

# NOTTINGHAMSHIRE COUNTY COUNCIL - ANNUAL GOVERNANCE STATEMENT 2022/23

## 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).

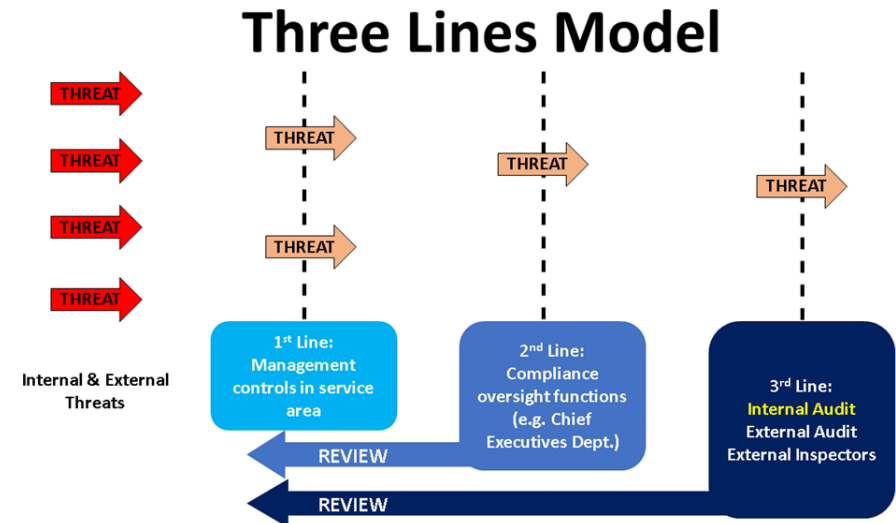
## 2. THE LOCAL CODE OF CORPORATE GOVERNANCE

- 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 2022/23. 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.



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3.3. The evidence to assess effectiveness with the Local Code in 2022/23 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 2022/23
- 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 2022/23. 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
Scheme of delegation		Substantial	Substantial	Substantial	Substantial
Staff register of interests		Reasonable	Substantial	Reasonable	Reasonable
Register of gifts and hospitality		Reasonable	Substantial	Substantial	Substantial

### Improvements & developments during 2022/23

In May 2022 at the Council's Annual General Meeting, following Full Council approval in March, a Cabinet model of governance became operational. The details of the proposed changes were developed through a cross-party Member Working Group. The Member Working Group has remained in place and is now undertaking the agreed 12-month review of the operation of the new governance model and will propose any suggested changes for consideration at the 2023 Annual General Meeting.

The Member Working Group has also completed the review of the Member Code of Conduct in line with the new model code and LGA guidance. The Council's Independent Persons have been involved in

this work. The revised code has been approved by Governance and Ethics Committee for final approval at the Council's Annual General Meeting alongside the revised staff code of conduct. The latter has been developed following consultation with the recognised trades unions.

The Council has launched a dialogue with staff about culture, future ways of working and staff engagement badged as a programme of activity called 'The Nottinghamshire Way'. This approach intends to create and sustain a positive and inclusive culture that reflects collective values and behaviours.

### Gaps and challenges

Levels of compliance and developments made during 2022/23 combine to provide the basis for reasonable assurance however, the principal challenge lies in capacity to progress the actions and focus areas identified to provide greater assurance. It should be emphasised, however, that the Council maintains a solid governance framework and the identified actions represent opportunities to strengthen the arrangements still further.

### Focus for 2023/24

A key focus will be implementing any proposed changes to the Cabinet Model of governance approved at the Annual General Meeting in May 2023.

A mandatory training programme is proposed for members in relation to the new Member Code of Conduct to be rolled out in 2023/24. Training will be developed for staff in relation to the revised officer code of conduct.

<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**

Work will continue to roll out 'The Nottinghamshire Way' across the Council and specifically to undertake a review of the Council's hybrid working approach involving staff and trades union colleagues.

## 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 'Nottinghamshire Plan' was approved, setting out a new ten-point plan to deliver a 10-year vision for a healthy, prosperous, and greener future for everyone in Nottinghamshire and progress is reported in the Councils Annual Report.

The Council complied with the requirements of the Transparency Code in 2022/23, and all other requirements of the Local Code for this aspect of governance were maintained during the year.

### Improvements & developments during 2022/23

Following approval of the Nottinghamshire Plan, approved and published in November 2021, a key development for 22/23 has been the publication of an Annual Report for 2021/22, an Annual Delivery Plan (ADP) for 2022/23 and the implementation of an ADP quarterly assurance process. Our commitment to publish an Annual Report and a mid-year (Q2) report on progress against the Annual Delivery Plan and the Nottinghamshire Plan ambitions promotes openness and transparency.

During 2022/23, the Council has also continued to engage with the public and stakeholders to inform the budget setting process. The Council's budget survey launched on 17 November 2022 and closed on 2 January 2023. The survey was completed by 2,454 respondents. This is a significant improvement on comparable budget consultations conducted in recent years, which have not exceeded 1,400 responses. A summary of survey responses was published and considered at Full Council on 9 February 2023.

We have also consulted on other key developments during 2022/23. In particular, Nottinghamshire County Council (as one of the Constituent Councils) undertook statutory consultation on the

Proposal to establish the East Midlands Combined County Authority (EMCCA) across Nottinghamshire, Derbyshire, Derby and Nottingham. This consultation ran from 14 November 2022 to 9 January 2023. Ipsos UK were appointed to support the Constituent Councils in undertaking the consultation. Overall, there were 4,869 participants in the consultation which was open to residents, businesses, community and voluntary groups, and other organisations in the region. Consultation outcomes are published and will be considered at Full Council on 30 March 2023.

### Gaps and challenges

Compliance with the Local Code and the work developed throughout the year provides evidence of substantial assurance. To ensure this level of assurance is maintained the Council continues to strengthen the ways in which we engage residents and support them to access timely information, advice and guidance. There are good examples of co-production and co-design across the Council, and this is an area of ongoing focus.

Our transformation programmes will also continue to improve the ways in which people access information, advice and guidance online through our website and other platforms like NottsHelpYourself and the MyNottsApp.

### Focus for 2023/24

Subject to local decision-making, and the progress of the Levelling-up and Regeneration Bill, we will work with other Constituent Councils (Nottinghamshire, Derbyshire, Derby City, Nottingham City) to establish an East Midlands County Combined Authority.

An Overview Committee Task & Finish review is being established to scrutinise the Council's arrangements for resident engagement

## **B. Ensuring openness and comprehensive stakeholder engagement**

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

and consultation. A key focus for 2023/24 will be the consideration and response to any recommendations made through this review.

## 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, alongside planning for the long-term through the Nottinghamshire Plan. The Council continued to implement interim recovery plans 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 significant budget pressures for the Council.

### Improvements & developments during 2022/23

As outlined in section B, we have now implemented an Annual Delivery Plan and assurance process across the Council. We have also refreshed our service planning processes, ensuring the 'golden thread' to the Nottinghamshire Plan and Nottinghamshire Way.

The Council completed a key restructure to establish the Strategic Insight Unit (SIU) within its Transformation and Change service. The SIU is now central to coordinating council-wide activity to develop the Annual Delivery Plan, Annual Report and service planning processes. They have also led on collaborative scoping work to develop a Data Strategy and Action Plan for the Council, which will support strengthened performance management and data-led decision-making.

Our corporate transformation portfolio continues to scope and deliver projects to deliver varied benefits to the organisation and for Nottinghamshire's people and communities.

Having declared a climate emergency, the Council continues to drive forward measures to achieve the commitment to carbon neutrality. Work continues on the carbon reduction plan with input from departmental working groups and the Green Initiative Group. Carbon literacy training has been provided for Members and Officers.

### Gaps and challenges

Whilst progress has been made during 2022/23 to provide a reasonable assurance level, we will need to continue to iteratively improve our performance management arrangements, strengthening our integrated assurance as a Council around performance, quality, risk and finance to provide further assurance.

There is a need to embed strong evaluation and benefits realisation approaches, to evidence the impact of our transformation and change activity as a Council.

### Focus for 2023/24

Approval and implementation of a new Data Strategy and Action Plan for the Council.

Refresh of the Council's Performance Management Framework, to strengthen performance reporting and visibility of KPIs and create alignment with quality, risk and finance.

Strengthen our benefits realisation approach to evidence the impact of the actions we take, and the changes we make, as an organisation.

## 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

Key aspects of the Local Code remained in place and stood up well to the continuing financial challenges:

- The financial challenge were 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 pressures.
- The Council's Risk, Safety and Emergency Management 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 the County Hall fire.

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

### Improvements & developments during 2022/23

The Council continued to implement its approach to transformation and change. The Transformation and Change Group have supported progress with the Cross-Council transformation programmes and undertaken 'budget impact sprints' to generate short term efficiencies of circa £1.0m. The Group have developed a number of projects to focus on early help and prevention to help

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

avoid future long-term costs. Compliance with the Local Code and developments during the year provide the basis for the reasonable assurance level, however the challenges and areas of focus outlined below will need to be fully embedded before additional assurance can be provided.

### Gaps and challenges

The predominant challenge continues to be financial sustainability in view of significant increases in inflation and external cost for essential services. The nature of central government funding for local government continues to be an obstacle to effective, long-term planning but the assessed funding gap over the life of the Medium-Term Financial Strategy is £30.8m.

Analysis of the Council's contingency and reserves confirms sufficient balances at present to manage the potentially significant financial pressures that may arise over the coming year.

It will be essential to continue to deliver Cross-Council transformation programmes to capture the contribution these will make to both reducing existing cost pressures and to avoiding further cost going forward.

### Focus for 2023/24

To deliver Cross-Council transformation programmes to ensure their contribution to 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 2022/23.

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	Reasonable	Substantial	Substantial
Use of partnerships and collaborations		Reasonable	Reasonable	Substantial	Substantial
Protocols in place for partnership		Substantial	Substantial	Substantial	Substantial
Compliance with financial regulations		Substantial	Substantial	Substantial	Substantial
Staff induction		Reasonable	Substantial	Substantial	Substantial
Regular & effective EDPR's		Reasonable	Substantial	Reasonable	Reasonable

The ongoing pandemic and financial pressures 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 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 2022/23

The Council's People Strategy 2022-2026 was approved by Personnel Committee in January 2022 and featured the development of annual action plans to support delivery of the workforce aspects of the Nottinghamshire Plan.

During 2022/23 a Workforce Review has been underway within the context of a national picture of increasing workforce challenges in a number of key service areas and more broadly across the Council. The Chartered Institute for Personnel and Development have been involved in setting the Nottinghamshire picture within a national context and supporting the development of key actions to address these issues. This includes developing a detailed Resourcing Strategy and Plan to ensure that the Council has an affordable, sustainable workforce with the knowledge and skills it requires now and for the future.

A key development alongside this was the launch of the 'Developing the Nottinghamshire Way' Programme. This included the launch of a new leadership development programme and cultural change activity to embed cultural change and be instrumental in the successful delivery of the refreshed priorities set out in the Nottinghamshire Plan.

A training plan was developed, and a range of training provided for staff and Members following the implementation of the new governance model in May 2022. A further programme of training will continue into 2023/24.

<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**

### **Gaps and challenges**

Corporate Directors views on the levels of assurance and work undertaken to develop capacity and capability provide a reasonable level of assurance for this years statement. To strengthen the assurance level that can be provided work will continue to identify and put flexible plans in place to address the key recruitment, retention, resourcing and capacity challenges faced by the Council now and for the foreseeable future.

### **Focus for 2023/24**

Development and implementation of a new Resourcing Strategy. This will be supported by the roll out of new Workforce Planning tools and embedding this approach within the Service Planning process to identify potential issues at an early stage and work collaboratively to develop and implement solutions across the Council.

To review the learning from the implementation of the first phases of the Leadership Development Programme and align the next phases of the programme more closely with the next stages of the "Nottinghamshire Way" programme. The Aspirant Leaders Programme will be rolled out in April/May 2023/4.

Work will continue to support the wellbeing of our employees and review the approach to hybrid working. The views of staff and the recognised trades unions will be sought as part of this process.

Work is also underway to develop career pathways for staff and further develop our apprenticeships and graduate development programmes to ensure continued access to the skills the Council requires.

## 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 2022/23. The continuing pressures required flexibly to align with, and support, the demands of the Council response especially in relation to the Risk & Emergency Management Board, Local Resilience Forum and corporate budget monitoring.

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 protection compliance		Reasonable	Reasonable	Reasonable	Reasonable
Budgetary control		Substantial	Substantial	Substantial	Substantial
Reliance on Core Business systems		Reasonable	Reasonable	Substantial	Substantial

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 2023. The overall assessments reported in June 2022 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		Green

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

	Amber		
Performance management	Amber	Information governance	Amber
Risk management	Amber	Transformation	Amber
Asset management	Amber	Commissioning and procurement	Amber

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

The Interim Chief Internal Auditor is preparing his annual report as Head of internal Audit for 2022/23, for presentation to the Governance & Ethics Committee in June 2023. Draft indications are that this is likely to deliver 'Reasonable Assurance' about the Council's arrangements for governance, risk management and control.

### Improvements & developments during 2022/23

The Internal Audit Team continued to develop 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 approach has now been developed to include deep dives of indicators that appear beyond expected tolerances.

To maintain robust internal control the Internal Audit Team have undertaken pro-active work to address the reduced rate of implementation of Priority 1 recommendations reported last year. This pro-active work has seen the implementation rates return to

## **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**

target levels and therefore provide assurance that management are implementing recommendations to enhance internal control arrangements.

RSEMB and the Governance & Ethics Committee agreed the implementation of a risk management action plan following an external review by Zurich. Progress over the past year has focussed on the development of Corporate and Departmental risk registers along with improving reporting of strategic and operational risks. Zurich have continued to support the Council with these developments and is nearing completion for reporting back to the Governance & Ethics Committee.

The Information Governance & Cyber Security Board continue to meet to ensure that risk levels across information and cyber security is kept under close review.

### **Gaps and challenges**

Compliance with the Local Code is good and specific work has been undertaken to develop the internal control environment which provides the basis for the reasonable assurance level. Whilst progress is being made with the risk management action plan this has relied on support from Zurich and the Council will need to ensure resources are available internally to continue to momentum established. Focus on these risk management challenges will help to provide a higher degree of assurance in the future.

### **Focus for 2023/24**

Ensure the momentum generated by Zurich for the implementation of the risk management action plan is effectively maintained by the Council.

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 2022/23. 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 2023, and it is expected to confirm the Internal Audit service remained compliant with the Public Sector Internal Audit Standards in 2022/23. 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 2022/23, 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 2022/23

A new Cabinet & Scrutiny model of governance commenced in May 2022 which were developed through a cross-party Member Working Group. The Member Working Group continues to meet and will continue to review the operation of the new model.

Member of the Governance & Ethics Committee and officers have met with the Ombudsman to clarify the reporting and sanction processes. Useful insight has been obtained in relation to the challenge and redress processes that the Council can take on board.

### Gaps and challenges

Compliance to the Local Code through the evidence of established procedures and assurance provided to and by the operation of the Governance & Ethics Committee provides substantial assurance. As referenced above, progress has been made to improve the implementation of performance management arrangements and work remains to embed these processes.

Along with many other local authorities, the timeliness of external audit reporting to the Council has continued to be problematic due to national capacity issues in the sector, beyond the control of the Council. At the close of the year, the external auditor's unqualified opinion on the financial statements had been received with the annual report on the Council's arrangements to secure value for money being awaited.

The timeliness with which agreed actions arising from internal audit reports were impacted by the pandemic but pro-active work by the Internal Audit Team have seen these return to target levels and efforts will continue to maintain this improvement.

### Focus for 2023/24

Embedding the implementation of revised performance management arrangements to the Annual Delivery Plan.

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

## **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**

Continue to maintain the 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>	Full Council at its meeting on the 31 <sup>st</sup> March 2022 approved a revised model of governance which was implemented following the Annual General Meeting on 12 <sup>th</sup> May 2022. It was agreed that the member working group would remain in place to deal with any issues arising and undertake a review of the operation of the new model after 12 months. The member working group has now been reconvened for March 2023 to consider the operation of the new governance model and make any recommendations for consideration at Full Council at its meeting in May 2023.
<b>Devolution</b>	On 30 August 2022, Derbyshire County Council, Nottinghamshire County Council, Derby City Council and Nottingham City Council (the Constituent Councils) signed a £1.14 billion devolution deal with the Government. The signing of the deal will, subject to relevant approvals, consultation and primary and secondary legislation passing through Parliament, establish the first ever Mayoral Combined County Authority in the country. To progress the area's devolution deal, under the Levelling-up and Regeneration Bill (LURB), a consultation was required on the draft East Midlands Combined County Authority (EMCCA) Proposal. Full Council agreed on 4 November 2022, to formally consult on the draft proposal with the residents and other stakeholders of Nottinghamshire and the wider EMCCA area, in partnership with other Constituent Councils.

Issue	Comment
	The consultation ran for a period of eight weeks, from 14 November 2022 to 9 January 2023. The Constituent Councils are now considering consultation outcomes and are seeking approval of a revised draft proposal to Government at their Full Council meetings in March 2023. The timescale for submission of the Proposal to Government is dependent on the passage of the LURB through Parliament and timescales could be further impacted by any further changes to the Bill, which would need to be considered and may require further amendments to the Proposal. A monitoring officer working group is working thoroughly through the governance and constitutional matters in respect of the combined county authority.
<b>Climate change</b>	At its Annual General Meeting on 27/5/2021, the Council declared a Climate Emergency, and tasked the Transport and Environment Committee to drive forward measures to achieve the Council's commitment to achieving carbon neutrality in all its activities by 2030. Following the move to a Cabinet system the Cabinet Member for Transport and Environment has subsequently received a number of reports on progress including reviewing the Corporate Environment Policy to incorporate the 2030 target noted above, receiving the Councils Greenhouse Gas Report for 2019/20, and agreeing projects to be funded through the Green Investment Fund. Furthermore, work continues with the development of a carbon reduction plan due to be published in Spring 2023, input into the Corporate Property Strategy review and design standards and supporting Highways & Transport colleagues to green the internal fleet. Departmental working groups are now established, and the Employee Green Initiatives Group has been relaunched and supported on an ongoing basis. A Carbon Literacy Training package has been developed and offered to all Members and

Issue	Comment
	Officers, and work continues to embed climate change impacts within all Council decisions.
	<b>The transformation agenda</b>
	<p>We have made progress in delivering on a number of projects within the current transformation programmes. Where delivery is delayed, we have appropriately escalated risks to identify mitigating actions or to agree risk tolerance. Highlight reporting has been re-established and reports to Corporate Leadership Team on a quarterly basis.</p> <p>Transformation and Change Group will continue to monitor the benefits / impact of projects implemented and support transfer to 'business as usual'. Alongside this, we are working to ensure that the programmes support delivery of the Council's refreshed Annual Delivery Plan for 2023/24, which articulates the action we will take in year to deliver on the Nottinghamshire Plan ambitions.</p> <p>We continue to work to develop and embed new and best practice approaches to effectively deliver and embed change and transformation.</p>
	<b>Financial resilience and sustainability</b>
	<p>The recent significant increases in inflation and specific increases in external costs for essential services continues to impact on the Council through additional budget pressure bids. The importance of effective management of the most volatile elements of the annual budget is heightened and remains a key area of focus.</p> <p>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.</p> <p>The Period 10 monitoring report identifies a forecast in-year underspend of £1.8m (0.3% of the Council's Net Budget Requirement) as the management actions put in place following a forecast overspend earlier in the year take effect. This is a</p>

Issue	Comment
	<p>changing picture and the impact into next year and upon our MTFS are being constantly assessed.</p> <p>Full Council approved the Budget for 2023/24 on 9 February 2023. This set out the 4-year MTFS funding gap of £30.8m, with a balanced budget in 2023/24 and 2024/25. This followed a review of pressures and inflation together with mitigations and efficiencies. The report set out the assumptions underlying the MTFS and followed public consultation and review by Overview Committee through the year. The level of contingency and reserves were agreed in light of a full review of the risks inherent within the MTFS.</p>
	<b>People Strategy and the Nottinghamshire Way</b>
	<p>A Workforce Review has been commissioned to identify key risks and issues across the Council in relation to workforce and actions to address these. This work is being progressed through the Member Budget Panel looking at Workforce. The outcomes will be used to support service redesign and develop a new operating model for the Council. This will be enabled by the development of a new Workforce Strategy to ensure that we have cost effective, sustainable resourcing strategies and are able to recruit and retain staff and develop the skills we need. The next phases of the Nottinghamshire Way programme will support development of the culture and ways of working we require and engage staff and managers to ensure sustainable service delivery and delivery of the priorities set out in the Nottinghamshire Plan.</p>
	<b>Adult Social Care and Health reforms</b>
	<p>Adult Social Care reform and expected requirements were set out in detail for Cabinet in July 2022. Some aspects of Adult Social Care national reform guidance are now delayed following the Government's Autumn statement on the 17th of November 2022. Whilst the Council awaits more detailed direction on the delays from the Department of Health and Social Care (DHSC), it is anticipated it will only affect charging reform implementation, with</p>





Issue	Comment
	<p>all other aspects of reform continuing therefore the estimated cost of the reforms and resource requirements still present significant risks for the Council.</p>
	<p>Alongside this, the introduction of a new Care Quality Commission (CQC) led assurance and inspection regime brings a reputational risk for the Council. To mitigate against this, a Quality Assurance Framework is being developed for Adult Social Care and work is underway to complete a Local Authority Self-Assessment and Information Return (LASAIR) for Quality Assurance readiness which will be submitted for peer review by ADASS (East Midlands) in February 2023.</p>
	<p>The continued pressures and lack of capacity in the care workforce will be reflected in the self-assessment as this directly impacts on the Council's ability to meet its statutory duties under the Care Act and will have a direct influence on any CQC future rating. Positively two recent value-based recruitment campaigns have attracted a lot of interest to mitigate against current internal vacancies; and the £1 per hour increase in September 2022 for the home care and supported living care market is showing signs that the increase in pay to the external workforce is having a favourable affect in staff retention.</p>
<p><b>Demand for care and support</b></p>	
	<p>In Sept 2022 additional funding of an extra £1 per hour for homecare and supported living providers was implemented, with early indication that the hours of care delivered to people are increasing, although not significantly enough for the right service to be available at the right time for everyone needing care and support.</p>
	<p>The system continues to be impacted by high demand for services with people waiting for home care, either in the community or</p>



Issue	Comment
	<p>waiting to be discharged from hospital. This has been further exacerbated by Nottinghamshire ICS being one of six ICS's in England to be in National escalation for hospital discharge, which is adding pressure across services.</p>
	<p>The Council has a significant waiting-list for care and support which continues to present a risk to the individuals concerned and impacts on wider Council services such as an increase in enquiries and complaints. However there have been successful recruitment campaigns recently for roles at an unqualified level, which has improved our workforce vacancy rates. The external market is also reporting that they are experiencing improved recruitment, which has shown a slight increase in hours of care and support delivered.</p>
	<p>All the risks identified are set out in a comprehensive departmental risk register.</p>
<p><b>Risk management</b></p>	
	<p>An action plan has been developed 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. Due to operational issues the work on the update was delayed for a short period, however it has now restarted with assistance from Zurich, and will culminate in a revised policy and strategy for risk management along with a revised risk management report and supporting risk registers.</p>
<p><b>Pace of implementing agreed audit recommendations</b></p>	
	<p>Six-monthly updates to the Governance &amp; Ethics Committee continue to identify concerns with the pace of implementation for</p>

Issue	Comment
	<p>agreed actions. Focused action by the Internal Audit Team has driven improvements to halt the decline of the implementation rate for the implementation of Priority One actions. The Committee and the Internal Audit Team continue to focus on driving through agreed improvements to the Council's control framework as quickly as possible and continue to monitor both Priority One and Priority Two implementation rates.</p>

## 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 & Change	Spring/summer 2022	 Complete
<p>Transformation and Change have coordinated and supported the budget setting process, with transformation activity making a significant contribution to mitigating known budget pressures. T&amp;C Group have supported identification of additional short term efficiency options, totalling circa £1.0m, through ‘budget impact sprints’ in Summer 2022. Alongside this, we have also successfully rolled out a number of projects which continue to test innovative and evidence-based approaches, to enhance our early help and preventative offer. These projects are designed to have impacts in the longer-term by ensuring residents get the right help at the right time, to prevent their needs escalating.</p>			
<b>2. Planning &amp; Performance Management Framework:</b> review the framework in line with the development of the new Council Plan	Group Manager – Transformation & Change	March 2022	 Complete
<p>In May 2022, we published the Council’s first Annual Report and Annual Delivery Plan. We have established quarterly assurance reporting processes, to consider our progress against delivery of the Annual Delivery Plan. This is reported to CLT every quarter and to Overview Committee and Cabinet every six months. The Q4 report becomes our Annual Report, looking back on the year</p>			

Planned Action	Officer responsible	Target date for completion	Progress status
<p>and what has been delivered and impact. The 2021/22 Annual Report was approved by Cabinet in May 2022. Service Plans are developed, to link action at operational level to the ambitions of the Nottinghamshire Plan and Annual Delivery Plan commitments and to explore key strengths, areas for development, opportunities and threats.</p>			
<p><b>3. Risk management:</b> agree and implement a revised approach to risk management for the Council</p>	<p>Group Manager – Assurance</p>	<p>March 2023</p>	<p style="text-align: center;">             In progress         </p>
<p>The work is nearing completion, with the final report to be presented Governance &amp; Ethics Committee shortly. The report will highlight progress against the risk management approach action plan and provide an update on the work undertaken with the support of Zurich. This will include an update on the developments with the refreshed approach to risk management and the progress with implementation of a revised staffing structure to undertake this work going forward.</p>			
<p><b>4. Data quality in Mosaic:</b> greater priority given to addressing issues highlighted by routine reporting</p>	<p>Corporate Director – Adults Social Care and Public Health.</p>	<p>March 2023 (to initiate project and develop long term resourcing options – the full Data Quality Strategy and Action Plan will not have been delivered by the end of March 2023.)</p>	<p style="text-align: center;">             In progress         </p>
<p>In the short term, temporary Service Improvement Team project management resource has been identified until the end of March 2023 to initiate delivery of the agreed Data Quality Strategy and Action Plan. Good progress has been made including the delivery of a strategy document, approval of some agreed design principles (co-produced with the workforce), and the delivery of a Team</p>			

Planned Action	Officer responsible	Target date for completion	Progress status
<p>Manager dashboard and a Long-Term Reviews dashboard. Although the delivery work continues, a number of risks about the ongoing resource to manage and maintain the department's data reporting and data quality business requirements have been identified and logged on the department's risk register. The Adult Social Care and Health Performance Board on 7 December gave permission for a resourcing options appraisal to be developed and brought back to them for consideration.</p>			

### **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 3 May 2023. 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 2023/24 and beyond.*

Signed:.....

**LEADER**

Signed:.....

**CHIEF EXECUTIVE**