

## **Governance and Ethics Committee**

**Thursday, 21 April 2022 at 14:00**

**County Hall, West Bridgford, Nottingham, NG2 7QP**

---

### **AGENDA**

1	Minutes of last meeting held on 10 March 2022	3 - 6
2	Apologies for Absence	
3	Declarations of Interests by Members and Officers:- (see note below) (a) Disclosable Pecuniary Interests (b) Private Interests (pecuniary and non-pecuniary)	
4	Update on Local Government and Social Care Ombudsman Decisions (February 2022 to March 2022)	7 - 24
5	Learning from complaints in Adult Social Care	25 - 30
6	External Audit – Annual Audit Report 2020-21	31 - 64
7	Statement of Accounts 2021-22 – Accounting Policies	65 - 82
8	Informing the risk assessment - 2021-22 Statement of Accounts	83 - 128
9	Local Code of Corporate Governance and Annual Governance Statement 2021-22	129 - 150
10	Governance Ethics Committee Annual Report 2021-22	151 - 158
11	Russian invasion of Ukraine – implications for Nottinghamshire County Council	159 - 166

12	Rushcliffe Community Governance Review (Upper Saxondale)	167 - 176
13	Work Programme	177 - 180

## **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 Jo Toomey (Tel. 0115 977 4506) or a colleague in Democratic Services prior to the meeting.
- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>



Meeting **GOVERNANCE AND ETHICS COMMITTEE**

Date **Thursday 10 March 2022 (commencing at 2.00 pm)**

**membership**

**COUNCILLORS**

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

Richard Butler	Helen-Ann Smith
Neil Clarke MBE	Roger Upton – Apologies
John Cottee – Apologies	Daniel Williamson
Errol Henry JP	Elizabeth Williamson - Apologies
Michael Payne – Apologies	

**SUBSTITUTE MEMBERS**

Councillor Jim Creamer for Councillor Michael Payne  
Councillor Bruce Laughton for Councillor Roger Upton  
Councillor John Lee for Councillor John Cottee

**OFFICERS IN ATTENDANCE**

Rob Disney	Chief Executive's Department
Richard Elston	
Keith Ford	
Emma Hunter (remote)	
Simon Lacey	
Jo Toomey	
Marjorie Toward	

Sue Batty	Adult Social Care and Health
-----------	------------------------------

**1. MINUTES**

The Minutes of the last meeting held on 27 January 2022, having been previously circulated, were confirmed and signed by the Chairman.

**2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from:

- Councillor John Cottee (medical)
- Councillor Michael Payne (other reasons)
- Councillor Roger Upton (other reasons)
- Councillor Elizabeth Williamson (medical)

### **3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

None.

*The Chairman stated that he would be changing the order of the agenda to consider the three items relating to audit and risk first.*

### **4. CORPORATE GOVERNANCE UPDATE**

**RESOLVED: 2022/005**

That no further actions were required in relation to the information contained within this report.

### **5. INTERNAL AUDIT PROGRESS TERM 2 2021-22 AND TERM 1 PLAN 2022-23**

**RESOLVED: 2022/006**

1. That no further actions are required in relation to the contents of this report.
2. That the planned coverage of Internal Audit's work in Term 1 of 2022/23 be progressed to help deliver assurance to the Committee in priority areas.

### **6. CORPORATE RISK MANAGEMENT 6-MONTHLY UPDATE**

The report informed members of developments in the Council's arrangements for corporate risk management and reported the latest movements in key, operational risks.

During discussion, Members:

- Asked questions and sought reassurance that the increased risks caused by the Russian invasion of Ukraine would be captured, monitored and addressed as part of the Council's risk management arrangements

**RESOLVED: 2022/007**

That no further actions or information were required in relation to the information contained within the report.

### **7. UPDATE ON LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN (LGSCO) DECISIONS DECEMBER 2021 TO JANUARY 2022**

The report informed the Committee about the decisions of the Local Government and Social Care Ombudsman relating to the Council since the last update was presented to Committee in January 2021. The Service Director, Ageing Well Community Services responded to questions and provided reassurance about one complaint where fault was found, which related to Adult Social Care and Health.

**RESOLVED: 2022/008**

That no further actions were required in relation to the information contained within this report.



## **8. WHISTLEBLOWING UPDATE**

The report of the Monitoring Officer updated Committee members on whistleblowing activity during 2021. It also provided an update regarding the review of the current Whistleblowing Policy.

During discussion, Members:

- Asked about the timeline for the revision of the Whistleblowing Policy and additional training around whistleblowing arrangements that would be rolled out.

### **RESOLVED: 2022/009**

That the Committee supported the continuation of the work to review the Whistleblowing Policy with a view to replacing it with a Whistleblowing Code.

## **9. THE COUNCILLOR'S DIVISIONAL FUND – REVISED POLICY AND PROCEDURES**

The report of the Service Director, Customers, Governance and Employees sought approval from the Committee for an updated policy and related procedures in respect of the Councillor's Divisional Fund.

During discussion, Members:

- Considered whether any flexibility should be built into the top limit, proposed as £1,000, to enable, for instance, the funding of defibrillators, where the cost exceeded the proposed limit.
- Highlighted that a potential benefit of limiting the maximum payment was providing a wider spread of funding across a Division
- Noted that members of the Committee would pilot the electronic submission system once it had been put in place
- Supported the checks and balances that were proposed for bodies being awarded more than one grant in a year or where grant funding was being paid to individuals or businesses

### **RESOLVED: 2022/010**

1. That the revised Councillor Divisional Fund Policy be approved for implementation in the 2022-23 financial year.
2. That the proposed electronic system be developed as outlined in the report, with Members of the Committee to pilot the test system once developed.

## **10. WORK PROGRAMME**

The Chairman stated that he had recently met with the Corporate Director for Adult Social Care and Health regarding the update the Committee had requested on complaints where fault had related to communication issues. He stated that a report would be brought to Committee at either its April or June meeting.

**RESOLVED: 2022/011**

That the work programme be agreed, subject to the addition of the Adult Social Care and Health complaints item once a date had been agreed.

The meeting closed at 2.30 pm.

CHAIRMAN

**21 April 2022****Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE  
AND EMPLOYEES****LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN DECISIONS  
FEBRUARY 2022 TO MARCH 2022****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

**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 on 10<sup>th</sup> February 2022.
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/](http://www.lgo.org.uk/)). The decisions are anonymous, but the website can be searched by Council name or subject area.
5. A total of four 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.
6. Following initial enquiries into two cases, the LGSCO decided not to continue with any further investigation for the reasons given in Appendix A
7. Full investigations were undertaken into two complaints. Appendix A provides a summary of the outcome of the 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.

8. One complaint where fault was found (Appendix B) was in Children's social care regarding the failure to follow the correct process when carrying out a review of the user's education, health and care plan. The Council has apologised to both the parents and the child separately and agreed small payments to recognise the distress and the loss of provision. The Council is also in the process of reviewing its Preparing for Adulthood transition policy and re-engaging staff on the process on when an amendment process should be sent to parents/guardians and a young person following an annual review, as well as a reminder to relevant staff of the requirement to invite social care representative to annual review meetings and the importance. In addition, within Children's there has been established a dedicated Post 16 statutory assessment team with a clear focus on preparation for adulthood. This aligns closely with the all age approach to disability programme being developed across the Council as a whole to facilitate a seamless approach to disability support. We will be reporting back to the Ombudsman in the coming months.
9. The other complaint where fault was found was a corporate complaint regarding an application for a blue badge. The service user wanted to make an application however due to being unable to use online facilities he wanted the council to make it easy for him. The day after the council changed its procedure and enabled the service user to make his application over the telephone. The Council has already remedied Mr B's fault as it offered him a telephone application and it apologised to Mr B. The Council also changed its Blue Badge procedure, and this was commended by the Ombudsman as was the fact the Council had already apologised. No further remedy was required.

## **Statutory and Policy Implications**

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

## **Data Protection and Information Governance**

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

## **Financial Implications**

12. The details of the financial payments are set out in Appendix A. £700 all come from Children's Social Care budget

## **Implications for Service Users**

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

## **RECOMMENDATION/S**

That members consider 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:**

Richard Elston Team Manager – Complaints and Information Team

### **Constitutional Comments (HD (Standing))**

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

### **Financial Comments (SES 29/03/2022)**

15. The financial implications are set out in paragraph 12 of the report.

16. The details of the financial payments are set out in Appendix A. £700 all come from Children's Social Care budget

### **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

### DECISIONS NOT TO INVESTIGATE FURTHER

DATE	LGO REF	PROCEDURE	COMPLAINT SUMMARY	REASON FOR DECISION
10.3.22	21 008 591	Children	Complaint that Council wrongly sanctioned surgery for a looked after child when it was a matter for the courts	Ombudsman cannot investigate or override any issues where there are court proceedings
11.3.22	21 016 548	Corporate	Complaint that the council shouldn't remove parking spaces at a station	Ombudsman could find no injustice in the decision to remove spaces in order to ease access for local authority approved planning permission for development

### THERE WERE NO FULL INVESTIGATIONS WHERE NO FAULT FOUND

### FULL INVESTIGATIONS WHERE FAULT FOUND

DATE	LGO REF ANNEX NO	PROCEDURE	COMPLAINT SUMMARY	DECISION	RECOMMENDATION	FINANCIAL REMEDY	STATUS OF AGREED ACTION
11.2.22	21 000 697	Childrens	Failure to follow process when reviewing Education, Health and Care Plan (EHCP)	Fault found in how we carried out the review, did not invite social workers, how it assessed what provision was to be made for the child	Review how it conducts annual EHCP reviews and with whom, its preparing for adulthood transition policy and apologise to both the parents and the young person.	£300 for distress £400 for the 2 months where Miss Y was without short breaks provision	Apology and financial redress paid. Policies being reviewed and update to be sent to Ombudsman by May
18.3.22	21 006 708	Corporate	Couldn't apply for blue badge as can't fill out forms or use online. He tried in 2018 and had no success and why no change since then	Fault found in how we initially dealt with Mr A however the following day we had adapted our policy which helped Mr A	Apology and review policy to consider all disabilities to make it easy to apply	N/A	Already completed as acknowledged by LGO





## **The Ombudsman's final decision**

Summary: Miss Y complains the Council failed to follow the correct process when carrying out an annual review of her Education, Health and Care Plan. She complains the Council failed to provide her special educational provision in full while it finalised her Plan. She says this caused her significant distress and uncertainty. We have decided to uphold Miss Y's complaint because there was fault causing injustice. To remedy this, the Council has agreed to apologise to Miss Y and her parents and make Miss Y a payment. The Council has also agreed to make several service improvements.

---

## **The complaint**

1. The complainant, who I shall refer to here as Miss Y, complains that the Council:
  - a) failed to follow the correct process when carrying out an Annual Review of her Education, Health and Care (EHC) Plan in January 2020. More specifically, she says the Council failed to: meet the deadline of 31 March 2020 to complete the process, invite a social care representative to the Annual Review meeting and carry out a Social Care Assessment;
  - b) delayed in issuing her final amended EHC Plan following the Annual Review meeting in January 2020;
  - c) failed to plan for her transition to a post-16 placement in September 2020; and,
  - d) failed to provide suitable educational provision while the Council was finalising the amended version of her EHC Plan.
2. Miss Y says she missed out on certain special educational provision because Section F of her EHC Plan has not been implemented. She says the Council's failure to prepare her for her educational transition has caused her uncertainty, negatively impacted her anxiety and worsened her mental health.
3. Miss Y says she experienced uncertainty and distress. This was because she did not know if the Council had decided she had left school during the first COVID-19-related lockdown in March 2020 or if she would be returning to school. She said she spent months worrying about what would happen to her after being isolated during lockdown and she has been at home and out of education since 23 March 2020.
4. Miss Y says her parents went to time and trouble pursuing the issues with the Council on her behalf.

---

## What I have investigated

5. I have investigated parts a, b and d of Miss Y's complaint. The final section of this decision explains the reasons why I cannot investigate Miss Y's complaint that the Council failed to plan for her transition to a post-16 placement in September 2020 (part c of the complaint). This is because this complaint is inseparable from her appeal to the SEND Tribunal.

## The Ombudsman's role and powers

6. 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*)
7. We may investigate matters coming to our attention during an investigation, if we consider that a member of the public who has not complained may have suffered an injustice as a result. (*Local Government Act 1974, section 26D and 34E, as amended*)
8. The Local Government Act 1974 sets out our powers but also imposes restrictions on what we can investigate.
9. We cannot investigate a complaint if someone has appealed to a tribunal or a government minister or started court action about the matter. (*Local Government Act 1974, section 26(6), as amended*)
10. 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

11. I considered the information and documents provided by Miss Y and the Council.
12. Miss Y and the Council had an opportunity to comment on my draft decision. I considered all comments before making a final decision.
13. 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.

## What I found

### What should have happened

#### Education, Health and Care Plans

14. A child with special educational needs may have an Education, Health and Care (EHC) plan. This sets out the child's needs and what arrangements should be made to meet them. The EHC plan is set out in sections. We cannot direct changes to the sections about education, or name a different school. Only the SEND Tribunal can do this.
15. The Council is responsible for making sure that arrangements specified in the EHC plan are put in place. We can look at complaints about this, such as where support set out in the EHC plan has not been provided, or where there have been delays in the process. [Page 14 of 180](#)

- 
16. Parents have a right of appeal to the SEND Tribunal if they disagree with the special educational provision or the school named in their child's EHC Plan.
  17. The [Coronavirus Act 2020](#) temporarily amended the absolute duty to make the special educational provision in an EHC Plan, to a duty to use 'reasonable endeavours'. This change was applicable from 1 May to 31 July 2020.

### **Annual reviews and planning the transition to adulthood**

18. The SEND Code of Practice: 0 to 25 years (the SEND Code of Practice), published by the Government, sets out what councils must do to support children with special educational needs (SEN). The Code says:
  - EHC plans must be reviewed at least every 12 months. However, if a young person is moving from one post-16 institution to another post-16 institution at any other time, the EHC plan must be reviewed and amended at least five months before that transfer takes place. (*Regulation 18 of the Special Educational Needs and Disability Regulations 2014*);
  - The purpose of the annual review is to consider whether the special educational provision and educational placement is still appropriate. The annual review is not complete until the council has decided to either: maintain, cease or amend the plan;
  - within four weeks of a review meeting, a council must notify the child's parents of its decision to maintain, amend or discontinue the EHC Plan (*Special Educational Needs and Disability Regulations 2014, Regulation 20 (10)*);
  - when a council decides to amend the EHC Plan, the final Plan should be sent as soon as practicable and within eight weeks of the date when the council sent the parents or young person the EHC plan and proposed amendments (*SEND Code of Practice: 0 to 25 year (January 2015, as amended), paragraphs 9.196 and 9.197*); and,
  - councils must ensure that EHC plan reviews from Year 9 (age 13-14) include a focus on preparing for adulthood, including possible further education. These reviews should result in clear outcomes which are ambitious and prepare young people for adulthood.
19. Under the Code, to help a young person prepare for adulthood, councils should make sure the transition to adult care and support is:

*"well planned, is integrated with the annual reviews of the EHC plans and reflects existing special educational and health provision that is in place"*.
20. This requires a transition assessment for adult care or support taking place as part of an annual review. Assessments for adult care or support must consider:
  - current needs for care and support;
  - whether the young person is likely to have needs for care and support after they turn 18; and,
  - if so, what those needs are likely to be and which are likely to be eligible needs.

## **What happened**

### **Scope of the investigation**

21. Case law has decided that I cannot investigate any matter complained of that is inseparable from any appeal made to the SEND Tribunal. I cannot investigate or

---

comment on any decision made by the SEND Tribunal. However, I have referred to SEND Tribunal decisions, where necessary, to understand the action taken by the Council and sequence of events.

### Chronology

22. Miss Y has special educational needs connected with her diagnoses of anxiety, Autistic Spectrum Disorder (ASD) and dyspraxia. Miss Y has an EHC Plan.
23. During the time period investigated, Miss Y attended Special School B, a non-maintained special school.
24. In January 2020, Special School B began to organise Miss Y's annual review.
25. The Council officers in its Integrated Children's Disability Service (ICDS) met to discuss Miss Y's case before the review meeting. The Council officers:
  - noted Miss Y's parents were concerned that Special School B was not providing the full special educational provision specified in Miss Y's EHC Plan;
  - said Special School B had been *"very flexible with their offer but cannot make any further adjustments"*; and,
  - agreed an officer from ICDS would attend the annual review meeting to explain to Miss Y's parents and her school that the Council would, if needed, get advice from relevant professionals or at least up to date reports.
26. At the end of January, Special School B held Miss Y's annual review meeting.
27. Four weeks later, at the end of February, the Council sent Miss Y's parents its decision to amend her EHC Plan. It said the Council had decided to amend the placement named in Section I of the Plan. It attached an amended EHC Plan.
28. In March, the Council sent Miss Y's parents a copy of the final EHC Plan and decision letter. It said it had decided Miss Y's placement at Special School B would remain until July 2020 only. The Council specified this in Section I of the Plan and named "Mainstream Further Education" as Miss Y's placement from September 2020.
29. In June, the Council received confirmation that Miss Y had appealed to the SEND Tribunal. She was appealing the Council decision to name "Mainstream Further Education" as her placement.
30. In July, the SEND Tribunal issued two Orders. The Orders, which followed two telephone case management hearings, said:
  - there was a disagreement between Miss Y and the Council about whether Special School B could meet Miss Y's needs. Miss Y said Special School B could meet her needs, but the issue was whether the School could offer an appropriate course of study. The Council, however, said Special School B could not meet Miss Y's needs nor could any other school consulted. It proposed meeting Miss Y's needs through online courses provided as Education Otherwise than at School (EOTAS) and with social services support; and,
  - the Judge had decided to direct the Council to carry out a social care needs assessments before the final hearing given the Council's proposal relied on social care providing services.
31. At the end of July, Miss Y's father complained to the Council on her behalf about the 2020/21 annual review process. He said:

Page 16 of 180

- 
- the Council said at the end of the annual review meeting that, as the Council was looking into other suitable placements for Miss Y as well as Special School B for the 2020/21 academic year, a further meeting would be held with Miss Y and her parents. However, he said this meeting did not take place;
  - Miss Y and her parents were not told about their right to request the Council secure a particular school for Miss Y before the Council issued the final EHC Plan. He said Miss Y's view was that Special School B can meet her needs and would wish to continue studying there;
  - the Council had failed to name a suitable placement in Section I of the EHC Plan and Miss Y still did not know the school she would attend from September; and,
  - Miss Y would turn 18 years old soon, but the Council had failed to plan for her transition to adult social care services or carry out an assessment of her care needs before completing the 2020/21 annual review.
32. In August, Miss Y turned 18 years old.
33. In mid-August, the Council's adult social care services assessed Miss Y and issued a Care and Support Plan.
34. At the beginning of September, the Council sent its stage one complaint response. The Council:
- apologised for the delay in replying. It said this was due to staff absences;
  - explained it planned to hold virtual briefings with school special educational needs coordinators (SENCOs) to remind SENCOs of who should be invited to attend annual review meetings;
  - said it had termly meetings with Special School B where it could share learning from Miss Y's experience and make sure future annual reviews are improved; and,
  - said it could not respond to the other parts of the complaint as they were linked to the ongoing SEND Tribunal appeal about the placement named in Section I of the EHC Plan.
35. Miss Y's father requested a stage two complaint response from the Council. He said:
- the Council had failed to respond to this complaint;
  - at no point during the annual review meeting were Miss Y's outcomes around self-help, independence and preparing for adulthood discussed. He said these points should be considered consistently during Miss Y's annual reviews so that, if needed, the relevant outcomes in her EHC Plan may be updated; and
  - Miss Y felt frustrated and anxious as the family had had to go through the SEND Tribunal appeal process again one year after the previous appeal. He said Miss Y wanted to know what support the Council could provide to support her independence, which would help reduce the uncertainty and lack of clarity around this that had affected her.
36. The next day, the SEND Tribunal issued a further Order. It said:
- the Council had accepted EOTAS was not possible without significantly broader consultation;

- Special School B had confirmed it could continue with Miss Y's placement until she completed her level two qualification. However, it would not be able to offer her a placement either for a level three qualification, as it did not offer qualifications at this level, or beyond July 2021 because it could not offer placements to young people beyond Year 14;
  - it had decided to adjourn the hearing and relist it for November 2020. This was because it had been agreed with both Miss Y and the Council that they would look into possible future courses and placement options that could be arranged before Miss Y's placement of Special School B ended; and,
  - it reminded the Council of its statutory obligation to provide the special educational provision in Section F of the Plan. This was because the Judge noted the Council had introduced amendments to Sections B and F of the Working Document of the Plan, but these Sections were not the subject of the appeal.
37. At the end of October, the Council sent its stage two complaint response. The Council apologised for the delay in replying. It said the SEND Tribunal appeal process was ongoing. However, it said that it expected the SEND Tribunal to make decisions about Miss Y's future school placements and social care support and provision. It decided, therefore, that it could not investigate the complaint further as the matters complained of were inseparable from the issues being considered by the SEND Tribunal.
38. At the beginning of April 2021, the Council issued Miss Y an amended final 2020/21 EHC Plan. This named a new placement, College Z, in Section I of the EHC Plan from April 2021. This was following a Consent Order issued by the SEND Tribunal confirming the Council had agreed to this.
39. Miss Y complained to the Ombudsman.

### **Analysis – was there fault by the Council causing injustice?**

#### **Whether the Council failed to follow the correct process when carrying out an Annual Review of Miss Y's Education, Health and Care Plan**

40. Miss Y complains the Council failed to follow the correct process when carrying out an Annual Review of her EHC Plan in January 2020 (part a of the complaint). More specifically, Miss Y says the Council failed to invite a social care representative to the Annual Review meeting and carry out a Social Care Assessment.
41. It is my understanding, based on the information provided by the Council, that the Council did not invite a social care representative to Miss Y's annual review meeting. Its reason for this was because Miss Y was no longer open to its children's social care team and did not have an allocated social worker. This is fault. The SEND Code of Practice makes it clear a social care representative **must** be invited to annual review meetings and given at least two weeks' notice of the date of the meeting (*paragraph 9.176*) Ensuring input from a social care representative is necessary as annual reviews should "*review the health and social care provision made for the child or young person and its effectiveness in ensuring good progress towards outcomes*". The Council's failure to make sure a social care representative was invited to the annual review meeting caused Miss Y and her parents distress and uncertainty.
42. The SEND Code of Practice says that, for a young person with an EHC plan, councils **must** make sure that the transition to adult care and support is well



- 
- planned, is integrated within the annual reviews of the EHC plans and reflects existing special educational and health provision that is in place to help the young person prepare for adulthood. Council's should carry out transition assessments for adult social care or support as part of this planning process.
43. Based on the evidence I have seen, the Council failed to carry out a transition assessment of Miss Y's possible social care or support needs before completing the 2020/21 annual review process. This is fault.
44. The Council told us that its ICDS team referred Miss Y to its adult social care team at the end of July 2020. However, adult social care did not carry out a statutory assessment until August 2020 following a direction from the SEND Tribunal to do so. Miss Y had already turned 18 years old by the time of the assessment.
45. The SEND Code of Practice says that *"Under no circumstances should young people find themselves suddenly without support and care as they make the transition to adult services. Very few moves from children's to adult services will or should take place on the day of someone's 18th birthday."* Children's services must be maintained until a decision on adult provision is reached. Where it is agreed that adult services will be provided, children's services must continue until the adult support begins. This is to make sure young people are not disadvantaged by the move from children's to adult services.
46. I find the Council's failure to carry out a timely assessment of Miss Y's care needs meant she did not have a smooth transition to adult care services. Based on the evidence I have seen, the Council's failure to plan for this transition during the annual review process meant Miss Y found herself without certain social care provision when she turned 18 years old. As explained above, this should not happen and is fault. This caused Miss Y and her parents distress and uncertainty, particularly around which of her care needs were eligible for adult services. It is my understanding that this meant Miss Y missed out on short breaks over the two-month period following her 18th birthday until adult social care had completed the assessment.
47. In Miss Y's father's complaint to the Council, he complained the Council had failed to consider what provision Miss Y needed to help her transition to adulthood and independent living. The Council's response confirmed it had reviewed the annual review documents. It said:
- this showed the discussion on preparing for adulthood was limited. It accepted that "Preparation for Adulthood" was an area the Council was working on strengthening its understanding of across relevant teams and schools; and
  - the Council said, if Miss Y had not been able to provide her comments on her progress based on the aspects of her timetable that focused on supporting independence and any barriers she was possibly experiencing, it would welcome discussing this with Miss Y. It offered to speak with Miss Y after the SEND Tribunal hearing later in September.
48. Based on the Council's response, I find it has accepted that the focus on preparing for adulthood was not sufficient during the annual review. This is fault. This caused Miss Y and her parents distress and uncertainty.
49. When the Council offered to discuss the issues with Miss Y to improve future annual reviews, her father explained that Miss Y had a long-term diagnosis of stress and anxiety, which affected her ability to talk to or make eye contact with anyone she was not familiar with. He said this meant Miss Y would not be able to

---

discuss the issue with her annual review by phone. Instead, Miss Y may be able to provide comments by email instead.

50. I have not seen any evidence that the Council followed up on this with Miss Y, including to confirm whether it could meet the requested communication adjustments and accommodate Miss Y's anxiety. This is fault. This caused Miss Y and her parents further uncertainty about how the Council would remedy the issues around making sure future annual reviews had a clear focus on preparing for adulthood. Miss Y was caused uncertainty about how and whether her anxiety, which may be considered a disability under the Equality Act 2010, could be accommodated by the Council.
51. It is my understanding that Miss Y's next annual review is due to be completed by April 2022. I have, therefore, recommended a remedy for the above fault causing injustice that ties in with this latest annual review. This recommends the Council reports back on how it has ensured Miss Y's annual review has included a focus on preparing Miss Y for adulthood. In line with paragraph 8.10 of the SEND Code of Practice, this should include information on the Council's review of the following:
- support identified to prepare Miss Y for higher education and/or employment. This should include: identifying appropriate post-16 pathways that will lead to these outcomes and discussing training options;
  - support to prepare for independent living, including exploring what decisions Miss Y wants to take for herself and planning her role in decision making as she becomes older. This should also include discussing where Miss Y wants to live in the future, who she wants to live with and what support she will need. Local housing options, support in finding accommodation, housing benefits and social care support should be explained;
  - support in maintaining good health in adult life; and,
  - support in participating in society, including understanding mobility and transport support, and how to find out about social and community activities, and opportunities for engagement in local decision-making.
52. I have considered the deadline of 31 March 2020 in the next section.

**Whether the Council delayed in issuing Miss Y's final amended EHC Plan**

53. Miss Y complains the Council delayed in issuing her final amended EHC Plan following the annual review meeting in January 2020 (part b of the complaint).
54. As explained above, if a young person is moving from one post-16 institution to another post-16 institution, the EHC plan must be reviewed and amended at least five months before that transfer takes place. In this case, the Council expected Miss Y would transfer to a different post-16 institution in September 2020. This meant the Council had to complete Miss Y's review by 31 March 2020 (this date is not disputed by either the Council or Miss Y).
55. Miss Y's final EHC Plan was issued on 12 March 2020. I find the Council met the deadline of 31 March. I do not find it at fault here.
56. However, where I do find the Council at fault is how it communicated whether a draft EHC Plan had been sent to Miss Y's parents in February 2020.
57. The Council's response to my questions suggests it sent a draft EHC Plan in February. Based on the decision letter and accompanying EHC Plan, however, I



---

find this shows this was a final Plan and the decision letter on this explained this triggered SEND Tribunal appeal rights.

58. Given the Council proposal to amend Section I of the Plan so that Miss Y would transfer to a different post-16 institution, it should have sent Miss Y's parents an amendment notice explaining the changes it proposed to make. This should have taken place before the Council issued a final amended EHC Plan.
59. In this amendment notice, the Council should have told Miss Y and her parents:
- they had at least 15 days to make representations about the proposed amendments;
  - they had a right to request that a particular school is named (from the list in section 38(3) Children and Families Act 2014);
  - they could express a preference for an independent placement; and,
  - where they could find information about the schools and colleges that were available for Miss Y to attend.

*(Special Educational Needs and Disability Regulations 2014, Regulation 22)*

60. The amendment notice and above information should have been sent to Miss Y's parents within four weeks of the annual review meeting. I find the Council failed to send this amendment notice to Miss Y's parents. This caused Miss Y and her parents uncertainty. She missed out on receiving the above information and the chance to make representations that were informed by this advice.

#### **Educational provision provided by the Council**

61. Miss Y complains the Council failed to provide suitable educational provision while the Council was finalising the amended version of her EHC Plan.
62. As explained above, I cannot investigate the Council's failure to name a suitable placement in Section I of Miss Y's EHC Plan. This is because Miss Y appealed this decision to the SEND Tribunal. *(Local Government Act 1974, section 26(6), as amended)* This means I cannot look at matters that are inseparable from the appeal from the date Miss Y's appeals right were triggered in February 2021 (when Miss Y received her final 2020/21 EHC Plan).
63. Case law has established certain matters the Ombudsman cannot investigate when, as in this case, a young person successfully appeals to the SEND Tribunal against the placement named by the council in Section I of the EHC Plan. This includes the situation when the council fails to name a placement. Case law has decided the Ombudsman cannot investigate any alleged failure by the council to provide an education during the appeal where this is inseparable from the subject of the appeal (not naming a suitable school). I find that this applies to Miss Y's complaint and means I cannot consider whether the Council failed to provide Miss Y with suitable educational provision from September 2020 until March 2021.
64. However, I can consider whether the Council failed to provide Miss Y with the special educational provision (SEP) specified in her 2019/20 EHC Plan during the summer term 2020. This is because the placement and SEP specified in this Plan were not the subject of Miss Y's appeal.
65. The Council told me, between March and July 2020:
- ICDS contacted Special School B to confirm what educational provision was being provided. ICDS was satisfied that Miss Y was accessing certain

---

education remotely online and online/telephone support from staff at Special School B was available to Miss Y;

- Special School B agreed with the family, that, due to Miss Y's anxiety and the impact of COVID-19, she would access a reduced timetable. The Council said this decision, whilst not formally recorded on a risk assessment form, was made as a response to working out a reasonable way to meet Miss Y's needs during the pandemic;
- Miss Y's preferred staff were not always available to provide the support by "familiar, trusted adults" as specified in her EHC Plan. Special School B identified an outside agency that could offer the support required for Miss Y's. The Council said Special School B expected the new tutor to build up a relationship with Miss Y remotely, while Miss Y worked at home with a trusted adult from her family. However, the Council said this offer was not accepted by the family; and,
- Special School B took steps to arrange online speech and language therapy and occupational therapy sessions. However, the Council said these sessions were not always attended. During this time, it was not possible for missed sessions to be re-offered when staff needed to support other learners who required similar support.

66. As explained above, the Coronavirus Act 2020 temporarily removed the Council's absolute duty to make the special educational provision in an EHC Plan, to a duty to use 'reasonable endeavours'. The Ombudsman considers 1 May 2020 as the relevant date this measure applied from. However, in the period before this (between 23 March and 1 May), the Ombudsman's general view is that we would be unlikely to criticise a council for not arranging the full provisions in an EHC Plan due to the exceptional circumstances at the time and the requirement for people to stay home wherever possible. From 31 July 2020, the Council's absolute duty to arrange special educational provision was reinstated. I, therefore, do not find the Council at fault for not providing a full package of suitable alternative provision during this period. The evidence shows that, during this time, when support by "familiar, trusted adults" was not being provided in full, steps were taken to look at alternative providers.

67. Where I do find the Council at fault, however, is how it assessed what provision could reasonably be made. The Council told us that Miss Y's *"timetable was based on a route to independence ... Many of the independence activities involved being out in the community, work experience, independent travel etc, all of which could not be delivered due to the national lockdown."* Based on the evidence I have seen, the Council failed to carry out a clear assessment of whether it could continue to make this provision and, if not, consider whether there were alternative means of achieving the same aims. I find this caused Miss Y distress and uncertainty about whether she would receive any such provision, however limited.

## **Agreed action**

68. Within four weeks of my final decision, the Council has agreed to:
- a) apologise to Miss Y in writing for the fault causing injustice. This should include information on how it will communicate with Miss Y given her father's request for written communication instead of telephone calls;
  - b) apologise to Miss Y's parents in writing for the distress and uncertainty caused;

- 
- c) make Miss Y a payment of £300 for the uncertainty and distress caused. When recommending this remedy I have factored in the distress and uncertainty caused by the Council's failure to: fully assess what provision it could make during the summer term 2020, and carry out a transition assessment before completing the annual review in February 2020. This payment is in line with the Ombudsman's published guidance on remedies; and,
- d) make Miss Y a payment of £400 for the two months that she was without short breaks provision (August to October 2020 made up of £200 per month). This is in line with the Ombudsman's guidance on remedies, which states: where fault has resulted in a loss of provision, we will usually recommend a remedy payment of between £200 to £600 per month.
69. Within three months of my final decision, or sooner if appropriate, the Council has also agreed to report back on how it has ensured Miss Y's latest annual review has included a focus on preparing Miss Y for adulthood (see paragraph 51, which explains the specific information that should be included).
70. Within three months of my final decision, the Council has agreed to make the following service improvements:
- a) circulate a reminder to relevant staff on when an amendment notice should be sent to parents/guardians and a young person following an annual review, including the deadline for sending this and information to provide (see paragraphs 58 to 60 above);
- b) review its Preparing for Adulthood transition policy to ensure it includes clear information on: the requirement to carry out a transition assessment of care and support needs and when this should take place, as well as how staff should ensure annual reviews include a focus on preparing young people for adulthood from Year 9 (this is to remedy the fault identified in paragraphs 42 to 51 above). The Council should provide training on its transition policy to relevant staff following this review; and,
- c) circulate a reminder to relevant staff of the requirement to invite a social care representative to annual review meetings and the importance of attending these.
71. The Ombudsman will need to see evidence that these actions have been completed.

## **Final decision**

72. Subject to further comments by Miss Y and the Council, I intend to complete my investigation.
73. Based on the evidence seen so far, I propose to uphold parts a, b and d of Miss Y's complaint because there was fault by the Council causing injustice. The above recommendations are suitable ways for the Council to remedy this.

## **Parts of the complaint that I did not investigate**

### **Council planning for Miss Y's transition to a post-16 placement**

74. Miss Y complains the Council failed to plan for her transition to a post-16 placement in September 2020 (part c of the complaint).
75. As explained above, Miss Y had appeal rights to the SEND Tribunal from February 2020 when the Council issued a final EHC Plan.

- 
76. The evidence I have seen shows the Council began consulting possible mainstream or special school placements after these appeal rights were triggered towards the end of February 2020. Miss Y subsequently appealed the Council's decision. When Miss Y appealed the placement named in Section I, the evidence shows, as explained in the chronology section above, that the SEND Tribunal included directions to the Council in certain Orders about consulting further on Miss Y's future placement.
77. Case law has reconfirmed that the Ombudsman cannot investigate a decision where it has been appealed to a tribunal. It has also confirmed we cannot consider the consequences of that decision. In this case, this means I cannot make a decision about any delay in the Council finding a specific school from when the final EHC Plan was issued to when the SEND Tribunal reached a decision. This covers the time period Miss Y complains of given her appeals right were triggered in February 2020.

### **Investigator's decision on behalf of the Ombudsman**

**21 April 2022****Agenda Item: 5****REPORT OF THE CORPORATE DIRECTOR FOR ADULT SOCIAL CARE AND  
HEALTH****LEARNING FROM COMPLAINTS IN ADULT SOCIAL CARE****Purpose of the Report**

1. To inform the Committee about how information from complaints is used to inform a cycle of continuous improvement to address recurring themes or trends in the type or volume of issues raised.

**Information**

2. Members of this Committee have previously asked for information about how the Adult Social Care department learns from complaints and seeks to improve practice in the future to avoid repeating mistakes.

**Departmental Context**

3. Adult Social Care supports around 9000 people directly each year with formal care, has responsibility through different duties for around a further 20,000 people and shares many duties and responsibilities with others such as the NHS and social care providers.
4. Social care includes the Department's services of around 1500 staff as well as broader services of around 22,000 staff. Due to the Care Act duties for safeguarding and market shaping, the Council will often have some degree of responsibility in settings for which it has no direct control or management.
5. Contacts can be very simple from one off interactions for Information, Advice and Guidance to complex support which can take many years for one piece of work.
6. Many people have control of their care and are very clear about what they want for themselves or their family. On other occasions, people supported by adult social care services may not be in control of their affairs and have decisions made for them. It is very common for the Council to take decisions against the wishes of the person or their family.
7. In essence, it is a complex context where the voice of the person is crucial and enabling the person to express their views and concerns is an area that the Department invests in.

## **Statutory Context for Adult Social Care Complaints**

8. The Care Act 2014 ('the Act'), supporting regulations and the Care and support statutory guidance ('the statutory guidance') were introduced in April 2015. This is the law on which adult social care in England is based and the local authority must adhere. The complaints regulations are based on the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 ('the complaints regulations'), made under the powers of the Health and Social Care (Community Health and Standards) Act 2003.
9. Steps for people to disagree with our decisions or raise concerns:
  - Try to resolve issue informally
  - Make a formal complaint and use all stages of the procedure
  - Complain to the Local Government and Social Care Ombudsman (LGSCO)
  - Legal challenge or Judicial review
10. The LGSCO is the last stage in the Statutory Complaints process. The LGSCO can look at complaints about:
  - care provided by a council
  - care arranged directly with a care provider by:
    - someone paying with their own or family money
    - someone using money provided by a council, via direct payment for example
11. The LGSCO only looks at complaints where 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. The Ombudsman requires the Council to provide evidence that it has carried out any recommended action.
12. Complaints and LGSCO processes are very important safety nets for people to be heard. The council encourages anyone who is dissatisfied to make a complaint" but do aim to resolve issues at an informal stage. The Department aims to resolve LGSCO complaints through the Council's own processes first, but given the operating context, the Department is often responsible for fault where it has no control over all of the services.

## **Performance and cycle of improvement**

13. Adult social care staff and services do make mistakes and learning from complaints is essential as part of our continuous improvement journey. The Department encourages people who draw upon care and support services to tell us when they are not happy, and the goal is to resolve issues early. Complaint's learning is a key element to our Quality Assurance.
14. Many complaints are examples of where the service received just hasn't been good enough or met departmental standards. Some complaints are more complicated regarding decisions, policy, and relationships between parts of the system. All complaints are important in understanding how adult social care services improves practice.

15. In terms of numbers, there has been a significant reduction in the number of complaints relating to Adult Social Care received over the past 2 years, and the number of complainants in 2021/22 equates to around 3% of the total number of people that the Department works with.

**2019/20** 420 Adult Social Care complaints

**2020/21** 280 Adult Social Care complaints

**2021/22** 271 Adult Social Care complaints (at period 11)

Between 40 and 50% of the complaints received over the 3-year period were upheld or partially upheld.

74 of these complaints progressed to the Local Government Ombudsman and fault was found in 39 of these cases (0.4% of all Adult Social Care contacts/ cases).

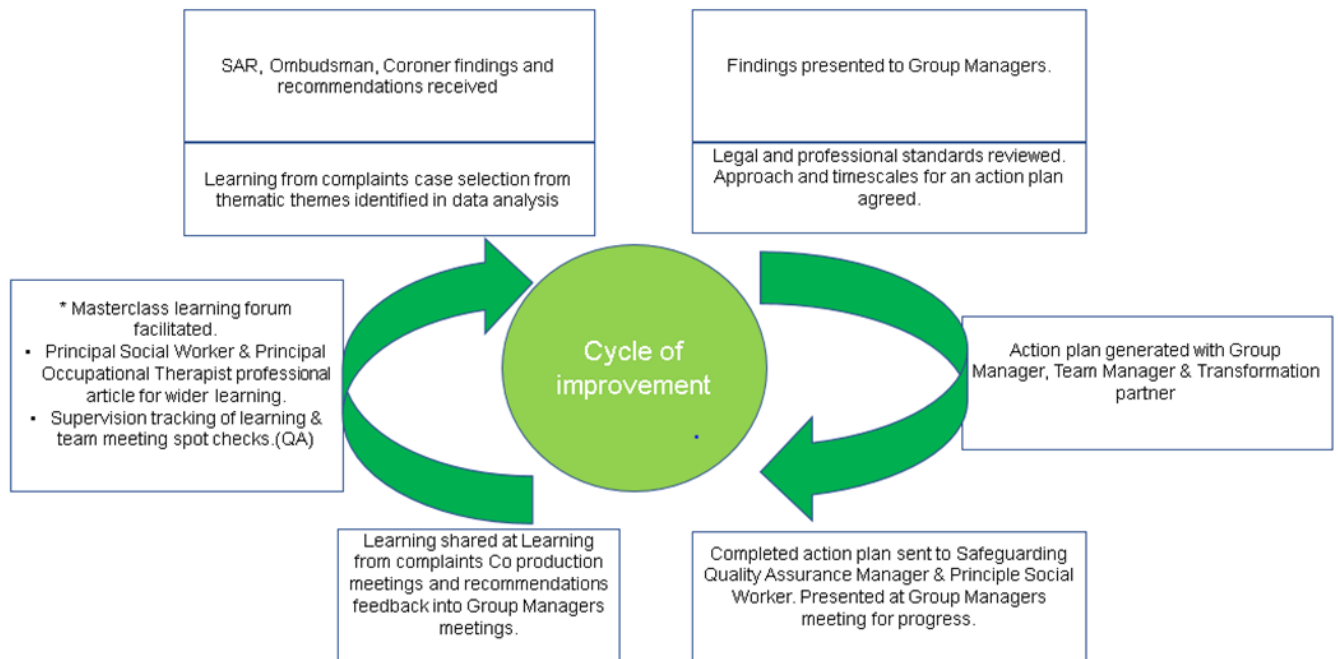
16. The LGSCO Annual Review for 2021 confirms that for the period 1<sup>st</sup> April 2020 to 21, 54% of complaints against the Council and investigated by the LGSCO were upheld. This compares with an average of 71% in similar authorities and equates to 15 upheld decisions, 9 of which related to Adult Social Care. In the same period, there were 19 cases where the complaint was either not upheld, incomplete or invalid, closed after initial enquiries or referred back for local resolution.

17. Although the numbers are small, any case where fault is found or where the Department hasn't responded as well as it could have, is important. There are no national benchmarks for describing what a good level of complaints would be, so rather than setting quantitative complaints targets, the focus is on the following:

- Trend analysis – understanding patterns of complaints
- Hot spots – any service areas or topics
- Timescale for resolution

18. There is a clear process and improvement cycle in place to ensure that recurring themes or trends in the type





or volume of issue raised are addressed, as described below.

- Data is collected from Safeguarding Adult Reviews (SAR), Ombudsman decisions, coroner decisions.
- Themes and trends are identified.
- Legal and professional standards are reviewed.
- Findings are presented to the relevant management team and action plans are developed, with oversight of progress by Safeguarding Quality Assurance Manager and Principal Social Worker.
- Learning is then shared through various forums including individual supervision meetings, team meetings, masterclasses, professional and departmental messages and/ or co-production (Committee approved framework for listening to people and involving them in shaping services).

19. Examples of where the Department has applied this improvement approach is as follows:

- An action required by the Ombudsman in relation to a recent case, was to undertake *“reflective learning with operational staff involved re: prompt communication of Safeguarding outcomes to people and their families in a timely manner to avoid any further distress”*.

In response to this, the responsible Service Director cascaded key messages to staff across the Department regarding lessons to be learned from the case and the need to communicate outcomes of safeguarding enquiries in a timely way.

In addition, the Principal Social Worker has arranged a “Learning from Complaints” session with the social work team concerned to follow up on practice issues in more detail.

- The Learning Disability and Autism Partnership Board raised concerns about the accessibility of letters sent to people using social care services regarding changes to their financial contributions. Standard letters were being sent via bulk mail without considering



the communication needs of recipients and many people were unable to understand the content which caused worry and distress.

Through co-production, members of the partnership board wrote a guide called 'Letters Stop Think' to support organisations with accessible communication. Alongside this, they also helped to develop a one-page easy read summary, which the Adult Social Care Senior Leadership Team approved the inclusion of with any large mail out from the Department to people who use our services.

20. Alongside complaints, it is also important to take note of compliments and stories of difference where examples of good practice, feedback from our coproduction work and outcomes of nationally reported surveys feed into the cycle of continuous improvement.

## **Statutory and Policy Implications**

21. 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**

22. There are no direct data protection or information governance implications relating to the information contained in this report, however any learning arising from complaints is based on anonymised cases.

## **Financial Implications**

23. There are no direct financial implications relating to the information contained in this report, although the Ombudsman can include financial remedies in the decision outcome.

## **Implications for Service Users**

24. Complaints, Ombudsman decisions and Safeguarding Adult Reviews relate to people using adult social care services or their families.

## **RECOMMENDATION/S**

That members note the contents of the report.

**Melanie Brooks**

**Corporate Director – Adult Social Care and Health**

**For any enquiries about this report please contact:**

Ainsley Macdonnell, Service Director – Community Services, Adult Social Care and Health

**Constitutional Comments GR (08/04/22)**

25. Pursuant to the County Councils' constitution this committee has the delegated authority to receive this report and make the recommendation contained within it.

**Financial Comments KAS (08/4/22)**

26. There are no direct financial implications relating to the information contained in this report, although Complaints and the Ombudsman can include financial remedies in the decision outcome on an individual basis.

**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

**21 April 2022****Agenda Item: 6****REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND  
IMPROVEMENT.****EXTERNAL AUDIT – ANNUAL AUDIT REPORT 2020/21****Purpose of the Report**

1. To inform Members of the External Auditors' Annual Audit Report 2020/21.

**Information and Advice**

2. A new Code of Audit Practice came into force from 1 April 2020 for financial years 2020/23 onwards. The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing commentary on the Council's arrangements for securing Value for Money alongside the audit opinion on the Council's accounts. This report replaces the Annual Audit Letter which was reported to this Committee previously.
3. The purpose of preparing and issuing the Annual Audit Report is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from the auditors' work.
4. The Auditor's Annual Audit Report 2020/21 is attached at Appendix A and covers both the County Council and Nottinghamshire Pension Fund. It summarises all of the work completed as part of the 2020/21 annual audit and a review of value for money arrangements.
5. The report is presented to Members for their information. The Audit Director (Grant Thornton), Andrew Smith, will be in attendance at the meeting to introduce the report and respond to Members' queries.

**Reason/s for Recommendation/s**

6. To provide information to Members on the External Auditors' Annual Audit Report 2020/21.

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

## **RECOMMENDATION/S**

- 1) That Members accept the External Auditors' Annual Audit Report 2020/21.

**Nigel Stevenson**

**Service Director – Finance, Infrastructure & Improvement**

**For any enquiries about this report please contact:**

Nigel Stevenson tel. 0115-9773033

### **Constitutional Comments (KK 04/04/2022)**

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

### **Financial Comments (GB 29/03/2022)**

9. The total audit fees were £120,124 for Nottinghamshire County Council and £35,293 for the Nottinghamshire Pension Fund.

### **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

# Auditor's Annual Report on Nottinghamshire County Council

2020-21

8 April 2022

# Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Section	Page
Executive Summary	3
Opinion on the financial statements	4
Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources	5
Financial sustainability	6
Governance	10
Improving economy, efficiency and effectiveness	13
COVID-19 arrangements	16
Improvement recommendations	18
Appendices	
A – The responsibilities of the Council	
B – Risks of significant weaknesses – our procedures and findings	
C – An explanatory note on recommendations	
D – Use of formal auditor's powers	

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

# Executive summary



## Value for money arrangements and key recommendations

We presented our Audit Plan to the Governance and Ethics Committee on 23 June 2021. In this we set out the revised approach to Value for Money work for 2020/21 onwards. We noted there are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

We reported at that time that we had identified a risk of significant weakness in terms of financial planning and the medium term financial sustainability of the Council, and that we would carry out appropriate work to establish whether there is evidence of a significant weakness in the Council's arrangements.



## Financial sustainability

We did not identify any significant weaknesses in the Council's arrangements for financial sustainability.

We have made three improvement recommendations as set out on pages 18 to 20.



## Governance

We did not identify any significant weaknesses in the Council's arrangements for governance.

We have made three improvement recommendations as set out on pages 21 to 23.



## Improving economy, efficiency and effectiveness

We did not identify any significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness.

We have made three improvement recommendations as set out on pages 24 to 26.



## Opinion on the financial statements

We have completed our audit of your financial statements and issued an unqualified audit opinion on 8 November 2021, following the Governance and Ethics Committee meeting on 30 September 2021 and as further reported at the 11 November 2021 meeting. Our findings are set out in further detail on page 4.



# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion on the financial statements on 8 November 2021.

## Other opinion/key findings

We issued unmodified opinions in respect of other information.

We did not report any matters by exception.

## Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Council's Governance and Ethics Committee on 11 November 2021.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

We are not able to complete the work required to issue the WGA Component Assurance until guidance is available from HM Treasury. We therefore continue to be unable to certify the completion of the audit for 2020-21.

## Preparation of the accounts

The Council provided draft accounts in line with the national deadline and provided a generally good set of working papers to support it.

## Issues arising from the accounts:

The key issues were:

- Recommendations raised in relation to the journals control environment
- Recommendations raised in relation to control issues with the IT system, specifically relating to the security and access of the SAP system
- A £4.064m adjustment between reported debtor and creditors
- A projected unadjusted misstatement of £1.995m due to inappropriate fixed asset valuation assumptions and mistakes in valuation calculations.

## Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with applicable UK legislation.



Page 36 of 180



# Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 6 to 17. Further detail on how we approached our work is included in Appendix B.

Page 37 of 180

# Financial sustainability



## We considered how the Council:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## 2020/21 and ongoing financial pressures

In its 2020/21 budget the Council set out the challenging financial landscape already in existence prior to the onset of COVID-19. It had previously been expected for 2020/21 that the Revenue Support Grant (RSG) would have been replaced by the outcomes of the Fair Funding Review and Business Rates Retention Scheme and this would have given certainty and stability regarding longer term funding. However, from the Chancellor of the Exchequer's one year funding announcement in the 2019 Spending Review it was clear that there would be delays in these reforms. This lack of certainty, coupled with increasing demand on Council services, especially in the areas of adult and children's social care, meant a challenging year for financial planning from the outset.

The Council's budget requirement for 2020/21 was £512.5m compared with £487.4m in 2019/20.

The monthly financial monitoring reports and November 2020 budget update report reflected on the further unprecedented challenges experienced by the Council in responding to the COVID-19 pandemic, and the resultant changed priorities. Extreme uncertainty was reported in the funding for 2021/22 and beyond due to the cancellation of the Autumn Budget, the awaited outcome of the Spending Review, the ongoing financial impact of the pandemic, the delayed Adult Social Care Green Paper and any Brexit implications not yet known. The Council carried out significant reviews throughout the pandemic on variables such as:

- additional costs
- lost income
- impact on savings plans
- use of reserves
- cash flow
- the capital programme
- receipts
- additional grants to assess the impact on the Medium-Term Financial Strategy (MTFS).

In the November 2020 budget update, the Council reported a forecast net underspend of £2.5m due to the significant COVID-19 funding made available from Central Government but increased the previously reported £28.3m gap to £50.8m, phasing across the three years 2021/22 to 2023/24 and factoring in the deployment of £15m of reserves over the following two years to match the potential reduction in council tax and business rates base, subject to further reviews of the position

In June 2021, the Council reported a much-improved outturn for 2020/21. An overall underspend (including services, corporate and schools) was reported of £52.0m. This included a net service underspend of £21.5m (3.8% of Council budget), predominantly made up of £16.1m in Adult Social Care services and £2.0m in Children & Young People services. The remaining underspend on Central Items of £30.5m was mainly due to £25.3m of unallocated unringfenced grants set aside for future pandemic related issues and £2.3m of unused contingencies.

The favourable outturn in 2020/21 culminated in the Council approving an increase to the General Fund Reserve of £10.2m to give a balance of £32.1m as at 31 March 2021. In our opinion, we consider that the additional funding received by the Council as a result of the COVID-19 pandemic has enabled the Council to strengthen its usable reserves position in comparison to the trend over the previous three years (see table below).

Year ending	General Fund £m	Other Usable Reserves £m	Total Usable Reserves £m
31 March 2021	32.1	209.3	241.4
31 March 2020	22.0	171.7	193.7
31 March 2019	24.1	167.2	191.3
31 March 2018	30.9	161.0	191.9

£32.1m is the Council's current risk-assessed minimum balance on its General Fund Reserve and the Council's MTFS currently forecasts balances at each year end to 31 March 2023 of £32.2m. Total usable reserves are forecast to decrease from £241.4m to £212.1m over the same period. The current MTFS proposes £19.9m use of reserves to meet one off transformation costs, with £3.9m being used to deliver a balanced budget over the medium term.

Based on our audit work on the Council's minimum revenue provision (MRP) charge for 2020/21, we are satisfied that the overall MRP charge in-year was prudent, and we have not identified any significant issues or concerns for future years based on the Council's historic policy decisions.

As at 31 December 2021 the Council is forecasting a net revenue underspend of £0.1m against its 2021/22 £530.3m budget, which included a £2.9m underspend in Adult Social Care services and a £1.7m overspend in Children and Young People.

We are satisfied that the Council managed its financial pressures effectively during 2020/21. We consider that the Council needs to focus its attention in the areas of Adult Social Care and Children & Young People where deviations from plan are more prevalent. The Council will also need to focus on emerging external factors in the trajectory of the COVID-19 pandemic and funding announcements whilst ensuring that it manages its reserves position going forwards.

The Council has majority shareholdings and joint shareholdings in several companies which have a financial impact on its financial position and performance. However, we identified this is not clearly set out in the Annual Budget or financial monitoring reports. The Council works in partnership with these organisations in delivering Council services. While the financial impact of these companies may not be significant to the Council's overall finances, this should be clearly set out in financial plans and monitoring reports.

#### Improvement Recommendation #01 (p18)

The Council should include financial information for its subsidiaries, associates and joint ventures in its financial plans and monitoring reports.

#### Savings plan

The Council monitored the delivery of planned savings regularly during 2020/21 through the Improvement and Change Sub-Committee. Savings were identified at budget-setting stage and removed from departmental budgets in the final approved 2020/21 budget. Any issues with achievement of savings were identified and addressed as part of the monthly budget monitoring exercise which was reported to Finance Committee.

Over the previous ten years, 2010/11 to 2019/20, the Council successfully delivered average annual savings of £28m. For 2020/21 the savings requirement included in the budget was £7.9m, compared with £15.2m in 2019/20. For 2021/22 the savings requirement reduced to £1.9m. Looking ahead, the Council has identified a funding gap to 2025/26 of £29.1m, which includes a savings requirement of £11.7m in the 2022/23 budget.

Through its Annual Budget process, the Council identifies and mitigates funding gaps for the twelve months ahead through measures including the identification of appropriate savings plans. However, measures to address the medium-term funding gap are not fully formed at that stage.

Further actions need to be taken to identify appropriate savings schemes or other measures to ensure that the Council can continue to deliver balanced budgets in the medium term.

### Improvement Recommendation #02 (p19)

The Council needs to fully identify and develop saving plans across the medium term to address the identified funding gap.

#### Financial planning

The Council issued a 10-year plan "The Nottinghamshire Plan 2021-31 Healthy, Prosperous, Green" which features in the MTFS. The Plan was approved by Council on 25 Nov 2021 and highlights nine ambitions which will act as the framework for all Council activity:

- Helping our people live healthier, more independent lives
- Supporting communities and families
- Keeping children, vulnerable adults and communities safe
- Building skills that help people to get good local jobs
- Strengthening businesses and creating more good-quality jobs
- Making Nottinghamshire somewhere people love to live, work and visit
- Attracting investment in infrastructure, the economy and green growth
- Improving transport and digital connections
- Protecting the environment and reducing our carbon footprint.

The Plan sets out what the Council will do over the next four years to achieve these ambitions as well as how it will measure progress and success. This will have a particular focus on supporting Nottinghamshire's communities and businesses to recover from the socio-economic impacts of the COVID-19 pandemic.

The MTFS has clear links to the 10-year plan and the capital strategy is also clearly aligned. The identified capital schemes link in with the Council's ambitions and link in with the MTFS in terms of increasing capacity and thereby reducing pressures on services.

The Council's actual capital spend was £104.2m in 2020/21, an outturn of 89% against revised budget.

For 2021/22 the capital programme was revised to £129.0m in-year. The forecast at 31 December 2021 was an outturn of 93% with 51% achieved at that point. The variance on forecast outturn is largely due to slippage of spend into future years and a £4.5m overspend on the Gedling Access Road scheme.

Discretionary spending is subject to close scrutiny when spending and savings plans are being considered. However, statutory spending (mandated areas of core services that the

Council has to deliver) and discretionary spending (optional areas of services that the Council may choose to deliver) are not clearly differentiated in the financial planning reports which underlie the budget and the MTFS. We have identified this as an improvement recommendation.

### Improvement Recommendation #03 (p20)

Consideration should be given to making a clear distinction between statutory and discretionary spending in the budgetary information provided to Members and published on the web.

#### Managing risks to financial resilience

The Council has incorporated uncertainty into its planning and incorporated budget risks and financial pressures into the MTFS. The Council has identified the following key financial risks:

- Ongoing financial impact of COVID-19 pandemic and implications of the delivery of council services
- Insufficient cost pressures to meet underlying cost and demand pressures e.g. Increased demand for Adults and Children's Social Care Services
- 2021/22 Settlement reflects one year settlement only resulting to future uncertainty
- Outcome of the Fair Funding Review and move to higher retention of business rates delayed by one year to 2022/23
- Implications and uncertainty surrounding the new Brexit deal.

The Council manages these risks through regular financial monitoring at Finance Committee and further scrutiny by Members at relevant service committees. In addition, the Council has risk-assessed the minimum level required on the General Fund to cover the key financial risks, considering both likelihood of risk materialising and financial impact. The amount approved is £32.1m and the MTFS ensures this level is maintained. The Council also has a COVID-19 earmarked reserve.

There are significant risks and uncertainties associated with the current financial environment in which the Council operates within both the short and medium term. It is essential that the Council takes appropriate measures to mitigate against these risks whilst acknowledging that, given the uncertainty overall, contingency plans may not be sufficient.

A balanced budget for 2021/22 was set by utilising the carry forward of COVID-19 funding from 2020/21. At the 31 March 2021 the Council had an earmarked COVID-19 reserve of £19.3m.

Overall, we are satisfied that the Council is well managed and has a good understanding of its budgetary position, budgetary pressures and savings requirement. There is an established process by which the budget is reviewed regularly, and issues are reported on a timely basis to TCWG.

#### Medium term financial planning

The MTFS is updated annually as part of the Council's financial planning process for setting its budget. However, during 2020/21 an additional review of the MTFS was undertaken in November 2020 to address the impact of COVID-19 and implement financial measures to enable the Council to reset a balanced budget for 2020/21 despite the financial pressures caused by COVID-19.

A further review of the MTFS and the assumptions that underpin it was undertaken in early 2021 as part of the annual financial planning process which resulted in the approval of the Council's 2021-2025 MTFS in February 2021. The Council put in place a series of proposals which forecast a balanced budget for 2021/22 but included funding gaps of £17.6m in 2022/23 and £14.6m in 2023/24. In February 2022, the Council issued its 2022-26 MTFS which included a balanced budget for 2022/23 and a reduced gap of £8.2m for 2023/24. The cumulative funding gap to 31 March 2026 is £29.1m. Plans to address this gap are not yet fully developed due to ongoing uncertainties in respect of the Council's key financial risks. We have raised an improvement recommendation relating to this matter on page 19.

We are satisfied that the Council identifies and manages risks to financial resilience and challenges the assumptions underlying its plans.

#### Summary of findings for financial sustainability

Overall, we are satisfied that the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have raised three improvement recommendations as set out above.

# Governance



## We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

## Monitoring and assessing risk

The Council's current Risk Management Strategy and Risk Management Policy was approved by Governance and Ethics Committee in March 2018, following its development by the Risk, Safety & Emergency Management Board (RSEMB) and approval from the Corporate Leadership Team (CLT). The RSEMB maintains the Strategy under continual review, and a full refresh is made on a four-year cycle, following the establishment of a new strategic plan. The refresh is due in March 2022 following the adoption of the 10-year Nottinghamshire Plan. The RSEMB is responsible for reviewing and updating the Corporate Risk Register (CRR) at regular intervals and this is reported to CLT.

Each department has a 'Risk, Safety and Emergency Management Group' (RSEMG). The RSEMGs are responsible for having an overview of risk management in the department and maintaining a departmental risk register and/or Divisional Risk Registers where these are deemed appropriate. Risks identified as 'high' or 'very high' from service level risk assessments are reported to the departmental RSEMG for possible inclusion on the departmental risk register. Risks identified as 'medium' or 'low' will be treated or tolerated by the department, following the Risk Assessment Procedure that accompanies the Risk Management Strategy. Progress on actions is monitored routinely (in line with above) as part of the regular meetings of the RSEMB, and a thorough review of the Register is undertaken annually.

The Corporate Risk Register is monitored by CLT and an annual report is taken to the Governance and Ethics Committee. Operational risk activities are coordinated across all departments (and with key external partners) through the work of Departmental RSEMG's. This process is led by the Risk and Insurance Manager, who is a member of the RSEMB.

In addition to his role in Internal Audit, the Head of Internal Audit is also responsible for the Council's Business Intelligence Unit and Risk and Insurance processes. The Head of Internal Audit makes reference in the Internal Audit Annual Report to the potential independence issues arising as a result of these multiple responsibilities. Mitigations are in place, such that internal audit reviews of these two areas are provided by external providers when they become due. We are satisfied those mitigations are in place and are effective.

The Council appointed Zurich Municipal to undertake an independent review of its risk management arrangements. This was reported at the September 2021 Governance and Ethics Committee. This highlighted eight key findings which the Council committed to improve upon. The Council reported on actions taken against these eight findings to the March 2022 Governance and Ethics committee. Progress has been made and work remains underway to fully address the findings.

### Improvement Recommendation #04 (p21)

The Council should continue to progress the actions required as a result of the key findings reported by Zurich Municipal on the Council's risk management arrangements.



## Budget setting process

The budget setting process is multi-layered and extremely thorough in our opinion, with several stages including a sensitivity analysis of the impact of high-level assumptions on key areas of the MTFS. This analysis was presented to Members and CLT for consideration. This informed the setting of the Annual Budget which was presented to the Finance Committee and Full Council for approval in February 2020. There is also a monthly review of budget to outturn position undertaken by the Finance Committee.

The budget and the MTFS are considered concurrently and incorporated into the Council's annual budget, which includes a four-year MTFS. The longer-term projections and any risks to the medium term are also incorporated into the annual budget and financial monitoring reports are considered by the Finance Committee monthly.

This high level of scrutiny together with the Council's track record of achieving the majority of its planned savings and balancing its budget confirm the strength and validity of the budget setting processes in place.

## Budgetary control

There are good systems in place for oversight of the budget. Monthly financial monitoring reports are presented to Finance Committee. There is stringent in-year oversight of the budget at a high level, which includes Full Council, Finance Committee, relevant service committees and CLT reviewing and assessing the actual outturn and future risks to the budget. The monthly budget monitoring reports detail variances at a department level demonstrating a regular identification of in-year variances. A good example of the Council's proactivity with regards to budgetary control was the additional MTFS review undertaken in November 2020 to address the impact of COVID-19 and implementation of financial measures to enable the Council to reset a balanced budget for 2020/21.

We noted that the Council reported a net service underspend of £21.2m (3.8% of Council budget) for 2020/21, compared with a £12.5m underspend forecast in month 11. The overall variance to budget was explained and was mainly attributable to an underspend in Adult Social Care and Public Health, but the significant movement between month 11 and the year-end was not. We have discussed this movement with management who explained this was reflective of the difficulties experienced by managers during the year in monitoring the budget due to COVID-19 particularly in Adult Social Care and Public Health. We note that this issue is not evident in previous years' forecasting to the same extent, which corroborates management's explanation. We do not therefore consider this to be an indicator of a weakness in the reliability of the Council's financial forecasting arrangements.

## Leadership and committee effectiveness / decision making

Appropriate leadership is in place. The Council operates a Full Council and Committee structure supported by the CLT. There are twelve key committees which include Finance Committee, Governance and Ethics Committee and committees aligned to the Council's services.

The work of the Council's committees is governed by its constitution. The constitution is regularly reviewed and updated. The constitution is shared with all staff members on joining and is openly available on the Council's website. The Annual Governance Statement (AGS) needs to be read alongside the Council's constitution, which sets out how the Council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent, and accountable to local people.

There is a good suite of policies in place, covering anti-fraud and corruption, declarations of interests and gifts and hospitality.

## Monitoring and ensuring appropriate standards

The Council has both an employee and a Members' code of conduct which are up-to-date to communicate its expected behaviours.

The Council has published its Constitution on its website for public use, this includes the financial regulations, officers' code of conduct, protocols for registering and declaring interests, scheme of delegation etc.

Conflicts of interests declared by Members can be found in their individual biographies on the Council's website, but the Council does not currently hold all this information in one easily accessible place. We have identified an opportunity to strengthen the Council's arrangements by introducing a central register of Members' conflicts of interests.

### Improvement Recommendation #05 (p22)

Whilst interests declared by Members are available on their individual biographies on the website, the Council should consider the creation of a central, online register of Members' interests. This would enable a review of the interests of specific Committees as a whole.

While there were no serious data security breaches identified by the Council and reported to the Information Commissioner's Office (ICO) throughout 2020/21, there have been five instances reported to the ICO during 2021/22.

#### **Improvement Recommendation #06 (p23)**

The Council should consider providing training to its employees to reduce the risk of significant data breaches occurring.

#### **Summary of findings for governance**

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its governance. We have raised three improvement recommendations as set out above.



# Improving economy, efficiency and effectiveness



## We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

## Performance review, monitoring & assessment

The Council's constitution requires consideration of key performance indicators by elected Members through the Committees of the Council. The Council's principal Committee – the Policy Committee – has agreed an approach to performance management across the Council and this is set out in the Planning and Performance Management Framework.

The Council's largest departments (by spend) each has its own Committee, and each has an agreed core dataset of key performance indicators (KPIs) for the services it provides. These measures are reported to departmental senior leadership teams using Business Intelligence Reports and dynamic dashboards on a regular basis. For key care services, these are reported monthly to senior leadership teams and quarterly to Committee.

A detailed and explanatory performance scorecard is included within these reports. In 2020/21:

- The Adult Social Care & Public Health performance report contained over 30 KPIs and included a RAG rating for each one.
- The Children & Young People performance report contained 70 KPIs and included direction of travel of performance
- The Communities and Place performance report contained 14 KPIs and included a RAG rating for each one.

Each quarterly performance report also included an update on financial performance, providing Members with timely oversight of both financial and service performance relevant to their individual portfolios. Performance reports set out the Council's performance against target for each KPI.

Based on our review we are satisfied that the Council has put in place adequate arrangements for performance review, monitoring and assessment.

Internal Audit has not undertaken an internal audit review of KPIs in either 2020/21 or 2021/22. We consider that Internal Audit should undertake a review of the data quality of KPIs as part of its 2022/23 Internal Audit plan. This would provide the Council with assurance over the accuracy of the performance data that underpins the KPIs in its performance reports.

## Improvement Recommendation #07 (p24)

We recommend that Internal Audit should undertake a review of the data quality of KPIs as part of its 2022/23 Internal Audit plan.

There is not a clear or consistent use of benchmarking against other councils to assess the Council's performance or to identify areas for improvement. Other councils are developing plans for future budget processes to utilise the LGA Plus benchmarking tool. The tool provides subscribers with a suite of diverse online services to help understand customers, improve service provision and reduce costs, all in one accessible place. This would represent an opportunity for the Council to improve its arrangements to benchmark costs and performance.

#### Improvement Recommendation #08 (p25)

The Council should consider utilising the LGA Plus benchmarking tool to inform its budget processes.

#### Working with partnerships

The Nottinghamshire Plan 2021-31 sets out how the Council intends to work in partnership to achieve its nine ambitions (which we have listed in full on page 8).

The Council has established separate committees to deal with the following partnership arrangements:

- The Health and Wellbeing Board
- The Joint Committee on Strategic Planning and Transport
- The Greater Nottingham Light Rapid Transit Advisory Committee
- The Economic Prosperity Committee.

The Communities and Place Committee has oversight of related services including the highways and PFI arrangements and this covers the companies the Council works in partnership within this area, for example Via East Midlands Limited, Veolia Environmental Services Limited, Inspire Nottingham and ARC Partnership Consultants Limited. This can be seen in the quarter three performance report to Communities and Place Committee where relevant KPIs are established and monitored, and resulting actions required agreed.

We consider the Council has established appropriate oversight of its significant partnerships.

The number of partners with whom the Council works has increased as a result of the COVID-19 pandemic, with more third sector and voluntary organisations working in partnership with the Council.

The Council's updated Nottinghamshire Plan 2021-31 includes partnership working across its nine ambitions. However, how the Council works with its partners is not explicitly set out in this document or on the accompanying website. We have identified this as an improvement recommendation.

#### Improvement Recommendation #09 (p26)

Working with partners is a key theme in a number of ambitions in the Nottinghamshire Plan 2021-31. However, the plan and its dedicated website is not explicit in setting out how the Council works with partners, the outcomes delivered, and any improvements required. We recommend that the Council updates the website regularly to provide greater clarity with regards to partnership working.

#### Procurement

The Council's Procurement Strategy 2019-2023 sets out the following six principles which underpin all its procurement activity:

- Place Nottinghamshire residents at the centre of all commissioning and procurement decisions
- Drive best value for public money
- Commercially focused procurement and sourcing aligned with strategic, business and operational plans, and operating a competitive approach in line with internal and external regulations
- Compliance with procurement legislation and the key principles of equal treatment, transparency and proportionality
- Innovation in Performance Management to ensure we are getting the most from all our commissioning and contracting arrangements
- Enhance Sustainability – environmental, economic, and social for the ongoing wellbeing of the people of Nottinghamshire.

The Council measures its success by using the following performance metrics:

- Documented supplier performance against KPIs and targets to identify ongoing improvements in contract management
- A comprehensive and up-to-date contracts register with a list of all contract managers
- Reduction in off-contract spend
- Percentage of procurement administered through the e-tendering portal.

The Council also published its Procurement and Equality of Opportunity document which sets out the guidance for external providers of services to the Council.

Based on our review we are satisfied that the Council has put in place adequate arrangements for procurement.

A robust, monthly capital monitoring process is in place for all lines of the capital budget. Budget holders are asked to review capital expenditure to date and submit forecasting information on a regular basis. This information is circulated to Senior Finance Business Partners, the Corporate Leadership Team, and Members prior to being reported to the Finance and Major Contracts Management Committee as part of the monthly Financial Monitoring Report. Any issues regarding budgets, slippage / acceleration of projects and reasons for variations are picked up as part of this process.

We consider that the Council has adequate arrangements in place to monitor, control and report on the costs of major capital projects.

#### Summary of findings for improving economy, efficiency and effectiveness

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its oversight in ensuring economy, efficiency and effectiveness in its use of resources. We have raised three improvement recommendations as set out above.

# COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how Council services are delivered.

We have considered how the Council's arrangements have adapted to respond to the new risks it is facing.

## Summary

We found that the Council adapted well to the COVID-19 pandemic, and we have not identified any significant weaknesses in the Council's arrangements.

The Council established the COVID-19 Resilience, Recovery and Renewal Committee in response to the COVID-19 pandemic which met six times between July 2020 and March 2021. In July 2020 the Committee considered a COVID-19 update report and approved the Council's COVID-19 Economic Recovery Framework which includes the following five themes as the basis for rebuilding Nottinghamshire's economy: People, Place, Infrastructure, Visitor Economy, and Business.

The Council's Corporate Leadership Team (CLT) took overall responsibility for overseeing the Council's response to COVID-19. From the start of the COVID-19 pandemic, CLT were meeting daily to receive updates from the Chair of the Risk Safety and Emergency Management Board (RSEMB) and Corporate Directors on their services, providing leadership to protect critical services, addressing urgent issues, and overseeing communication with Members and staff. Data dashboards were developed to allow CLT to monitor the impact of COVID-19 on Council activity and inform operational decision-making.

Risk Safety and Emergency Management Groups (RSEMGs) reported on the response, escalated issues of a strategic nature and received actions to be undertaken departmentally. RSEMGs were responsible for managing the continuity of critical services within departments in line with established business continuity plans.

All groups involved in the response to COVID-19 kept records of all key operational decisions and actions and the Corporate Risk Register was updated accordingly.

## Financial sustainability

The Council's monthly financial monitoring reports reported to the Finance Committee set out the implications of COVID-19 and its response. Significant reviews have taken place, and continue to take place, looking at variables such as additional costs, lost income, impact on savings plans, use of reserves, cash flow, capital programme, capital receipts as well as additional grants received from Government to assess the impact upon the Medium-Term Financial Strategy. This work then feeds into the budget setting process and reporting to the committee.

In 2020/21 Local Authorities were required by the Ministry for Housing, Communities and Local Government to report their forecast financial impact of the COVID-19 emergency each month. The Council's year-end DELTA12 submission identified a total gross forecast financial impact of £82.9m in 2020/21. These costs were offset by several COVID-19 specific grants that the Council received from Central Government.

In February 2022, the Council forecast additional costs and lost income due to COVID-19 of £138m for 2021/22. This has been funded by a combination of central government support, expenditure controls and re-prioritisation of discretionary spend. The impact of the COVID-19 pandemic is expected to continue into 2022/23.

We consider that Council had effective arrangements in place to identify and monitor additional costs arising from responding to the COVID-19 pandemic.

## COVID-19 reserve

On 19 March 2020, the Government announced £1.6bn of additional funding for Local Government to help respond to coronavirus pressures across all services. Nottinghamshire County Council's share of this emergency fund totalled £22.3m. This funding was received on

27 March 2020 and, given its non-ringfenced nature, was transferred to a COVID-19 reserve to fund emergency costs in the next financial year. This funding was utilised in full during 2020/21 as part of the Council's immediate response to the pandemic.

### COVID-19 recovery reserve

In 2020/21, the Council received three further tranches of non-ringfenced COVID-19 core funding totalling £24.8m. The unspent element of this funding has been appropriated to a specific COVID-19 Recovery Reserve. This reserve will assist the Council 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 Council funding. The closing balance on this reserve at 31 March 2021 was £19.3m.

In our view the Council had appropriate arrangements in place to identify and monitor additional costs and lost income arising from responding to the COVID-19 pandemic.

### Governance

While the Council generally maintained a business-as-usual approach to its governance arrangements during the pandemic, some adjustments were required. As a result of the lockdown restrictions announced on 16 March 2020, the Council adjusted some of its internal control processes to support effective governance throughout the pandemic. As soon as these were lawful, the Council started holding members' meetings online.

All committees, but especially the Policy Committee, the Finance Committee, the Governance and Ethics Committee and the service level Committees have maintained a keen interest in the Council's response to the pandemic.

Internal Audit reported that it carried out comprehensive reviews into the Council's response to the pandemic and that these have delivered positive assurance that the Council has mounted an effective response, having due regard to the speed of delivery and proportionate control. Internal Audit also had input to the roll-out of the Council's Covid Community Fund, the Emergency Assistance Fund and transport operator payments.

In our view, Internal Audit demonstrated it can offer a responsive service, adapting its annual plan to accommodate new reviews required as a result of the change in circumstances caused by COVID-19.

All office-based staff were provided with the necessary equipment to work from home, enabling a smooth transition to remote working where this was possible. Home-based working has continued throughout the pandemic and there has been a good level of continuity of service. Enabling staff to work from home also supported the Council in protecting its frontline staff and residents by reducing the risk of virus transmission. Personal protective equipment (PPE) was also sourced and provided to all Council staff where this was deemed necessary.

In our view the Council adapted its governance and internal controls appropriately to meet the challenges of the COVID-19 pandemic.

### Improving economy, efficiency and effectiveness

The Council has been mindful of the impact on the pandemic on its most important resource, its staff. Actions have been put in place to support staff wellbeing and supporting staff remains a key priority for the Council. In aiming to maintain staff wellbeing, the Council has been able to maintain an efficient and effective delivery of its statutory services.

The Finance Committee, Policy Committee, Adult Social and Public Health Committee, Children and Young People Committee, Communities and Place Committee and other service committees have all played a significant role in ensuring that the Council maintained effective controls around expenditure and procurement during the COVID-19 pandemic. One example of this was the introduction of the Adult Social Care and Public Health Recovery Plan which included five key areas: financial position; day centres, carers, mental health and workforce. Another example was the urgent approval given by the Chief Executive on 1 April 2020 to secure emergency funding of £300,000 to support private, voluntary and independent childcare sector during the early stages of the COVID-19 pandemic.

We are satisfied that the Council maintained effective controls around expenditure and procurement during the pandemic.

### Summary of findings for COVID-19

Our review has not identified any significant weaknesses in the Council's VFM arrangements for responding to the COVID-19 pandemic. The Council and its Members and officers have demonstrated their commitment to protecting the services provided to the residents of Nottinghamshire through working hard and effectively during the unparalleled times during the COVID-19 pandemic.

# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #01

## Financial sustainability

<b>Recommendation</b>	The Council should include financial information for its subsidiaries, associates and joint ventures in its financial plans and monitoring reports.
<b>Impact</b>	It is important that the Council makes the financial impact of its group relationships transparent to Members and the public.
<b>Auditor judgement</b>	We consider that the transparency of the financial impact of group relationships should be improved in financial plans and monitoring reports.
<b>Summary findings</b>	The Council has majority shareholdings and joint shareholdings in several companies which have a financial impact on its financial position and performance. However, we identified this is not clearly set out in the Annual Budget or financial monitoring reports.
<b>Management comments</b>	The Council delivers some of its services through the companies it has holdings with. These are reflected in the Council's budget and capital programme and a judgement of the financial sustainability of the companies is undertaken by the Section 151 Officer. It is recognised that this assessment is not brought into the information provided in the budget planning and monitoring reporting and an appraisal of how this can be brought meaningfully reports will be undertaken.

# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #02

### Financial sustainability

<b>Recommendation</b>	The Council needs to fully identify and develop saving plans across the medium term to address the identified funding gap.
<b>Impact</b>	The future funding gaps indicate a risk that the Council will not be able to set a balanced budget in future years.
<b>Auditor judgement</b>	<p>We are satisfied that the Council identifies and manages funding gaps for each year ahead in the Annual Budget through the effective identification and delivery of savings plans.</p> <p>Further actions need to be taken to identify appropriate savings schemes or other measures to ensure that the Council can continue to deliver balanced budgets in the medium term.</p>
<b>Summary findings</b>	Historically the Council has successfully delivered planned savings to ensure that balanced budgets have been delivered. The Council has identified a funding gap to 2025/26 of £29.1m, which includes a savings requirement of £11.7m in the 2022/23 budget.
<b>Management comments</b>	The Council has a proven track record of managing its finances which was recognised in its LGA Peer Review in 2019. The significant financial risks are set out in monitoring and budget planning documents and is supported by the assessment of general fund balances and reserves. The Council's budget report(s) set out the long-term aim is to balance its budget by cross-cutting long-term transformation programmes. To set out savings programmes without an assessment of the implications on its services and upon residents would be considered premature.

# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #03

### Financial sustainability

<b>Recommendation</b>	Consideration should be given to making a clear distinction between statutory and discretionary spending in the budgetary information provided to members and published on the web.
<b>Impact</b>	This would help Members and residents to understand the difference between these types of spending and would help inform them as to any spending which is made as a result of manifesto pledges or following a decision by the Council to undertake a specific project outside of or in addition to its statutory obligations.
<b>Auditor judgement</b>	The different categories of spending could be made clearer. Currently it is not apparent whether any of the Council's spending is discretionary.
<b>Summary findings</b>	No distinction is made in the financial information reported to those charged with governance (TCWG) between statutory and discretionary spending.
<b>Management comments</b>	Some years ago, the Council undertook an exercise to identify such categorisation. This was a costly exercise to perform and led to significant debate on the categorisation of spend and income and resulted in information that was of little or no use. It became a nice to know rather than a need to know when considering the significant financial challenges and decision making that was needed to balance the budget.



# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #04

### Governance

<b>Recommendation</b>	The Council should continue to progress the actions required as a result of the key findings reported by Zurich Municipal on the Council's risk management arrangements.
<b>Impact</b>	Zurich Municipal's report highlighted eight key areas where improvement was required to the Council's risk management arrangements.
<b>Auditor judgement</b>	Full implementation of Zurich Municipal's recommendations is required on a timely basis to strengthen the Council's risk management arrangements.
<b>Summary findings</b>	The Council reported on actions taken against these eight findings to the March 2022 Governance and Ethics committee. Progress has been made and work remains underway to fully address the findings.
<b>Management comments</b>	The Council will continue to progress the actions from this work and report on progress.

# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #05

### Governance

<b>Recommendation</b>	Whilst interests declared by Members are available on their individual biographies on the website, the Council should consider the creation of a central, online register of Members' interests. This would enable a review of the interests of specific Committees as a whole.
<b>Impact</b>	Having to check each Member separately is piecemeal and makes it difficult to confirm the overall complexion of interests held.
<b>Auditor judgement</b>	It is not immediately apparent if there are a number of interests or similar interests held by any particular committee or political grouping.
<b>Summary findings</b>	Whilst there is a full register of Members interests made available at the library, this is not available online as a single document. Transparency could be improved by making this information available in a single place online.
<b>Management comments</b>	The requirement to have a register of interests is currently met by a physical copy of the register being available for inspection at County Hall and the information comprised in the register is also available on the Council's website via each Councillor's personal register of interests section on their individual page on the website. This approach is replicated in the same way across many Councils and reflects the fact that each Councillor makes a personal declaration of disclosable pecuniary interests in accordance with the law. These personal declarations are unlikely to show themes across Committees or political groups (as they are by their nature specific to each individual) and there is no requirement for the register to identify such issues. However, through the Council's Committee Management Information System (CMIS) where this information is stored, it is easy to access information by political party or by Division or by Committee as required, should those inspecting the information wish to do so. There is also a risk that by having a secondary form of online register, issues of consistency and errors in updating may arise and a single location for the information is therefore preferred. As a result the Council does not intend to change the current arrangements relating to the register.

# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #06

### Governance

<b>Recommendation</b>	The Council should consider providing training to its employees to reduce the risk of significant data breaches occurring.
<b>Impact</b>	Significant data breaches can result in members of the public gaining access to confidential information.
<b>Auditor judgement</b>	The Council should be proactively reducing the risk of any further significant data breaches.
<b>Summary findings</b>	This could result in either financial, legal or reputational damage to the Council.
<b>Management comments</b>	The Council requires all employees to undertake Data Protection and Information Governance training on an annual basis. Training covers a broad range of data protection matters including a focus on data breaches and their potential impact. This has been augmented by face-to-face targeted training for specific staffing cohorts including social care and Children's Centre staff. The Council continuously reviews its Data Protection training offer, considering any identified trends in data incident metrics which are indicative of a need to focus additional training resources on a particular area of work or staffing group.

# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #07

Improving economy, efficiency and effectiveness

<b>Recommendation</b>	We recommend that Internal Audit should undertake a review of the data quality of KPIs as part of its 2022/23 Internal Audit plan.
<b>Impact</b>	This would provide the Council with assurance over the accuracy of the performance data that underpins its range of key performance reports.
<b>Auditor judgement</b>	There is a risk of inaccuracies in the data supporting the Council’s KPIs.
<b>Summary findings</b>	We found that the Council did not have sufficient arrangements in place to provide adequate assurance for the data quality of the information that underpins its KPIs.
<b>Management comments</b>	The Internal Audit Plan is compiled using agile audit methodology and risk assessment to determine a resultant risk based termly internal audit plan. The risks from data quality in relation to KPIs will be captured within the risk intelligence hub for 2022/23 and subject to risk assessment for consideration of the most appropriate timing for completion capturing the needs of The Nottinghamshire Plan.

# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #08

Improving economy, efficiency and effectiveness

<b>Recommendation</b>	The Council should consider utilising the LGA Plus benchmarking tool to inform its budget processes.
<b>Impact</b>	This would provide the Council and the public with a greater understanding of how its financial and performance KPIs compare to other councils.
<b>Auditor judgement</b>	We consider that the Council should strengthen its use of benchmarking to identify opportunities to improve financial and service performance.
<b>Summary findings</b>	We found that there is not a clear or consistent use of benchmarking against other councils as a tool to assess the Council's performance or to identify areas for improvement.
<b>Management comments</b>	<p>As part of the ongoing development of the Council's Strategic Insight Unit (SIU), we are committed to making greater use of a full range of comparator and benchmarking tools, including LG Inform Plus. Comparator analysis is now being utilised to inform our portfolio of corporate transformation and change programmes and to identify potential areas for further exploration and analysis to deliver financial benefits and non-financial benefits.</p> <p>The SIU is also promoting the use of available tools to support wider comparator analysis across the Council, recently developing an intranet space to publicise and encourage wider access and usage to support service and practice improvement.</p>

# Improvement recommendations

The range of recommendations that external auditors can make is explained in Appendix C.



## Improvement Recommendation #09

Improving economy, efficiency and effectiveness

<b>Recommendation</b>	Working with partners is a key theme in a number of ambitions in the Nottinghamshire Plan 2021-31. However, the plan and its dedicated website is not explicit in setting out how the Council works with partners, the outcomes delivered, and any improvements required. We recommend that the Council updates the website regularly to provide greater clarity with regards to partnership working.
<b>Impact</b>	It might not be clear to residents on reading the Nottinghamshire Plan 2021-31 what partnership arrangements are in place and whether those are effective. The provision of more explicit references to the partners the Council works with would provide more context for residents.
<b>Auditor judgement</b>	Transparency could be improved if the work being undertaken by partners is set out explicitly in reporting provided to residents on the Council's dedicated website.
<b>Summary findings</b>	It is not immediately apparent what the outcomes of partnership working are and what planned improvements are required.
<b>Management comments</b>	<p>In May 2022, the Council will publish an Annual Delivery Plan to outline the key actions in 2022-23 to deliver the Council Plan. This Plan will provide greater detail about the specific deliverables and will provide information about how the Council will work with partners to achieve our ambitions for Nottinghamshire. This will be available on the Council's website.</p> <p>We also intend to publish an Annual Report each year, which will provide more information to the public regarding progress against the Council Plan and Annual Delivery Plan. This report will include more explicit reference to the impact of our partnership activity and the outcomes achieved by working with key partner agencies. This will also be made available on the Council's website.</p>

# Appendices

# Appendix A - Responsibilities of the Council



## Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing the Council's ability to continue to operate as a going concern

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare 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. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.





# Appendix B - Risks of significant weaknesses - our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Financial sustainability was identified as a potential significant weakness, see page 3 for more details.	<p><b>We considered how the Council:</b></p> <ul style="list-style-type: none"><li>identifies all the significant financial pressures it is facing and builds these into its plans</li><li>plans to bridge its funding gaps and identify achievable savings</li><li>plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</li><li>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning</li><li>identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.</li></ul>	<p>Summary of findings for financial sustainability</p> <p>Overall, we are satisfied that the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability (see pages 6-8). We have not identified a significant weakness in the Council's arrangements for financial sustainability but we have raised three improvement recommendations (see pages 18-20).</p>	<p>The Council has got appropriate arrangements in place for financial sustainability and, as a result, we have not made any key recommendations.</p>

# Appendix C - An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.	No	Not applicable
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	Not applicable
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	Pages 18-26

---

# Appendix D - Use of formal auditor's powers

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendations.

---

## Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue any public interest reports.

---

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not issue any applications to the Court.

---

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

---

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not issues any judicial reviews.



**21 April 2022****Agenda Item: 7****REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND  
IMPROVEMENT****STATEMENT OF ACCOUNTS 2021/22 – ACCOUNTING POLICIES****Purpose of the Report**

1. To allow Members to review and approve the proposed accounting policies used in creating the Authority's Statement of Accounts for 2021/22.

**Information**

2. The Statement of Accounts includes a section explaining the accounting policies used in producing the main statements for the benefit of the reader. Both the Code of Practice on Local Authority Accounting (The Code) and our External Auditors indicate that these policies should be reviewed and approved by the Governance and Ethics Committee prior to inclusion in the final Statement of Accounts.
3. Other than updating various dates in the 2021/22 Accounting Policies no further changes have been made.
4. The proposed 2021/22 accounting policies can be seen in Appendix A.

**Other Options Considered**

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

**Reason/s for Recommendations**

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

**Statutory and Policy Implications**

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

## **RECOMMENDATION/S**

- 1) That the Authority's accounting policies for 2021/22 be approved.

**Nigel Stevenson**

**Service Director – Finance, Infrastructure and Improvement**

**For any enquiries about this report please contact:**

Glen Bicknell, Senior Accountant, Financial Strategy and Compliance

### **Constitutional Comments (KK 04/04/2022)**

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

### **Financial Comments (GB 29/03/2022)**

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

## **Background Papers and Published Documents**

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

- Code of Practice on Local Accounting in the United Kingdom 2021/22

## **Electoral Division(s) and Member(s) Affected**

- All

# STATEMENT OF ACCOUNTING POLICIES

## 1. General Policies

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22, 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 2021/22 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 – historical cost (depreciated where appropriate)
- 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). Where no market exists to allow a valuation on an EUV basis (e.g. schools), the Depreciated Replacement Cost method (DRC) is used. This is the sum of the fair value for the existing use of the land and the current gross replacement cost of the building, less allowances for physical deterioration, obsolescence and optimisation.
- 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 2022 issued by Mr N Gamble MRICS, Group Manager – Property Asset Management from the Authority’s Place Department on **13 July 2022**. 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. [Page 70 of 180](#)

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:

<b>Asset Type</b>	<b>Useful Life (In Years)</b>
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 2021/22 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 2022 for the 2021/22 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 2022.

## 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.

**21 April 2022****Agenda Item: 8****REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****INFORMING THE AUDIT RISK ASSESSMENT – 2021-22 STATEMENT OF  
ACCOUNTS****Purpose of the Report**

1. To inform Members of the External Auditors' requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations as part of their audit of the County Council's accounts for 2021/22 and to allow Members to comment on the response.

**Information**

2. As part of the annual approach taken by our External Auditors, Grant Thornton seek responses to matters concerning the Council's approach and reporting on a number of areas, in particular related to themes surrounding fraud, going concern, laws and regulations, together with some areas specific to the accounts such as related parties and estimates used in the accounts. The responses to these questions form part of the overall audit and will inform the approach taken by Grant Thornton to the audit of the Council's Statement of Accounts for 2021/22.
3. The 2021/22 response to this request for information is attached for Members to comment upon.

**Other Options Considered**

4. No other options were considered.

**Reasons for Recommendation**

5. For Members to consider and accept the Audit Risk Assessment 2021/22.

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

## **RECOMMENDATION/S**

- 1) That the Committee considers and accepts the 'Informing the Audit Risk Assessment for Nottinghamshire County Council for 2021/22' document from the external auditors.

**Nigel Stevenson**

**Service Director – Finance, Infrastructure & Improvement**

**For any enquiries about this report please contact:**

Glen Bicknell, Senior Accountant, Financial Strategy and Compliance

### **Constitutional Comments (KK 04/04/2022)**

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

### **Financial Comments (GB 29/03/2022)**

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

### **Background Papers and Published Documents**

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

- None

### **Electoral Division(s) and Member(s) Affected**

- All

# Informing the audit risk assessment for Nottinghamshire County Council 2021/22

**Andrew J Smith**  
Director  
T +44 (0)161 953 6472  
E [andrew.j.smith@uk.gt.com](mailto:andrew.j.smith@uk.gt.com)

**Zak Francis**  
Manager  
T +44 (0)121 212 5164  
E [zak.francis@uk.gt.com](mailto:zak.francis@uk.gt.com)

**Ellie J West**  
In Charge Auditor  
T +44 (0)121 232 5279  
E [ellie.j.west@uk.gt.com](mailto:ellie.j.west@uk.gt.com)



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

Page 86 of 180

# Table of Contents

Section	Page
Purpose	4
General Enquiries of Management	6
Fraud	9
Fraud Risk Assessment	10
Laws and Regulations	22
Impact of Laws and Regulations	23
Related Parties	26
Going Concern	29
Accounting Estimates	32
Accounting Estimates - General Enquiries of Management	33
Appendix A – Accounting Estimates	136

Page 87 of 136

## Purpose

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

### Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Governance and Ethics Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Governance and Ethics Committee and also specify matters that should be communicated.

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

### Communication

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

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

## Purpose

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



# General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?	The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The estimates that have the most significant impact on the accounts relate to non-current asset valuations and the pension liability.
2. Have you considered the appropriateness of the accounting policies adopted by Nottinghamshire County Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	The Accounting Policies which set out the specific principles, rules and practices applied by the Authority in preparing and presenting the financial statements are approved each year by the Governance and Ethics Committee. It is not proposed that any Accounting Policies will be changed in preparation of the 2021/22 Statement of Accounts.
3. Is there any use of financial instruments, including derivatives? If so, please explain	The main financial instruments used by the Authority include borrowings, PFI finance lease liabilities, trade creditors and trade debtors. The Authority does not have any financial instruments that involve embedded derivatives.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	The Authority is not aware of any significant transactions that are outside of the normal course of business.

Page 90 of 180

# General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	It is the view of the Authority's internal valuers that all elements of the property market appear to have been functioning throughout 2021/22. Values have not been affected by COVID19 although there may be longer term impacts in office markets.
6. Are you aware of any guarantee contracts? If so, please provide further details	The Authority is not aware of any material financial guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	Any contingent assets or liabilities arising as a result of litigation, claims or assessments are notified annually in the Statement of Accounts following a request by colleagues in Financial Services
8. Other than in house solicitors, can you provide details of those solicitors utilised by Nottinghamshire County Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Authority uses external legal advisors where appropriate for a broad range of advice and assistance with cases and has a tendered framework agreement (the EM Lawshare Framework) which it uses for much of this. The Framework appointed 7 partner firms for a 4 year term which runs from 2018 to 2022 and a new framework now appointing 10 firms has just been tendered and is about to commence in April 2022. In addition, Legal Services has used additional private sector firms for statutory child protection litigation work which it was unable to contain in-house last year and which is not covered by the above framework. The Council generally manages work on Judicial Review and Employment cases internally with advice as required from Counsel but where there may be capacity issues this can result in outsourcing through the EM Lawshare Framework.

# General Enquiries of Management

Question	Management response
<p>9. Have any of the Nottinghamshire County Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>We are not aware of any items of non-compliance with laws and regulations. Where advice on any matters might reveal shortcomings in the Council's practice and procedures, however, these will be identified as part of effective management of the legal case and will be drawn to the attention of the relevant management within service areas to address.</p> <p>The Authority is not aware of any frauds with suppliers. A log of any reported irregularities is maintained but there have not been any notification of fraud in relation to suppliers or service providers.</p> <p>The Authority is not aware of any uncorrected mis-statements that would affect the financial statements.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>Barristers advice is sought as and when required on a variety of matters which it would be too detailed to set out. They range from simple hearings to advice on statutory responsibilities and actual or potential litigation and such advice is used as a mechanism to manage risks and cases effectively.</p>
<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details</p>	<p>To mitigate risk we only place deposits with institutions that satisfy our minimum credit ratings as per the Treasury Management Strategy. We do not further analyse any of the institutions beyond this, and have no bad debt provision to cover loss of principal.</p>

# Fraud

## Matters in relation to fraud

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

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

As Nottinghamshire County Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

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

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

Page 93 of 180

# Fraud risk assessment

Question	Management response
<p>1. Has Nottinghamshire County Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>The Authority has undertaken an overall assessment of the risk of material misstatement in the financial statements by fraud as being low based on the good inherent record for completion of the financial statements, the current control environment and the management perception of risk based on the assessment of materiality for the Nottinghamshire County Council Financial Statements (NCC) and Nottinghamshire County Pension Fund. (NCPF)</p> <p>An Annual Fraud Risk Assessment has been carried out. This identified common fraud areas and areas for consideration of proactive counter-fraud work during the year ahead. The risk assessment is based on the assessment made by management, the opinions expressed in the Annual Governance Statement and the methods employed by the Head of Internal Audit to review the Governance Arrangements. Fraud has been considered in the risk register update processes and is referred to under specific risk headings – the most obvious ones being in relation to the procurement risk, where the risk of supplier fraud is specifically noted and Covid grants.</p> <p>Current fraud risks identified have been assessed as part of the Annual Fraud Risk Assessment and work undertaken to address them has been reported as part of the Annual Fraud Report 2021/22 (and will again be reported as part of the Annual Fraud Report 2022/23) as reported to the Governance and Ethics Committee. The Annual Fraud Risk Assessment is used to drive the coverage of Counter Fraud work, both proactive and reactive as part of the overall Internal Audit Universe and Termly planning processes. We have completed a number of post payment reviews following Covid and have implemented continuous audits in relation to payments.</p>

# Fraud risk assessment

Question	Management response
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Internal Audit consider the following classes of accounts to be at most risk of fraud: Cash, Investments, Payroll, Stock, Creditors, Income Collection and Debt Recovery. These areas are considered during the Internal Audit Planning process and as part of the Counter Fraud Risk assessment. The risks to cash, investment, income collection also consider the impact of Cyber fraud from the access to accounts to the processing of banking and payment mandates that can be used to divert funds.</p> <p>Other classes of accounts are considered from disclosure within the financial statements such as related parties, investments, asset valuation etc which are covered within other sections and subject to the established Internal Audit risks assessment processes.</p> <p>Accounting treatment, such as accruals, prepayments and accounting estimates are considered through corporate finance in relation to potential misstatement rather than fraud.</p> <p>PF - Potential fraud through unreported deaths, or payment fraud where payments out of the fund might be directed to bogus accounts.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Nottinghamshire County Council as a whole, or within specific departments since 1 April 2021? If so, please provide details</p>	<p>Yes, such cases have been identified as part of internal audit work and cases have been subject to appropriate action. Cases continue to be recorded in the Annual Fraud Report. Cases have also been reviewed and actioned by departments: Adults, Social Care &amp; Health and Children's and Families with appropriate input from senior managers and Police.</p> <p>Cases involving suspected fraud are recorded on the investigations register. All cases have been valued under £50k and have been either investigated by Internal Audit, the Department or both and work has been undertaken and recovery action instigated where appropriate. Some cases have been referred to the Police or Action Fraud.</p>

Page 95 of 180

## Fraud risk assessment

Question	Management response
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Awareness of fraud risk has been raised through Team Talk and on the intranet to promote the work undertaken in line with the Fraud Response Plan. The Annual Fraud Report is presented to the Governance and Ethics Committee, together with updates and sets out fraud risk and how management has responded to cases arising over the previous year. This is supported by the fraud awareness e-learning module.
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Nottinghamshire County Council where fraud is more likely to occur?</p>	<p>Please refer to above where the planning process expands into risk areas and work undertaken to identify and mitigate.</p> <p>The general fraud risks considering the environment in which the Council operate are in relation to Procurement, Contract Management, Cyber, Social Care Expenditure, Blue Badge, Concessions and Licence issues.</p> <p>The Fraud Risk assessment for 2021/22 considered each element of these risks and highlights specific risks in relation to:-</p> <ul style="list-style-type: none"> <li>• Procurement Fraud</li> <li>• Covid – Procurement, economic and voluntary sector support or grant fraud</li> <li>• Cyber Fraud</li> </ul>

# Fraud risk assessment

Question	Management response
<p>6. What processes do Nottinghamshire County Council have in place to identify and respond to risks of fraud?</p>	<p>Annual Fraud Risk Assessment carried out by Internal Audit. Risks are scored to identify material and sensitive risks. The Fraud Risk Assessment informs the Counter Fraud Plan which in turn results in completion of the Annual Fraud Report.</p> <p>During 2021/22, Internal Audit has engaged with the following pro-active counter-fraud activities:</p> <ul style="list-style-type: none"> <li>• Promotion of the Council's Counter Fraud and Counter Corruption Strategy in line with the Fraud Response Plan.</li> <li>• E-learning – Fraud Awareness Course was updated and promoted during International Fraud Week</li> <li>• Alerts from intelligence sources National Anti-Fraud Network, CIPFA etc. have been reviewed and disseminated.</li> <li>• NFI data matches have been completed and reports shared with other bodies.</li> <li>• NFI Re-check has been completed for mortality data and Pensions</li> <li>• Engagement with LGA Procurement Review; CIFAS development of Local Government Tools and FFCL strategy and CIPFA Survey Workshops in relation to Counter Fraud.</li> <li>• Completion of Annual Fraud Report for 2021/22 will be undertaken in June 2022 and reported to the Governance &amp; Ethics Committee.</li> </ul> <p>Risk and Insurance have continued to be engaged with the Association of British Insurers (ABI) to review claims received against a 48 point checklist to screen against fraud risks. This has reduced the number of high risk claims being considered by the Council and prevented fraudulent claims being paid.</p> <p>The CIPFA Accredited Counter Fraud Specialist has continued to work with the CIPFA Counter Fraud Centre to ensure current practice, risk and knowledge sharing is undertaken. Work has also continued with Action Fraud and GAIN for the completion of data washing exercises.</p>

Page 97 of 105



## Fraud risk assessment

Question	Management response
<p>6. What processes do Nottinghamshire County Council have in place to identify and respond to risks of fraud? (continued)</p>	<p>We have also reviewed current local practices against the National Audit Office guidance for audit committees on cyber security with a report taken to the Governance and Ethics Committee.</p> <p>Profile Tailor Dynamics (PTD) software is used by the BSC Authorisation &amp; Security Team. This detects any unusual access to the SAP accounting system, including the detection of Segregation of Duties violations. This would help detect if someone accessed two different parts of SAP system. Internal Audit continues to report on a monthly basis through its continuous assurance work to identify if violations occur, so far we have concluded that there have been no concerns.</p> <p>The system also reports on Security Events. These detect inappropriate accesses to SAP such as the data, or the employee's own personnel details, etc. In addition, the BSC has been examining the full set of events (approximately 70) for a longer period, but none of the events have resulted in any fraudulent access being identified but do help to ensure the security within SAP is developed and maintained to a high degree.</p> <p>A process of continuous assurance has been developed and is now reporting monthly . The Business Intelligence Unit has set up systems to routinely capture the data such as that produced by PTD . This monitors a variety of data that might indicate fraud – or the lack of fraud – such as expense claims, cash float usage, leavers not removed from the payroll, and there are plans to expand it into specific fraud indicators such as disallowed purchase card use, excessive overtime claims, etc.</p>

# Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Nottinghamshire County Council, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The application of internal controls, including segregation of duties, is reviewed annually as part of the Annual Governance Statement and supported by Assurance Mapping activities. Weaknesses are captured in the document and the work undertaken by the HOIA to form the Annual Opinion.</p> <p>The PDT processes outlined above in 6, describe processes which are in place in relation to internal controls including segregation of duties and a process of continuous assurance.</p> <p>Management monitor their individual areas on an on-going basis and report to their respective management teams. There is a requirement to report any suspected irregularities to Internal Audit, who will determine how to proceed in individual cases, including reporting to police, investigation by internal audit and investigation by management. The Fraud Response Plan sets out the expectations for all to follow.</p> <p>The risks from internal controls and segregation of duties are reviewed as part of the risk based approach undertaken by internal audit in the completion of its work as part of the Termly Plan which are informed by the Internal Audit Risk assessment and Fraud Risk Assessment. These risk assessments utilise a series of risk criteria and risk scoring to identify high risk locations using aspects such as turnover, cash transactions etc. Risks from processes such as payments and payroll systems are high due to value. A Fraud Risk assessment analyses the key areas of risk for the Council, which is revised annually to inform the counter fraud plan and inform the termly planning process.</p> <p>In 2021/22 we identified six duplicate payments, totalling £81,640 through the NFI exercise which had been paid in error and subsequently recovered. These were reported to the Governance and Ethics Committee as part of the fraud progress report and work is underway to make controls more robust to prevent this from happening again.</p>

Page 99 of 180

# Fraud risk assessment

Question	Management response
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>The Governance control processes in place for the completion of the Annual Governance Statement for 2020/21 confirms that control arrangements are in place and have been operated during the course of the year. The governance arrangements are supported by a waiver process where any exceptions to the control function are approved. This process is controlled and reported to the Governance and Ethics Committee on an annual basis. There are no areas that have been identified for the override of controls due to the inappropriate influence. Similar assurance is expected for the 2021/22 Annual Governance Statement.</p> <p>The Head of Internal Audit is not aware of any inappropriate over rides of management controls in the past year.</p> <p>A monthly budget monitoring process is undertaken to ensure that any variances to the budget are identified and reported to both the Corporate Leadership Teams and Finance Committee on a timely basis. All variations are therefore considered by management as part of an open and transparent process.</p>

# Fraud risk assessment

Question	Management response
<p>9. How does Nottinghamshire County Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Ethical principles are outlined in the Officers' and Members' Codes of Conduct. Staff are also required to adhere to the personnel handbook which is embedded as part of the induction process and general policies and procedures. The Council's Constitution provides the framework for a comprehensive set of internal controls to prevent fraud. The requirements are set out in further detail within Financial Regulations and these are complemented by more detailed guidance at departmental level.</p> <p>Internal Audit have an annual programme of work which is agreed with the Governance and Ethics Committee and this programme of work provides assurance that these controls are in place, effective and complied with. Awareness has been raised through Team Talk and on the intranet to promote the work undertaken in line with the Fraud Response Plan. The Council has a whistle-blowing policy which reminds staff of the need to report instances of fraud. The Annual Fraud Report sets out how management has responded to fraud cases arising over the previous year. The Council provides information on fraud and collusion to contractors and review compliance with their own practices.</p> <p>Issues are reported via the Group Manager, Assurance, Monitoring Officer and Line Managers. These are escalated to Internal Audit for consideration or investigation. Internal Audit have been engaged in a number of investigations where compliance issues have been identified and departmental action has been taken. None are significant to the Financial Statements.</p> <p>Awareness training is provided through My Learning, Team Talk and Intranet news articles. These have included counter fraud awareness articles to bring the Counter Fraud Response Plan and the Whistle Blowing Policy to the attention of officers and staff along with the provision of an e-learning training course which was recently refreshed and relaunched.</p>

Page 101 of 180

# Fraud risk assessment

Question	Management response
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>High risk posts are assessed as part of the vacancy management processes and the recruitment needs such as exposure to financial, safeguarding, vulnerable persons risks etc. These are mitigated through enhanced recruitment and management checks as part of the recruitment processes and processes put in place to check for identify fraud along with obtaining additional reference and DBS checks etc.</p> <p>From a fraud perspective the roles that involve payment (raising and collection) are considered a risk due to fraud and or theft. This includes staff involved in corporate roles (BSC payroll, pensions, vendor management, Investment, Pension Fund Management) and also in relation to establishments such as school (Office Administration) and care facilities (Care Home Managers) etc. This extends to debt collection staff with the ability to credit, suspend or cancel debt payments etc.</p> <p>Staff involved in care roles pose a risk in terms of safeguarding and fraud, especially if they have responsibility for commissioning / providing care services or are involved in the management of individuals' funds. This extends to staff involved in protecting assets of vulnerable people and / or dealing with the possession of valuables after death.</p> <p>SL - Staff involved in the procurement and handling of stock and consumables such as Stocks and Stores in relation to maintenance, ICT, catering functions and PPE. This would also extend to staff involved in the use of tangible assets and consumables owned by the council to ensure appropriate use.</p> <p>Page 102 of 180</p>

# Fraud risk assessment

Question	Management response
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>The Financial Statements identify all the related parties for the Council and the Pension Fund. Central Government – through the framework for grants and funding (Council tax and benefit payments) Relationships in relation to members were identified where they held position with bodies receiving grants.</p> <p>Related transactions related to Arc, Via, Nottinghamshire (Futures), Inspire and LGPS Central for the PF are detailed within notes to the financial statements.</p> <p>Departments are required to identify related parties that they have in operation in addition to the corporate requirements. Related parties in relation to individuals are identified during the financial statements generation and are reviewed prior to declaration.</p> <p>Whilst processes are in place to mitigate against the risk of fraud, where we are made aware of any significant or unusual transactions that would give rise to fraud, these would be investigated as appropriate. This may include:</p> <ul style="list-style-type: none"> <li>• the department</li> <li>• Internal Audit</li> <li>• Police</li> <li>• Action Fraud</li> </ul> <p>We are not aware of any significant, unusual transactions entered into during 2021/22.</p>

Page 103 of 180

## Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Governance and Ethics Committee?</p> <p>How does the Governance and Ethics Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>A Fraud Risk Assessment is undertaken which is used to inform the Annual Fraud Plan and work within the Internal Audit Planned activity. Activity in relation to Counter Fraud is reported through the Annual Fraud Report and developments captured as part of the Fraud Plan. The annual fraud report (including a 6 monthly progress report) is considered by the Governance and Ethics Committee each year. The Corporate Leadership Team and the Governance and Ethics Committee are consulted on the Termly Internal Audit Plan (most recently in March 2022).</p> <p>Termly plans incorporate both proactive and reactive counter fraud work and 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 accounting records and its system of internal control. Meetings are held on a 6 weekly basis between the Head of Internal Audit and the Chairman of the Governance and Ethics Committee and include a periodic update of work against the termly plan and update on counter fraud activity.</p> <p>Internal Audit termly plans continue to be determined on a risk basis. The consideration of risks involves consultation with senior managers and taking account of external sources of assurance, including the work of external inspectorates. The corporate risk register, assurance mapping process and continuous assurance exercise is also now providing an important flow of intelligence to inform Internal Audit's planning. The Team's coverage was complementary to the ongoing cross-Council pandemic response and continues to be delivered through a flexible and agile approach.</p>

## Fraud risk assessment

Question	Management response
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>The County Council logs concerns it receives centrally on its corporate register. All matters which fall under the Whistleblowing Policy are required to be reported to the Monitoring Officer. During 2021, one matter was reported under the Whistleblowing Policy.</p> <p>The Monitoring Officer compiles an annual report in relation to Whistleblowing which was presented to the Governance and Ethics Committee on 10<sup>th</sup> March 2022. The report outlines the outcome of the concern.</p> <p>When appropriate the issues raised may include referral to Internal Audit for potential fraudulent activity.</p> <p>The Governance and Ethics Committee have endorsed that actions taken by officers to respond to whistleblowing cases and continued to promote the policy to staff and departments through the Team Talk intranet articles.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No cases identified, however, any reported cases would be included as above.</p>



# Law and regulations

## Matters in relation to laws and regulations

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

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

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

Risk assessment questions have been set out below together with responses from management.

# Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Nottinghamshire County Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Decision making is undertaken by Committees and other meetings of the County Council based on reports following standardised templates with sections covering financial, constitutional, human rights, equalities implications etc. Each report is checked for compliance prior to publication. In addition, each department and service area is aware of the legal and regulatory framework relevant to their areas and appropriately qualified staff are recruited and trained in relevant procedures and processes. There is oversight by relevant government and other agencies tasked with monitoring standards and compliance. Periodic internal audit inspections of each service area take place. Legal advice is available for any casework or individual queries. The Monitoring Officer sits on the Corporate Leadership Team and attends Policy Committee and Full Council. The Council is considering a change to its governance model from the Committee to the Executive (Leader and Cabinet) model. The proposals currently being considered would retain equivalent standards and checks to ensure robust lawful decision making.</p>
<p>2. How is the Governance and Ethics Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Decision making by Committees and other meetings at the Council subject to appropriate advice via standardised committee reports covering relevant issues for consideration. The Annual Governance Statement summarises the processes and procedures in place that govern the arrangements. Internal Audit procedures, legal advisory support from in-house and (where necessary) external advisors on different areas of service delivery. Training and development of staff from both internal and external sources, accreditation with relevant professional bodies, whistle-blowing policy, Financial Regulations, contract procedures, complaints procedures, internal and external investigations, HR procedures, terms and conditions of employment including disciplinary procedures etc.</p>

Page 107 of 180

## Impact of laws and regulations

Question	Management response
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2021 with an on-going impact on the 2021/22 financial statements? If so, please provide details</p>	<p>Internal Audit deal with allegations of fraud or criminal behaviour which is reported to the relevant authorities for investigation. Not aware of any other instances of non-compliance which would have an ongoing impact on the 2020/21 Financial statements, however there was an instance of non-compliance with laws in 2021 as a result of a genuine mistake and which resulted in a report from the Council's Monitoring Officer to the Council in November. A copy of that report, which was exempt from publication due to the personal information within it, was shared with John Gregory of the Council's external auditors at the time by the Council's Section 151 Officer. Any further information regarding this matter should be sought via that route given the sensitivity and exempt status of the report. Following the report to Council the Personnel Committee has received reports about changes to Council HR practices and procedures with the aim of ensuring such non-compliances do not occur in future.</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>Any contingent assets or liabilities arising as a result of litigation, claims or assessments are notified annually in the annual statement of accounts following a request by colleagues in Financial Services.</p>

# Impact of laws and regulations

Question	Management response
<p>5. What arrangements does Nottinghamshire County Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>Risk and Insurance manage insurance claims, together with the Council's insurers and having taken external legal advice where appropriate. Non-insured cases are managed by Legal Services together with external advisory support where appropriate with claims being pursued or settled on the basis of legal advice in accordance with provisions within the Constitution. Any contingent assets or liabilities arising as a result of litigation, claims or assessments are notified annually in the annual statement of accounts.</p>
<p>6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>A virtual BACs Inspection took place on 3 March 2021. The outcome of the Inspection has resulted in a number of recommendations and requirements being raised which the Council has used to develop an Action Plan (copy available on request). The organisation currently meets the standard required to maintain its Bacs Approved Bureau status.</p> <p>HMRC Compliance check took place on 19 June 2019 followed by a site visit to 2 schools (Ordsall Primary and Ranby C of E Primary) on 8 October 2019. The outcome of the Inspection was "Nottinghamshire County Council has been designated a low risk rating.</p>

# Related Parties

## Matters in relation to Related Parties

Nottinghamshire County Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Nottinghamshire County Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any body that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council's perspective but material from a related party viewpoint then the Council must disclose it.

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

## Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Nottinghamshire County Council's 2020/21 financial statements? If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and Nottinghamshire County Council</li> <li>whether Nottinghamshire County Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>There has been a new relationship in the related parties disclosed in the 2020/21 Statement of Accounts, with the East Midlands Development company ( EMDDevCo).</p> <p>The relationship is Associate but not material.</p> <p>There is an approved shared contribution to the funding of the EmdevCo.</p> <p>This is £500K and is a 1/3<sup>rd</sup> Share with another county and 3 smaller districts.</p>
<p>2. What controls does Nottinghamshire County Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>The Financial Statements identify all the related parties for the Council and the Pension Fund.</p> <p>Central Government – through the framework for grants and funding (Council Tax and Benefit Payments)</p> <p>Relationships in relation to members were identified where they held a position with bodies receiving grants. These are updated on the Authority's website. Officers make an annual declaration.</p> <p>Related transactions related to Arc, Via, Nottinghamshire (Futures), Inspire and LGPS Central (PF) are detailed within notes to the financial statements.</p> <p>Related parties in relation to individuals are identified during the financial statements generation and are reviewed prior to declaration</p>

Page 111 of 180

## Related Parties

Question	Management response
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	All transactions go through an approved process. Larger values have additional layers of authorisation as noted in the Scheme of Delegation. Procurement rules within Financial Regulations <a href="#">Financial Regulations   Nottinghamshire County Council Intranet (nottscc.gov.uk)</a>
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	If there are any transactions outside of the normal course of business a waiver process allows additional scrutiny.

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for Local Government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.



# Going Concern

Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Nottinghamshire County Council will no longer continue?</p>	<p>A rigorous review of the Council's Medium Term Financial Strategy assumptions takes place on an annual basis. This reviews such assumptions as pressures, savings, income streams, pay awards and other areas. The results of this review is reported to Finance Committee in the first instance and approved by Full Council in February of each year. The Finance Committee has responsibility for management of the Council's finances and budget reports are regularly reported to Committee as well as to the Corporate Leadership Team.</p> <p>It is acknowledged in the 2022/23 Annual Budget Report that adequate levels of balances and contingency are being maintained. There are no indications coming from these processes that the statutory services provided by the Council will no longer continue.</p>
<p>2. Are management aware of any factors which may mean for Nottinghamshire County Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>There are no factors that management are aware which may mean that the Council statutory services will no longer be provided or funding for statutory services will be discontinued.</p>
<p>3. With regard to the statutory services currently provided by Nottinghamshire County Council, does Nottinghamshire County Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Nottinghamshire County Council to cease to exist?</p>	<p>The Council expects to continue to deliver statutory services for the foreseeable future.</p> <p>Page 114 of 180</p>

## Going Concern

Question	Management response
<p>4. Are management satisfied that the financial reporting framework permits Nottinghamshire County Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>Management is satisfied that the financial framework permits the Council to prepare its financial statements on a going concern basis and that the financial statements will provide a faithful representation of the items in the financial statements.</p>

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Governance and Ethics Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Governance and Ethics Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Page 116 of 180

# Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	The main classes of transactions that are significant to the financial statements and give rise to the need for accounting estimates are land and building valuations and pension liabilities.
2. How does the Council's risk management process identify and address risks relating to accounting estimates?	In identifying and addressing these accounting risks sufficient knowledge and an appropriate level of professional expertise is required. In both of the main areas of accounting estimates, the Authority uses internal professionally qualified RICS valuers with regard to land and building valuations and professional actuaries, Barnett Waddingham for the pension liability.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	For land and buildings the appropriateness of assumptions used in valuing the Authority's land and buildings requires judgment and sufficient knowledge of the asset being measured and an appropriate level of professional expertise regarding valuation techniques. For the pension liability, management are guided by the professional advice of the Fund's actuaries in respect of the assumptions used.
4. How do management review the outcomes of previous accounting estimates?	Estimates that have changed significantly year on year are challenged as part of the year- end accounting process. Working papers are set out which aim to explain the reasons for any such variation.
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	No changes were made to the estimation process in 2021/22.

# Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Where a significant accounting estimate is identified professionally qualified experts are commissioned or internally sourced to provide sufficient advice and guidance to the Authority.
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	The process for land and buildings is governed by formal Terms of Engagement that reflect the expectations in relation to the relevant outputs / estimates. Valuations are undertaken by designated surveyors and separately approved by a Principal Valuer to ensure compliance and accuracy.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	In managements' opinion, there are adequate controls in place over the calculations of these accounting estimates. The robustness of these controls can be assessed with reference to robust analytical review processes undertaken by professionally qualified staff.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	In management's opinion there are adequate controls in place over the accounting estimates used in Authority's financial accounts. The robustness of these controls can be assessed with reference to robust analytical review processes undertaken by professionally qualified internal staff or external specialists. Any change in the methods or models used in arriving at accounting estimates will be subject to Section 151 officer approval. Sensitivity analysis is undertaken on the major accounting estimates and disclosed in the statements of accounts.

Page 118 of 180

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>Land and building estimates are considered annually throughout the valuation process culminating with a consolidated Valuation Certificate which indicates the Valuer's opinion of the value of specified properties pertaining to the process and the basis of valuation, any assumptions which have been made or limitations, including those as to accuracy of data and any other significant matters. If the Valuer considers that circumstances render it inappropriate for the valuation to be made wholly in accordance with the Red Book a clear statement to this must be given in the Valuation Certificate, together with reason for such departure, the extent of the departure which the Valuer must be able to justify. For the pension liability. Management use the figures provided by the professionally qualified specialist actuary in respect of the estimate. Detailed information in respect of the assumptions chosen and the sensitivity of the estimate to changes in these assumptions is provided in the relevant note to the accounts.</p>
<p>11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?</p>	<p>It is the view of the Section 151 Officer that the estimates made within the Statement of Accounts are consistent with the Local Authority Accounting Code of Practice and are both prudent and reasonable.</p>
<p>12. How is the Governance and Ethics Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>The Accounting Policies which set out the specific principles , rules and practices applied by the Authority in preparing and presenting the financial statements are approved each year by the Governance and Ethics Committee. The financial statements are presented to Governance and Ethics Committee each year which set out the accounting estimates used.</p>

Page 119 of 180

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	The valuations methods are as defined in the RICS Valuation-Global Standards .These standards are mandated by the IFRS-based Code of Practice on Local Authority Accounting ("the Code") published by CIPFA.	<p>The process is governed by formal Terms of Engagement that reflect the expectations in relation to the relevant outputs/estimates. Valuations are undertaken by designated surveyors and separately approved by a Principal valuer to ensure compliance and accuracy.</p> <p>All controls can also be assessed with reference to robust analytical review processes undertaken by professionally qualified staff.</p>	Professionally qualified RICS valuers are commissioned and sourced internally.	<p>Degree of uncertainty inherent with any revaluation. We employ professional valuers and rely on appropriate level of professional expertise regarding valuation techniques.</p> <p>Sensitivity analysis is undertaken to consider the impact of a potential marginal error and is disclosed annually in the accounts.</p>	No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Surplus asset valuations (all FV hierarchy levels)	Per L&B	Per L&B	Per L&B	Per L&B	No
Investment property valuations (all FV hierarchy levels)	Per L&B	Per L&B	Per L&B	Per L&B	No



## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation including useful lives assessment (land and buildings)	<p>The methods are in accordance with the IFRS-based Code of Practice on Local Authority Accounting ("the Code") published by CIPFA.</p> <p>Depreciation is charged in the year after acquisition or construction and the authority depreciates on a straight-line basis.</p> <p>The useful lives assessment is in accordance with the Authority's accounting policies which are reviewed annually and varies based on asset type.</p>	<p>The process of revaluation incorporates an assessment of remaining useful lives and this process as a whole is governed by formal Terms of Engagement that reflect the expectations in relation to the relevant outputs/estimates.</p> <p>Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.</p> <p>The estimate is considered with reference to robust analytical review processes undertaken by professionally qualified staff.</p>	Per L&B	<p>Depreciation is calculated on a straight line basis as this reflects consumption of assets and is a reasonable assumption.</p> <p>Sensitivity analysis is undertaken to consider the impact of a potential marginal error and is disclosed annually in the accounts.</p>	No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation including useful lives assessment (other PPE)	Per depreciation of L&B	<p>Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.</p> <p>The estimate is considered with reference to robust analytical review processes undertaken by professionally qualified staff.</p>	Historical knowledge and professional judgement of qualified Finance staff.	Depreciation is calculated on a straight line basis as this reflects consumption of assets and is a reasonable assumption.	No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of Council's share of LGPS pension assets and liabilities	Management work closely with the funds actuaries and discuss the impact of any changes to this valuation.	The actuary is subject to rigorous professional standards and is also required to provide information to the Government Actuary.	Yes – Barnett Waddingham	Management use the figures provided by the specialist actuary in respect of this estimate. Detailed information in respect of the assumptions chosen and the sensitivity of the estimate is set out in the notes to the accounts,	No
Financial liabilities (all FV hierarchy levels)	Financial liabilities are held at amortised costs in the balance sheet. Fair values are calculated and shown as a comparison within the notes to the accounts	Management use published 31 March PWLB and other appropriate loan rates based on the same length as the underlying financial instrument.	No	Material risks relate to incorrect rates used in calculations. These are addressed by the calculations being performed by an accountant, comparisons made with previous year and calculations/ working papers being reviewed by another accountant.	No changes
Financial assets (all FV hierarchy levels)	Financial assets are held at amortised cost in the balance sheet. Fair values are calculated and shown as a comparison in the notes to the accounts.	Management use published 31 March PWLB and other appropriate loan rates based on the same length as the underlying financial instrument.	No	Material risks relate to incorrect rates used in calculations. These are addressed by the calculations being performed by an accountant, comparisons made with previous year and calculations/ working papers being reviewed by another accountant.	No changes

Page 124 of 180

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
PFI Liabilities	The PFI models used to calculate the PFI liabilities were established following the introduction of IFRS and are updated as required.	The source data used for this accounting estimate are set out in the Council's PFI models and are updated as appropriate to reflect any inflationary impacts.	Yes – in the initial setting up of the PFI models	Any estimation uncertainty relates to rates used. Management believes that the rates used are the best estimates available.	No changes

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions	Provisions are identified through detailed monthly management accounts which flags any potential issues to management.	Each provision is separately reviewed by financial accounts and a working paper is put together to support the calculation.	As necessary on an individual basis	Each provision is assessed on an individual basis to ensure that it meets the criteria of a provision per IAS 37. The degree of uncertainty is assessed when determining whether a provision is the correct treatment for an item.	No
Income and Expenditure Accruals	Standard accrual accounting is used – accruals are based on expenses incurred that have not yet been paid.	Monthly management accounts provides rigorous analysis so that any accruals are highlighted and actioned throughout the year.	N/A	N/A	No
Credit loss and impairment allowances	Debts are reviewed on a monthly basis and any debts that are deemed to be irrecoverable are written off.	Knowledge by the Accounts Receivables team in likelihood of recoverability and the aging of the debts. Nottinghamshire County Council signs off the write off.	N/A	N/A	No

Page 126 of 180





**21 April 2022****Agenda Item: 9****REPORT OF SERVICE DIRECTOR, FINANCE, PROCUREMENT &  
IMPROVEMENT****LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL  
GOVERNANCE STATEMENT – 2021-22****Purpose of the Report**

1. To review the Local Code of Corporate Governance for Nottinghamshire County Council, and to seek approval for the proposed Annual Governance Statement 2021/22.

**Information**

2. The Accounts and Audit (England) Regulations 2015 require the Authority to review the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS), prepared in accordance with proper practices in relation to internal control.
3. The focus of the AGS is to assess the extent to which the Council's [Local Code of Corporate Governance](#) has been complied with in 2021/22. The opportunity should also be taken to review and update the content of the Local Code. No changes are proposed at this point; however, this will need to be reviewed to take account of the implementation of the Cabinet/Scrutiny model of governance from May 2022. The in-year governance update reports to the Governance & Ethics Committee will provide the means for doing that.
4. This AGS assesses governance in place during 2021/22 and is published alongside the annual accounts. It has been drawn up on the basis of a range of evidence sources, which are described at paragraph 3.3 of the Statement.
5. The draft Statement has been endorsed by the Corporate Leadership Team, and it is attached as **Appendix A** for consideration by the Committee.

**Other Options Considered**

6. The requirement to publish an annual governance statement is set out in the Accounts and Audit Regulations 2015. No other options are available.

**Reason for Recommendation**

7. To set out how the Authority has met its governance responsibilities for 2021/22.



## **Statutory and Policy Implications**

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

## **RECOMMENDATIONS**

- 1) That the Committee approves the Annual Governance Statement for 2021/22.
- 2) That the Committee keeps the content of the Local Code of Corporate Governance under review through the in-year governance update reports, to ensure the impact of the Cabinet/Scrutiny model of governance is accurately reflected in the Code.

**Nigel Stevenson**

**Service Director – Finance, Infrastructure & Improvement**

**For any enquiries about this report please contact:**

Rob Disney

Group Manager - Assurance

## **Constitutional Comments (EKH 22/03/2022)**

9. The recommendations fall within the remit of Governance and Ethics Committee under its terms of reference.

## **Financial Comments (SES 18/03/2022)**

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

## **Background Papers**

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

None

## **Electoral Division(s) and Member(s) Affected**

All

# **NOTTINGHAMSHIRE COUNTY COUNCIL - ANNUAL GOVERNANCE STATEMENT 2021/22**

## **1. SCOPE OF RESPONSIBILITY**

- 1.1. Nottinghamshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. Public money must be safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. The Localism Act 2011 has, among other things, established a general power of competence for local authorities.
- 1.2. In discharging this overall responsibility, the County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including the arrangements for the management of risk.
- 1.3. This statement meets the requirements of the Accounts and Audit Regulations (England) 2015 in relation to the publication of an Annual Governance Statement (AGS).

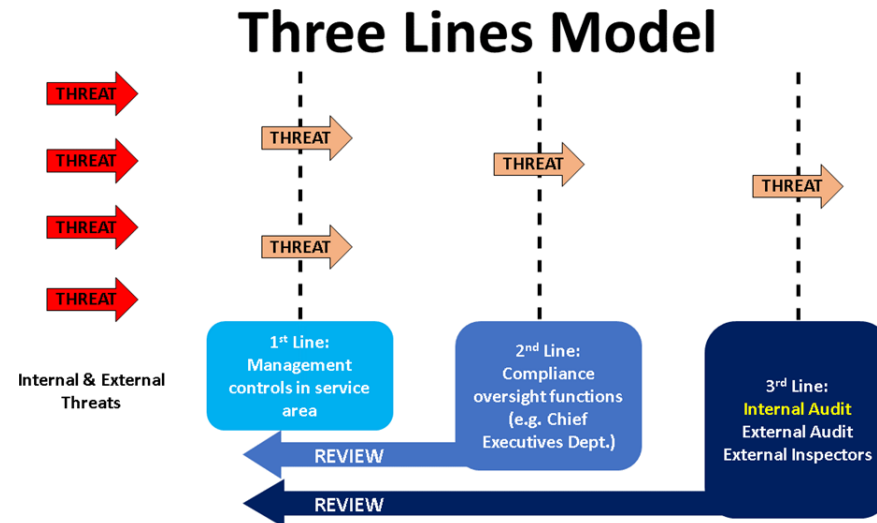
## **2. THE LOCAL CODE OF CORPORATE GOVERNANCE**

- 2.1. Nottinghamshire County Council has adopted a Local Code of Corporate Governance. The Code is subject to annual review and approval by the Governance and Ethics Committee, and it is published on the Council's [website](#).

- 2.2. The Code is based on the seven core principles of good governance, as recommended in the CIPFA/SOLACE Framework for 'Delivering good governance in Local Government' (2016 Edition).

## **3. REVIEW OF EFFECTIVENESS**

- 3.1. The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. This Statement sets out the outcome of the latest review for the financial year 2021/22. The outcomes are set out in terms of the extent to which the Council has applied in practice the seven core principles of good governance.
- 3.2. The Council operates a 'Three Lines Model' to deliver assurance about the effectiveness of its governance arrangements, as depicted in the following chart.



## **NOTTINGHAMSHIRE COUNTY COUNCIL - ANNUAL GOVERNANCE STATEMENT 2021/22**

- 3.3. The evidence to assess effectiveness with the Local Code in 2021/22 is drawn from a range of sources across the three lines of defence, as summarised below.

### **1<sup>st</sup> Line**

- Assurance statements from Corporate Directors concerning the application of key governance controls in their areas of service

### **2<sup>nd</sup> Line**

- In-year governance updates to the Governance & Ethics Committee
- Review of core governance issues dealt with by the Council and its committee structure
- Assurance mapping
- Governance & Ethics Committee's annual report

### **3<sup>rd</sup> Line**

- Head of Internal Audit's annual report (draft report)
- Reports of External Auditor
- Other external inspections (risk management review, BACS bureau inspection, BSI health & safety accreditation)

- 3.4. The in-year governance update reports to the Corporate Leadership Team and to the Governance & Ethics Committee prompt a review of the significant governance issues facing the Council, along with progress against the AGS Action Plan. In effect, the update reports provide for an in-year refresh of the AGS, to enable it to be used pro-actively throughout the year as part of the Council's governance framework.
- 3.5. Where any issues of concern are highlighted by the review, these issues are noted below in section 4 of the Statement, along with the key actions planned to address them.

### ***Assessment of compliance***

- 3.6. The following pages set out a concise assessment of compliance with the Local Code of Corporate Governance.
- 3.7. For each aspect of governance in the Local Code, the assessment is framed in terms of the following:
- The evidence for compliance with the Code in 2021/22
  - Brief details of any improvements and developments during the year
  - Identifying any gaps in compliance or areas in which there are significant challenges
  - The focus in the year ahead, to address gaps, to meet challenges or to continue with current developments

## A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Assessed assurance level for compliance with the Code of Corporate Governance: **Reasonable**

### Compliance with the Local Code

The policies, procedures and practices set out in the Local Code of Corporate Governance remained in force during 2021/22.

Corporate Directors report the following levels of compliance with key Council procedures relevant to this aspect of governance:

Procedure ↓	dept <sup>1</sup> →	ASC&PH	C&F	Place	Ch. Exec.
Staff code of conduct		Reasonable	Substantial	Substantial	Substantial
Staff induction		Reasonable	Substantial	Substantial	Substantial
Scheme of delegation		Substantial	Substantial	Substantial	Substantial
Staff register of interests		Reasonable	Substantial	Reasonable	Reasonable

### Improvements & developments during 2021/22

Good progress was made with planned developments in relation to organisational culture. As part of the launch of 'The Nottinghamshire Way' Programme, members of the Corporate Leadership Team and senior members took part in a series of question-and-answer sessions and focus groups, to provide the opportunity for discussion on a range of subjects from health and well-being, communications, what the future of work will look like and organisational culture. This approach will generate ongoing dialogue between colleagues to help create and sustain a positive and inclusive culture that reflects collective values and behaviours to ensure that people are supported

and working together effectively to deliver the ambitions and priorities set out in the Nottinghamshire Plan.

Implementation of the 'Nottinghamshire Way' programme will be supported by leaders and managers from across the Council. To sustain progress and ensure that all managers at all levels have the necessary knowledge, skills and confidence a new cross-council Leadership Development programme has also been launched.

The Council's decision in principle in September 2021 to change to the Cabinet/Executive model of governance overtook the planned review of the Council's Constitution. Re-drafting of the Constitution to reflect the new governance model, new terms of reference and procedure rules for the new structure were developed by a Member Working Group, led by the Chair of Governance and Ethics Committee, and approved by Full Council on 31<sup>st</sup> March 2022. These form the basis of the new governance arrangements which will be implemented following the Council's Annual General Meeting in May 2022.

The Member Working Group will remain in place to keep the operation of the new arrangements under review and to enable further phases of work to be undertaken during 2022. There will be a formal review of the arrangements after 12 months operation and recommendations made to Full Council as appropriate.

The scale of this task, and the timescale for it, necessarily meant that other planned actions for 2021/22 had to be delayed. Notably, this included a review of the Member Code of Conduct and the arrangements for the register of interests.

<sup>1</sup> Key to Council departments: ASC&PH – Adult Social Care & Public Health; C&F = Children & Families; Ch. Exec. – Chief Executive's

## **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

**Assessed assurance level for compliance with the Code of Corporate Governance: Reasonable**

A review of the Council's approach to conducting Equality Impact Assessments (EIAs) has been completed, led by the Council's Equalities Officer. A new on-line proforma, management tools, guidance and training have been developed and are being rolled out during April 2022.

- Register of interests – to complete the review of the current arrangements and bring forward proposals for any changes needed.

### **Gaps and challenges**

The principal challenge with this area lies in capacity to progress the range of actions identified. It should be emphasised, however, that the Council maintains a solid framework in this area, including review and validation of the new governance arrangements by an independent external legal advisor. The actions completed and still underway provide opportunities to strengthen the arrangements still further.

### **Focus for 2022/23**

The primary area of focus will be the implementation of the Cabinet model of governance from May 2022, and to keep its operation under close review as it beds in during the year.

Work will continue to roll out 'The Nottinghamshire Way' across the Council by involving employees in developing the next phases of activity and engaging managers through the new Leadership Development Programme.

The actions which remain in progress from the 2021/22 Governance Action Plan will be prioritised, focussing on the following:

- A review of the model Members Code of Conduct and supporting LGA guidance and to make recommendations to Full Council on any changes proposed to the existing Council Member Code of Conduct

## B. Ensuring openness and comprehensive stakeholder engagement

Assessed assurance level for compliance with the Code of Corporate Governance: **Substantial**

### Compliance with the Local Code

The Council's former, strategic plan, 'Your Nottinghamshire, Your Future', ended in 2021. In its place, the 'Nottinghamshire Plan' was approved, setting out a new nine-point plan to deliver a 10-year vision for a healthy, prosperous, and greener future for everyone in Nottinghamshire.

The Council complied with the requirements of the Transparency Code in 2021/22, and all other requirements of the Local Code for this aspect of governance were maintained during the year.

### Improvements & developments during 2021/22

The primary planned development for 2021/22 was the new Council Plan, which was approved and published in November 2021.

The process of formulating the new Plan was shaped to address feedback from the Big Notts Survey, in which over 12,000 residents shared their aspirations for the future.

Further, improved channels of communication and engagement are under consideration as part of one of the cross-cutting programmes of transformation - the Improving Resident's Access Programme. This includes ensuring residents have access to advice, information and guidance at an early stage to help keep vulnerable people safe and promote independence. This programme includes a strand of activity relating to improving accessibility through digital development.

### Gaps and challenges

Government's plans for devolution were released in February 2022 in a 'Levelling Up' White Paper. Devolution offers the opportunity to receive extra powers and money from Government and bring

decisions closer to home, so they better reflect the needs and ambitions of our communities and local businesses.

It is great news that Nottinghamshire and Nottingham have been named in the White Paper as one of the first nine areas in England invited to seek a devolution deal. This is in recognition of all the collaborative work that has been undertaken locally in 2021/22. Leaders of all the local councils in Nottingham and Nottinghamshire met in October 2021 and agreed on a joint vision for devolution. Since then, outline business cases have been scoped for the following priority themes identified in the case for change:

- Enabling and supporting young people through their journey to adulthood
- Education and Skills
- Environment
- Economy
- Connectivity and Infrastructure
- Land and Housing

Policy Committee in March 2022 received a progress report on this work that also gave approval to continue negotiations with Government, about a potential Level 3 devolution deal across Nottingham, Nottinghamshire, Derby and Derbyshire

### Focus for 2022/23

Continuing discussions locally and with Government about the devolution options for our area, in order to agree the best way forward.

Continued development of the digital development strand of the transformation programme.

## C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

Assessed assurance level for compliance with the Code of Corporate Governance: **Reasonable**

### Compliance with the Local Code

The Council maintained a dual focus during the year on meeting its short-term priorities for the immediacy of the pandemic, alongside planning for the long-term through the launch of the new Council Plan. The five programmes of work the Council established to re-set its priorities for the national emergency continued to be pursued, notably in the Adults Social Care and Health Department. A number of interim recovery plans were put in place across the Council to provide a bridge into the renewal phase signalled by the new Council Plan.

The Council's Medium-Term Financial Strategy (MTFS) also remained in place, to keep under regular review the financial impact of the pandemic and other significant pressures for the Council.

### Improvements & developments during 2021/22

The development of the strategic 'Nottinghamshire Plan' is fundamental to this aspect of governance. Accompanying the new Plan is a revised approach to the Council's Planning & Performance Management Framework. This brings a move away from the four supporting Departmental Strategies that were a feature of the previous framework, in favour of a Council-wide Annual Delivery Plan. Each Annual Plan will set out the Council's targeted aims to progress the strategic plan each year, and how the Council will work collectively to deliver them. Progress will be charted through the year by a new 'Vital Signs' reporting.

At the more detailed level in the new framework, the service planning template has been refreshed to ensure a strong link through to the Annual Delivery Plan and 'Nottinghamshire Plan'. A first set of plans using the new template was in progress at the close of the year.

The Council completed a key restructure to establish the Strategic Insight Unit (SIU) within its Transformation and Change service. This included the appointment of a new Service Director and Group Manager, who are now working to embed the work of the SIU and the significant contribution it can make to inform the future direction of Council services.

Having declared a climate emergency in May 2021, the Council went on to appoint its first Environment Ambassador and took a lead role in the COP26 Regional Roadshow for the East Midlands in November 2021.

### Gaps and challenges

Performance reporting in 2021/22 was necessarily grounded in service committee core data sets. This ensured a continuing focus on the immediate priorities of the pandemic, whilst also allowing capacity to develop the new Council strategy and the refresh of the Planning and Performance Management Framework.

### Focus for 2022/23

Launch of the Council's first Annual Delivery Plan and implementation of the revised Planning and Performance Management Framework through the strategic lead of the SIU.



## D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Assessed assurance level for compliance with the Code of Corporate Governance: **Reasonable**

### Compliance with the Local Code

Some key aspects of the Local Code remained in place and stood up well to the continuing challenge of the pandemic:

- The financial challenge of the pandemic and other pressures was constantly assessed and regularly reported, alongside consideration of their impact on the Medium-Term Financial Strategy
- The Council's business continuity plans for critical services continued to be tested by the ongoing pandemic, notably in adults' social care. The Council's Risk, Safety and Emergency Management Board oversaw and co-ordinated cross-Council support to these services, which felt the continuing impact of the pandemic the most keenly
- The Board varied the frequency of its meetings throughout the year to respond in an agile way to the fluctuating pattern of emergencies, which also included fuel shortages and winter storms.

Corporate Directors report a reasonable level of compliance, overall, in terms of stakeholder engagement for service change and development:

Procedure ↓	dept <sup>2</sup> →	ASC&PH	C&F	Place	Ch. Exec.
Stakeholder engagement for service change		Reasonable	Substantial	Substantial	Substantial

<sup>2</sup> Key to Council departments: ASC&PH – Adult Social Care & Public Health; C&F = Children & Families; Ch. Exec. – Chief Executive's

### Improvements & developments during 2021/22

The Council continued to implement its redefined approach to transformation and change. A revised structure for the teams working in this area of service was rolled out and is supporting progress with the four cross-Council transformation programmes and two underpinning workstreams. Scoping documents for each of these programmes were approved, and full 'Options for Change' cases were under preparation at the close of the year.

The Council completed implementation of the CIPFA Financial Management Code, following a shadow year of operation and progress reports to the Finance Committee. This demonstrated that 14 of the 17 standards were met and the requirements of the remaining three were exceeded.

### Gaps and challenges

The predominant challenge remains financial sustainability. The assessed funding gap over the Medium-Term Financial Strategy is £14m to £15m per year (after consideration of local tax decisions). Covid-19 and other emerging pressures, notably the impact of sanctions on Russia and Belorussia, present a continuing and significant risk to the Council's strategic plan.

The short-term nature of central government funding for local government is an obstacle to effective, long-term planning. Analysis of the Council's reserves confirms sufficient balances at present to manage the potentially significant financial shocks that may arise over the coming year.



## **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Assessed assurance level for compliance with the Code of Corporate Governance: Reasonable**

It will be essential to bring through the full 'Options for Change' cases for the transformation programmes to clearly assess the contribution these will make to both reducing existing cost pressures and to avoiding further cost going forward.

### **Focus for 2022/23**

To finalise 'Options for Change' cases for the current transformation programmes. To keep these programmes under review, to ensure they remain aligned with the MTFS and strategic objectives in the 'Nottinghamshire Plan.'

## E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Assessed assurance level for compliance with the Code of Corporate Governance: **Reasonable**

### Compliance with the Local Code

The policies, procedures and protocols set out in the Local Code of Corporate Governance remained in force during 2021/22.

Corporate Directors report the following levels of compliance with key Council procedures relevant to this aspect of governance:

Procedure ↓	dept <sup>3</sup> →	ASC&PH	C&F	Place	Ch. Exec.
Use of research and benchmarking		Substantial	Substantial	Substantial	Reasonable
Use of partnerships and collaborations		Reasonable	Substantial	Substantial	Reasonable
Compliance with financial regulations		Substantial	Substantial	Substantial	Substantial
Staff induction and development		Reasonable	Substantial	Substantial	Substantial

The ongoing pandemic continued to impact the Council's Members and staff, posing a test of its leadership and of its capacity to maintain delivery of critical services. Council staff continued to play a full and active role in the response to the pandemic with its Local Resilience Forum (LRF) partners, and its Corporate Leadership Team (CLT) and Risk, Safety and Emergency Management Board (RSEMB) have managed the Council's own response.

### Improvements & developments during 2021/22

The interim 'Workforce Resilience and Recovery Strategy (Sept 2020 – Sept 2021)' provided a route map to transition to a new People Strategy 2022-2026. This was approved by Personnel

Committee in January 2022. The new Plan will feature the development of annual action plans to support delivery of the workforce aspects of the Nottinghamshire Plan.

A key development alongside this was the launch of the 'The Nottinghamshire Way' Programme to embed cultural change and new ways of working and enable the successful delivery of the refreshed priorities set out in the Nottinghamshire Plan.

A new council-wide Leadership Development Programme has also been approved by Personnel Committee to ensure sufficient leadership capacity and confidence to drive new ways of working and ensure delivery of the ambitions set out in the Nottinghamshire Plan. The roll out of this two-year programme is now underway.

The Employee Opportunities and Workforce Development Strategy was approved by Personnel Committee in September 2021 to ensure a range of opportunities are available to attract and retain employees and that our people have the relevant knowledge, skills and experience. These include apprenticeships, the graduate development programme, traineeships, work experience, secondments.

An updated induction programme was delivered for Members following the local elections in May 2021.

### Gaps and challenges

A key challenge is to blend the positives employees have experienced from the ability to work more flexibly, with action to address the negatives, notably issues of isolation, concern over the

<sup>3</sup> Key to Council departments: ASC&PH – Adult Social Care & Public Health; C&F = Children & Families; Ch. Exec. – Chief Executive's

## **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

**Assessed assurance level for compliance with the Code of Corporate Governance: Reasonable**

loss of team working and the need to improve the accessibility of wellbeing support for employees. A range of activity is underway to broaden dialogue on these issues between staff and their managers.

### **Focus for 2022/23**

Implementation of the People Strategy, the continued roll out of the Nottinghamshire Way and corporate Leadership Development Programme and implementation of the Employment Opportunities and Workforce Development Strategy.

## F. Managing risks and performance through robust internal control and strong public financial management

Assessed assurance level for compliance with the Code of Corporate Governance: **Reasonable**

### Compliance with the Local Code

All elements of the established framework set out in the Local Code were in place during 2021/22. The continuing circumstances of the pandemic required some aspects of this part of the Code to be applied flexibly to align with, and support, the demands of the Council response. Notable examples are:

- The Risk & Emergency Management Board and the four departmental Risk & Emergency Management Groups met more frequently than usual to oversee the Council's response. The frequency of meetings was stepped up and down as required, and to remain aligned with the pattern in place with partners in the Local Resilience Forum
- The Internal Audit termly plans were kept under continual review to ensure the input of internal audit was targeted at delivering timely and agile assurance on new and changing processes. This ensured an appropriate balance between proportionate control and speed of service delivery,

Corporate Directors report the following levels of compliance with key Council procedures relevant to this aspect of governance:

Procedure ↓	dept <sup>4</sup> →	ASC&PH	C&F	Place	Ch. Exec.
Carrying out risk mitigation actions		Substantial	Substantial	Substantial	Reasonable
Data-sharing and governance		Reasonable	Reasonable	Reasonable	Substantial
Budgetary control		Substantial	Substantial	Substantial	Substantial

<sup>4</sup> Key to Council departments: ASC&PH – Adult Social Care & Public Health; C&F = Children & Families; Ch. Exec. – Chief Executive's

The Council's assurance mapping process was being compiled at the close of the year, ready for reporting to the Governance & Ethics Committee in June 2022. The overall assessments reported in June 2021 for each of the eight dimensions of governance covered by the process are set out below:

Aspect	Rating	Aspect	Rating
Financial management	Green	People management	Amber
	Green		Green
	Green		
	Amber	Information governance	Amber
Performance management	Amber	Transformation	Amber
Risk management	Amber	Commissioning and procurement	Amber
Asset management	Amber		

It is not anticipated that the current exercise will identify any significant matters of concern.

The Group Manager – Assurance is preparing his annual report as Head of internal Audit for 2021/22, for presentation to the Governance & Ethics Committee in June 2022. Draft indications are that this is likely to deliver 'Reasonable Assurance' about the Council's arrangements for governance, risk management and control.

## **F. Managing risks and performance through robust internal control and strong public financial management**

**Assessed assurance level for compliance with the Code of Corporate Governance: Reasonable**

### **Improvements & developments during 2021/22**

The Internal Audit team completed a series of three reviews of the Council's response to the pandemic and its plans for recovery and renewal. All three reports returned positive assurance that effective management arrangements have been maintained across the range of governance dimensions covered by the reviews.

An external review of the Council's approach to risk management was carried out in the spring of 2021, and an action plan was agreed by the RSEMB and the Governance & Ethics Committee to implement the several improvements recommended. Progress over the past year has focussed on establishing a clear distinction between the management of operational and strategic risks. Improved reporting of operational risks was implemented and, at the close of the year, a first, corporate strategic risk register was in development.

The Information Governance Board widened its remit to cover Cyber Security arrangements in the Council. This is bringing a settled approach to keeping risk levels across information and cyber security under close review.

The Internal Audit Team has established a monthly 'Continuous Assurance' report to the three statutory officers. This is providing a rolling and regular review of high-level indicators of control over the Council's core systems and processes, such as payroll, creditors, debtors and other, predominantly financial operations.

The Council currently meets the standard required to maintain its Bacs Approved Bureau status, and an action plan continues to be progressed to implement the recommended improvements raised in the inspection report last year.

### **Gaps and challenges**

An external review of the Council's risk management approach has identified opportunities to strengthen its arrangements and thereby progress towards becoming a more risk mature organisation. Whilst progress is being made across most of the agreed actions, capacity to implement the improvements at a reasonable pace is a key challenge.

The Information Governance and Cyber Security Board, and the relevant teams in the Chief Executive's Department, have a continuing focus on the challenge that cyber security poses to all organisations, across all sectors.

### **Focus for 2022/23**

Making significant progress with the implementation of the agreed improvements to corporate risk management.

Maintaining a keen focus on cyber security, to ensure the Council is equipped to continue meeting the challenge posed by this threat.

## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

**Assessed assurance level for compliance with the Code of Corporate Governance: Substantial**

### **Compliance with the Local Code**

The evidence collected from the sources of assurance set out above at 3.2 confirmed that the key policies, procedures and practices identified in the Local Code of Corporate Governance remained in force during 2021/22. The requirements of the Transparency Code were complied with.

The Head of Internal Audit's Annual Report will be presented to the Governance and Ethics Committee in June 2022, and it is expected to confirm the Internal Audit service remained compliant with the Public Sector Internal Audit Standards in 2021/22. The service will update its Quality Assurance and Improvement Plan for the coming year. The service's direct lines of access to all senior Members and officers continued during 2021/22, and it conducted its duties without encumbrance.

The Governance and Ethics Committee continued to receive assurance from key reporting sources during the year:

- Reports of Internal Audit and External Audit
- Summary reports on complaints received by the Council
- Whistleblowing update
- the Committee continued its transparent practice of reviewing all Ombudsman judgments received during the year, including the Ombudsman's annual report.

### **Improvements & developments during 2021/22**

Last year's Statement highlighted the impact of the pandemic on the conduct of its public Committee meetings. These were all restored to in-person meetings after the May 2021 local elections, but with the retained benefit of live streaming, which had been implemented during the lockdown period.

### **Gaps and challenges**

As referenced above, the implementation of the revised Planning and Performance Management Framework will bring a refreshed approach to reporting the annual performance of the Council.

Along with many other local authorities, the timeliness of external audit reporting to the Council has been problematic. This arises from known, national capacity issues in the sector. At the close of the year, the external auditor's annual report on the Council's arrangements to secure value for money had not been received.

The timeliness with which agreed actions arising from internal audit reports are implemented has seen a decline. Whilst the pandemic undoubtedly impacted management capacity to meet some target dates set prior to the pandemic hitting, renewed efforts are now required to make improvements going forward.

### **Focus for 2022/23**

Implementation of the revised Planning and Performance Management Framework to report on progress against the Annual Delivery Plan.

Pressing for improvement in the timely delivery of external audit reporting.

Renewed impetus, through the Governance and Ethics Committee, to drive through agreed actions from internal audit reports in a timely manner.

#### 4. SIGNIFICANT GOVERNANCE ISSUES

- 4.1. The list of significant governance issues for the Council is refreshed in-year through the Corporate Leadership Team and the Governance & Ethics Committee. The following is the latest update for this Statement.

Issue	Comment
<b>Cabinet/Scrutiny model of corporate governance</b>	
	Following Full Council approval in principle in September 2021, proposals for the implementation of an executive system (Leader and Cabinet model) of governance were developed through a member working group. The arrangements for the new governance system were approved by Full Council on 31st March 2022. The new system of governance will come into effect in May 2022 and kept under review by the member working group with a formal review after 12 months in operation.
<b>Devolution for Nottingham and Nottinghamshire</b>	
	The Government released its Levelling Up White Paper in February 2022, which outlines plans for devolution. This offers the opportunity to receive extra powers and money from Government and bring decisions closer to home, so they better reflect the needs and ambitions of local communities and businesses. Nottinghamshire and Nottingham are named in the White Paper as one of the first nine areas in England invited to seek a devolution deal. Leaders of all the local councils have agreed on a joint vision for devolution in our area, and outline business cases have been scoped for the priority themes identified in the case for change. This includes the potential Level 3 devolution deal across Nottingham, Nottinghamshire, Derby and Derbyshire. Discussions are underway locally, as well as across the 4 upper-tier authorities and with Government about the options for our area, in order to agree the best way forward.

Issue	Comment
<b>Climate change</b>	
	At its Annual General Meeting in May 2021, the Council declared a Climate Emergency and tasked its new Transport and Environment Committee to drive measures to achieve the Council's commitment to achieving carbon neutrality by 2030. The Committee has considered two reports to date, setting out progress against the Council's Corporate Environment Strategy and its alignment with the emergency declaration. Additional staffing resources are now being established to progress the strategy and to continue with regular progress reporting to Members, with recruitment to a new Carbon Reduction team due to complete by early summer. In addition, consideration is being given to further investment in the Council's Green Investment Fund across the course of the Medium-Term Financial Strategy.
<b>The transformation agenda</b>	
	The Council's revised approach to transformation and change is progressing four cross-cutting transformation programmes, with two underpinning strands of work. A new staffing structure for corporate transformation and change is now in place, including the establishment of the Strategic Insight Unit, along with revised business processes, governance arrangements and co-ordination with departmental service improvement activity. In addition, successful external recruitment to both the Group Manager, Transformation and Change, and the Service Director, Transformation and Change, posts have taken place. The importance of this work has been compounded by the impact of the pandemic on the County's residents and businesses, alongside the impact on the Council's finances. The scope and focus for transformation and change is being reshaped around the Council's resilience, recovery and renewal objectives.
<b>Financial resilience and sustainability</b>	
	The COVID-19 pandemic has placed significant, unforeseen and additional financial burdens on the Council. The importance of effective management of the most volatile elements of the annual






Issue	Comment
	budget is heightened and remains a key area of focus. The regular review of the financial impacts and the regular Government returns are now established as business as usual, and the Medium-Term Financial Strategy (MTFS) continues to be updated and reported regularly. Maintaining the flow of transparent, financial data for Councillors remains a key priority. The Council still has a funding gap of £29m over the four-year MTFS and, as savings become increasingly difficult to generate, the four cross-departmental Transformation Programmes are essential to delivering reduced, existing cost pressures and cost avoidance going forward.
<b>People Strategy</b>	
	The Council's People Strategy sets out to ensure that the Council is able to attract, retain and develop sufficient employees with the required knowledge, skills experience to deliver the ambitions set out in the Nottinghamshire Plan. This will be delivered through a number of programmes of work. The Nottinghamshire Way Programme will ensure people are working together efficiently and collaboratively to deliver key priorities. The Leadership Development Programme will ensure employees are effectively supported and managed. Action plans to deliver the Employment Opportunities and Workforce Development Strategy will ensure continuous personal and professional development and a pipeline of skilled, knowledgeable and experienced employees.
<b>Health and Social Care reforms</b>	
	The Government's white paper, 'People at the Heart of Care', was published in December 2021, setting out a 10-year vision to transform support and care in England. This will likely bring significant implications for the joint governance of health and social care for the Council and its local partners. These reforms come on top of those currently being implemented as part of the Health and Care Bill, embracing revised structures for the local Integrated Care System and the implementation of a Care Quality Framework for Adult Social Care.




Issue	Comment
<b>Risk management</b>	
	An action plan is in place to address the scope for improvement in the Council's risk management arrangements, following the external 'health check' review in 2021. A clearer distinction is being drawn between the management of operational and strategic risks, presenting the opportunity to link risk management through to strategic planning and reporting in a more impactful way. The changes will culminate in a revised policy and strategy for risk management, and any implications for the risk management framework will be assessed.
<b>Pace of implementing agreed audit recommendations</b>	
	Six-monthly updates to the Governance & Ethics Committee continue to chart a decline in the pace of implementation for agreed actions following internal audit reviews. Whilst the impact of the Council's required prioritisation of the pandemic response is acknowledged as a key factor, the Committee is now focused on driving through agreed improvements to the Council's control framework as expeditiously as possible. The Committee will be updated in June 2022 when any further actions that may be required will be considered.





## 5. ACTION PLAN

- 5.1. The Governance Action Plan is refreshed in-year and reported to the Governance & Ethics Committee. The latest update of the Plan is set out below.

Planned Action	Officer responsible	Target date for completion	Progress status
<b>1. Modelling sustainable savings plans</b> –approval of ‘Options for Change’ cases for implementation	Service Director - Transformation	Spring/summer 2022	 In progress
<p>The Council’s revised approach to transformation and change was approved by the former Improvement &amp; Change Sub-Committee, including the four cross-council programmes and two underpinning strands of work. Scoping documents for each of these programmes have been prepared, with full ‘Options for Change’ cases now in preparation.</p> <p>The newly established Strategic Insight Unit will have a continuing focus on identifying further opportunities for sustainable transformation going forward.</p>			
<b>2. Post-pandemic review:</b> formally review the Council’s response to capture and apply learning for the future. This will build on two reports to date to Policy Committee on the impact of COVID-19.	Chief Executive	To be determined as the course of the pandemic permits	 In progress
<p>Internal Audit has completed three reviews of the organisational response to the emergency, all of which delivered positive assurance.</p> <p>The Emergency Planning Team has reported the outcome of its debriefing survey to the Council’s Risk, Safety and Emergency Management Board. This considered the Council’s management of the emergency through its emergency response framework and through its significant role within the Local Resilience Forum (LRF). A fuller review through the Local Resilience Forum will be conducted in due course.</p>			
<b>3. Implementation of Cabinet/Scrutiny model of corporate governance:</b>	Service Director – Customers,	May 2022	

Planned Action	Officer responsible	Target date for completion	Progress status
incorporating work to review the constitution and operating model	Governance and Employees		In progress
Full Council gave approval in March 2022 to the arrangements for a new Cabinet model of governance to take effect from May 2022 following the Council's Annual General Meeting. Work is now underway to implement the new model using a phased approach. The member working group will oversee implementation of the new model with a formal review after 12 months operation.			
<b>4. Equality Impact Assessments (EIAs)</b> – review the approach with key stakeholders and deliver refresher training workshops for completion of EIAs, along with an online e-learning package.	Service Director – Customers, Governance and Employees	April 2022 for revised version of EIA form	 In progress
The review of EIAs has been completed, led by the Council's Equalities Officer, using a working group from across the Council and in consultation with staff support groups and the recognised trades unions. A revised proforma, guidance and training has been developed and is being launched during April 2022. Ongoing feedback will be sought, and the new arrangements reviewed after 12 months in operation.			
<b>5. Register of Interests</b> – completion of the current review, followed by approval of proposed changes and training on changes as appropriate.	Group Manager – Legal, Democratic & Complaints Head of HR	Sept 2022	 In progress
Progress has been restricted by continuing demands on relevant officers. Proposed revisions to the current system have been developed and now require final approval and implementation.			
<b>6. Planning &amp; Performance Management Framework:</b> review the	Group Manager – Transformation & Change	March 2022	 In progress

Planned Action	Officer responsible	Target date for completion	Progress status
framework in line with the development of the new Council Plan			
The opportunity of the new Council Plan is being taken to refresh the Planning & Performance Management Framework. This will bring forward proposals for business intelligence reporting at all levels in the performance hierarchy. Good progress is being made to align this with a first Annual Delivery Plan and quarterly Vital Signs reporting. Policy Committee, at its meeting in March 2022, is due to consider detailed proposals.			
<b>7. Risk management:</b> agree and implement a revised approach to risk management for the Council	Group Manager – Assurance	March 2022	 In progress
The outcome of the external report on the Council's arrangements for risk management was reported to the Governance & Ethics Committee in September 2021, along with outline details of the action plan now in place to implement the revised approach. The latest progress is included in a separate report to Committee on today's agenda.			
<b>8. Data quality in Mosaic:</b> greater priority given to addressing issues highlighted by routine reporting	Corporate Director – Adults Social Care and Public Health, working with the Group Manager - Assurance	March 2022	 In progress
As part of the 'Simplifying Processes' service improvement programme in ASCH, a consultant has been engaged to review reporting arrangements from Mosaic data. This is embracing standard principles for effective management of information.			

Potential, additional actions for:

- Review of Member Code of Conduct
- Review of Local Code of Corporate Governance part-way through the year – pick up implications from Cabinet/Scrutiny, People Strategy implementation, etc

**APPROVAL OF THE LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE**

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

*The Governance and Ethics Committee reviewed the local code of corporate governance and this statement at their meeting on 21 April 2022. We are aware of the steps that are being and will be taken to address the above significant governance issues and we are satisfied that these are appropriate. We will monitor their implementation during the course of 2022/23 and beyond.*

**Signed:.....**

**LEADER**

**Signed:.....**

**CHIEF EXECUTIVE**



**REPORT OF THE CHAIRMAN OF THE GOVERNANCE & ETHICS COMMITTEE****GOVERNANCE & ETHICS COMMITTEE ANNUAL REPORT 2021/22****Purpose of the Report**




1. To report to the County Council the work of the Governance & Ethics Committee in 2021/22 and the intended areas of focus for the current year.

**Information**

2. The Governance & Ethics Committee was established following the County Council elections in May 2017, and it held its first meeting in June 2017. It is comprised of 11 County Councillors.
3. The Committee's terms of reference are set out in the County Council's constitution. It is serviced regularly by professional officers working mostly in the Chief Executive's Department in the key functional areas of finance, internal audit, legal and democratic services, information management and corporate risk management. The Committee's role subsumed that of the former Audit Committee and it now extends further to incorporate wider responsibilities, for example relating to codes of conduct and dealing with alleged breaches of the codes.
4. At its meeting in July 2018, the Committee agreed to implement an annual report on how effectively it has discharged its key roles and responsibilities. This is the Committee's fourth annual report.

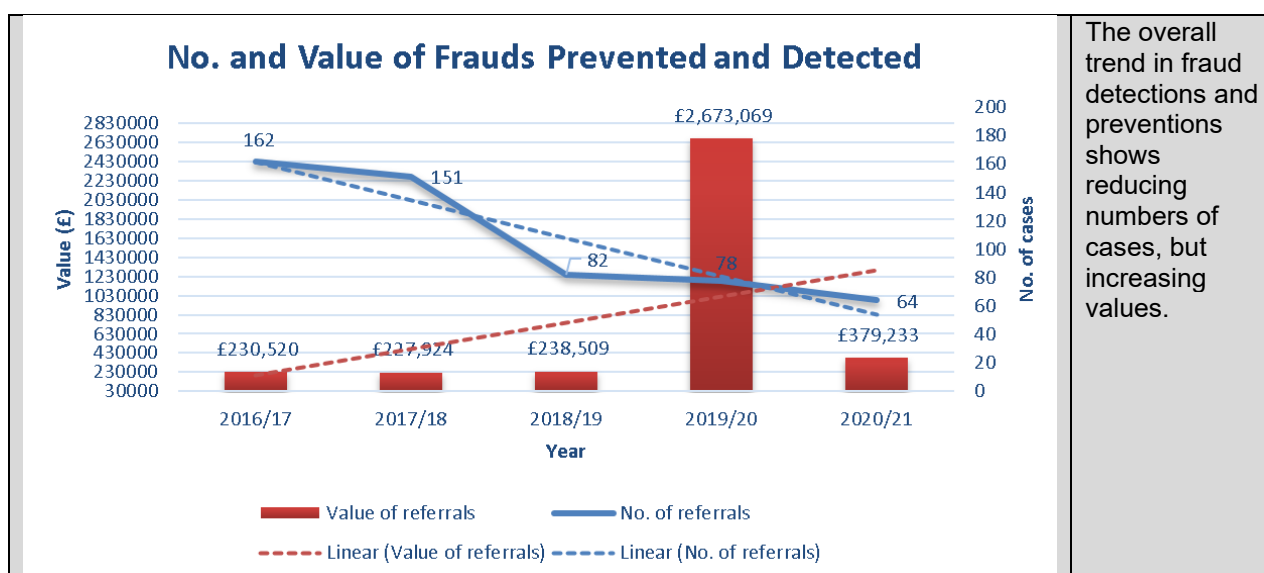
***Achievements against the Committee's terms of reference***

5. **Appendix 1** presents a matrix of the key business dealt with by the Committee, mapped against each of its roles and responsibilities set out in the County Council Constitution. There are a number of notable achievements, summarised as follows:
  - a) **Internal control framework:** the Committee has maintained its strong focus on supporting the work of Internal Audit, and it has received regular assurance from the service regarding the effectiveness of the Council's arrangements for governance, risk management and control. The follow-up of Internal Audit's recommendations has been flagged as an area of concern, as the implementation rate for Priority 1 recommendations has seen a decline compared with previous years. Whilst acknowledging the continuing impact the pandemic has had on services' capacity to meet the agreed implementation dates in all cases, most notably in Adults' Social Care and Public Health, the Committee began stepping back up its emphasis on inviting senior managers to committee meetings to provide verbal updates on progress. This will need to continue in the current year to drive agreed improvements through to implementation.

 Limited assurance  <b>REASONABLE ASSURANCE</b> Risk levels are acceptable  Substantial assurance	The Head of Internal Audit provided a consistent and satisfactory opinion on the Council's arrangements across governance, risk management and control.
--	---

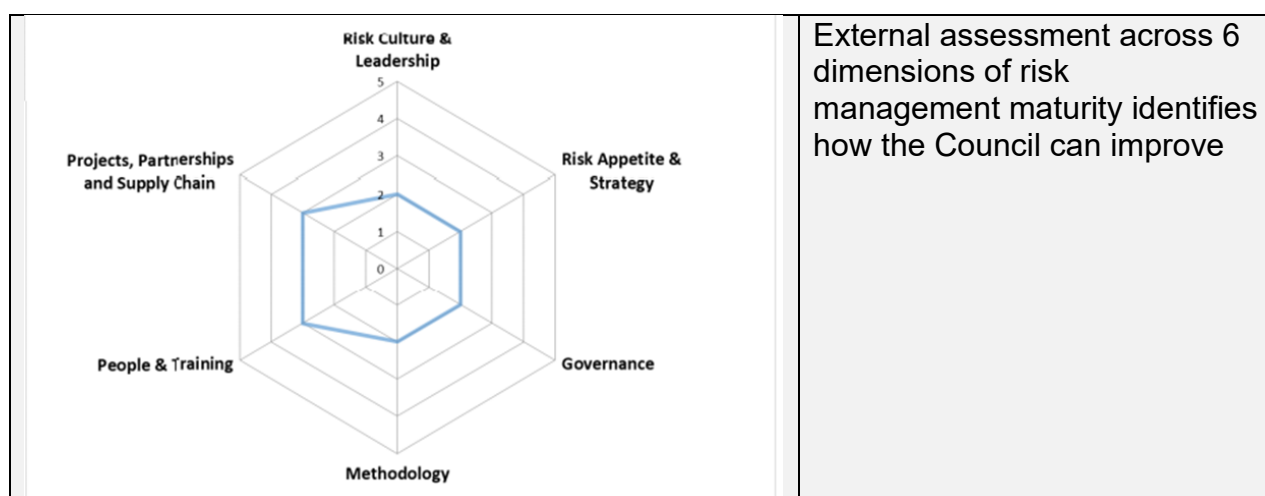
The Committee has been similarly supportive of the work of the Council's external auditors, again receiving updates on progress with the annual audit, and confirming an appropriate response from management to the findings and recommendations reported.

- b) **Assurance mapping:** This continued to provide important intelligence for the Committee in determining where it may require additional assurance in the following year. Work progressed to develop further the content and frequency of continuous assurance feeds to the Committee around the Council's key governance processes, to complement the annual mapping exercise.
- c) **Counter-fraud:** the Committee considered the Annual Fraud Report and a six-monthly update, which continued to evidence that the incidence of fraud in the Council is low. Nonetheless, the Committee reinforced the zero tolerance approach where issues have arisen, and continued to encourage all staff and stakeholders to voice concerns wherever reasonable suspicions arise. The Committee has maintained oversight of the Council's pro-active counter-fraud programme. The annual reports for the Council's Whistleblowing scheme and the use of the Regulation of Investigatory Powers Act 2000 added further insight in this area.



- d) **Annual Statement of Accounts and Annual Governance Statement:** The Committee received and approved these Statements for 2020/21 in accordance with the statutory timescales. The Committee received regular updates during the year on progress against the Annual Governance Statement's action plan, and it approved the annual refresh of the Local Code of Corporate Governance.

- e) **Risk Management:** The Committee received six-monthly updates on corporate risk management, including the outcome of an external review of the Council's arrangements. This identified scope to strengthen the Council's framework, and the Committee agreed an action plan for improvement.



- f) **Councillors' Divisional Funds:** A member working group was established to consider proposals for the review of the Councillors' Divisional Fund policy and procedures. This followed receipt of an internal audit report on its operation. The working group reported its findings and recommendations at the close of the year, which were accepted by the Committee.
- g) **Local Government Ombudsman Reports and Complaints:** The Committee continued its firm stance to be transparent in its approach to considering issues arising from service users' complaints about Council services. All decisions of the Ombudsman are scheduled for consideration by Committee at each meeting as the reports are received throughout the year. The relevant senior officers are invited to attend, where appropriate, to advise of actions taken where complaints have been upheld.
- h) **Expenditure review programme:** At the start of the year, the Chairman and Vice-Chairman liaised with Service Committee Chairs to consider a programme of expenditure reviews, to be led by the Vice-Chair of this Committee. A Member-led review of Children's Services expenditure commenced during the summer, initiated by the Finance Committee. This was incorporated into the Governance & Ethics Committee's programme, and the Vice-Chairman of Governance & Ethics Committee participated in this first review. The next scheduled Governance & Ethics Committee review, of Adults' Day Services, was necessarily delayed due to the ongoing pressures of the pandemic for the Adults Department. However, this review was underway at the close of the year.
6. The Committee has made appropriate use of the range of powers delegated to it under the terms of the Constitution, as summarised below:

Delegated power	Summary of activity
Decision- making	Decisions have been taken at each Committee meeting in relation to the areas of activity within the Committee's remit
Performance review	Periodic updates of the service delivered by Internal Audit





Delegated power	Summary of activity
	In relation to Internal Audit  Progress against the Annual Governance Statement Action Plan
Review of officers' decisions	Annual scrutiny of decisions taken by officers to waive financial regulations
Consultation responses	Considered the Council's response to district level governance and electoral reviews

### ***Member training***

7. A programme of induction training was delivered for all members of the Committee, following the elections in May 2021. This was focussed on furnishing the refreshed membership of the Committee with the knowledge it needs to perform its important role in the Council's governance framework.

### ***Priorities for 2022/23***

8. The impact of the Council's adoption of the Cabinet/Scrutiny model of governance needs to be assessed for the Governance & Ethics Committee. Once any implications for its remit have been determined, a planned schedule of assurance over the course of the year will map out the reports the revised Committee will require to meet its remit.
9. It is proposed that key priorities for the Committee in 2022/23 should embrace a blend of its core duties as set out in the Council's Constitution, along with training and developmental activities to help maintain a high degree of focus on governance and ethical values in the Council. The following are potential priorities in 2022/23 for Members to discuss:

	<b>Member training</b> <ul style="list-style-type: none"> <li>➤ Understanding the role of the Committee in the context of the new Cabinet/Scrutiny model of governance</li> <li>➤ Risk management concepts and their application using a case study approach, following full implementation of the Council's revised process for risk management</li> <li>➤ Links with other county and regional audit committees</li> <li>➤ Participation at regional and national conferences and seminars</li> <li>➤ Introduction of more regular and targeted briefing sessions with key officers</li> </ul>
	<b>Core business</b> <ul style="list-style-type: none"> <li>➤ Statement of accounts</li> <li>➤ External audit plans and outcomes</li> <li>➤ Internal Audit plans, outcomes and implementation of recommendations</li> <li>➤ Counter-fraud – with a particular emphasis on the key, external threats and the Council's processes for recovering losses</li> <li>➤ Oversight of complaints and Ombudsman reports – to continue the transparent approach adopted to date</li> <li>➤ Information governance</li> <li>➤ Corporate risk management</li> <li>➤ Member conduct</li> </ul>

**Promoting strong governance and sound ethical values**

- Reviews of significant areas of Council expenditure
- Continuation of assurance mapping
- Arrangements for determining the Council's risk appetite
- Reviewing the Council's ethical framework
- Regular updates of the Annual Governance Statement
- Self-assessments against best practice guidance for governance and ethics
- Annual report to Full Council

**Other Options Considered**

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

**Reason for Recommendation**

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

**Statutory and Policy Implications**

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.

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

**RECOMMENDATION**

1) That the achievements of the Governance and Ethics Committee in 2021/22 be noted and the intended areas of focus for 2022/23 be endorsed.

**Councillor Philip Owen**  
**Chairman of the Governance & Ethics Committee**

**For any enquiries about this report please contact:**

Marjorie Toward  
Service Director – Customers, Governance &  
Employees

Nigel Stevenson  
Service Director – Finance, Infrastructure &  
Improvement

**Constitutional Comments (EKH 22/03/2022)**

14. This report is appropriate to be considered by the County Council.

### **Financial Comments (SES 18/03/2022)**

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

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

Jun 2021	Sep 2021	Nov 2021	Dec 2021	Jan 2022	Mar 2022
<b>Council-wide Governance &amp; Ethics</b>					
Establishing a working group for review of the Constitution					
Local Code of Corporate Governance and Annual Governance Statement 2020/21		Governance update			Governance update
Gov & Ethics Cttee annual report					
Assurance Mapping Annual Report 2020/21					
<b>Annual statement of accounts</b>					
Statement of accounts: Accounting policies	Statement of Accounts 2020/21				
<b>Internal control &amp; external audit</b>					
Head of Internal Audit Annual Report 2020/21	Internal audit Plan	Follow-up of Internal Audit Reports – implementation of agreed actions	Strategic Internal Audit Plan		Internal audit update and plan
		Internal audit update and plan	Internal Audit Charter		
External audit risk assessment		External Audit Annual Letter 2020/21			
External audit plan		Decision to opt into the National Scheme for Audit Appointments			

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

Jun 2021	Sep 2021	Nov 2021	Dec 2021	Jan 2022	Mar 2022
<b>Financial Regulations and counter-fraud</b>					
	Annual Fraud Report 2020/21			Counter Fraud progress report	
	Financial regulations waivers 2020/21			Regulation of Investigatory Powers Act 2000 – annual report	Whistleblowing update
<b>Risk management</b>					
	Corporate Risk Management Update				Corporate Risk Management Update
<b>Legal, democratic, complaints</b>					
Local Government Ombudsman decisions	Local Government Ombudsman decisions	Local Government Ombudsman decisions	Local Government Ombudsman decisions	Local Government Ombudsman decisions	Local Government Ombudsman decisions
	Broxtowe Community Governance Review		Bassetlaw Community Governance Review		
			Rushcliffe Borough Council Electoral Review		
<b>Councillors' divisional funds and use of resources</b>					
	Update on Councillors' use of resources		Councillors' Divisional Fund – working group		Councillors' Divisional Fund – revised policy and procedures
<b>Training &amp; development</b>					
Membership, Terms of Reference and the work of the Committee					

**21 April 2022****Agenda Item: 11****REPORT OF SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE, AND  
IMPROVEMENT****RUSSIAN INVASION OF UKRAINE: IMPLICATIONS FOR  
NOTTINGHAMSHIRE COUNTY COUNCIL****Purpose of the Report**

1. To set out an initial assessment of the short-term implications for the Council of the Russian invasion of Ukraine, and to invite Members' feedback on the adequacy of the mitigations in place to address the risks.

**Information**

2. The war in Ukraine is resulting in tragic loss of life and human suffering, as well as causing massive damage to Ukraine's physical infrastructure. It has sent a wave of nearly three million (and climbing) refugees to neighbouring countries. Unprecedented sanctions have been announced on Russia.
3. We will all be aware of these developments in Ukraine and the ongoing imposition of further financial and trade sanctions on Russian and Belarusian Government officials and other named individuals and entities. These are being imposed by countries around the world, including the UK, US and the EU. These recent measures are directly relevant to local government, as well as to business and individuals.
4. While the situation remains highly fluid and the outlook is subject to extraordinary uncertainty, the economic consequences are already very serious. Energy and commodity prices—including wheat and other grains—have surged, adding to inflationary pressures from supply chain disruptions and the rebound from the Covid-19 pandemic. Price shocks will have an impact worldwide, especially on poor households for whom food and fuel are a higher proportion of expenses. Should the conflict escalate, the economic damage would be all the more devastating. The sanctions on Russia will also have a substantial impact on the global economy and financial markets, with significant spill-overs to other countries.
5. In many countries, the crisis is creating an adverse shock to both inflation and activity, amid already elevated price pressures. All countries will need to carefully monitor the pass-through of rising international prices to domestic inflation, to calibrate appropriate responses. This crisis will create complex policy trade-offs, further complicating the policy landscape as the world economy recovers from the pandemic crisis.

### ***Specific legislation***

6. The Russia (Sanctions) (EU Exit) Regulations 2019 (S.I. 2019/855) were made under the Sanctions and Anti-Money Laundering Act 2018 (the Sanctions Act) and provide for the freezing of funds and economic resources of certain persons, entities or bodies involved in destabilising Ukraine or undermining or threatening the territorial integrity, sovereignty or independence of Ukraine, or obtaining a benefit from or supporting the Government of Russia.
7. In the UK, Financial Sanctions Notices relating to Russia are issued under the Russia (Sanctions EU Exit) Regulations 2019 (as amended).  
<https://www.gov.uk/government/publications/financial-sanctions-ukraine-sovereignty-and-territorial-integrity>
8. Joint Statement on developments in Ukraine Financial Sanctions Notices in relation to Belarus are issued under the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1055934/Notice\\_Belarus\\_180222.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1055934/Notice_Belarus_180222.pdf).

### ***Potential impacts for the County Council***

Risk:	<b>Meeting the needs of refugees (New risk)</b>	Rating:	<b>Med (amber)</b>
-------	---	---------	------------------------

9. As all will be aware from news reports, the immediate needs of refugees are being borne by the countries that border the Ukraine, with Poland, Romania, Hungary, Slovakia and Moldova dealing with huge numbers of people arriving with only what they can carry. The UK is providing significant financial support to these immediate pressures through the campaign of the Disasters Emergency Committee, and the match-funding from the UK Government, raising funds to cater for the humanitarian emergency that is unfolding.
10. The UK government continues to roll out its arrangements for this country providing refuge to as many Ukrainian people as wish to take shelter here. NCC stands committed to supporting this endeavour and to offering its services to the Ukrainian people who need to use them. Work is underway across all the councils in Nottingham and Nottinghamshire to prepare for Ukrainian people who come to our area. We are working with our district and borough councils, and with the East Midlands Councils, which leads on the Region's Strategic Migration Partnership. From the outset of the crisis, the Council's Community Services Team reached out to local community support groups with an interest in Ukraine, to offer assistance.
11. The Department for Levelling Up, Housing and Communities (DLUHC) has launched its 'Homes for Ukraine' scheme, and more than 120,000 pledges of support have been registered. The Local Government Association has stated that Councils will be central in helping families settle in communities and access services, including schools, public health and other support. The County Council has a role in the basic safeguarding checks that will be needed under the scheme, and it has established a Steering Group to implement the response. Upper tier councils will also be the accountable bodies for the Government funding to local authorities of £10,500 per refugee; further details about the arrangements and requirements are awaited.

12. Work has also been initiated to review the Council's vacant caretaker houses to assess how readily occupiable they are, should they be needed.
13. This represents the most uncertain area of risk for the Council, as there is no information available at this stage on the likely numbers of refugees who will relocate in Nottinghamshire, nor what their needs will be. The current strain on the Council's Adults' and Children's services is already severe, driven by the existing and increasing demands. Capacity to accommodate significant and additional needs is a key concern. The Council expects to draw on support from its provider partners, and through its strong links with the voluntary sector.
14. It should also be stressed, however, that Ukrainian people taking refuge in the UK will be entitled to seek work, presenting an opportunity for local organisations and businesses to benefit from their skills, knowledge and experience.
15. Senior Council officers are fully linked into briefings and developments on this issue, working alongside our local partners, enabling the impact of this risk to be kept under very close review as the picture clarifies.

<b>Risk:</b>	<b>Cost increases and supply chain disruption (Existing risk – additional trigger)</b>	<b>Rating:</b>	<b>High (red)</b>
--------------	--	----------------	-----------------------

16. In November 2021, the Finance Committee received a report on resource shortages and contract inflation. This set out the concerns and challenges the Council is seeing, primarily from the impacts of the pandemic and the UK's exit from the EU. Principally, impacts are being felt in the following areas:
- Shortages and price increases of construction materials imported from abroad
  - Staff recruitment and retention issues in the social care market and in catering and facilities management
  - Shortages of some food lines due to resource constraints in agriculture and warehousing
  - Driver shortages and price increases in non-municipal waste services
  - Significant increases expected in direct energy costs for 2022/23
  - Anticipated impacts of rising fuel prices across many areas of the Council's services.
17. Cost increases and supply chain disruption is, therefore, a known and significant operational risk for the Council. The Russian invasion of Ukraine has become a further trigger for this risk. The additional and compounding impacts of the conflict are assessed to be in the following areas:
- Utilities – the Russian invasion is having a compounding impact on fuel, gas and electricity prices for all. Price increases have already been negotiated with our suppliers of Special Educational Needs transport providers, and there is the clear potential for contagion to many other service areas.
  - Food – around 8% of wheat supplies to the UK are sourced from Ukraine, and our key suppliers are raising concerns over the sustainability of contractual prices. Close contract management processes are being applied, supported by soft market testing, to facilitate negotiations with our core suppliers in this area.
  - Timber – Russia is a significant source of timber for construction supplies, therefore this adds to the pressures already being seen on capital programme projects



- Wood pellets – around 60 buildings in the Council’s estate have boilers fuelled by wood pellets, of which about a third are schools. It is estimated that approximately 65% of the supply of wood pellets to the UK has been sourced from Russia. The Council’s Danish supplier has seen impacts up the supply chain and has switched to Finnish and Estonian sources. As a result, a temporary increase of approximately 23% in the price per tonne of pellets has been negotiated. Total expenditure per year on wood pellets is around £50,000, therefore the overall financial impact of this issue is low.
- Nickel – Russia is a sizeable supplier of nickel, an essential component in batteries for electric vehicles, therefore some disruption to market supply and pricing might be anticipated. Replacement batteries are generally scheduled on a 7-to-10-year lifecycle. The Council currently has 6 electric-powered buses in its fleet, four of which have very recently been procured; the remaining two are 3-to-4 years old. The Council aims to convert to a fully electric fleet by 2030. Given the current electric fleet is small and young, this is a very low risk for the Council.

The report to Finance Committee in November 2021 sets out the Council’s tight budgetary control mechanism to keep all these risk areas under close monitoring. This remains the most appropriate response, ensuring that problem areas are identified early, and consideration is given to further and more detailed mitigations on a case-by-case basis. The corporate and collective impact of these pressures is being factored into the rolling Medium-Term Financial Strategy.

Risk:	<b>Cyber security</b> (Existing risk – increased likelihood)	Rating:	<b>Med</b> (amber)
-------	---	---------	-----------------------

18. The escalation of tensions between Russia and the West has resulted in an increased threat to the cyber security of organisations both large and small, and across all sectors. The increased threat of state-sponsored hacking and ransomware attacks on Health and Public Sector organisations in the UK arising out of the escalating tensions in the region are well publicised. Recent warnings released by the National Cyber Security Centre (NCSC) have been published in the media.
19. It is important to recognise that this is only part of the picture; there are other threat actors in play. A recent joint Cybersecurity Advisory published by UK, US and Australian Cybersecurity authorities, highlighted the “growing technological sophistication and increased ransomware threat to organizations globally”. This risk is driven not only by state-sponsored threat actors but also by ‘hacktivists’ and cyber criminals.
20. While known victims and high value targets such as global organisations are popular targets, the trends seen in the UK point to mid-size health, public-sector and charitable organisations as key targets. Methods of disruption have diversified from holding data to ransom to:
  - threatening to release stolen information, particularly that of a more sensitive nature such as health, care or financial records
  - threats to inform shareholders or members of the public about attacks
  - blocking internet access to and from an organisation’s network/websites etc.
21. Along with the multi-layered technical security measures the Council has in place, it is important that individuals maintain a heightened state of vigilance when opening emails and even text messages, particularly those that are unsolicited or unexpected, even if the source is known. Most successful attacks are as a result of an individual clicking on a malicious link

in an email or text message. All NCC staff have been reminded to maintain a high state of vigilance at this time.

22. Further mitigations include:

- All the Council's Cyber Security products, both software and hardware, are provided through UK/US based companies
- The Council's email filtering can be set to block traffic from any domain considered to pose a Cyber Risk. Russian and Ukraine domains have been blocked for some time and Belarus has been added
- Access to Russian websites is blocked.
- As a further precautionary measure all traffic from Russian, Belarusian and Ukrainian domains on the Council's Firewalls are blocked, the latter due to the increased risk of malicious activity originated in Russia/Belarus but appearing to come from Ukraine.

Risk:	<b>Direct contractual links with Russian companies (New risk)</b>	Rating:	Low (green)
-------	---	---------	----------------

23. At the County Council meeting in February 2022, a statement was agreed, in support of Ukrainian people, and in condemnation of the Russian invasion. This statement can be found on the Council's public website by following this link:

<https://www.nottinghamshire.gov.uk/newsroom/news/county-council-statement-on-ukraine>

24. In support of this, the Council has assessed the extent of its civic and contractual arrangements with Russia. This determined the Council has no active civic partnerships or commercial arrangements with Russia.

25. With regard to the Nottinghamshire Pension Fund, the ambition is to sell the small amount of Russian-linked assets it holds as soon as it is legally and ethically possible to do so. These assets amount to £5m (although now not registering any value), less than 0.1% of the £6.6bn pension fund; consequently, there are no immediate impacts on the fund. Investment managers have also been asked to suspend further purchases of Russian assets. This position will continue to be monitored through the Nottinghamshire Pension Fund Committee.

26. The general inflation within the UK will affect the triennial valuation. Although this should be based on the long-term view, and the current situation could be considered a short-term issue, there will be an effect upon this year's valuation. Pushing up the inflation assumption whilst at the same time depressing asset returns may have potential impacts on the employer rate, and potentially on through Government policy on the employee rate. The full implications will not be known until the last quarter of the financial year when the valuation cycle is completed.

Risk:	<b>Staff welfare (Existing risk – additional trigger)</b>	Rating:	Low (green)
-------	---	---------	----------------

27. Some of the Council's employees have links to Ukraine, and/or are understandably concerned by the crisis.

28. It is recognised that this crisis comes on top of the significant turbulence we have all lived through over recent times. The Council has taken action to bolster its welfare provision for its employees, notably through the following which have again been promoted to all staff:

- Employee Counselling Service
- Mental Health First Aiders network
- Workplace Buddies scheme.

29. The Education Psychology Service has produced a guide for talking to children and young people about the war in Ukraine.

Risk:	<b>Disruption to local civil order (Existing risk – additional trigger)</b>	Rating:	Low (green)
-------	---	---------	----------------

30. The Office for National Statistics has made an early release of Census 2021 data on Eastern European populations to help local and national emergency response planning in response to the Russian invasion of Ukraine. The data reports the number of residents in districts and boroughs who were born in Ukraine, Russia and other Eastern European countries. This data shows that Nottinghamshire has very small such sectors of its population (on average around 27 residents born in the Ukraine per 10,000 people, and on average around 37 residents born in Russia per 10,000 people).

31. Consequently, the potential risk of civil unrest at the local level, either sparking from within our East European communities or perhaps from a rise of anti-Russian feeling in the county's wider population, is assessed to be low.

32. Nonetheless, the Council's lead officer for the Government's Prevent strategy receives frequent counter-terrorism briefings about national threat levels, and he is also the key contact for the Police's East Midlands Special Operations Unit, which provides local information. Both of these sources of intelligence will be kept under close scrutiny, along with that received via other established links into the Council's Emergency Planning Team.

Risk:	<b>Local trade with Eastern Europe (New risk)</b>	Rating:	Low (green)
-------	---	---------	----------------

33. The Council has assessed the specific risk to our local economy connected to trade with either Ukraine or Russia in Nottinghamshire is low. The biggest risk to small businesses is from the wider macro-economic factors such as raw material costs and general inflation which are caused by a number of factors.

34. A member of the Regeneration Group is to join a wider business resilience forum to look specifically at those key issues affecting businesses in Nottinghamshire and activities to further support business will be considered when appropriate.

### Other Options Considered

35. None – at its meeting in March 2022, the Governance and Ethics Committee requested this report to be brought to its next meeting.

### Reason/s for Recommendation/s

36. To afford Members the opportunity to raise any concerns or suggestions concerning the impacts for the Council of the Russian invasion of Ukraine and the Council's response.

## **Statutory and Policy Implications**

37. 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.
38. The risks set out in this report have implications for: crime and disorder; data protection and information governance; finance; human resources; human rights; and the safeguarding of adults and children. As detailed in the report, the implications are assessed to be of varying impact and, in many respects, are unclear at this stage. The current and continuing actions being taken by the council to keep these implications under review are detailed in the report.

### **RECOMMENDATION**

- 1) Members note the risk assessment laid out in the report, and note the actions being taken to mitigate them.

**Nigel Stevenson**

**Service Director, Finance, Infrastructure and Improvement**

**For any enquiries about this report please contact:**

Rob Disney – Group Manager, Assurance

### **Constitutional Comments (EP 07/04/2022)**

39. The Governance and Ethics Committee is the appropriate body to consider and comment on the contents of this report.

### **Financial Comments (NS 6/4/2022)**

40. When the Council set its budget last February it included a risk assessment of major assumptions in the budget including inflationary pressures, catered for in the contingency budget and the General Fund Balances. The report indicates that the financial impacts are likely to compound existing inflationary pressures which will continue to be monitored through the Council's budget monitoring arrangements.

41. As indicated in the report, as an upper tier council, Nottinghamshire will be the accountable bodies for the Government funding to local authorities of £10,500 per refugee.

### **HR Comments (GME 29/03/22)**

42. The impacts on the Council's workforce of the current situation are highlighted in paragraphs 28 and 29. Employees can self-refer to the counselling service provided by Care First. Further information and support are highlighted on the Council's intranet well-being pages to assist anyone experiencing anxiety or supporting any members of their team directly affected by the conflict.

43. Colleagues in the Recruitment Team will offer advice and support to Ukrainian job applicants and recruiting managers to ensure vacancies are accessible and the relevant safer recruitment requirements are fully met

### **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

**21 April 2022****Agenda Item: 12****REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND  
EMPLOYEES****RUSHCLIFFE COMMUNITY GOVERNANCE REVIEW – UPPER SAXONDALE****Purpose of the Report**

1. This report informs Councillors about the process that is being followed by Rushcliffe Borough Council, which is undertaking a Community Governance Review of the Upper Saxondale area. It also summarises the proposal that is currently subject to consultation as part of the first phase of the review. The Committee is also asked to confirm that the Council reserves its position on submitting a formal response until the next phase of 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 the district or borough council.
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. Community Governance Reviews can be instigated by a decision of the principal council or following receipt of a Community Governance Application from a local neighbourhood forum. Alternatively, a review may be triggered by local people presenting a petition to the Council. For a petition to be valid it must meet specified criteria:

- a. It should define the area to which the review relates on a map or otherwise and refer to identifiable fixed boundaries
  - b. It must specify one or more proposed recommendations for review
  - c. It must contain the requisite number of signatures of people included on the electoral register for the affected area. For an area of less than 500 local electors – 37.5%, for an area with between 500 and 2,500 local electors – at least 187, for an area with more than 2,500 electors, at least 7.5%
6. The Council is obligated to undertake a review if it receives a valid petition for the whole or part of the Council's area. However, it does not have to undertake a review if it has concluded a Community Governance Review within the last two years which, in its opinion, covered the whole or a significant part of the area of the petition or if the Council is currently conducting a review of the whole, or a significant part of the area to which the petition relates.
  7. At a meeting of Rushcliffe Borough Council in December 2021, a petition was submitted asking for the creation of a separate parish for Upper Saxondale which is currently divided between the parishes of Radcliffe-on-Trent and Cropwell Butler. After checking, it was established that the petition contained 233 valid signatures and was consequently determined as valid for the purposes of the Community Governance Review.
  8. The petition proposed the creation of a separate parish council for Upper Saxondale, setting out the following justifications:
    - a. Ensuring that Upper Saxondale electors were effectively represented at parish level
    - b. Ensuring that the parish precept was spent for the benefit of the Upper Saxondale community
    - c. Ensuring a sustainable future for the maintenance and protection of the environment and facilities at Upper Saxondale
  9. A map of the proposal, which was submitted with the petition, is attached as **Appendix B** to the report.
  10. There are two main stages of consultation that form part of the Community Governance Review progress. During the first stage, Rushcliffe Borough Council is consulting the affected community to gather opinions on whether a parish Council for Upper Saxondale should be created, in response to which, a 'yes' or 'no' answer is sought. The second stage of consultation asks for views on the final draft proposals.
  11. The timetable for the review is outlined below:

Action	Timescale
Rushcliffe Borough Council agrees the Terms of Reference	3 March 2022
Stage one consultation on the proposal to create a parish council	21 March to 13 May 2022
Stage two consultation on the draft proposals	27 June to 19 August 2022
Rushcliffe Borough Council considers recommendations for final approval	29 September 2022



<b>If required:</b> Organisation of Community Governance Order	30 September 2022
<b>If agreed:</b> Establishment of a new parish council for Upper Saxondale	4 May 2023

12. The Upper Saxondale area is split between two County Council Divisions (Radcliffe-on-Trent and Bingham West). The outcome of the Community Governance Review would not automatically affect the County Electoral arrangements but may be taken into consideration in any future review of the County Council's divisional boundaries.
13. A Council undertaking a Community Governance Review may ask the Local Government Boundary Commission for England to make changes to boundaries at district/borough or county level to reflect revised parish boundaries to maintain coterminosity. This may be a representation that the County Council wishes to make during the second stage of consultation, having had the opportunity to review the proposed boundaries, should the proposal proceed.
14. The Commission may agree to any requested 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.
15. If the Commission decided not to implement any proposed related alterations, the existing boundaries would remain in force.
16. 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. Changes would therefore be dealt with administratively, through the creation and/or revision of polling districts.
17. 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.

### **Other Options Considered**

18. The Council is under no duty to submit a response. Not submitting a response at this stage of the review would not prejudice the Council's ability to respond to any further phases of consultation.

### **Reason/s for Recommendation/s**

19. Rushcliffe Borough Council is undertaking consultation on the proposal to form a new parish council for Upper Saxondale. Any individual, group or body could submit a response, which would be taken into account when preparing any final recommendations.
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 during the next stage of the consultation.



21. By reserving any comments until the consultation on the final draft proposals, the Council will be able to refer to any local submissions made by other consultees made during phase one in forming its response.
22. If any individual Councillor or group wished to make comments on the proposals at this stage, they are able to send them directly to Rushcliffe 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. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Implications for Service Users**

24. As they currently stand, the proposals may mean that service users vote in a different polling station to previous elections.
25. There are wider impacts of the review, which will be for Rushcliffe Borough Council to consider when it develops its final proposals and subsequently votes on the final recommendations.

## **RECOMMENDATION/S**

- 1) That the Chief Executive be authorised to submit the letter at **Appendix A** to the report as a courtesy response to the consultation on the draft proposals to create a new, Upper Saxondale Parish Council within the borough of Rushcliffe, 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 (CEH 30.03.2022)**

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 (SES 29/03/2022)**

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.

- [Upper Saxondale CGR - Rushcliffe Borough Council](#)
- [Council - 03/03/22 - Rushcliffe Borough Council](#)
- [The Local Government and Public Involvement in Health Act 2007, Chapter 3](#)
- [The Legislative Reform \(Community Governance Reviews\) Order 2015 \(S.I. 2015/998\)](#)
- [Local Government Boundary Commission for England – Guidance on community governance reviews](#)

## **Electoral Division(s) and Member(s) Affected**

- Radcliffe-on-Trent – Councillor Roger Upton
- Bingham West – Councillor Neil Clarke MBE



This matter is being dealt with by:

**Name: Heather Dickinson**

Reference: CGR/2021BBC

**T** 0300 500 80 80

**E** [enquiries@nottscc.gov.uk](mailto:enquiries@nottscc.gov.uk)

**W** [nottinghamshire.gov.uk](http://nottinghamshire.gov.uk)

**Private and Confidential**

**To be opened by addressee only**

Upper Saxondale Community Governance Review  
Rushcliffe Borough Council  
Rushcliffe Arena  
Rugby Road  
West Bridgford  
Nottingham  
NG2 7YG

## April 2022

Dear Sir or Madam

Thank you for notifying Nottinghamshire County Council about the Community Governance Review that you are currently undertaking regarding the Upper Saxondale area of 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, setting out any comments, is required at that time.

Yours sincerely



**Anthony May**  
**Chief Executive**  
**Nottinghamshire County Council**



Map 1 Showing Current and Proposed Parish Boundaries







**21 April 2022****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:**

Jo Toomey, Advanced Democratic Services Officer / Keith Ford, Team Manager, Democratic Services

Tel. 0115 9774506 / 0115 9772590

E-mail: [jo.toomey@nottsc.gov.uk](mailto:jo.toomey@nottsc.gov.uk) / [keith.ford@nottsc.gov.uk](mailto:keith.ford@nottsc.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 11 APRIL 2022)**

<b><u>Report Title</u></b>	<b><u>Brief Summary of agenda item</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
<b>9 June 2022</b>			
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
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
<b>21 July 2022</b>			
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
Councillor Code of Conduct Review	To consider the findings of the working group	Marjorie Toward	Heather Dickinson
<b>To be placed</b>			
Whistleblowing Policy Review	To consider the outcome of the review	Marjorie Toward	Heather Dickinson / Catherine Haywood

