley & Brinsley	Nuthall & Kimberley	0	0	Straighten up boundary and take a more sensible line
Idea Island	Greasley & Brinsley	Nuthall & Kimberley	2	4	Two properties on Nottingham Road, potentially move into Kimberley Parish. Although the rest of Nottingham Road is in Greasley, these properties are outliers that seem to be closer to Kimberley
Vale Close	Greasley & Brinsley	Eastwood	8	11	Current boundary goes through properties. Change ensures all proprieties in the same parish, with the access also in the parish
Larkfield Road (North)	Greasley & Brinsley	Nuthall & Kimberley	16	30	A small number of properties on east side of Larkfield Road currently in a different parish to their neighbours with the boundary going through properties
Coatsby Road (Greasley)	Greasley & Brinsley	Nuthall & Kimberley	4	7	If Coatsby Road is taken into Greasley these properties would ideally need moving into Kimberley Ward
Babbington Village	Nuthall & Kimberley	Stapleford & Broxtowe Central	32	63	Westby Lane access is from Awsworth
Awsworth Lane (Awsworth)	Nuthall & Kimberley	Stapleford & Broxtowe Central	6	10	This would move all properties that are accessed via Awsworth into Awsworth Parish and would put the boundary along the A610
Coventry Lane (Bramcote North)	Bramcote & Beeston North	Stapleford & Broxtowe Central	1	1	This would continue the parish line using the railway and Coventry Lane
Stapleford Allocation	Bramcote & Beeston North	Stapleford & Broxtowe Central	0	0	This would ensure all properties build on the Stapleford site would be in the same parish and realigns the boundary to the centre of Coventry Lane after the road's realignment in the past

Appendix B: Broxtowe Community Governance Review proposals affecting County Council Division boundaries

Area	Division		Affected properties	Affected electors	Reason
	From	To			
Little Holland Gardens	Nuthall & Kimberley	Greasley & Brinsley	2	5	Two properties in a different parish

Nottinghamshire County Council

Report to Governance and Ethics Committee

30 September 2021

Agenda Item: 12

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES / MONITORING OFFICER

UPDATE ON USE OF RESOURCES BY COUNCILLORS

Purpose of the Report

1. To present Committee with an update on the use of resources by Councillors.

Information

Background

2. At the meeting of Full Council on 10 May 2018, a revised Code of Conduct for Councillors and Co-opted Members was agreed. The new Code included a range of protocols, including the Councillor and Co-opted Member Protocol for use of Resources (attached for the Committee's reference at **Appendix A**). This Protocol's guiding principles include the need to be mindful of costs and not using resources for political purposes.

3. Governance and Ethics Committee is responsible for taking an overview of this issue and this is the latest update for the Committee.

4. At its meeting of 7 September 2020, the Committee agreed to move to an annual reporting cycle on this issue – this report covers the period April 2020 – March 2021. Under the six month reporting cycle the threshold for reporting printing charges was set at £10. This has therefore been doubled to a £20 threshold to cover the new annual reporting cycle.

5. No Councillors incurred charges over the £20 threshold in this period. The printing charges incurred by Group support officers are included in Appendix B.

Out of Contract Charges – Calls and Data Usage

6. County Councillors are provided with smartphones and laptop devices from which calls can be made free of charge within the existing contract limits.

7. In recent years, an increased number of out of contract charges have been evident. These charges include international calls and data useage and multi media calls. In the 2020-21 year these totalled £164.91, albeit this was not a typical year due to the lack of travel abroad.

8. It is recognised that Members might legitimately choose to use their ICT equipment to undertake their Council business whilst abroad on holiday. Prior to doing so, they should always speak with ICT officers in advance of such trips to ensure that any charges incurred can be kept to a minimum.

9. It should also be noted that due to the United Kingdom's exit from the European Union, the security arrangements for taking ICT equipment out of the country has also changed. Democratic Services will be contacting Members separately to explain these changes.

10. The Committee is asked to agree that a reminder about out of contract charges (to include appropriate ICT advice) be sent to all County Councillors.

11. The Committee is also asked to agree the inclusion of itemised out of contract charges in future annual monitoring reports.

Printing and Photocopying Costs

12. A breakdown of relevant printing and photocopying costs for the period 1 April 2020 to 31 March 2021 is included at **Appendix B**.

13. The Committee's views are sought on the expenditure and whether any further information or actions are required on specific items of expenditure.

Other Issues

14. As agreed by the Committee in January 2019, the Team Manager – Democratic Services, from his monitoring of the relevant Democratic Services budgets, will highlight any areas of concern on an ongoing basis (as per the out of contract charges issue highlighted above). Currently there are no other specific wider issues raising concerns.

Other Options Considered

15. None – the report provides an update on expenditure as required in the revised Code of Conduct and the revised Councillor and Co-opted Member Protocol for use of Resources and seeks relevant approvals where required.

Reason/s for Recommendation/s

16. To update the Committee and seek relevant approvals in line with the requirements of the revised Code of Conduct and the revised Councillor and Co-opted Member Protocol for use of Resources.

17. To consider the issue of out of contract charges.

Statutory and Policy Implications

18. 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.

RECOMMENDATIONS

That the Committee:-

1) Considers the relevant resources expenditure for the period March 2020 to April 2021 and decides whether there is any further information required or any actions required on specific items of expenditure.

2) Agrees that all County Councillors be reminded of the need to avoid out of contract charges for ICT equipment wherever possible and best practice on that issue.

3) Agrees that an itemised breakdown of out of contract charges for ICT equipment be included in future annual monitoring reports.

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@nottscc.gov.uk

Constitutional Comments ()

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

Financial Comments ()

20.

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 A

Nottinghamshire County Council

Councillors and Co-opted members – Protocol for Use of Resources

1. INTRODUCTION

This protocol provides rules on the use of Council resources in relation to your role as a Councillor.

The Council provides a range of support services and facilities to enable Councillors to carry out their duties. The full range of resources available and rules regarding use are set out in the **Schedule** attached to this protocol.

2. COUNCIL BUSINESS – WHEN THIS PROTOCOL APPLIES

Councillors may use Council facilities and resources in connection with the following Council business:

- Matters relating to the decision making process of the Council, e.g. Council and committee meetings
- Representing the Council on an outside body
- Holding division surgeries
- Meeting, communicating with and dealing with correspondence from residents, other Councillors, officers, Government officials, MPs etc. in connection with Council business
- Matters for discussion by a political group of the Council, so long as it relates mainly to the work of the Council and not your political party or group

3. PRINCIPLES FOR USE OF RESOURCES

- Councillors must be mindful of Council resources and must always seek to conduct business in the most cost effective way. Councillors must have regard to the need to ensure prudent and reasonable use of resources and value for money.

- Party political activities or individual campaigning do not form part of Council business and the Council's resources must not be used for these activities. This includes Council email addresses. The Council is prohibited by law from publishing any material which, in whole or in part, appears to be designed to affect public support for a political party or an individual Councillor, or to highlight their achievements.

- Use of resources for the purpose of representing individuals or small groups of residents is acceptable. However, high volume use of resources including sending out circulars and conducting wide-scale consultation exercises is not acceptable, even though these may involve Council business.

- In the interests of economy and the environment, Councillors are requested to use e-mail, or to hand-deliver, instead of using post wherever possible.

- Governance and Ethics Committee is responsible for oversight of use of resources including review of postage and photocopying costs incurred by individual Councillors and political groups. Committee is also responsible for considering requests for exceptions to be made. Committee reserves the right to charge Councillors for excessive use.

SCHEDULE

Equipment and Resources for Councillors

ICT Equipment - you will be provided with appropriate equipment for your full term of office.

If you have been provided with a phone, you will have access to unlimited calls and texts to standard numbers, with a 2GB monthly data limit. Any laptop or tablet devices have a 5GB monthly data limit. You will be required to meet the costs of any usage above those limits at a cost of 5p per MB.

You will be reminded of the terms and conditions around the appropriate use of these devices during your induction training.

On receipt of equipment Councillors are required to confirm that they have read the Councillors' ICT Acceptable Use Guidance.

Support for technical matters is supplied by the Council's ICT helpdesk. User training is available on the intranet.

Councillors' Webpages - the Council's Website includes a page for each Councillor. This page includes your contact details, photograph, and committee membership details. There is also a facility for you to provide regular updates on your activities as a Councillor. These webpages will be removed during all pre-election periods.

Arrangements for incoming mail – you will have a pigeonhole, located within your relevant group area (where applicable) for meeting papers and any mail sent to you at County Hall. Mail should be collected wherever possible but if you are not expected to be at County Hall for some time then you can ask for mail to be sent to your home address. Please discuss your specific requirements with your group researcher.

Arrangements for outgoing mail – there will be an outgoing mail tray located within your relevant group area (where applicable); this is the only mail tray you should use. The Council's corporate letter templates and window envelopes **must** be used in order to enable mail to be franked. If mail cannot be franked it is more expensive to post. Unless there are exceptional circumstances postage will be second class. Councillors should be economical in their use of post; volume use (anything in excess of 50 items) is not acceptable unless approved in advance by Governance and Ethics Committee. Use email or hand-deliver instead where possible. The Post Room reserves the right to open any post to ensure policies are being adhered to.

Stationery - a limited range of stationery is available from either your group researcher or Democratic Services. Stationery must not be adapted to include political logos. Photographs can be included but must be printed in black and white. The Multi-Function Devices are regularly re-stocked with printer paper; you should contact Facilities to re-stock if necessary rather than taking paper from other locations in the building; this is to ensure proper reporting to Governance and Ethics Committee regarding volumes used.

Printing– Photo security passes will enable you to print, scan and photocopy from the Multi-Function Devices located around County Hall. These will be the only printing facilities available, with the exception of Central Print. This is in order to ensure to ensure proper reporting to Governance and Ethics Committee regarding volumes used. In the interests of transparency and cost-effectiveness these facilities are only available when security passes as used. In accordance with the Council's Print Strategy **high volume copying and printing (any job involving 99 plus sides of paper) must be sent to Central Print as this is the cheapest option**. Due to the high costs associated with colour printing, you should always print /copy in black and white unless colour is required to enable the document to be understood. Councillors should be economical in their use of print.

Business Cards can be obtained from Democratic Services. You may request a supply of 500 cards to cover your full term of office. These cards should only include contact details for County Hall, to prevent any subsequent changes being required.

Room Hire for Surgeries – for your constituency surgeries you should seek to use meeting rooms that do not incur a charge to the Council. These can include community facilities and some Council premises. If no suitable premises are available an application for the cost of hiring an alternative venue will need to be approved by Governance and Ethics Committee

Disclosure and Barring Service checks – to undertake your role as a Councillor you need to have a Disclosure and Barring Service (DBS) check. Democratic Services will contact you about the process and documentation required to complete an electronic DBS application form. You may have a current DBS check, however there are very limited circumstances in which checks can be transferred. Democratic Services will advise you on this issue.

Nottingham City Transport Cards - a limited number of Nottingham City Transport Cards for official business travel on City buses are available for staff and Councillors from Reception at County Hall. These must be signed for and returned to County Hall reception after each use. At all times your chosen method of travel must be the most cost effective method, taking into account the value of time saved, anticipated subsistence and other expenses and any other relevant matters. More details are available in the Travel and Accommodation Policy.

Conferences – attendance at conferences, seminars and training events for which a fee is payable must be approved in advance by the relevant committee.

County Hall Essential Information

County Hall is open Monday to Friday, usually 6.30am to 6.30pm. The building is also usually open on Saturdays from 8.00am to 1pm. If you intend to continue working in an office after 6.30pm, you should inform the Facilities office on extension 73316.

Security pass. You will be issued with a security pass. Security is very important and you should wear your pass at all times on a County Council lanyard as you may be asked for identification. Your pass will operate the car park barrier, the reception barriers and the doors to secure areas of the County Hall campus.

Each card is individually programmed to provide access to particular areas in the building. Your initial pass will be a temporary version – this will be replaced with a new pass containing your photograph which, as well as giving you the relevant access rights, will also enable you to scan, copy and print from the large machines around the building (called Multi-Function Devices or MFDs).

Car Parking spaces for Councillors' exclusive use in connection with Council business are available in the Members' Car Park on the River Trent frontage. Drive around to the rear of County Hall and present your security pass at the barrier to allow access to this area. Unless you are on Council business you should pay for parking at times when members of the public are required to pay to use the Car Park, for example during cricket and football matches.

Office Accommodation is provided for Councillors' use. There are currently suites of rooms on the ground and first floors at County Hall. The allocation of accommodation will be confirmed as soon as possible after the election, after consultation with the political groups.

Confidential Waste bins are provided in all work areas for secure disposal of confidential or sensitive documents. Recycling bins are also provided.

Meeting rooms – meetings involving Councillors will usually be held in

Council Chamber	- main building, floor 1.
Committee rooms B & C	- main building, ground floor.
Rufford Suite	- Riverside block, floor 1.
Committee room A & Civic Suite	- Riverside block, ground floor.

Lifts are available to all floors within County Hall. There is also a wheelchair lift to the Rufford Suite and Riverview Restaurant.

Catering facilities are available. Rolls, beverages and other snacks can be bought from the snack bar in Reception. The Riverview restaurant in the Riverside block serves hot meals and sandwiches. Councillors are entitled to complementary drinks from within their group accommodation or from the snack bar.

Visitors to County Hall must sign in at the reception desk in the entrance foyer; all visitors will be provided with a temporary pass. They should sign out and return the pass on leaving the building.

Fire Alarms are tested at 10.00am on the first Wednesday of every month. A continuous ring signals the fire alarm and an intermittent ring signals a bomb alert. If you hear the alarm bell you must vacate the building at the nearest fire exit. Please make yourself aware of these with the posters placed around County Hall and be aware of the relevant assembly points.

APPENDIX B

COUNCILLORS' USE OF RESOURCES – 1 April 2020 – 31 March 2021

Printing and Photocopying costs (over £20 annual threshold)

No individual councillors exceeded the £20 annual threshold during this period (printing costs incurred relating to the Civic Head roles are detailed below).

The following costs for printing and photocopying were incurred by Group support officers during the same period:-

	COST £
Team Leader Ruling Group	72.11
PA to Committee Chairs – Ruling Group	24.21
Member Support Officer	Nil
Executive Officer to the Ruling Group Senior Leadership Team	227.47
Research Officer (Mansfield Independents)	Nil
Conservatives and Mansfield Independents Group Officer Total:	**£323.79**
Senior Research Officer to Opposition Group	8.45
Executive Assistant to Opposition Group	28.11
Labour Group Officer Total:	**£36.56**
Research Officer to Opposition Group	Nil
Ashfield Independents Officer Total:	**Nil**
Chairman and Vice-Chairman Remembrance Day Wreath Stickers Chairman's Christmas Cards	 70.00 200.00
Chairman and Vice-Chairman Total:	**£270.00**

Nottinghamshire County Council

Report to Governance and Ethics Committee

30 September 2021

Agenda Item: 13

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES

WORK PROGRAMME

Purpose of the Report

1. To review the Committee's work programme for 2021-22.

Information

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. The meeting dates and agenda items are subject to review in light of the ongoing COVID-19 period.

4. The work programme is currently being reviewed and a more comprehensive appendix will be prepared for the next meeting.

Other Options Considered

5. None

Reason/s for Recommendation/s

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

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.

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:
Sara Allmond, Advanced Democratic Services Officer, Democratic Services Tel. 0115 9773794
E-mail: sara.allmond@nottscc.gov.uk

Constitutional Comments (EH)

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

Financial Comments (NS)

9. There are no 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

GOVERNANCE & ETHICS COMMITTEE – WORK PROGRAMME (AS AT 21 SEPTEMBER 2021)

Report Title	Brief Summary of agenda item	Lead Officer	Report Author
30th September 2021			
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	Marie Rowney	Jo Kirkby
Annual Review Letter 2020/21	To consider the annual review letter on	Marie Rowney	Jo Kirkby
Statement of Accounts 2020/21	To seek approval for the 2020/21 Statement of Accounts	Nigel Stevenson	Glen Bicknell
Internal Audit Plan Term 2 2021/22	To consider proposed audit coverage for Term 2	Rob Disney	Simon Lacey
Annual Fraud Report 2020-21	To consider this annual review of progress	Rob Disney	Simon Lacey
Corporate Risk Management 6-monthly update	To consider the updated corporate risk register and developments in the Council's approach to risk management	Rob Disney	Simon Lacey
Annual update on use of resources by Councillors	To consider the annual update	Marjorie Toward	Keith Ford
Financial Regulation Waivers 2020/21	To report on the number and value of financial waivers granted through 2020/21 (annual report)	Nigel Stevenson	Kaj Ghattaora
Community Governance Review		Marjorie Toward	Jo Toomey
11 November 2021			
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	Marie Rowney	Marie Rowney
Auditor's Annual Report 2020/21	Grant Thornton summarises the findings from the work carried out by the external auditors over the last financial year (2020/21)	Nigel Stevenson	Glen Bicknell

Update on the Use of the Councillor's Divisional Fund	To consider six monthly update	Marjorie Toward	Keith Ford
Councillor Code of Conduct Review	To consider the findings of the working group	Marjorie Toward	Heather Dickinson
Whistleblowing Policy Review	To consider the outcome of the review	Marjorie Toward	Heather Dickinson / Catherine Haywood
Follow-up of Internal Audit recommendations – 6 monthly update	To consider an update on progress with implementing agreed actions from Internal Audit reports	Rob Disney	Simon Lacey
Internal Audit Term 2 (2021/22) Report and Term 3 (2021/22) Plan	To review the outcomes of Internal Audit's recent work and consider proposals for planned coverage in the next term	Rob Disney	Simon Lacey
Corporate Governance Update	To receive an update on progress against the Annual Governance Statement action plan for 2021/22	Rob Disney	Simon Lacey
16 December 2021			
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	Marie Rowney	Marie Rowney
Review of virtual and hybrid meetings	To consider the impact of virtual and hybrid meetings including on public engagement	Marjorie Toward	Dem Services / Comms / ICT
Internal Audit Strategy 2022-2024	To consider a proposed refresh of the strategy to link in with the emerging Council Plan	Rob Disney	Rob Disney
Internal Audit Charter	To review the Charter for the operation of internal audit in the Council	Rob Disney	Rob Disney
27 January 2022			
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	Marie Rowney	Marie Rowney
Fraud update report	To consider progress against the counter-fraud and counter-corruption action plan	Rob Disney	Simon Lacey

Regulation of Investigatory Powers Act 2000 (RIPA) Annual Report 2020-21	To consider the annual report	Marjorie Toward	Heather Dickinson / Emma Hunter
10 March 2022			
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	Marie Rowney	Marie Rowney
Whistleblowing update	To update the committee on whistleblowing activity during 2021	Marjorie Toward	Heather Dickinson / Emma Hunter
Corporate Governance Update	To receive an update on progress against the Annual Governance Statement action plan for 2021.22	Rob Disney	Rob Disney
Internal Audit Term 3 (2021/22) Report and Term 1 (2022/23) Plan	To review the outcomes of Internal Audit's recent work and consider proposals for planned coverage in the next term	Rob Disney	Simon Lacey
Corporate Risk Management 6-monthly update	To consider the updated corporate risk register and developments in the Council's approach to risk management	Rob Disney	Simon Lacey
21 April 2022			
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	Marie Rowney	Marie Rowney
Governance and Ethics Committee annual report	To consider the draft annual report and recommend to full council for consideration	Rob Disney	Rob Disney
Statement of Accounts 2021-22 – Accounting Policies	To consider the annual review of the accounting policies	Nigel Stevenson	Glen Bicknell
Informing the Risk Assessment – 2021/22 Statement of Accounts	To consider the risk assessment	Nigel Stevenson	Glen Bicknell
Annual Governance Statement 2021-22	To consider the draft statement for 2021/22	Rob Disney	Simon Lacey

Follow-up of Internal Audit recommendations – 6 monthly update	To consider an update on progress with implementing agreed actions from Internal Audit reports	Rob Disney	Simon Lacey
9 June 2022			
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	Marie Rowney	Marie Rowney
Assurance Mapping 2021-22	To review the assurance provided from the map in 2021/22 and consider coverage for 2022/23	Rob Disney	Simon Lacey
Head of Internal Audit Annual Report 2021-22	To consider the Head of Internal Audit's annual opinion of the arrangements for governance, risk management and control	Rob Disney	Rob Disney
External Audit Plan 2021/22	To consider the External Audit Plan for the forthcoming audit	Nigel Stevenson	Glen Bicknell
Update on the Use of the Councillor's Divisional Fund	To consider six monthly update	Marjorie Toward	Keith Ford
21 July 2022			
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	Marie Rowney	Marie Rowney
Annual Fraud Report 2020-21	To review the incidence of fraud over the year and an update on risks and mitigations	Rob Disney	Simon Lacey
Internal Audit Term 2 2022/23	To consider proposed audit coverage for Term 2	Rob Disney	Simon Lacey