

## **Governance and Ethics Committee**

**Wednesday, 27 November 2024 at 10:30**

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

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### **AGENDA**

1	Minutes of Last Meeting held on 16 October 2024	3 - 8
2	Apologies for Absence	
3	Declarations of Interests by Members and Officers:- (see note below)	
4	Local Government and Social Care Ombudsman Decisions - September to October 2024Decisions September to October 2024	9 - 16
5	External Audit -Audit Completion Report 2023-24	17 - 208
6	Governance Update	209 - 222
7	Internal Audit Term 1 Progress and Term 3 Plan 2024-25	223 - 236
8	Follow-up of Internal Audit Recommendations	237 - 250
9	Corporate Risk Management Update	251 - 280
10	Enabling Remote Attendance and Proxy Voting at Local Authority Meetings - Consultation	281 - 292
11	Proposed Amendments to Constitution - Responsibility for Scrutiny of Public Health Matters	293 - 306

12	Gedling Community Governance Review	307 - 312
13	Work Programme	313 - 316

## **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 Noel McMenamin (Tel. 0115 993 2670) or a colleague in Democratic Services prior to the meeting.
- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>



Meeting **GOVERNANCE AND ETHICS COMMITTEE**

Date **Wednesday 16 October 2024 (commencing at 10.30am)**

**membership**

### **COUNCILLORS**

Philip Owen (Chairman)  
Callum Bailey (Vice-Chairman)

Chris Barnfather - **Apologies**  
Samantha Deakin  
Errol Henry JP -  
Andy Meakin  
Michael Payne - **Apologies**

Sue Saddington  
Helen-Ann Smith - **Apologies**  
Nigel Turner  
Roger Upton

### **SUBSTITUTE MEMBERS**

Councillor Jim Creamer (substitute for Councillor Michael Payne MP)  
Councillor Francis Purdue-Horan (substitute for Helen-Ann Smith)  
Councillor Richard Butler (substitute for Councillor Chris Barnfather)

### **OFFICERS IN ATTENDANCE**

Rob Briggs - Chief Executives  
Heather Dickinson  
Richard Elston

Simon Lacey  
Charles Mason  
Noel McMenamin  
Nigel Stevenson  
Marjorie Toward

Louise Benson - Children and Families  
Orlaith Green

Derek Higton - Place

### **1. MINUTES**

The Minutes of the last meeting held on 16 October 2024, having been previously circulated, were confirmed and signed by the Chairman.

## **2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from:

- Councillor Chris Barnfather (other reasons)
- Councillor Helen-Ann Smith (other reasons)
- Councillor Michael Payne MP (other reasons)

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

None, the Monitoring Officer having confirmed that Committee members did not have to make any declarations in respect of agenda item 5 – ‘Update on Use of Resources by Councillors’.

## **4. UPDATE ON LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN DECISIONS (JULY-AUGUST 2024)**

The report set out information about 2 complaints against the Council where fault was found by the Local Government and Social Care Ombudsman. Members were given the opportunity to ask questions of officers and seek assurance about actions put in place regarding the complaint.

During debate, it was explained that recruitment of Educational Psychologists was progressing well, with internal career progression proving effective. In respect of the second case highlighted within the report it was acknowledged that a technical error had occurred. However, there had been very close involvement with the individual and wider family for over a decade and the Team had worked hard to resolve issues with the young person’s Education, Health and Care (EHC) Plan.

Arising from the debate, it was agreed that the Committee should receive details of the numbers of cases where financial compensation had been awarded by the Ombudsman by way of remedy and the value awarded in each case. It was further requested that details be provided for both 2022-23 and 2023-24 financial years.

### **RESOLVED: 2024/38**

That the findings of the Local Government and Social Care Ombudsman be noted and the lessons learned and actions taken in response to the findings be welcomed.

## **5. UPDATE ON USE OF RESOURCES BY COUNCILLORS**

The report provided an update on the use of resources by councillors for the period 1 April 2023 to 31 March 2024.

it was proposed to apply a maximum data usage cap of £50.in order to avoid calls and out of contract data usage charges being unknowingly incurred, especially in respect of maritime internet charges. It was also proposed to update the Councillor and Co-opted Member Protocol for the use of resources.

During debate, it was confirmed that there was no suggestion of impropriety in respect of out of contract charges arising, mainly as a result of councillors’

willingness to continue conduct Council business while holidaying abroad. Rather, the proposed cap provided protection against unknowingly racking up out of contract charges while councillors remained accessible to the Council and to residents while abroad.

#### **RESOLVED 2024/39**

That:

- 1) the plans to update the Protocol following the move to Oak House be noted.
- 2) the relevant resources expenditure for the period April 2022 to March 2023 as detailed in Appendix B and Appendix C to the report be noted.
- 3) a data usage cap of £50 be set in response to ICT approved requests from Members to use Nottinghamshire County Council devices abroad be approved.
- 4) updated guidance be issued to Members about the changes in device 'roaming' capability arising from the new contractual arrangements.
- 5) no further actions be required in respect of specific items of expenditure in line with the Councillor and Co-opted Member Protocol for use of Resources.

#### **6. COUNCILLOR INDUCTION AND DEVELOPMENT PROGRAMME 2025-29**

The report requested that the Committee set up a cross-party working group to support the production of the Councillor Induction and Development Programme for the 2025-29 term of office.

The Committee welcomed having member involvement in shaping the Programme. Arising from discussion, it was agreed to consider further how best to maintain an up-to-date list of key Council contacts for members' use.

#### **RESOLVED: 2024/40**

That:

- 1) The Committee establish a cross-party working group to support the preparation of the Member Training and Induction Programme 2025-29;
- 2) The outcomes of the working group be submitted for approval to a future meeting of the Committee, ahead of the next election on 1 May 2025.

#### **7. WHISTLEBLOWING POLICY**

The report presented for approval a revised Whistleblowing Policy for implementation by the Monitoring Officer following an extensive review process.

**RESOLVED: 2024/41**

That the Monitoring Officer be authorised to:

- 1) implement the Whistleblowing Policy appended to the report after making suitable arrangements for relevant officers to be briefed on the handling of reports made under the revised Policy;
- 2) :make any minor amendments to the Whistleblowing Policy in order to ensure effective, efficient and lawful operation of the Policy

Having declared Other Disclosable Interests Councillor Philip Owen left the Chamber for the following item:

**8. ALTERNATIVE SERVICE DELIVERY MODELS (ASDM) GOVERNANCE REVIEW**

The report highlighted the position and nature of key alternative service delivery model (ASDM) bodies – formerly referred to as ‘arm’s length companies’ – to help ensure that best value was continuing to be achieved and to provide assurance that each were being governed effectively. The report identified Arc Property Services Partnership Ltd, East midlands Freeport Ltd, EM Devco Ltd, Futures Advice, Skills and Employment Ltd, Scape group Ltd and Via East Midlands Ltd as core Council companies justifying enhanced oversight.

The Committee welcomed the report and supported both the approach to holding the ASDM bodies to account and to training and supporting Council nominees to those bodies. It was explained that future annual reports would come to Governance and Ethics Committee, but further consideration was required in respect of Overview Committee involvement. In response to a member’s query, the view was expressed that both Overview Committee and Cabinet had recently considered fully public reports about contract extensions for both Arc Property Services Partnership Ltd and Via East Midlands Ltd in what was a transparent process.

**RESOLVED: 2024/42**

That:

- 1) officers be instructed to develop further proposals in liaison with the chairs of the Governance & Ethics Committee and the Overview Committee regarding the structure of future reporting and oversight arrangements for the Council’s ASDM bodies;
- 2) reports on the bodies listed in paragraph 3 of the report be considered on at least an annual basis addressing the following points:
  - a. Whether the body is achieving its current objectives for the Council and what those objectives are;
  - b. Whether the body is meeting its financial targets and what those targets are (including consideration of the overall financial viability and sustainability of the body); and

- c. Whether the body has any significant risks in its future which might affect either of the two points above (including a desktop assessment of the body's governance arrangements).
- 3) subject to any legal constraints, arrangements be made for copies of all documents supplied to the Council or its representatives by the bodies listed in the paragraph 3 of the report be received, stored, and where appropriate, distributed through a central mailbox.
- 4) all members and officers either appointed by the Council to a role within an ASDM body or exercising decision-making powers affecting the Council's ASDM bodies be required to attend any appropriate training identified and facilitated by the Council before and while undertaking their duties (those duties and the extent of any authority to act to be clearly defined upon appointment to a role).
- 5) a protocol governing the appointment of individuals to the Council's ASDM bodies be developed with a view to being incorporated within the Constitution upon approval.
- 6) each ASDM body be requested to submit an annual assurance statement to support the Council's Annual Governance Statement.
- 7) following the allocation of new resources, further protocols for training and development, a toolkit for training and guidance documents, the nominations and appointment process and managing conflicts of interest be developed in liaison with statutory officers and others as appropriate.

## **9. WORK PROGRAMME**

### **RESOLVED: 2024/43**

That the work programme be approved.

The meeting closed at 11.20am

CHAIRMAN





**27 November 2024****Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE  
AND EMPLOYEES****LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN DECISIONS  
SEPTEMBER 2024 TO OCTOBER 2024****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 was completed and therefore any decisions after 4<sup>th</sup> September 2024.

**Information**

2. Members have asked to see the outcome of Ombudsman investigations regularly and promptly after the decision notice has been received. This report therefore gives details of all the decisions received since the last report to this Committee.
3. The LGSCO provides a free, independent and impartial service to members of the public. It looks at complaints about Councils and other organisations. It only looks at complaints when they have first been considered by the Council and the complainant remains dissatisfied. The LGSCO cannot question a Council's decision or action solely on the basis that someone does not agree with it. However, if the Ombudsman finds that something has gone wrong, such as poor service, a service failure, delay or bad advice and that a person has suffered as a result, the LGSCO aims to get the Council to put it right by recommending a suitable remedy.
4. The LGSCO publishes its decisions on its website ([www.lgo.org.uk/](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 eight 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. There were no investigations nor fault found with any of these cases. This is because the Ombudsman either agreed with our remedy or there were alternative appeal routes for complainants.
7. This Committee asked for an update on a case, reference 23013989, presented in the report for the meeting held 4<sup>th</sup> September 2024. The Ombudsman asked us to carry out an

independent investigation and allow the complaint to complete the process. The investigation has been completed and no part of the complaint was upheld and it was concluded that the Council had followed procedures and carried out its duties in respect of the safeguarding referral

### **Other Options Considered**

8. The other option considered was not bringing regular reports to the Committee detailing the decisions made by the Local Government and Social Care Ombudsman. This option was rejected as by not having oversight of this report the Committee would not receive assurances that the learnings from Ombudsman cases were leading to improvements in services.

### **Reasons for Recommendation/s**

9. To enable members to scrutinise complaints dealt with by the Council that went to the Ombudsman and to inform them of the service improvements being made for the benefit of residents as well as colleagues.

### **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, there are none in this period.

### **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**

- 1) That members note the findings of the Local Government and Social Care Ombudsman and welcome the lessons learned and actions taken in response to the findings

**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 27/03/2024)**

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.

**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
25.09.24	24 008 493	Corporate	Miss X, complains her car was damaged when it hit a pothole and the Council has refused her claim for damages	The Ombudsman did not investigate because this is a complaint about negligence which is a legal matter for the courts to consider and decide
17.09.24	24 005 452	Corporate	Dr X complains about the Council's children's services and its involvement with child protection matters concerning her children. Dr X wants those involved to be prevented from working in social work in the future	The Ombudsman did not investigate because there is either insufficient evidence of fault, further investigation would not lead to a different outcome, or cannot achieve the outcome that the complainant is seeking.
13.09.24	24 010 157	Corporate	Miss X says her car tyre was damaged due to a pothole on a road maintained by the Council. She would like the Council to contribute to the cost of her new tyre.	The Ombudsman did not investigate Miss X's concerns because it does not meet the tests in our Assessment Code on how they decide which complaints to investigate. It is reasonable to expect the complainant to go to court
16.10.24	24 009 378	Corporate	Miss Y complained the Council has not reimbursed her fully for having to miss an appointment costing her £40 after she hit a pothole, despite admitting liability for the car repairs needed after the incident	The Ombudsman did not investigate this because it is more a matter for the Courts to decide
25.09.24	24 008 834	Corporate	Mrs X complained about an unsuccessful school admission appeal for her daughter (Y). Mrs X says the appeal panel placed too much emphasis on the number of children with Special Educational Needs (SEN) or in receipt of the Pupil Premium at her preferred school.	The Ombudsman did not investigate Mrs X's complaint about an unsuccessful appeal for a school place. This is because there is not enough evidence of fault.
15.10.24	24 009 193	Corporate	Miss X complained the Council did not deal with her application for the Household Support Fund (HSF) properly. She said that	The Ombudsman did not investigate this complaint about household support fund. There

			had resulted in her missing out on payments. She wants the Council to backpay the owed payments	is not enough evidence of fault to justify our involvement.
07.10.24	24 006 702	Adults	Ms D says the care provider acting for the Council failed to adequately care and support her relative, Ms E. The care provider gave notice and evicted Ms E. Ms D is upset at the way the care provider gave notice and says there was no warning or empathy. Ms D is concerned at the frequent falls Ms E was having and wants to see relevant care records and CCTV footage.	There is no worthwhile outcome achievable by an Ombudsman investigation. The complainant wants access to information, the Information Commissioner's Office is better placed to consider this issue.
10.10.24	24007916	Corporate	Mr X complains that the Council's social worker produced a flawed Child and Family Assessment report and that the Council failed to properly investigate and respond to his subsequent representations.	The Ombudsman did not investigate this because investigation would not achieve what the complainant wants, or lead to a different outcome

#### **FULL INVESTIGATIONS WHERE NO FAULT FOUND - NONE**

#### **FULL INVESTIGATIONS WHERE FAULT FOUND - NONE**

<b>DATE</b>	<b>LGO REF</b>	<b>PROCEDURE</b>	<b>COMPLAINT SUMMARY</b>	<b>DECISION</b>	<b>RECOMMENDATION</b>	<b>FINANCIAL REMEDY</b>	<b>STATUS OF AGREED ACTION</b>







**27 November 2024****Agenda Item:5****REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE  
AND IMPROVEMENT****EXTERNAL AUDIT - AUDIT COMPLETION REPORT 2023/24****Purpose of the Report**

1. To inform the Governance and Ethics Committee of the contents of the external auditors' Audit Completion Reports 2023/24.
2. To seek approval for Committee to delegate responsibility to the Section 151 Officer, in consultation with the Chairman of the Governance and Ethics Committee, to approve the Statement of Accounts 2023/24 on completion of all external audit work.

**Local Authority Audit Sector Summary**

3. The difficulties facing the local authority audit sector are well-documented and the backlog in the publication of audited accounts of local bodies in England has grown to an unacceptable level. This is evidenced by the fact that only 41% of 2023/24 Local Authority draft accounts had been published by the statutory deadline of 31 May 2024.
4. Further, only 21% of 2022/23 Local Authority accounts had been signed off by April 2024 and it was widely expected that the backlog would increase to around 1,000 by autumn of this year.
5. Both Nottinghamshire County Council and Nottinghamshire Pension Fund are in positive positions with regard to the status of accounts. For both, the 2022/23 accounts were signed off on 28 February 2024. Also, the 2023/24 Draft Statement of Accounts were published onto the Council's website by the statutory deadline of 31 May 2024 and can be seen in the appendices to this report.

**Audit Results**

6. The statutory audit of the Statement of Accounts 2023/24 for both the County Council and the Pension Fund has been undertaken by Forvis Mazars LLP. The audits were completed satisfactorily and, subject to outstanding queries being resolved to their satisfaction, it is anticipated that the final audit reports will include unqualified opinions on the financial statements.
7. The Audit Completion Reports 2023/24 (ACRs) for both the County Council and the Pension Fund have been completed and can be seen in the appendices to this report. The auditor's

draft opinion of the Nottinghamshire County Council and Nottinghamshire Pension Fund Statement of Accounts are as follows

8. The draft audit opinion for both the County Council and the Pension Fund set out that the financial statements:
  - a. Give a true and fair view of the financial position of the accounts as at 31 March 2024 and of its expenditure income for the year then ended and;
  - b. Have been properly prepared in accordance with the CIPFA/LASACC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.
9. The final opinions will be published within the audited Statement of Account documents shortly after they have been approved. It is expected that Alastair Newall (Director – Forvis Mazars LLP) and Bethan Vance (Audit Manager – Forvis Mazars) will talk through the ACR reports and take any questions at this meeting.
10. It is important to note that the ACRs do not identify any significant findings associated with the main risk areas in both the County Council and Pension Fund. In addition, no significant deficiencies were identified with regard to internal control processes.
11. As you would expect, however, in the first year of any audit contract, the auditors have provided observations on the Council's internal controls where, in their opinion, there is a need to strengthen internal control or enhance business efficiency. The respective finance teams will review these areas and any other findings within the ACRs with a view to improving control processes and aiding the efficiency of future audits.
12. The statement of accounts is one of the key documents prepared by the Council to demonstrate good governance and value for money. This provides information about the County Council's financial position, performance and cash flows and consequently, shows the results of the stewardship and accountability of elected members and management for the resources entrusted to them, which is of paramount importance in the use of public funds.
13. The results of this year's audit are a continued positive reflection of the Council's performance, particularly in the context of the continuing changes and complexities arising from International Financial Reporting Standards and the challenge of finalising the accounts to tight deadlines.
14. On completion of all external work, including the Value for Money assessment, and as required by The Accounts and Audit (England) Regulations 2015, it is proposed that the Council's S151 Officer will re-certify the accounts, the Chairman of the Governance and Ethics Committee will sign the Statement of Approval and the S151 Officer and Chairman of the Governance and Ethics Committee will sign the letters of representation.

## **Other Options Considered**

15. The external auditors are required by statute to report their Audit Completion Report to the Council and the Council is required to formally approve the Statement of Accounts.

## **Reason for Recommendation/s**

16. To provide information to Members on the External Auditors' Audit Findings Report 2023/24 and arrange for the re-certification and approval of the Statement of Accounts 2023/24.

## **Statutory and Policy Implications**

17. 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**

18. That the Committee:-

- a. Notes and comments upon the external auditors' Audit Completion Reports 2023/24.
- b. Delegates responsibility to the Section 151 Officer, in consultation with the Chairman of the Governance and Ethics Committee, to approve the Statement of Accounts 2023/24 on completion of all external audit work.

**Nigel Stevenson**

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

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

Nigel Stevenson

Service Director (Finance, Infrastructure and Improvement)

## **Constitutional Comments (CM 18/11/2024)**

19. The report falls within the terms of reference of the Governance and Ethics Committee.

## **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







# Audit Completion Report Nottinghamshire County Council– year ended 31 March 2024

Page 21 of 316

November 2024

Governance & Ethics Committee  
Nottinghamshire County Council  
County Hall  
West Bridgford  
Nottingham  
NG2 7QP

27<sup>th</sup> November 2024

Forvis Mazars  
2 Chamberlain Square  
Birmingham  
B3 3AX

Dear Committee Members,

### **Audit Completion Report – Year ended 31 March 2024**

We are pleased to present our Audit Completion Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 24<sup>th</sup> July 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me at [Mark.Surridge@mazars.co.uk](mailto:Mark.Surridge@mazars.co.uk)

Yours faithfully

Mark Surridge

Forvis Mazars LLP

# Contents

- 01 Executive summary
- 02 Status of the audit
- 03 Audit approach
- 04 Significant findings
- 05 Internal control conclusions
- 06 Summary of misstatements
- 07 Value for Money
  
- A Appendix A: Draft management representation letter
- B Appendix B: Draft audit report
- C Appendix C: Confirmation of our independence
- D Appendix D: Other communications



# 01

## Executive Summary





# Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office’s (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

### Significant risks

- Management override of controls;
- Valuation of the LGPS defined benefit pension
- Valuation of Land, Buildings, and Investment Properties; and
- Fraud through Expenditure Recognition

### Enhanced risks

- Accounting for PFI

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £3.677m. Section 7 outlines our work on the Council’s arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

At the time of preparing this report, the significant matters that remaining outstanding are outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor’s report in Appendix B.



### Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



### Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council’s WGA submission. We are unable to commence our work in this area until such instructions have been received.



### Wider Powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

# 02

## Status of the audit



# Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

## PPE Valuations

We are awaiting responses from the Council's valuer on some of our queries



## Pensions

We are awaiting a response to our request for assurance from the pension fund auditors



## IT General Controls

We have some outstanding requests with the Council's IT team to finalise our work



## Completion procedures

Procedures such as our quality control, review for post balance sheet events, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report. We are working through several follow-up queries across various areas raised through our review processes



## Value for money

Our work on Value for money is substantially complete. We will issue our final AAR once the audit opinion is issued. This matter is discussed in further detail in section 7



### Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.



Work on value for money arrangements

# 03

## Audit Approach





# Audit Approach

## Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 24 July 2024.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £31,792m using a benchmark of 2% of gross operating expenditure.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

## Reliance on internal audit

No reliance has been placed on internal audit for the 2023/24 financial audit. Enquiries have been undertaken to aid our understanding of the overarching control environment at the Council

## Use of experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. No changes to those outlined in our ASM.

Item of Account	Management's expert	Our expert
Land and Buildings Valuations	Neil Gamble (until June 2024) and Jonathan Marriot (new valuer) (Internal valuers)	Internal Forvis Mazars valuations team, and third-party evidence provided by the NAO to support our challenge of valuation assumptions
Defined Benefit Pension Valuation	<b>Barnett Waddingham</b> Actuary for Nottinghamshire Pension Fund	PWC consulting actuary appointed by the NAO

# 04

## Significant findings



# Significant findings

## Significant findings, including key areas of management judgement

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 16 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit

## Significant Risks

### Management override of controls

#### Description of the risk

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

---

#### How we addressed this risk

We addressed this risk through performing audit work over:

- accounting estimates impacting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

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#### Audit conclusion

Our work is complete in this area, with no issues to bring to the attention of members

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# Significant findings

**Valuation of the LGPS defined benefit pension**

**Description of the risk**

The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Nottinghamshire Pension Fund.

The defined benefit assets and liabilities are significant items in the Council's balance sheet and the Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.

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**How we addressed this risk**

We addressed this risk by:

- Critically assessing the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary;
- Liaising with the auditors of the Nottinghamshire Pension Fund to gain assurance over the design and implementation of the controls in place at the Pension Fund. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;
- Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information by PwC and consulting actuary engaged by the National Audit Office; and
- Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements.

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**Audit conclusion**

We have not yet completed our work in this area, as we are awaiting a response from the Pension Fund auditor to our request for assurance. From the work completed to date, there are no issues to report.

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# Significant findings

**Valuation of land, buildings and investment properties**

**Description of the risk**

Land and buildings within Property, Plant and Equipment (PPE) and Investment Properties are significant items on the Council's balance sheet.

The valuation of land, buildings and investment properties is complex and involves a number of management assumptions and judgements. Due to the high degree of estimation uncertainty involved, we have identified a significant risk in this area.

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**How we addressed this risk**

- We addressed this risk by:
- Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
  - Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
  - Assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends;
  - Testing a sample of assets valued during 2023/24, drawing support from our own expert, to source records and challenging key judgements made;
  - Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluation in 2023/24 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers.

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**Audit conclusion**

We have not yet completed our work in this area, as we are awaiting responses from the Council's valuer to some of our queries.

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# Significant findings

**Risk of fraud in expenditure recognition**

**Description of the risk**

The risk of fraud in expenditure recognition is a significant risk on all audits due to the potential to inappropriately shift the timing and basis of expenditure recognition as well as the potential to record fictitious expenditure or fail to record actual expenditure.

Having considered the expenditure streams at the Council, we deem the risk to relate specifically to non-pay expenditure and ensuring it has been recorded in the correct financial period, with the risk being cut-off around the year-end.

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**How we addressed this risk**

We addressed this risk by:

- testing of expenditure recorded in the ledger in the pre-and post- year end period to ensure it has been coded to the correct financial year; and
- testing payments in the pre- and post-year end period to ensure they have been recognised in the right year.

---

**Audit conclusion**

Our work is complete in this area, with no issues to bring to the attention of members

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# Significant findings

## Other key areas of management judgement/ enhanced risks

Accounting for PFI Valuation of land and buildings

**Description of the management judgement**

The Council has PFI schemes in place for schools and for a waste recycling centre and accounting for PFI transactions involves judgement, is often supported by complex financial models, and includes large values.

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**How our audit addressed this area of management judgement**

In the first year of our appointment, we validated the accounting treatment applied under IFRIC 12 Service Concessions and performed supporting tests to gain assurance over opening balances such that the PFI schemes have been accounted for correctly and values presented in the financial statements are not materially misstated.

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**Audit conclusion**

Our testing in this area is complete, and we have not identified any issues to report.

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# Significant findings

## Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 appropriately tailored to the Council's circumstances, with the following exceptions:

- The Code requires local authorities to disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Per paragraph 3.4.2.96 of the Code, the notes should include details of:

a) their nature, and

b) their carrying amount as at the end of the reporting period

The Council did not disclose the carrying amounts at the end of the reporting period.

- The Code requires an authority's financial statements to be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. The Council's accounts did not initially state they were prepared on this basis. The Council have added a statement that the accounts have been prepared on a going concern basis, but did not use the wording per the Code that the functions of the authority will continue in operational existence for the foreseeable future. We would recommend this wording is used in future.

Draft accounts were received from the Council on 31st May and were of a good quality. However, good financial reporting means ensuring information in the financial statements is relevant and uncluttered. Thus, making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards. Under *IAS 1 Presentation of Financial Statements*, an entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information. IFRS 18 Presentation and Disclosures in Financial Statements will replace IAS 1 from 2027/28 and includes more specific guidance on improving presentation of financial statements to avoid obscuring relevant information.

The 2023/24 draft financial statements presented to audit contained a number of accounting policies and accounting disclosures that could be considered to be immaterial. As a consequence, we recommend that for 2024/25, the Council should formally review the materiality and presentation of its Statement of Accounts and

present its findings to the Governance & Ethics Committee to ensure any modifications or adaptations are transparently considered prior to removing in the 2024/25 Statement of Accounts. For example, this may involve the adoption of a full set of accounting policies by the Governance & Ethics Committee, but only including those that are relevant in the published Statement of Accounts

We also found that a number of disclosures within the financial statements could be improved. This included the level of narrative included on prior year restatements, i.e. explaining why the restatement has occurred, and what impact this has on the financial statements; the detail of disclosures around valuation levels of surplus assets and investment properties (which should provide quantitative information about the significant unobservable inputs used in the fair value measurement, and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs); and the narrative to explain the critical judgements made by the Council. We would recommend that the Council looks to improve its disclosures for 2024/25.

Finally, the year-end valuation certificate from the internal valuation expert sets out whether assets at the year-end are materially stated. This certificate could be improved by setting out the value of assets, the date at which the conclusion was reached and key judgements made to support that conclusion.

## Significant matters discussed with management

During our audit we discussed the following significant matters with management:

- The Council's financial position, including development of the medium-term financial plan: During the year, we have met with officers to discuss the Council's financial position and budget setting process and pressures to enable us to reflect on the Council's financial resilience and sustainability, and to conclude whether the going concern basis of accounting in the preparation of the financial statements is appropriate.

# Significant findings continued

## Significant matters discussed with management (continued)

- When completing our expenditure testing, we found a significant number of items we selected were capital in nature. On review, these items had been initially posted to revenue account codes, before being journalled out at year-end and posted to the relevant capital code. This meant that the samples we had selected were not part of our expenditure population, requiring us to select new samples to test. We were not initially aware of the process whereby capital expenditure is originally posted to revenue codes, and this was not raised when we selected samples from these “capital codes”, that were mapped to other operating expenditure, which would be cleared down to nil at year-end. Considerable time was therefore spent, by the finance team collating evidence, and the audit team reviewing evidence, for items that subsequently needed to be replaced. Going forwards, we will work closely with the finance team to ensure that any samples selected are appropriate and not expected to be subsequently reversed from the population.
- Throughout the audit, when sample evidence was requested, this was co-ordinated by the finance team but required the input from various departments to collate all of the requested information. It worked well having queries go through the finance team, as they could co-ordinate responses, however there were often occasions where what was provided wasn’t sufficient or wasn’t what we had asked for. This resulted in additional time being spent going back with follow-up queries, which could have been prevented had there been a quality review by the finance team, to check the information provided by the departments, before it was provided to us, and ensure it provides what we have asked for. In particular, it was often the evidence of bank payment that we were missing.

## Significant difficulties during the audit

During the course of the audit we have had co-operation from management, however we did encounter some difficulties:

- We encountered difficulties when obtaining external confirmations. This included us not initially receiving a complete list of counterparties for all loan and investment balances, and not being provided with the correct contact details for some of the counterparties. The list also included counterparties which the Council did not have outstanding balances with at the year-end and was missing required information such as account numbers for some balances. We were unable to proceed with requesting confirmations via confirmation.com because we did not get responses to our requests for authority from the Council’s signatories, as we had been provided with the incorrect email addresses. When manually contacting counterparties there were also instances where the counterparties did not have authority from the Council

to disclose, as whilst the Council had sent authority letters, these were not always sent to the correct contact or address.

- We had difficulties obtaining the requested evidence for our IT general controls testing. We made our initial requests in July, but the Council were unwilling to provide the requested information due to security concerns. We had multiple conversations with various members of the Council’s IT team to explain the purpose of the information we were requesting, what the data would be used for, and confirming that the information would be removed from our secure data sharing platform once the work was complete, however the Council were still unwilling to provide the requested information. Ultimately, in September, our IT audit team arranged an onsite visit to view the evidence in person. We were able to review the majority of evidence during the visit, but there is still some information outstanding.
- We had difficulty in reconciling the Council’s payroll costs between the Payroll reports, General Ledger, and financial statements disclosure. Payroll values per payroll reports are automatically journalled into the general ledger, however the Council do not prepare a reconciliation between the payroll reports and the employee benefits expenses per the financial statements. As we weren’t provided with a payroll reconciliation, as requested in our client deliverables list, considerable additional time was required by both the finance team and audit team, to reconcile the balances.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2023/24 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.



# 05

## Internal control conclusions



# Internal control conclusions

## Overview of engagement

As part of our audit, we obtained an understanding of the Council's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Council's internal controls, we are required to communicate to the Governance & Ethics Committee any significant deficiencies in internal controls that we identified in during our audit.

## Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in the Council's internal controls that we have identified as at the date of this report are in set out on the following pages.

## Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Governance & Ethics Committee.

We have not identified any significant deficiencies in the Council's internal controls as at the date of this report.

## Other observations

We also record our observations on the Council's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We do not have any other internal control observations to bring to your attention as at the date of this report.

Whether internal control observations merit attention by the Governance & Ethics Committee, and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

# Internal control conclusions

## Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

### Description of deficiency

The Council do not prepare a reconciliation between the payroll report values and the employee expenses in the general ledger and the financial statements

### Potential effects

There is a risk that payroll expenditure could be incomplete, or that items could be misclassified in the financial statements between employee expenses and other expenditure

### Recommendation

The Council should prepare a year-end reconciliation between the employee expenses value in the financial statements, and the gross to net payroll reports

### Management response

The Finance Team will work with Payroll to develop a monthly reconciliation between payroll reports and general ledger to address this issue

### Description of deficiency

As part of the year-end bank process, the Council review and clear cash holding accounts. For 23/24 there was a balance of £29k in one of the Council's bank accounts, that had been reversed out in error on the general ledger.

### Potential effects

Errors in the year-end cash process can result in the cash balance in the financial statements being misstated

### Recommendation

We recommend that the Council reviews its year-end cash adjustments to ensure all adjustments are correct and appropriate

### Management response

The issue identified has been resolved. Working papers have been reviewed and amended to ensure cash adjustments are robustly checked in future years



# Internal control conclusions

## Other deficiencies in internal control continued

**Description of deficiency**

Throughout our testing, we identified trivial errors due to miscodings in the ledger.

**Potential effects**

Miscodings can result in misclassifications within the Council’s financial statements

**Recommendation**

The Council should remind teams to be vigilant in the accuracy of account codes and profit centres of their journals before posting to ensure entries are posted to the appropriate codes

**Management response**

It is not uncommon to find trivial errors due to miscoding despite all efforts to eradicate them. However, year-end processes have been amended to include additional checks on school grant coding. In addition, the importance of using the correct cost elements will be re-iterated to finance colleagues ahead of the preparation of 2024/25 Statement of Accounts.

**Description of deficiency**

The Council perform a check for transactions with any parties that Officers or Members have declared an interest in. However, we found that the listing of declared interests being used by the finance team to perform this check was not a complete listing of all declared interests.

**Potential effects**

There is a risk that the Related Parties disclosure in the accounts could be incomplete

**Recommendation**

We recommend that the Council obtains a full register of interests that have been declared, and uses this to search for potential related party transactions

**Management response**

The declaration process will be further reviewed in conjunction with Democratic Services colleagues to ensure that a complete list of interests declared are provided by the Members Team and updated throughout the financial year.

# Internal control conclusions

## Other deficiencies in internal control continued

### Description of deficiency

The Council prepared an analysis of potential movements in value for the assets not revalued in year, however this only considered the movement in the year from 2022/23 to 2023/24, not the movements in the previous years since the assets were last revalued as part of the Council's 5 year rolling programme

### Potential effects

There is a risk that the Council will not identify material movements in asset valuations since their last valuation date

### Recommendation

The Council should ensure its analysis splits assets by the date last revalued, and applies the indexation to all periods between the last revaluation date and the current year-end

### Management response

When considering analysis from prior years, the Council do not share the concern over the potential materiality of these movements. It is appreciated, however, that the analysis could be improved by splitting out the assets as suggested. The Council will adopt this recommended approach in future years.

### Description of deficiency

During our testing of revenue expenditure and capital additions, there were a number of suppliers for which we were provided with internally generated "e-invoices" rather than 3<sup>rd</sup> party evidence.

This was the case for transactions with ARC Property Services, which is one of the Council's joint operations. For these transactions, we walked through the process to understand how the data is provided by ARC in bulk and processed into the Council's ledger. However, we were also provided with e-invoices for several other suppliers, in place of the 3<sup>rd</sup> party invoice that they had received from the supplier.

### Potential effects

E-invoices are an internally generated document showing what is in the Council's ledger system. It doesn't provide evidence that this information is accurate and accounted for correctly. There is a risk that the Council will not be able to provide sufficient evidence to satisfy audit queries, or to support other inspections such as VAT inspections.

### Recommendation

The Council should keep records of 3<sup>rd</sup> party correspondence such as invoices and contracts so that sufficient evidence can be provided for audit, VAT, or other inspections.

### Management response

If services wish to generate a payment in the absence of an invoice, there's an online request process or for multiple requests a file template is available. Our guidance states these should only be used where an invoice from the supplier is not available or appropriate. If appropriate invoices are available, the requests are rejected, and the invoice is processed instead. These payments are approved by service areas who are responsible for ensuring it meets Financial Regulations and that information to support this is available upon request. We'll issue a reminder to staff using these routes to make a payment that supporting information is readily available upon request

# Internal control conclusions

## Other deficiencies in internal control continued

### Description of deficiency

When reviewing the Council's process for calculating their allowance for expected credit losses, we found that there are inconsistencies across departments, and there is no process of review and challenge of the allowances provided by the departments. Some departments simply provide an allowance for all debt over 6 months, whereas some departments make further adjustments using local knowledge, however the finance team do not obtain explanations for how these adjustments are determined to ensure they are appropriate

### Potential effects

There is a risk that the allowance for expected credit losses is not calculated on an appropriate basis, resulting in the net debtors value being misstated

### Recommendation

The Council should ensure that there is a consistent approach to determining loss allowances across departments, and should implement a review process to challenge the rationale applied by departments to ensure the value is determined on an appropriate basis

### Management response

Debt of 6 months and older is provided for and local information is also applied. A review of how different Finance teams approach this exercise will take place to inform a more consistent approach across the Council.

### Description of deficiency

Our testing of capital commitments identified an error in one of the items sampled, due to the Council not having the most up to date information when preparing the note. As we tested a sample, we don't have assurance over the untested items. We are satisfied that the disclosure is not qualitatively material, so the error doesn't impact the audit opinion, however this indicates a weakness in the Council's approach to preparing this disclosure.

### Potential effects

The capital commitments disclosure could be misstated

### Recommendation

The Council should implement a process to review up to date information when preparing the Capital Commitments disclosure to ensure it is accurate

### Management response

Year-end practices to prepare this note have been refined to ensure that the correct position as at 31 March is reflected in future capital commitments disclosure notes.

# 06

## Summary of misstatements



# Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £954k.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 24 July 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

## Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr short term creditors Cr long term creditors We identified long term lease holder deposits had been incorrectly classified as short-term creditors, rather than long-term. The total known and extrapolated error was £2.324m.			2,324	(2,324)
Dr depreciation expense Cr Infrastructure assets Estimated impact on the Council's depreciation charge arising from the useful economic lives for infrastructure assets differing from the expected lives per the CIPFA guidance	1,353			(1,353)
Aggregate effect of unadjusted misstatements	1,353		2,324	3,677

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

# Summary of misstatements

## Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Governance & Ethics Committee should be made aware of.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
None identified				
Aggregate effect of adjusted misstatements				

# Summary of misstatements

## Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Note 4 – “a decrease in market values would reduce the combined value of Property, Plant and Equipment by approximately £11.5m”, corrected figure from £18.5m
- Note 2- IFRS 16 disclosure amended to include impact on PFI, and the impact on the SOCI
- Note 12 PFI originally stated that in relation to the Waste scheme, the land is held on balance sheet and valued. This disclosure has been removed as this was incorrect. The land is an operating lease and therefore not on balance sheet
- Note 12 PFI – amendments to future payment table for Bassetlaw schools to correct split between service charge, lifecycle repayment and contingent rent
- Note 13 Investment Properties – originally stated that "FV highest and best is current use" which was not accurate for all properties. This sentence was amended to state “unless market or other factors suggest that a different use of that asset by market participants would maximise the value of that asset.”
- Note 17 Capital commitments – corrected £1,962k understatement identified in our testing
- Note 25 general government grants – New Homes Bonus added to the note as it was originally omitted
- Financial instruments- Notes 26 and 28 – initially incorrectly included prepayments in the debtors value, and receipts in advance in the creditors value
- Note 30 Related parties – amended to add a disclosure for a transaction not originally disclosed
- Note 34- IAS19 pensions reserve values corrected
- Note 35 - Cash and cash equivalents – restated to show the Council's overdraft on their main account separately, and to group school accounts into their own line
- Note 42 Exit packages – corrected as 2 packages were initially in the wrong bandings
- Note 45 Termination benefits - added clarification that these do not include pension strain

We identified the following disclosure misstatements during our audit that have not been corrected by management:

- Useful economic lives – The Council's accounting policies include a minimum life on buildings, and vehicles and plant of 1 year. The Council agreed this is not correct but have not revised the accounting policy to show the corrected minimum lives
- As detailed on page 16, the Code requires local authorities to disclose carrying amounts for areas of estimation uncertainty. These weren't disclosed.
- We identified through our work on the payroll reconciliation that the Council provides payroll services for some other entities. The payroll costs are incorrectly classified as employee expenses. As these payroll costs do not relate to NCC employees, these should be classified as other service expenses. The value of these pay costs is immaterial at £10.8m.



# 07

## Value for Money





# Value for Money

## Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in January 2025.

## Status of our work

We have substantially completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and at this stage, we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix B confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in January 2025.

# Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications



# Appendix A: Draft management representation letter

Forvis Mazars  
First floor,  
Two Chamberlain Square,  
Birmingham  
B3 3AX

Dear Mark Surridge,

## Nottinghamshire County Council- Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Nottinghamshire County Council the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022, and applicable law. I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

### My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Service Director for Finance, Infrastructure & Improvement, I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

### Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

### Accounting estimates, including those measured at current and/or fair value

I confirm that the methods, significant assumptions and the data used by the Council in making the accounting estimates, including those measured at current or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

I confirm I have assessed the impact of any asset ceiling to be calculated on pension scheme assets and ensured, where applicable, that accounting adjustments have been made.

### Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

### Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

# Appendix A: Draft management representation letter

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud and error

I acknowledge my responsibility as Service Director for Finance, Infrastructure & Improvement for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

## Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

## Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have carried out an assessment of council buildings for Reinforced Autoclaved Aerated Concrete (RAAC) and confirmed an impairment review is not considered necessary.

## Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## Future commitments

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

## Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2023/24 in relation to the Council's service concession arrangements that you have not been made aware of.

## Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

## Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

## Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.

## Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

## Current banking crisis

We confirm that we have assessed the impact on Nottinghamshire County Council of the on-going Global Banking challenges, in particular whether there is any impact on the Council's ability to continue as a going concern, and on the post balance sheet events disclosures.

We confirm that our exposure where applicable (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

## Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

# Appendix A: Draft management representation letter

**Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council’s risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

The disclosures within the Narrative Report fairly reflect my understanding of the Council’s financial and operating performance over the period covered by the financial statements.

**Unadjusted misstatements**

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

**Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)**

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Service Director for Finance, Infrastructure & Improvement / s151 officer



# Appendix B: Draft audit report

## Independent auditor’s report to the members of Nottinghamshire County Council

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements of Nottinghamshire County Council (“the Council) for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2024 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Service Director for Finance, Infrastructure & Improvement’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Service Director for Finance, Infrastructure & Improvement with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the Annual Governance Statement and included in the Statement of Accounts,

other than the financial statements and our auditor’s report thereon. The Service Director for Finance, Infrastructure & Improvement is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of the Service Director for Finance, Infrastructure & Improvement for the financial statements

As explained more fully in the Statement of the Service Director for Finance, Infrastructure & Improvement’s Responsibilities, the Service Director for Finance, Infrastructure & Improvement is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Service Director for Finance, Infrastructure & Improvement is also responsible for such internal control as the Service Director for Finance, Infrastructure & Improvement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Service Director for Finance, Infrastructure & Improvement is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Service Director for Finance, Infrastructure & Improvement is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

#### Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Appendix B: Draft audit report

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Governance & Ethics Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

We evaluated the Service Director for Finance, Infrastructure & Improvement's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to :

- making enquiries of management and the Governance & Ethics Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, reviewing accounting estimates, and testing significant transactions outside the normal course of business, or otherwise unusual.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Governance & Ethics Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Service Director for Finance, Infrastructure & Improvement's use

of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources

### Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

### Responsibilities of the Council

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.

### Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

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. 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.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in May 2024.

### Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



# Appendix B: Draft audit report

## Use of the audit report

This report is made solely to the members of Nottinghamshire County Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack

Mark Surridge, Key Audit Partner  
For and on behalf of Forvis Mazars LLP  
2 Chamberlain Square  
Birmingham  
B3 3AX

# Appendix C: Confirmation of our independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

During the audit the following issues arose which could be perceived as a threat to our independence. The table below details these potential threats and the safeguards put in place to mitigate the risk.

Issue	Perceived threats	Safeguards
We were asked by the Council to undertake assurance work on their Teacher's Pensions return	<p>Councils are required to engage a reporting accountant to carry out the agreed upon procedures work. These are assurance related services specifically permitted under the NAO Code of Practice.</p> <p>The fee agreed for this work is £9,000. This is 3.4% of the scale fee for the External Audit, so is well within the limits prescribed by the National Audit Office in Auditor Guidance Note 01 (AGN01) i.e. 70% of audit fees.</p> <p>We therefore don't consider the acceptance of this engagement to pose a threat to our independence.</p>	We have undertaken procedures to consider and fully assess the impact that providing the service may have on our independence and have concluded there are no threats which require safeguards to be implemented.

## Appendix D: Other communications

Other communication	Response
<b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
<b>External confirmations</b>	<p>We encountered difficulties when obtaining external confirmations. This included us not initially receiving a complete list of counterparties for all loan and investment balances, and not being provided with the correct contact details for some of the counterparties. The list also included counterparties which the Council did not have outstanding balances with at the year-end, and was missing required information such as account numbers for some balances. We were unable to proceed with requesting confirmations via confirmation.com because we did not get responses to our requests for authority from the Council's signatories, as we had been provided with the incorrect email addresses. When manually contacting counterparties there were also instances where the counterparties did not have authority from the Council to disclose, as whilst the Council had sent authority letters, these were not always sent to the correct contact or address.</p>
<b>Related parties</b>	<p>Our testing of related parties identified weaknesses in the process, whereby the Council were not reviewing complete data to identify related party transactions. We have raised an internal control recommendation in this regard.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> <li>they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ol>
<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the Service Director (Finance, Infrastructure and Improvement) that Nottinghamshire County Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements..</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

# Appendix D: Other communications

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate the Governance &amp; Ethics Committee, confirming that</p> <ul style="list-style-type: none"> <li>a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> <li>i. management;</li> <li>ii. employees who have significant roles in internal control; or</li> <li>iii. others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>

# Contact

## Forvis Mazars

**Mark Surridge**  
Partner

Tel: 07875 974 291  
Mark.Surridge@mazars.co.uk

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# Audit completion report

## **Nottinghamshire Pension Fund – year ended 31 March 2024**

November 2024

Members of the Governance and Ethics Committee

Nottinghamshire Pension Fund

County Hall  
West Bridgford  
Nottingham  
NG2 7QP

27<sup>th</sup> November 2024

Dear Committee Members,

Forvis Mazars

One St Peter's Square  
Manchester  
M2 3DE

## Audit Completion Report – Year ended 31 March 2024

We are pleased to present our Audit Completion Report for Nottinghamshire Pension Fund for the year ended 31 March 2024. The purpose of this report is to summarise our audit findings and conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 24 July 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me at [Alastair.Newall@mazars.co.uk](mailto:Alastair.Newall@mazars.co.uk)

Yours faithfully

Alastair Newall

Forvis Mazars LLP



# Contents

- 01 Executive summary
- 02 Status of the audit
- 03 Audit approach
- 04 Significant findings
- 05 Internal control conclusions
- 06 Summary of misstatements
  
- A Appendix A: Draft management representation letter
- B Appendix B: Draft audit report
- C Appendix C: Draft consistency report
- D Appendix D: Confirmation of our independence
- E Appendix E: Other communications

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.  
Reports and letters prepared by appointed auditors and addressed to the Pension Fund are prepared for the sole use of the Pension Fund and we do not accept any responsibility to any member or officer in their individual capacity or to any third party.

# 01

## Executive Summary



# Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of controls;
- valuation of investments within level 3 of fair value hierarchy; and
- classification of investments within the fair value hierarchy.

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; there are no unadjusted misstatements identified from our work to date.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

We haven't received the Pension Fund Annual Report yet. We will conclude that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Nottinghamshire County Council after receiving the Annual Report. Our draft consistency report is provided in Appendix C.

At the time of preparing this report, matters remaining outstanding as outlined in section 2.

We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



### Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Fund and to consider any objection made to the accounts. We confirm no such correspondence from electors has been received.

# 02

## Status of the audit



# Status of our audit

Our audit work is substantially complete and, except for the matters set out in the section 1 of this report there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

## Cash deposits

We are awaiting one third-party confirmation in respect of our testing of cash deposits.



## Investment assets testing – Level 3 Assets

We are awaiting financial statements from two fund managers and working to resolve audit queries with the Pension Fund and fund managers.



## Direct Properties testing

We have received all requested responses from the property valuer and the property administrator and are completing our testing of the valuations.



## Notes to the accounts

We are finalising our work in respect of non-material notes included in the financial statements.



## Consistency statement

We are awaiting receipt of the Pension Fund's Annual Report to allow us to complete our consistency checks with the Pension Fund financial statements.



## Audit review and control procedures

Our audit work, including the specific procedures carried out in relation to the significant audit risks identified, is yet to undergo the final stages of review by the Manager, Key Audit Partner and EQCR.



## Post balance sheet events

Review of post balance sheet events up to the point at which we sign our audit report



### Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.



# 03

## Audit Approach



# Audit Approach

## Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 24 July 2024.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £70m using a benchmark of 1% of net assets. We set a provisional specific materiality for the fund account of £27m at the planning stage of the audit using a benchmark of 10% of contributions receivable.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

## Use of experts

There has been no change to the planned approach as outlined in our ASM.

We did not engage an auditor's expert for our work over the valuation of investment properties and we used the work of the NAO's Consulting Actuary, PwC, over the disclosure of the actuarial present value of promised retirement benefits.

## Service organisations

There has been no change to the planned approach as outlined in our ASM.

Whilst the Custodian was identified as a service organisation making up part of the Pension Fund's information systems, we gained assurance over the transactions, account balances and disclosures relevant to use of a service organisation through our standard substantive procedures. We also reviewed the ISAE 3402 report, which details the controls work of the service auditor during the financial period. No issues arose from our review and we did not amend our audit approach accordingly.



# 04

## Significant findings



# Significant findings

## Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 14 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any significant difficulties we experienced during the audit; and

## Significant Risks

### Management override of controls

### Description of the risk

This is mandatory significant risk on all audits due to unpredictable way in which such override would occur.

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

---

### How we addressed this risk

We addressed the management override of controls risk through performing audit work over:

- Material accounting estimates;
- Journal entries which meet our risk criteria; and
- Significant transactions outside the normal course of business or otherwise unusual.

---

### Audit conclusion

We are still completing our work on accounting estimates (Level 3 Investment Assets and Direct Properties). However, we have completed our work on the Pension Fund's journals and have not identified any significant transactions outside the normal course of business during our audit. From the work completed to date, there are no issues to report.

# Significant findings

**Valuation of investments within level 3 of the fair value hierarchy**

**Description of the risk**

At 31 March 2024, the Pension Fund held investments within level 3 of the fair value hierarchy of £552m (including Directly held properties). Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made valuing them at year end.

As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances for 2023/24 due to the assumptions underlying the valuation. We therefore consider that there is an increased risk of material misstatement.

---

**How we addressed this risk**

Our audit procedures included:

- obtaining an understanding of the skills, experience and qualifications of any external valuers used by the Pension Fund;
- obtaining an understanding of the basis of valuation applied in the year, and reviewing the valuation methodologies;
- agreeing a sample of valuations to supporting documentation including investment manager valuation statements and cash flow for any adjustments made to the investment manager valuation;
- reviewing management’s reconciliation of fund manager reports to the custodian’s report;
- agreeing a sample of valuations to audited accounts or other independent supporting documentation, and considering the impact of any modified audit reports on those audited accounts.

---

**Audit conclusion**

We have not yet completed our work in this area.

---

# Significant findings

## Other key areas of management judgement/ enhanced risks

<b>Classification of Investments within the fair value hierarchy</b>	<b>Description of the enhanced risk</b>  Financial assets valued at fair value hierarchy are classified as level 1, 2 or 3 under the International Financial Reporting Standard 13 (IFRS 13). The classification is based on the inputs used to determine the value, within level 1 assets being those with less estimation uncertainty, and level 3 assets being those with more estimation uncertainty. The classification involves management judgement and there is an enhanced risk of misclassification error as a result of the judgement and assumptions involved.
<hr/>	
<b>How our audit addressed this area of management judgement</b>	
Our audit procedures included:	
<ul style="list-style-type: none"><li>• reviewing management’s judgements around the classification of investment assets at level 1, 2 and 3; and</li><li>• testing the classification of a sample of assets to ensure that the council’s disclosures are appropriate for each level.</li></ul>	
<hr/>	
<b>Audit conclusion</b>	
We have completed our work in this area and have noted adjusted misstatements between level 1, 2 and 3 of fair value hierarchy, recorded in Section 06 in Disclosure misstatements.	

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# Significant findings

## Qualitative aspects of the Fund's accounting practices

We have reviewed the Fund's accounting policies and disclosures and concluded they comply with the 2023/24 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund's circumstances, with some minor adjusted disclosure misstatements mentioned on Page 20..

Draft accounts were received from the Fund on 1<sup>st</sup> July 2024 and were of good quality. We have reported to the Pension Fund that the draft accounts include immaterial disclosures which lengthen the accounts and could obscure the material information. Hence, we have made suggestions to the Pension Fund to reduce the amounts by removing immaterial disclosures not required by the financial reporting framework in line with IAS 1 Presentation of Financial Statements.

The working papers to support the original draft accounts and the updated set of draft accounts were of a good quality and supported the figures in the accounts.

## Significant matters discussed with management

During our audit, no significant matters were discussed with management.

## Significant difficulties during the audit

Completing a first-year audit is more difficult and complex than subsequent audits due to the lack of knowledge we have on the Pension Fund. We have worked well with the Pension Fund to build a good working relationship, and this has helped minimise the difficulties we have experienced. We are pleased to report we have had the full co-operation of management, and this has helped us to obtain evidence including external confirmations, where third-parties were unresponsive.

We would like to thank the Senior Accounts – Pensions and Treasury Management and Group Manager – Business Services Centre and their teams for the support provided throughout the audit.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2023/24 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.



# 05

## Internal control conclusions



# Internal control conclusions

## Overview of engagement

As part of our audit, we obtained an understanding of the Fund's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Fund's internal controls, we are required to communicate to Governance and Ethics Committee any significant deficiencies in internal controls that we identified in during our audit.

## Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Fund's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in the Fund's internal controls that we have identified as at the date of this report are in set

out on the following pages.

## Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Governance and Ethics Committee.

We have not identified any significant deficiencies in the Fund's internal controls as at the date of this report.

## Other observations

We also record our observations on the Fund's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Our other internal control observations, as at the date of this report, are set out in this section. These have been reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by Governance and Ethics Committee and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.



# Internal control conclusions

## Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

### Description of deficiency

The Pension Fund do not obtain and review fund managers' service organisation control reports.

### Potential effects

There is a risk that the Pension Fund is unaware of weaknesses in internal controls at the fund managers, and cannot therefore make informed decisions regarding those investments.

### Recommendation

The Pension Fund should obtain and review their fund managers' service organisation control reports to assure themselves there are no control weaknesses in those organisations.

### Management response

Pension Fund management has agreed to obtain and review the service organisation control reports from 2024/25.

# 06

## Summary of misstatements



# Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £2.1m.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 24 July 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

## Unadjusted misstatements

There are no unadjusted misstatements identified from our work to date.

## Adjusted misstatements

There are no adjusted misstatements identified from our work to date.

# Summary of misstatements

## Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Note 1 Accounting Policies: Going concern disclosure updated to add "the functions of the PF will continue in operational existence for the foreseeable future".
- Note 1 Accounting Policies: Contributions accounting policies updated to include employee rate set by statute and employer rate recommended by the Actuary.
- Note 1 Additional Voluntary Contributions accounting policy added
- Note 2g Major sources of estimation uncertainty: Note updated to remove pension fund liability disclosure and additional information added regarding Property investments & Level 3 Investments.
- Note 11g Investments: We identified that one of the Investment assets was not included in the Undrawn commitments figure therefore, it has now been updated to £384.6m (£366.5m in draft accounts) in line with the client's working paper.
- Note 15 Financial Instruments and Property Investments: We have identified classification differences in Investment assets within level 1, 2 and 3 of fair value hierarchy. The differences noted are: Level 1 - £(3,242.2)m, Level 2 - £2,219.6m and Level 3 - £1,022.6m.
- Note 15 Financial Instruments and Property Investments: The basis of valuation, inputs and key sensitivities for level 2 and level 3 investments table updated to bifurcate between observable and unobservable inputs and Property fund wordings updated to differentiate between level 2 and level 3 pooled fund.
- Note 15 Financial Instruments and Property Investments: Currency risk 'Overseas pooled funds' asset value correctly updated from £797.912m to £264.508m.
- 2022/23 comparator data added to Note 4 – Analysis of contributions, Note 15 - Financial Instruments and Property Investments and Note 17 – Related Party Transactions.

The financial statements have been updated for other minor points.

We identified the following disclosure misstatements during our audit that have not been corrected by management:

- Note 11g Investments: We identified an unadjusted projected overstatement of £5.761m in the Undrawn commitments amount while comparing the balances as per the supporting working paper and Valuation statements per Fund Managers.

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

# Appendices

- A: Draft management representation letter
- B: Draft audit report
- C: Draft consistency report
- D: Confirmation of our independence
- E: Other communications





# Appendix A: Draft management representation letter

Forvis Mazars  
One St Peter's Square  
Manchester  
M2 3DE

Dear Alastair,

## Nottinghamshire Pension Fund - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Nottinghamshire Pension Fund ('the Pension Fund') for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

## My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Pension Fund you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Service Director of Finance, Infrastructure & Improvement that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

## Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all relevant Pension Fund, Council and committee meetings, have been made available to you.

## Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Pension Fund's financial position, financial performance and cash flows.

## Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Pension Fund in making the accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Pension Fund have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code and applicable law.

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Pension Fund has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

# Appendix A: Draft management representation letter

## Fraud and error

I acknowledge my responsibility as Service Director of Finance, Infrastructure & Improvement for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Pension Fund involving:
  - o management and those charged with governance;
  - o employees who have significant roles in internal control; and
  - o others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Pension Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

## Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code and applicable law.

I have disclosed to you the identity of the Pension Fund's related parties and all related party relationships and transactions of which I am aware.

## Charges on assets

All the Pension Fund's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## Future commitments

The Pension Fund has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

## Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

## Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Pension Fund, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the supporting notes to the financial statements fairly reflects that assessment.

## Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the supporting notes to the financial statements fairly reflects that assessment.

## Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects the assessment.

## Going concern

To the best of my knowledge there is nothing to indicate that the Pension Fund will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

## Unadjusted misstatements

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully,

Service Director for Finance, Infrastructure & Improvement / s151 officer



# Appendix B: Draft audit report

## Independent auditor’s report to the members of Nottinghamshire County Council

### Report on the audit of the financial statements

#### Opinion on the financial statements of Nottinghamshire Pension Fund

We have audited the financial statements of Nottinghamshire Pension Fund (‘the Pension Fund’) for the year ended 31 March 2024, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024, and the amount and disposition of the Pension Fund’s assets and liabilities as at 31 March 2024; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Service Director of Finance, Infrastructure & Improvement’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC

Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Service Director of Finance, Infrastructure & Improvement with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Service Director of Finance, Infrastructure & Improvement is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of the Service Director of Finance, Infrastructure & Improvement for the financial statements

As explained more fully in the Statement of the Service Director of Finance, Infrastructure & Improvement’s Responsibilities, the Service Director of Finance, Infrastructure & Improvement is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund’s 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 2023/24, and for being satisfied that they give a true and fair view. The Service Director of Finance, Infrastructure & Improvement is also responsible for such

# Appendix B: Draft audit report

internal control as the Service Director of Finance, Infrastructure & Improvement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Service Director of Finance, Infrastructure & Improvement is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Service Director of Finance, Infrastructure & Improvement is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund’s financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but

were not limited to :

- inquiring with management and the Governance and Ethics Committee, as to whether the Pension Fund is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

We evaluated the Service Director of Finance, Infrastructure & Improvement’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to :

- making enquiries of management and the Governance and Ethics Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by testing journal entries, significant accounting estimates and significant one-off or unusual transactions.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Governance and Ethics Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

# Appendix B: Draft audit report

We are also required to conclude on whether the Service Director of Finance, Infrastructure & Improvement’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

## Use of the audit report

This report is made solely to the members of Nottinghamshire County Council, as a body and as administering authority for the Nottinghamshire Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Alastair Newall, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

One St Peter’s Square,  
Manchester  
M2 3DE

[Date]

# Appendix C: Draft consistency report

**Independent auditor’s statement to the members of Nottinghamshire County Council on the pension fund financial statements included within the Nottinghamshire Pension Fund annual report**

**Report on the financial statements**

We have examined the Pension Fund financial statements for the year ended 31 March 2024 included within the Nottinghamshire Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including material accounting policy information.

**Opinion**

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Nottinghamshire County Council for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

**Respective responsibilities of the Service Director of Finance, Infrastructure & Improvement and the auditor**

As explained more fully in the Statement of the Service Director of Finance, Infrastructure & Improvement’s Responsibilities, the Service Director of Finance, Infrastructure & Improvement is responsible for the preparation of the Pension Fund’s financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Nottinghamshire County Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Nottinghamshire County Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited

financial statements of Nottinghamshire County Council describes the basis of our opinions on the financial statements.

**Use of this auditor’s statement**

This report is made solely to the members of Nottinghamshire County Council, as a body and as administering authority for the Nottinghamshire Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Nottinghamshire County Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Nottinghamshire County Council and Nottinghamshire County Council’s members as a body, for our audit work, for this statement, or for the opinions we have formed.

[Signature]

Alastair Newall, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

One St Peter’s Square,  
Manchester  
M2 3DE

Date

## Appendix C: Confirmation of our independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

# Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Service Director (Finance, Infrastructure and Improvement) that Nottinghamshire County Council, or the Nottinghamshire Pension Fund, will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements..</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>



# Appendix D: Other communications

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate Governance and Ethics Committee, confirming that</p> <ul style="list-style-type: none"><li>a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li><li>b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li><li>c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:<ul style="list-style-type: none"><li>i. management;</li><li>ii. employees who have significant roles in internal control; or</li><li>iii. others where the fraud could have a material effect on the financial statements; and</li></ul></li><li>d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</li></ul>

# Contact

## Forvis Mazars

**Alastair Newall**  
Director  
Tel: 07909 986 776  
[Alastair.newall@mazars.co.uk](mailto:Alastair.newall@mazars.co.uk)

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# NOTTINGHAMSHIRE COUNTY COUNCIL ANNUAL FINANCIAL REPORT 2023/24

Note	Contents	Page
	Narrative Report	3
	Independent Auditor's Report to the Members of NCC	11
	<b>Statement of Accounts</b>	
	Statement of Responsibilities for the Statement of Accounts	18
	Statement of Approval of the Statement of Accounts (by Chairman)	19
	Statement of Accounting Policies	20
	Movement in Reserves Statement	36
	Comprehensive Income and Expenditure Statement	37
	Balance Sheet	38
	Cash Flow Statement	39
	Notes to the Statement of Accounts	40
1	Explanation of Prior Period Adjustments	40
2	Accounting Standards Issued but Not Yet Adopted	40
3	Critical Judgements in Applying Accounting Policies	40
4	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	41
5	Post Balance Sheet Events	42
6	Adjustments between Accounting Basis and Funding Basis Under Regulations	42
7	Expenditure and Funding Analysis	43
8	Expenditure and Income Analysed by Nature	45
9 (a)	Property, Plant & Equipment (PPE)	45
9 (b)	Highways Infrastructure Assets	48
10	Valuation of PPE	48
11	Leases	50
12	Private Finance Initiative	51
13	Investment Properties	53
14	Intangible Assets	54
15	Heritage Assets	55
16	Assets Held for Sale	56
17	Capital Expenditure and Financing	56
18	Debtors and Long-Term Debtors	57

19	Pensions – Contributions	57
20	Pensions - IAS19	58
21	Creditors and Long-Term Creditors	62
22	General Provisions	62
23	Contingent Liabilities	62
24	Specific Revenue Grants	63
25	General Government Grants Income and Taxation	63
26	Financial Instruments Balance	64
27	Financial Instruments Gains/Losses	67
28	Fair Value of Assets & Liabilities Carried at Amortised Cost	67
29	Disclosure of Nature and Extent of Risks Arising from Financial Instruments	67
30	Related Parties	71
31	Movement on Usable Reserves	74
32	Insurance Reserve and Account	75
33	Schools Statutory Reserves	76
34	Unusable Reserves	77
35	Cash and Cash Equivalents	80
36	Cash Flow Statement – Operating Activities	80
37	Cash Flow Statement – Investing Activities	80
38	Cash Flow Statement – Financing Activities	81
39	Reconciliation of Liabilities Arising from Financing Activities	81
40	Minimum Revenue Provision (MRP)	81
41	Audit Fees	81
42	Employee Remuneration	82
43	Deployment of Dedicated Schools Grant	84
44	Pooled Budgets	85
45	Termination Benefits	86
46	Members Allowances	86
<b>Nottinghamshire County Councils Pension Fund –</b>		
<b>PF Notes to the accounts</b>		87
<b>PF Independent audit opinion</b>		
Glossary of Terms		115

# NARRATIVE REPORT

## Introduction

1. The Authority's Statement of Accounts for the year 2023/24 is set out on the following pages. It is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) issued by CIPFA. The statements also comply with appropriate guidance notes issued by CIPFA covering International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the Standing Interpretations Committee (SIC) and IFRS Interpretations Committee (IFRIC) as they apply to Local Authorities.
2. The Statement of Accounts aims to provide information so that interested parties can:
  - Understand the overarching financial position of the Authority and the outturn for 2023/24;
  - Have confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner; and
  - Be assured that the financial position of the Authority is sound and secure.

The style and format of the accounts complies with CIPFA standards and, in order to assist users, the content has been reviewed and improved where possible.

3. **Narrative Report**  
This Narrative Report provides information on key issues affecting the Authority and its accounts.
4. **Annual Governance Statement**  
Alongside the Statement of Accounts, the Authority publishes an Annual Governance Statement which sets out the Authority's responsibility for internal control and describes both the purpose of internal control and the internal control environment. The Statement also summarises the Authority's review of the effectiveness of internal control and highlights significant internal control issues and the actions to be taken in order to address these. The 2023/24 Statement is scheduled to be reported to Governance and Ethics Committee on 19 June 2024.
5. **Other Statements**  
The Statement of Accounts is supported by the Statement of Responsibilities and the Notes which follow the core financial statements. In addition, the Authority publishes the Pension Fund Accounts and a glossary of financial terms.
6. **Movement in Reserves Statement**  
This statement shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The surplus / deficit on the provision of services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes.
7. **Comprehensive Income and Expenditure Statement**  
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis (EFA) and Movement in Reserves Statement.



8. **Balance Sheet**

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

9. **Cash Flow Statement**

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

10. **Pension Fund Accounts**

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

11. **Pension Net Assets Statement**

This Statement shows the net current assets and liabilities arising from the operation of the Authority's Pension Scheme (LGPS). In accordance with the Code of Practice this Statement does not take account of liabilities to pay pensions and other benefits after the period end.

## Budget Monitoring

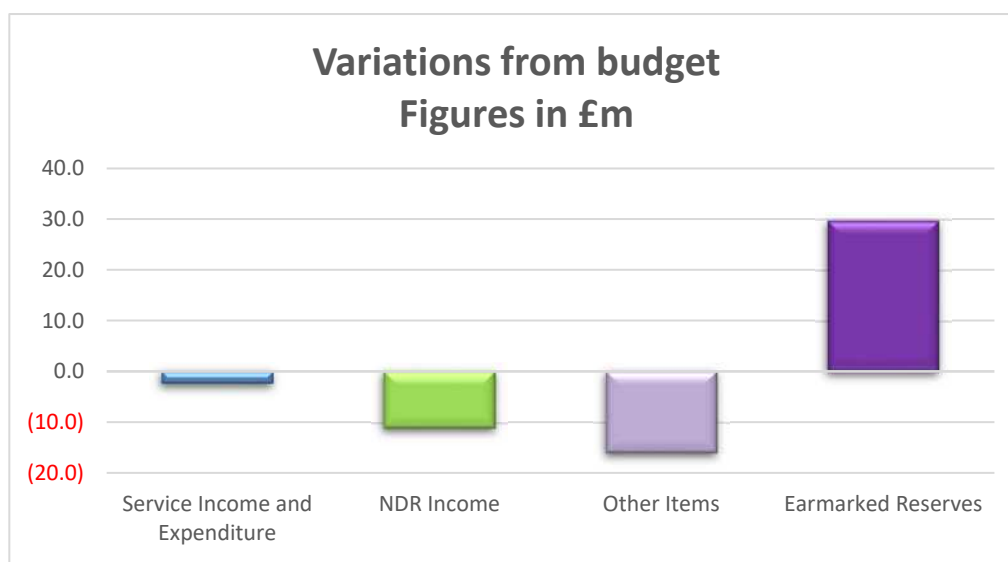
12. The financial position of the Authority has continued to be monitored throughout the financial year, with monthly reports to the Corporate Leadership Team and the Cabinet Member for Finance and Resources or Cabinet, providing an update of progress and thus ensuring decision makers had access to financial information on a timely basis.
13. The Budget Report 2024/25 that was approved at Full Council on 22 February 2024 sets out that the Authority's budget aims to protect and enhance key services for residents whilst making the organisation financially sustainable for the medium to long term. The Authority's objective is to reach a position, through transforming the way it delivers services over a number of years, where it is able to both offer more support within communities and simultaneously be more efficient and effective with its spending.
14. Whilst having a clear view of the funding position for 2024/25, the Government's further one-year Local Government Financial Settlement means funding for the final three years of the Medium-Term Financial Strategy (MTFS) remains unclear. This will continue to be the case until announcements regarding the longer-term future of local government financing are made.
15. The MTFS approved at Full Council in February 2024 shows that, whilst the Council can deliver a balanced budget in 2024/25 and 2025/26, based on current assumptions further significant savings will need to be identified in each of the following years to 2027/28.

## Revenue Expenditure

16. The 2023/24 budget estimated that there would be no net movement in relation to General Fund balances. The draft management accounts show that the final contribution to the General Fund was as per budget.

	Budget £m	Actual £m	Variance from Budget £m
<b>INCOME</b>			
<b>Income raised from taxation:</b>			
Precept Income (Council Tax)	(455.5)	(455.5)	-
Non-Domestic Rate Income	(128.0)	(139.2)	(11.2)
Revenue Support Grant	(8.1)	(8.1)	-
	<u>(591.6)</u>	<u>(602.8)</u>	<u>(11.2)</u>
<b>NET EXPENDITURE (inc appropriations)</b>	<u><b>591.6</b></u>	<u><b>602.8</b></u>	<u><b>11.2</b></u>
<b>Contribution to/(from) General Fund Balances</b>	<u><b>0.0</b></u>	<u><b>0.0</b></u>	<u><b>(0.0)</b></u>

The main variations to net expenditure were:



17. As shown above, service areas underspent by £2.4 million which can mainly be attributed to overspends in External Looked After Childrens placements and SEND Transport being offset by additional grant allocations and vacancy levels across various portfolios due to a challenging recruitment environment. Also within the overall budget variance, owing to treasury management outcomes, the Authority has benefitted from favourable interest rate movements. This has enabled costs to be absorbed without a need to draw down the budgeted extent of earmarked reserves. Full details of these and other variations are set out in the draft management accounts which will be reported to Cabinet on 25 July 2024.

18. The Authority's MTFs, reported to Cabinet in February 2024, has identified the need for further savings to achieve a sustainable budget position. Budgeted savings of £16.3 million were approved in February 2024 with a further £36.0 million required by 2027/28. All savings are monitored with a status update included in the monthly report to the Cabinet Member for Finance and Resources.

## Capital Expenditure and Financing

19. The Authority's capital expenditure in 2023/24 was £133.9 million. That total includes capital expenditure of £3.0 million incurred at schools and £1.5 million incurred on the Waste PFI scheme. The external capital financing costs relating to borrowing incurred by Treasury Management totalled £18.3 million.
20. The Authority's borrowings, used to finance the past acquisitions of assets, were £480.9 million at 31 March 2024, excluding PFI schemes. The Authority makes use of financial instruments called Lenders' Option Borrowers' Option (LOBOs) which offered attractive borrowing rates of interest as well as greater flexibility. At 31 March 2024 the amount owed on these types of borrowings was £60.0 million. The Finance Lease Liability relating to PFI schemes and finance leases as at 31 March 2024 totalled £90.3 million.
21. The Authority has entered into Private Finance Initiative (PFI) partnerships. The schemes are as follows:
- The provision of schools at East Leake. Service commenced during 2003/04
  - The provision of schools and leisure facilities in Bassetlaw which commenced during 2007/08
  - Waste recycling and energy recovery facilities. The waste recycling facility became operational in January 2009.

Further details of all PFI contracts are set out in Note 12 to the Accounts.

## Balance Sheet

22. The Authority holds £1,579m of long-term assets (£1,520m as at 31 March 2023), which is primarily made up of property, plant and equipment held by the Authority. Details on these balances can be found in notes as referenced in the Balance Sheet. In addition to these balances, the Authority holds material balances relating to pension liabilities and borrowing:-
- The pension liability recognised on the Authority's Balance Sheet has a significant impact on the net worth of the Authority. Pension benefits do not become payable until employees retire, however, the Authority is required to account for the future obligations at the same time as the employees accrue pension benefits. The pension liability is calculated by an independent actuary, Barnett & Waddingham LLP. The net Local Government Pension Scheme liability is estimated to be £164.4m at the Balance Sheet date (£297.2m as at 31 March 2023); a decrease of £132.8m.
  - The Authority continues to be in a positive cash position and therefore continues to pursue a strategy of temporarily borrowing using its internal resources to finance capital expenditure. Long-term borrowing is £463.4m (£474.7m as at 31 March 2023).

## Governance

23. Full Council at its meeting on 31 March 2022 approved a revised model of governance moving from the committee system of governance to the executive, Leader and Cabinet model. This new model of governance became operational in May 2022. A member working group has since considered the operation of the new governance model and made recommendations to Full Council which were approved at its meeting in July 2023.
24. As part of the review of the governance arrangements the Centre for Governance and Scrutiny (CfGS) has undertaken an independent review of the scrutiny function. The recommendations of the independent review were reported to Governance and Ethics Committee on 17 April who approved the recommendations and requested Overview Committee to develop and oversee implementation of an action plan. Work is already underway on implementation of some of the recommendations and further work will be progressed through a member task and finish group reporting back to Overview Committee.

## Context

25. The Authority has looked at the major trends and issues affecting the County now and into the future. It has collected and analysed the latest statistics about Nottinghamshire's communities, economy, and environment.
  - Nottinghamshire is a large county covering 805 square miles (2,085 sq. km). There are three distinct areas: the relatively affluent suburbs surrounding the City of Nottingham; the towns and villages in the north-west which grew out of the textile and coal industries; and the rural areas to the east and south characterised by prosperous market towns and villages in the Trent Valley
  - Towns and villages in the north and west that were the heartland of heavy industry now offer opportunities for service and manufacturing sector industries, with a major concentration of logistics and distribution companies on the M1 and A1 corridors
  - Rural communities to the east and south, outside of the main market towns, act largely as commuter belt for conurbations including Nottingham, Lincoln, Leicester, and London. These also have significant agricultural economies with market towns such as Newark and Retford offering more diverse opportunities
  - There are over 2,500 hectares of ancient woodland, 64 Sites of Special Scientific Interest, 67 nature reserves and over 1,400 local wildlife sites
  - The Office of National Statistics 2021 census set out that the population of Nottinghamshire stood at 824,823. The overall population is predicted to jump to 908,000 (10%) by 2034
  - Our ageing population (the over 65s) is expected to increase over 30% by 2034, or an extra 53,000 people. The number of older people expected to live alone is thought to increase by 33% between 2020 and 2035
  - Nottinghamshire's economic landscape has changed significantly over the last 30 years, with growth largely mirroring the national economy. However, while the south and east of the County are generally performing at or around the national average, the north, especially Ashfield and Mansfield, are below the national average in terms of education, skills, training, annual earnings and business growth.

## Risks and Uncertainties

26. The Risk, Safety and Emergency Management Board (RSEMB) has the lead role in creating and maintaining the Authority's capacity to respond to emergencies in the community and for internal resilience to the effects of significant business interruptions. The RSEMB is chaired by the Interim Service Director for Place and Communities and comprises of departmental representatives plus specialist officers from emergency planning, health and safety, risk and insurance, facilities management, property and ICT.
27. The Corporate Risk Register provides a summary scorecard of the main risks to the Authority at a strategic level and assesses these in terms of their likelihood and potential impact were they to occur. It identifies measures in place to mitigate these risks and further measures that are planned for the future. Progress is monitored as part of the meetings of the RSEMB.

## Environmental

28. The Authority approved its Corporate Environment Policy Statement and Corporate Environment Strategy in March 2020. These documents set out the commitment to protecting and enhancing the environment and are accompanied by an action plan setting out activities that must take place to support this, around five key areas:
  - Natural environment – looking at biodiversity and habitat management, improvements to our green spaces and flood management
  - Built environment – this area includes conservation and enhancement of heritage sites, production of renewable energy on the Authority's estate and the way in which we approach our current estate and the design specifications of any new developments
  - Resources – encompasses how we reduce generation of waste across Council activities, increase recycling, reduce consumption of water, energy and use of single-use plastics and paper
  - Travel and transport – looking at encouraging our staff to utilise greener modes of transport, increasing the number of Council vehicles which use greener fuels and improving electric vehicle charging infrastructure across the County
  - Community leadership, health, and the economy – actions around how we influence our staff to take positive environmental action both at work and at home, how we work with partners, schools and communities to encourage them to take positive steps to protect and enhance the environment, being environmentally responsible through our procurement of goods and services and linking with Public Health colleagues and partners to improve air quality and support the development of healthy and sustainable places across Nottinghamshire.
29. The Authority declared a climate emergency in May 2021, furthering the commitment to tackle climate change and ensure Nottinghamshire has a greener future. The Transport and Environment Committee were tasked with driving forward the Authority'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 Council's Greenhouse Gas Report for 2019/20 and agreeing projects to be funded through the Green Investment Fund.
30. Furthermore, work has continued with the development of the Council's Carbon Reduction Plan that was published in February 2023. This document sets out a

framework for action and scope for the activities for which Green House Gas emissions will be measured and reported in pursuit of the 2030 goal. An update on the Council's climate change activities and climate emergency response was reported to Overview Committee in March 2024.

## People

31. As a major employer in Nottinghamshire, the County Council's ambition is to contribute to build a more prosperous local community by modelling good employment practice, including ensuring fairness in the way that it pays and rewards its existing and future employees.
32. The Authority also wishes to be an attractive source of potential employment to job seekers across its community and is committed to using its resources to create meaningful and fairly-remunerated employment opportunities for local people.
33. The Authority remains amongst the largest employer in the county with a headcount of 7,511 directly employed permanent and temporary staff, as of February 2024.
34. Nottinghamshire County Council's Pay Policy Statement 2024/25 is produced annually by the Authority and the most recent published information was presented to Full Council on 21 March 2024.

## Vision

35. The Nottinghamshire Plan 2021 - 2031 was agreed by Full Council in November 2021 and sets out the strategic vision for the future of Nottinghamshire and the Local Authority. The Plan is built around achieving a bold 10-year vision for a 'healthy, prosperous and greener future for everyone'. It focuses on:
  - Improving health and well-being in all our communities
  - Growing our economy and improving living standards
  - Reducing the County's impact on the environment
  - Helping everyone access the best of Nottinghamshire.
36. This vision is supported by nine ambitions and commitments to 2025 which will act as a framework for all County Council activity.
  - a. Helping our people live healthier, more independent lives
  - b. Supporting communities and families
  - c. Keeping children, vulnerable adults, and communities safe
  - d. Building skills that help people to get good local jobs
  - e. Strengthening businesses and creating more good-quality jobs
  - f. Making Nottinghamshire somewhere people love to live, work and visit
  - g. Attracting investment in infrastructure, the economy, and green growth
  - h. Improving transport and digital connections
  - i. Protecting the environment and reducing our carbon footprint.

A tenth ambition 'A forward-looking and resilient Council' describes the Authority's ambitions and commitments in terms of internal corporate improvement.

## Performance

37. The Council continues to make progress against the Nottinghamshire Plan 2021-31. The following are just a few tangible outcomes from the 2023/24 financial year which are furthering the Council's ability to meet the needs of residents:-



- Delivered two expansion projects at secondary schools, a new primary school and a broader expansion of school places across the county to ensure a school place for every child
  - Delivered a successful Tour of Britain stage for a crowd of over 180,000, boosting the local economy by more than £4.6m
  - Secured £18m investment in our Bus Services Improvement Programme to deliver enhanced bus services across the county
  - Delivered £27m road maintenance improvement programme to improve local roads and other highways assets
  - In October 2023, the Levelling Up and Regeneration Bill was granted Royal Assent, paving the way for the creation of the East Midlands Combined County Authority and the first Mayoral election took place in May 2024. This devolution deal will generate over £1bn investment into the East Midlands region over the next 30 years
  - The Local Communities Fund, Household Support Fund and Homes for Ukraine are continuing to provide support to communities across Nottinghamshire
  - Co-production activities have been taking place with families to help shape the development of Family Hub Networks and the new Virtual Family Hub
  - Rolled out an innovative approach in all our adult social care assessments called '3 conversations'. These conversations strengthen the focus on how an individual can use the support around them and access resources in their community.
38. Further details of actions that have been completed and benefits delivered as part of the 2023/24 Annual Delivery Plan, will be provided as part of the upcoming Annual Report that details our achievements and reports our progress against these key measures of success. In addition, further plans for 2024/25 can be found in the Annual Delivery Plan 2024/25 on the Council's website.

## Summary

39. Overall, the financial position remains challenging, however the Authority continues to deliver good financial and non-financial performance. The Authority will carry on responding to change and to deliver the savings required to meet the budget requirements. Robust financial management and ongoing risk management processes will ensure the Authority maintains delivering good value to the people of Nottinghamshire and ensure we deliver on our vision of a healthy, prosperous and greener future for everyone.

**Nigel Stevenson**

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

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

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## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority's Responsibilities

The Authority is required to:

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

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

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2024 and of its income and expenditure for the year then ended.

**Nigel Stevenson**

**Service Director (Finance, Infrastructure and Improvement) & Section 151 Officer**

**31 May 2024**

## **STATEMENT OF APPROVAL OF THE STATEMENT OF ACCOUNTS**

Governance and Ethics Committee, at the meeting held on xx 2024, approved that the Statement of Accounts 2023/24 would be approved by the Section 151 Officer in consultation with the Chairman of the Governance and Ethics Committee.

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

Signed

**Nigel Stevenson**

**Service Director (Finance, Infrastructure and Improvement) & Section 151 Officer**

**XX 2024**

Signed

**Councillor Philip Owen**

**Chairman of the Governance and Ethics Committee**

**xx 2024**

# STATEMENT OF ACCOUNTING POLICIES

## 1. General Policies

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. 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 2023/24, 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.

As a rule, assets are only recognised when they exceed the de-minimis levels set out below. However, assets below de-minimis meeting all other criteria may still be capitalised if it is deemed appropriate. Most commonly this will be when capitalisation leads to greater utilisation of available funding.

Asset Type	De minimis
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:

- Highways Infrastructure Assets - measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost.
- 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, in line with the methodology for Modern Equivalent Asset (MEA), less allowances for physical deterioration, obsolescence and optimisation.
- Non-Operational Assets (i.e. surplus assets) – 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 land and building 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 2024 issued by Mr N Gamble MRICS, Group Manager – Property Asset Management from the Authority’s Place Department on 29 May 2024. A rolling 5-year revaluation programme is in place to maintain the accuracy of the valuations. When significant changes occur in any year, they are included in the revaluation schedule undertaken during that year.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the



Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for by:

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

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

## **Impairment**

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

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

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

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

## **Depreciation**

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

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

<b>Asset Type</b>	<b>Useful Life (In Years)</b>
Buildings	1 – 50
Vehicles and plant	1 – 20
Infrastructure	15 – 40
IT and other equipment	3 – 10
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. For the purposes of these accounts, a

review was carried out for all items over a de-minimis of £0.5 million and 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-minimis 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 Education & SEND 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 2024 for the 2023/24 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 discount rate, 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 at fair value. 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. These 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 2024.

## 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, for both revenue and capital, is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **27. Accounting for Council Tax and NNDR**

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

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

## Movement in Reserves Statement 2023/24

	Usable Revenue Reserves Balance £000	Capital Receipts and Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
<b>Balance as at 31 March 2023</b>	<b>306,574</b>	<b>3,762</b>	<b>310,336</b>	<b>454,387</b>	<b>764,723</b>
Movement in Reserves during 2023/24					
Total Comprehensive Income and Expenditure	32,948	-	32,948	159,092	192,040
Adjustments between accounting and funding basis under regulations					
<b>Adjustments to Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.					
Pensions Costs	11,027	-	11,027	(11,027)	-
Financial Instruments	202	-	202	(202)	-
Collection Fund Adjustments (Council Tax and NNDR)	1,169	-	1,169	(1,169)	-
Employee Benefits	(495)	-	(495)	495	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital expenditure	68,960	-	68,960	(68,960)	-
<b>Total Adjustments to Revenue Resources</b>	<b>80,863</b>	<b>-</b>	<b>80,863</b>	<b>(80,863)</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Statutory provision for the financing of capital investment	(20,063)	-	(20,063)	20,063	-
Capital Expenditure Charged in the year to the General Fund	(12,224)	-	(12,224)	12,224	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(32,287)</b>	<b>-</b>	<b>(32,287)</b>	<b>32,287</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>					
Capital Grants unapplied credited to CI&E	(69,348)	69,348	-	-	-
Application of grants to capital financing transferred to CAA	-	(64,467)	(64,467)	64,467	-
Movement in deferred Capital Receipts	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>(69,348)</b>	<b>4,881</b>	<b>(64,467)</b>	<b>64,467</b>	<b>-</b>
<b>Other Movements</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>1</b>	<b>-</b>
<b>Total Adjustments between Accounting Basis and Funding Basis under Statutory Provisions</b>	<b>(20,773)</b>	<b>4,881</b>	<b>(15,892)</b>	<b>15,892</b>	<b>-</b>
<b>Increase or (Decrease) in 2023/24</b>	<b>12,175</b>	<b>4,881</b>	<b>17,056</b>	<b>174,984</b>	<b>192,040</b>
<b>Balance at 31 March 2024</b>	<b>318,749</b>	<b>8,643</b>	<b>327,392</b>	<b>629,371</b>	<b>956,763</b>

## Movement in Reserves Statement 2022/23

	Usable Revenue Reserves Balance £000	Capital Receipts and Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
<b>Balance as at 31 March 2022</b>	<b>289,901</b>	<b>7,743</b>	<b>297,644</b>	<b>(582,750)</b>	<b>(285,106)</b>
Movement in Reserves during 2022/23					
Total Comprehensive Income and Expenditure	(71,348)	-	(71,348)	1,121,177	1,049,829
Adjustments between accounting and funding basis under regulations					
<b>Adjustments to Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.					
Pensions Costs	85,803	-	85,803	(85,803)	-
Financial Instruments	(57)	-	(57)	57	-
Collection Fund Adjustments (Council Tax and NNDR)	5,719	-	5,719	(5,719)	-
Employee Benefits	(1,268)	-	(1,268)	1,268	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital expenditure	69,255	-	69,255	(69,255)	-
<b>Total Adjustments to Revenue Resources</b>	<b>159,452</b>	<b>-</b>	<b>159,452</b>	<b>(159,452)</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Statutory provision for the financing of capital investment	(18,759)	-	(18,759)	18,759	-
Capital Expenditure Charged in the year to the General Fund	(12,318)	-	(12,318)	12,318	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(31,077)</b>	<b>-</b>	<b>(31,077)</b>	<b>31,077</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>					
Capital Grants unapplied credited to CI&E	(40,411)	40,411	-	-	-
Application of grants to capital financing transferred to CAA	-	(44,335)	(44,335)	44,335	-
Movement in deferred Capital Receipts	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>(40,411)</b>	<b>(3,924)</b>	<b>(44,335)</b>	<b>44,335</b>	<b>-</b>
<b>Other Movements</b>	<b>57</b>	<b>(57)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Adjustments between Accounting Basis and Funding Basis under Statutory Provisions</b>	<b>88,021</b>	<b>(3,981)</b>	<b>84,040</b>	<b>(84,040)</b>	<b>-</b>
<b>Increase or (Decrease) in 2022/23</b>	<b>16,673</b>	<b>(3,981)</b>	<b>12,692</b>	<b>1,037,137</b>	<b>1,049,829</b>
<b>Balance at 31 March 2023</b>	<b>306,574</b>	<b>3,762</b>	<b>310,336</b>	<b>454,387</b>	<b>764,723</b>

# Comprehensive Income and Expenditure Statement 2023/24

	Note	2022/23			2023/24		
		Restated after restructure					
		Gross	Net		Gross	Net	
		Expenditure	Income	Expenditure	Expenditure	Income	Expenditure
		£000	£000	£000	£000	£000	£000
<b>Gross expenditure, gross income and net expenditure of continuing operations</b>							
Children & Families		193,468	(26,324)	167,144	195,538	(29,793)	165,745
Education & SEND		45,569	(27,386)	18,183	67,807	(41,802)	26,005
Schools		365,501	(378,533)	(13,032)	394,126	(397,479)	(3,353)
Adult Social Care		455,344	(201,592)	253,752	495,051	(228,106)	266,945
Communities & Public Health		92,153	(73,200)	18,953	99,216	(85,424)	13,792
Deputy Leader & Transformation		3,754	(56)	3,698	3,006	-	3,006
Finance & Resources		60,891	(7,323)	53,568	59,172	(8,960)	50,212
Economic Development & Asset Management		43,140	(20,066)	23,074	42,658	(16,287)	26,372
Transport & Environment		137,799	(18,027)	119,772	146,973	(19,986)	126,987
<b>Cost of Services</b>		<b>1,397,619</b>	<b>(752,507)</b>	<b>645,113</b>	<b>1,503,547</b>	<b>(827,837)</b>	<b>675,711</b>
<b>Other Operating Expenditure</b>							
Loss on Disposal of non-current assets		16,193	-	16,193	11,967	-	11,967
Change in fair value of Assets Held for Sale	16	689	-	689	43	-	43
Other Operating Income and Expenditure		4,215	(1,057)	3,158	1,543	(916)	627
<b>Total Other Operating Expenditure</b>		<b>21,097</b>	<b>(1,057)</b>	<b>20,040</b>	<b>13,553</b>	<b>(916)</b>	<b>12,637</b>
<b>Financing and Investment Income and Expenditure</b>							
Interest Payable	27	32,466	-	32,466	33,190	-	33,190
Net Interest on the defined liability/asset	20	34,846	-	34,846	15,347	-	15,347
Interest and Investment Income	27	-	(5,562)	(5,562)	-	(14,305)	(14,305)
Income and Expenditure in relation to Investment Properties and changes in their fair value	13	953	(875)	78	(4,201)	(824)	(5,025)
Net (Surplus)/Deficit of Trading Undertakings		27,095	(22,463)	4,632	23,983	(21,549)	2,434
Insurance Revenue	32	(749)	(1,323)	(2,072)	(1,844)	-	(1,844)
<b>Total Financing and Investment Income and Expenditure</b>		<b>94,611</b>	<b>(30,223)</b>	<b>64,388</b>	<b>66,475</b>	<b>(36,678)</b>	<b>29,797</b>
<b>Taxation and Non-Specific Grant Income</b>							
Recognised Capital Grants and Contributions	25			(40,411)			(69,348)
Income from Council Tax				(429,161)			(454,528)
General Government Grants	25			(62,681)			(82,288)
National Non-Domestic Rates Distribution				(124,303)			(143,835)
New Homes Bonus Scheme				(1,637)			(1,094)
<b>Total Taxation and Non-Specific Grant Income</b>				<b>(658,193)</b>			<b>(751,093)</b>
<b>(Surplus)/Deficit on Provision of Services</b>				<b>71,348</b>			<b>(32,948)</b>
<b>(Surplus)/Deficit on Revaluation of non current assets</b>				<b>(8,349)</b>			<b>(15,217)</b>
Remeasurement of the net defined benefit liability	20			(1,112,829)			(143,246)
Other Comprehensive Income and Expenditure				1			(629)
<b>Total Comprehensive Income and Expenditure</b>				<b>(1,049,829)</b>			<b>(192,040)</b>



## Balance Sheet 2023/24

		31 March 2023		31 March 2024	
	Note	£000	£000	£000	£000
<b>Property, Plant and Equipment (PPE)</b>	9(a)				
Land and Buildings		612,358		615,211	
Vehicles, Plant, Furniture and Equipment		46,558		42,966	
Infrastructure Assets	9(b)	680,442		698,658	
Community Assets		1,818		2,037	
Surplus Assets		94,934		123,529	
Assets Under Construction		3,263	1,439,373	12,279	1,494,680
Heritage Assets	15	420		420	
Investment Properties	13	60,506		63,495	
Intangible Assets	14	8,803		10,066	
Long Term Advances	26	2,825		2,859	
Long Term Investments	26	5,025		5,025	
Long Term Debtors	18	2,818	80,397	2,537	84,402
<b>Total Long Term Assets</b>			<b>1,519,770</b>		<b>1,579,082</b>
Short Term Investments	26	126,047		132,200	
Inventories		1,769		2,172	
Short Term Debtors	18	101,054		102,684	
Cash and Cash Equivalents	35	85,696		108,940	
Assets Held for Sale	16	33,799		7,862	
<b>Total Current Assets</b>			<b>348,365</b>		<b>353,858</b>
Short Term Creditors	21	(156,013)		(162,408)	
Short Term Provisions	22	(1,665)		(1,506)	
Loans to be repaid within 1 year	26, 29	(18,393)		(17,546)	
Other Short Term Liabilities	11, 12, 26, 29	(7,425)	(183,496)	(8,303)	(189,763)
<b>Total Assets less Current Liabilities</b>			<b>1,684,639</b>		<b>1,743,177</b>
Long Term Provisions	22	(11,349)		(10,419)	
Long Term Borrowing	26, 29	(474,678)		(463,362)	
Long Term Creditors	21	(4,930)		(4,454)	
Other Long Term Liabilities	11, 12, 26, 29	(88,876)		(81,957)	
Deferred Liability	27	(705)		(628)	
Capital Grants Receipts in Advance	25	(42,150)		(61,215)	
IAS 19 Pensions Liability	20	(297,230)		(164,380)	
<b>Total Long Term Liabilities</b>			<b>(919,918)</b>		<b>(786,415)</b>
<b>Total Net Assets</b>			<b>764,721</b>		<b>956,762</b>
<b>Usable Reserves</b>	31				
Capital Receipts and Grants Unapplied Reserve		3,762		8,643	
Other Earmarked Reserves		186,342		196,168	
General Insurance	32	41,445		43,289	
Schools Statutory Reserves	33	41,924		42,429	
General Fund Balance		36,861	310,334	36,861	327,390
<b>Unusable Reserves</b>	34				
Capital Adjustment Account		467,740		502,374	
Revaluation Reserve		294,106		302,483	
IAS 19 Pensions Reserves	20	(297,230)		(164,380)	
Financial Instruments Adjustment Account		(2,226)		(2,428)	
Collection Fund Adjustment Account		540		(629)	
Employee Benefits Account		(8,543)	454,387	(8,048)	629,372
<b>Net Worth / Total Reserves</b>			<b>764,721</b>		<b>956,762</b>

## Cash Flow Statement 2023/24

	Note	2022/23 £000	2023/24 £000
Net <b>(surplus)</b> or deficit on the provision of services		71,348	<b>(32,949)</b>
<b>Adjust for non-cash movements</b>			
Depreciation and amortisation		(49,679)	(52,605)
Revaluation / Impairment of Property, Plant and Equipment		(720)	(6,117)
Movement in current assets and liabilities		(7,825)	(277)
Movement in reserves and provisions		(957)	1,089
Adjustments in respect of pension charges		(92,971)	(11,026)
Carrying amount of non-current assets sold		(22,184)	(12,564)
Other		(140)	5,800
		<b>(174,476)</b>	<b>(75,700)</b>
Adjust for items included in investing or financing activities		46,402	69,945
<b>Net cash flows from operating activities</b>		<b>(56,726)</b>	<b>(38,704)</b>
Investing activities	37	59,018	(4,103)
Financing activities	38	18,884	19,563
<b>Net <b>(increase)</b>/decrease in cash and cash equivalents</b>		<b>21,176</b>	<b>(23,244)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>106,872</b>	<b>85,696</b>
<b>Cash and cash equivalents at end of period</b>	35	<b>85,696</b>	<b>108,940</b>

# NOTES TO THE STATEMENT OF ACCOUNTS

## 1. Explanation of Prior Period Adjustments

There are no prior period adjustments to report in the 2023/24 accounts.

## 2. Accounting Standards issued but not yet Adopted

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

There are a number of minor changes to the Code which will not have a material impact upon the financial statements of the Authority and one standard, IFRS 16, which will have a material impact.

### IFRS16 Leases

Implementation of IFRS 16 Leases will be mandatorily implemented in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2024/25. Therefore, with effect from 2024/25 the Authority will adopt this new accounting standard for Leases. This standard replaces IAS 17 Leases and removes the operating classification for leases where the Authority acts as lessee, whereby these operating leases were kept off balance sheet, but were reported as a note to the accounts.

This means that, for lease arrangements previously accounted for as operating leases, a right of use (ROU) asset and a lease liability will be brought onto the balance sheet as at 1 April 2024. Exemptions are applicable for low value and short-term leases.

The Authority has decided to apply recognition exemptions to short-term leases, those that have a lease term of 12 months or less, and has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets (under £10,000). The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under IAS 17, the Authority, as a lessee, had formerly classified leases into either operating or finance leases, depending on whether it met the criteria for transferring the majority of the risks and rewards relating to ownership. Under IFRS 16, excluding leases covered by the exemptions above, the Authority will recognise ROU assets and lease liabilities on the balance sheet for most leases.

IFRS 16 will be applied retrospectively, but with a cumulative effect being recognised as at 1 April 2024. Therefore, the ROU asset and lease liabilities will be calculated as if IFRS 16 had previously been applied but will only be recognised in 2024/25 with no prior year adjustments required. It is anticipated that the adoption of the Code's adaptation of IFRS 16 will result in the following additions to the balance sheet:

£12.8m Property, Plant and Equipment (right-of-use assets)

£11.3m Lease Liabilities

As a result of these changes net assets will increase by £1.5m.

### 3. Critical Judgements in Applying Accounting Policies

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

- **School Assets**

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

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

The basis of recognition requires the assets of a school to be interpreted as controlled directly by the Authority (Community Schools) or indirectly via the school's governing body (Foundation Schools). However, for Voluntary Aided and Voluntary Controlled schools where non-current assets are owned by religious bodies, the assets are deemed to be held under "mere licences" and not substantively within the control of the school. As such, associated assets are not recognised as the risks and rewards of ownership have not been transferred to the Authority from the relevant Diocese.

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

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

The items in the Authority's Balance Sheet at 31 March 2024 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

- **Property, Plant and Equipment**

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

The 2023/24 Code of Practice clarifies the requirements for valuing property, plant and equipment (PPE) to ensure valuations are "sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the current value

at the end of the reporting period". To achieve this objective, the Authority has consulted its professional valuers who have affirmed that there is no such material deviation from current value at the Balance Sheet date for those assets not subject to a formal in-year valuation.

It is estimated that a theoretical 2.5% market drop applied across all properties valued in 2023/24 would equate to an impairment variation of £4.4m expensed through the surplus/deficit on the provision of services. In addition, this would result in a £7.1m reversal of prior gains through the Revaluation Reserve. In terms of the materiality threshold set for this Statement of Accounts, such a decrease in market values would reduce the combined value of Property, Plant and Equipment by approximately £18.5m. This equates to 0.7% of carrying value at the Balance Sheet date.

The estimated remaining useful life of all operational assets is reviewed annually based on advice from the Authority's internal valuers. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.6 million for every year that useful lives had to be reduced.

- **Fair Value**

When determining fair value for the measurement and disclosure requirements in relation to the Authority's assets and liabilities, it is likely the Authority will be required to make assumptions and estimations. Where direct observable market data is unavailable, professional judgement is required in order to determine a fair value and the Authority uses relevant experts to ensure that appropriate valuation techniques are employed given full consideration of risk and uncertainty.

- **Pensions**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The effects on the net pensions' liability of changes in individual assumptions can be measured and is contained in Note 20.

## **5. Post Balance Sheet Events**

Where there is a material post balance sheet event before the date the accounts are authorised, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date, and materially affects the amounts to be included in the accounts, adjusting items will be shown in the accounts.

## **6. Adjustments between Accounting Basis and Funding Basis under Regulations**

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

## 7. Expenditure and Funding Analysis

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

2023/24			
	Net Expenditure Chargeable to the General Fund *	Total Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000
Children & Families	161,177	4,568	165,745
Education & SEND	14,816	11,373	26,189
Schools	(3,537)	-	(3,537)
Adult Social Care	266,208	737	266,945
Communities & Public Health	12,133	1,659	13,792
Deputy Leader & Transformation	2,979	27	3,006
Finance & Resources	43,915	6,297	50,212
Economic Development & Asset Management	23,744	2,628	26,372
Transport & Environment	103,227	23,761	126,988
<b>Cost of Services</b>	<b>624,662</b>	<b>51,050</b>	<b>675,712</b>
Other Income and Expenditure	(636,838)	(71,820)	(708,658)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(12,176)</b>	<b>(20,770)</b>	<b>(32,946)</b>
<b>Opening Usable Revenue Reserves</b>	<b>306,572</b>		
Surplus or (Deficit) on Provision of Services	12,176		
Transfers to/(from) other Earmarked Reserves	-		
<b>Closing Usable Revenue Reserves</b>	<b>318,748</b>		

\*The figures in this column have been adjusted from the published management accounts to remove income and expenditure that is not chargeable to the General Fund.

2022/23 Restated			
	Net Expenditure Chargeable to the General Fund *	Total Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000
Children & Families	141,995	25,148	167,143
Education & SEND	(13,032)	6,507	(6,525)
Schools	11,675	-	11,675
Adult Social Care	242,076	11,677	253,753
Communities & Public Health	16,334	2,620	18,954
Deputy Leader & Transformation	3,164	534	3,698
Finance & Resources	40,860	12,707	53,567
Economic Development & Asset Management	17,901	5,173	23,074
Transport & Environment	92,969	26,805	119,774
<b>Cost of Services</b>	<b>553,942</b>	<b>91,171</b>	<b>645,113</b>
Other Income and Expenditure	(570,556)	(3,209)	(573,765)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(16,614)</b>	<b>87,962</b>	<b>71,348</b>
<b>Opening Usable Revenue Reserves</b>	<b>289,901</b>		
Surplus or (Deficit) on Provision of Services	16,614		
Transfers to/(from) other Earmarked Reserves	57		
<b>Closing Usable Revenue Reserves</b>	<b>306,572</b>		

2023/24

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Adjustments for Capital Purposes £000	Net change for Employee Adjustments under IAS19 £000	Other Differences £000	Total Differences £000
Children & Families	3,020	1,289	259	4,568
Education & SEND	17,643	(6,270)	-	11,373
Schools	-	-	-	-
Adult Social Care	109	628	-	737
Communities & Public Health	1,574	93	(8)	1,659
Deputy Leader & Transformation	-	27	-	27
Finance & Resources	5,866	431	-	6,297
Economic Development & Asset Management	2,558	70	-	2,628
Transport & Environment	23,706	54	-	23,760
<b>Net Cost of Services</b>	<b>54,476</b>	<b>(3,678)</b>	<b>251</b>	<b>51,049</b>
Other Income and Expenditure	(87,152)	14,211	1,121	(71,820)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure surplus or deficit</b>	<b>(32,676)</b>	<b>10,533</b>	<b>1,372</b>	<b>(20,771)</b>

2022/23  
Restated

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Adjustments for Capital Purposes £000	Net change for Employee Adjustments under IAS19 £000	Other Differences £000	Total Differences £000
Children & Families	1,102	24,046	-	25,148
Education & SEND	11,122	(4,615)	-	6,507
Schools	-	-	-	-
Adult Social Care	1,074	10,603	-	11,677
Communities & Public Health	1,004	1,625	(9)	2,620
Deputy Leader & Transformation	-	534	-	534
Finance & Resources	5,416	7,291	-	12,707
Personnel	-	-	-	-
Economic Development & Asset Management	4,037	1,136	-	5,173
Transport & Environment	23,540	3,265	-	26,805
<b>Net Cost of Services</b>	<b>47,295</b>	<b>43,885</b>	<b>(9)</b>	<b>91,171</b>
Other Income and Expenditure	(49,528)	40,649	5,670	(3,209)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure surplus or deficit</b>	<b>(2,233)</b>	<b>84,534</b>	<b>5,661</b>	<b>87,962</b>



## 8. Expenditure and Income Analysed by Nature

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

	2022/23 £000	2023/24 £000
<b>Expenditure</b>		
Employee expenses	538,519	493,614
Other operating expenses	873,816	989,944
Depreciation, amortisation & impairment	50,382	58,704
Other Expenditure relating to held for sale & investment properties	767	(4,983)
Interest Payments	32,466	33,190
Precepts & Levies	309	315
Gains or Losses on disposal of Non Current Assets	16,193	11,967
<b>Total Expenditure</b>	<b>1,512,452</b>	<b>1,582,751</b>
<b>Income</b>		
Fees, charges & other service income	(237,479)	(261,761)
Interest & Investment Income	(5,562)	(14,305)
Income from Council Tax, NNDR	(553,464)	(598,363)
Government grants	(644,599)	(741,271)
<b>Total Income</b>	<b>(1,441,104)</b>	<b>(1,615,700)</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>71,348</b>	<b>(32,949)</b>

**9 (a). Property, Plant and Equipment**  
**Movement in 2023/24**

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000	PFI Assets included in Property, Plant & Equipment £000
<b>Cost or Valuation</b>							
At 1 April 2023	623,342	96,563	1,828	95,502	3,263	820,497	55,369
Additions	22,803	5,053	220	18	9,091	37,184	1,642
Donations	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,232	-	-	3,320	-	6,552	974
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(9,287)	-	-	(92)	-	(9,379)	(148)
Derecognition - disposals	(12,636)	(6,786)	-	-	-	(19,422)	-
Derecognition - other	-	-	-	-	(37)	(37)	-
Assets reclassified (to)/from Held for Sales/Investment Property	1,487	-	-	25,176	-	26,663	-
Other Transfers between Asset Categories	(722)	-	-	760	(37)	-	-
Other Movements in cost or valuation	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>628,218</b>	<b>94,830</b>	<b>2,048</b>	<b>124,684</b>	<b>12,279</b>	<b>862,058</b>	<b>57,837</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2023	(10,984)	(50,005)	(10)	(568)	-	(61,566)	(6,140)
Depreciation charge	(15,477)	(8,416)	(1)	(76)	-	(23,970)	(1,329)
Depreciation written out to the Revaluation Reserve	8,604	-	-	60	-	8,664	768
Depreciation written out to the Surplus/Deficit on Provision of Services	3,234	-	-	28	-	3,262	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition - disposals	799	6,559	-	-	-	7,358	-
Derecognition - other	-	-	-	-	-	-	-
Change in category	817	-	-	(599)	-	218	-
Other movements in depreciation and impairment	-	(1)	-	-	-	(2)	-
<b>At 31 March 2024</b>	<b>(13,007)</b>	<b>(51,864)</b>	<b>(11)</b>	<b>(1,155)</b>	<b>-</b>	<b>(66,036)</b>	<b>(6,701)</b>
<b>Net Book Value</b>							
<b>At 31 March 2024</b>	<b>615,211</b>	<b>42,966</b>	<b>2,037</b>	<b>123,529</b>	<b>12,279</b>	<b>796,022</b>	<b>51,136</b>
<b>At 31 March 2023</b>	<b>612,358</b>	<b>46,558</b>	<b>1,818</b>	<b>94,934</b>	<b>3,263</b>	<b>758,931</b>	<b>49,229</b>

## 9 (a).Property, Plant and Equipment (Continued)

Movement in 2022/23

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets included in Property, Plant & Equipment £000
<b>Cost or Valuation</b>							
At 1 April 2022	633,235	101,950	1,413	133,345	17,812	887,754	50,629
Additions	13,277	8,612	240	16	2,230	24,375	856
Donations	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(31)	-	-	(7,796)	-	(7,827)	3,803
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(5,160)	-	-	(367)	-	(5,527)	81
Derecognition - disposals	(16,359)	(13,997)	-	(43)	-	(30,399)	-
Derecognition - other	-	-	-	-	(24)	(24)	-
Assets reclassified (to)/from Held for Sales/Investment Property	(1,234)	-	-	(30,740)	-	(31,974)	-
Other Transfers between Asset Categories	(385)	-	175	1,086	(16,755)	(15,879)	-
Other Movements in cost or valuation	-	(2)	-	1	-	(1)	-
<b>At 31 March 2023</b>	<b>623,342</b>	<b>96,563</b>	<b>1,828</b>	<b>95,502</b>	<b>3,263</b>	<b>820,497</b>	<b>55,369</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2022	(18,215)	(55,255)	(9)	(528)	-	(74,006)	(5,784)
Depreciation charge	(14,315)	(8,449)	(1)	(78)	-	(22,843)	(1,218)
Depreciation written out to the Revaluation Reserve	16,169	-	-	8	-	16,177	862
Depreciation written out to the Surplus/Deficit on Provision of Services	4,807	-	-	-	-	4,807	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition - disposals	516	13,699	-	-	-	14,215	-
Derecognition - other	-	-	-	-	-	-	-
Change in category	54	-	-	30	-	84	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>(10,984)</b>	<b>(50,005)</b>	<b>(10)</b>	<b>(568)</b>	<b>-</b>	<b>(61,566)</b>	<b>(6,140)</b>
<b>Net Book Value</b>							
<b>At 31 March 2023</b>	<b>612,358</b>	<b>46,558</b>	<b>1,818</b>	<b>94,934</b>	<b>3,263</b>	<b>758,931</b>	<b>49,229</b>
<b>At 31 March 2022</b>	<b>615,020</b>	<b>46,695</b>	<b>1,404</b>	<b>132,817</b>	<b>17,812</b>	<b>813,748</b>	<b>44,845</b>

## 9(b). Highways Infrastructure Assets

In accordance with the temporary relief offered by the update to the Code on the disclosure of infrastructure assets, this note does not report gross cost and accumulated depreciation because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

	2022/23	2023/24
Net book value (modified historical cost)	£000	£000
At 1 April	651,451	680,442
Additions	37,715	44,186
Disposals	-	-
Depreciation charge	(24,602)	(25,969)
Impairment	-	-
Transfers between Asset Categories	15,878	-
At 31 March	<u>680,442</u>	<u>698,658</u>

The Authority has also determined in accordance with Statutory Override - Instrument 2022 No. 1332, that when replacing a component of Infrastructure asset, the carrying amount of the asset to be derecognised is nil.

## 10. Valuation of Property, Plant and Equipment (PPE)

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

Details of the Valuation methods used can be found in Accounting Policy 8.

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

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

### Revaluation of Property, Plant and Equipment

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

Basis of Measurement	Op Land & Bldgs £000	Surplus Assets £000	Other PPE Assets £000	Total £000
Valued at current value as at:				
31/03/2024	306,631	92,815		399,446
31/03/2023	194,911	4,273		199,184
31/03/2022	32,614	15,134		47,748
31/03/2021	37,962	6,544		44,506
31/03/2020	43,093	4,763		47,856
Valued at historic cost			755,940	755,940
<b>Total</b>	<b>615,211</b>	<b>123,529</b>	<b>755,940</b>	<b>1,494,680</b>

## Fair Value Hierarchy

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

<u>Surplus Assets by type</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value as at</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>31/3/24</b>
Strategic development site	-	4,534	13,075	<b>17,609</b>
Cleared land	-	25,366	72,467	<b>97,833</b>
Vacant premises	-	6,209	1,878	<b>8,087</b>
	-	<b>36,109</b>	<b>87,420</b>	<b>123,529</b>

## 2022/23 Comparative

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value as at</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>31/3/23</b>
Strategic development site	-	24,068	46,237	<b>70,305</b>
Cleared land	-	5,069	7,230	<b>12,299</b>
Vacant premises	-	5,367	6,963	<b>12,330</b>
	-	<b>34,504</b>	<b>60,430</b>	<b>94,934</b>

## Transfers between levels of the Fair Value Hierarchy

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

## Valuation Techniques used to measure Fair Value

The fair value has been derived using either the market approach or investment method, predominantly the former. The market approach applies current market conditions and recent sales prices and other relevant information for similar assets with similar characteristics in the local authority area. The investment method is based on discounted cashflows to establish the present value of the net projected income stream. This method requires the use of estimates (e.g. future rental income) and other inputs to determine a fair value. There is no reasonably available information to indicate that market participants would use different assumptions.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within Level 3 of the Fair Value hierarchy. If the inputs are categorised in different levels of the hierarchy, the asset is categorised at the same level as the lowest level input that is significant to the entire measurement.

## Reconciliation of Fair Value Measurements within Level 3

	<b>2023/24</b>
	<b>£000</b>
<b>Opening Balance</b>	<b>60,430</b>
Transfers into Level 3*	31,260
Transfers out of Level 3	(4,218)
Total gains (or losses) for the period included in Surplus or Deficit on Provision of Services resulting from changes in Fair Value	-
Unrealised gains / (losses)	(48)
Additions	17
Disposals	-
Other	(21)
<b>Closing Balance</b>	<b>87,420</b>

\* Transfers in of £31.3m consist of £29.8m asset reclassification to Surplus and £1.5m recategorised from Level 2 to 3.

## Impairment review

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

The Authority recognised impairment losses of £0.0m in the CIES during the year (£0.1m 2022/23).

## 11. Leases

### Authority as Lessee

#### Finance Leases

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

Land & Buildings - Highways Depot  
Vehicles

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

	2022/23	2023/24
	£000	£000
Other Land & Buildings	2,869	2,835
Vehicles, Plant, Furniture and Equipment	38	-
	<b>2,907</b>	<b>2,835</b>

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

	2022/23	2023/24
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
- current	7	-
- non-current	876	876
Finance costs payable in future years	3,564	3,524
<b>Minimum lease payments</b>	<b>4,447</b>	<b>4,400</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Not later than one year	47	40	7	-
Later than one year and not later than five years	160	160	1	1
Later than five years	4,240	4,200	875	875
	<b>4,447</b>	<b>4,400</b>	<b>883</b>	<b>876</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 £0.0m of contingent rents were payable by the Authority (£0.0m in 2022/23).

#### Operating Leases

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

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

	2022/23 £000	2023/24 £000
Not later than one year	1,895	2,358
Later than one year and not later than five years	3,764	3,760
Later than five years	2,381	2,118
	<b>8,040</b>	<b>8,236</b>

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

	2022/23 £000	2023/24 £000
Minimum lease payments	1,896	2,349
Contingent rents	101	116
	<b>1,997</b>	<b>2,465</b>

## Authority as Lessor

### Finance Leases

The Authority leases school land and buildings to Academy schools for 125 year terms on peppercorn rentals. As per accounting policy, related assets are derecognised from the Authority's balance sheet upon transfer to Academy status. In addition, two community leisure centres acquired as part of the PFI for Bassetlaw Schools have been leased to Bassetlaw District Council for 60 year terms on peppercorn rentals and have been derecognised from the Authority's balance sheet.

### Operating Leases

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

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

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

	2022/23 £000	2023/24 £000
Not later than one year	1,169	1,154
Later than one year and not later than five years	1,664	1,562
Later than five years	832	684
	<b>3,665</b>	<b>3,400</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 £0.1m contingent rents were receivable by the Authority (£0.1m in 2022/23).

## 12. Private Finance Initiative (PFI)

### East Leake Schools

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

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

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

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2024 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:



	Service Charge	Lifecycle Replacement	Finance Liability	Interest	Contingent Rent	Total
	£000	£000	£000	£000	£000	£000
Payable within 1 year	647	336	1,033	420	586	3,022
Within 2-5 years	1,536	441	3,111	527	1,558	7,173
	<b>2,183</b>	<b>777</b>	<b>4,144</b>	<b>947</b>	<b>2,144</b>	<b>10,195</b>

### Bassetlaw Schools

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

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

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

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

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2024 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service Charge	Lifecycle Replacement	Finance Liability	Interest	Contingent Rent	Total
	£000	£000	£000	£000	£000	£000
Payable within 1 year	8,448	2,075	5,522	6,000	418	22,463
Within 2-5 years	36,328	11,482	26,152	18,506	292	92,760
Within 6-10 years	34,231	11,545	30,944	6,780	(275)	83,225
	<b>79,007</b>	<b>25,102</b>	<b>62,618</b>	<b>31,286</b>	<b>435</b>	<b>198,448</b>

### Waste Recycling

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

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

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

The Authority makes an agreed payment per tonne of waste which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2024 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service Charge £000	Lifecycle Replacement £000	Finance Liability £000	Interest £000	Contingent Rent £000	Total £000
Payable within 1 year	24,852	1,929	1,748	2,163	3,788	34,480
Within 2-5 years	105,797	1,084	11,290	7,766	20,826	146,763
Within 6-10 years	116,775	512	15,438	3,892	25,382	161,999
	<b>247,424</b>	<b>3,525</b>	<b>28,476</b>	<b>13,821</b>	<b>49,996</b>	<b>343,242</b>

### 13. Investment Properties

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

	2022/23 £000	2023/24 £000
Rental income from Investment Properties	(875)	(824)
Direct operating expenses arising from Investment Properties	244	274
<b>Net (income)/expenditure</b>	<b>(631)</b>	<b>(550)</b>

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

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

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

	2022/23 £000	2023/24 £000
<b>Balance at start of year</b>	<b>61,085</b>	<b>60,506</b>
Additions:		
Subsequent expenditure	131	-
Disposals	-	-
Net gains/(losses) from fair value adjustments	(709)	4,475
Transfers:		
(to)/from PPE	-	(1,487)
Other Movements	(1)	1
<b>Balance at end of year</b>	<b>60,506</b>	<b>63,495</b>

#### Fair Value Hierarchy

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

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/24 £000
<u>Investment Properties by Type</u>				
Industrial	-	6,807	-	6,807
Land	-	44,303	7,683	51,986
Residential	-	655	-	655
Smallholding	-	2,285	107	2,392
Commercial	-	-	1,655	1,655
	-	<b>54,050</b>	<b>9,445</b>	<b>63,495</b>

## 2022/23 Comparative

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/23 £000
Industrial	-	6,751	-	6,751
Land	-	41,366	8,939	50,305
Residential	-	795	-	795
Smallholding	-	2,655	-	2,655
Commercial	-	-	-	-
	-	51,567	8,939	60,506

### Transfers between levels of the Fair Value Hierarchy

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

### Valuation techniques used to determine Fair value

The fair value has been derived using either the market approach or investment method, predominantly the latter. The market approach applies current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. The investment method uses expected cashflows to establish the present value of the net income stream. This approach uses existing lease terms and data relating to rent growth and occupancy levels to derive a fair value. There is no reasonably available information to indicate that market participants would use different assumptions.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within Level 3. If the inputs are categorised in different levels of the hierarchy, the asset is categorised on the same level as the lowest level input significant to the entire measurement.

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

### Reconciliation of Fair Value Measurements within Level 3

	2023/24 £000
<b>Opening Balance</b>	<b>8,939</b>
Transfers into Level 3	-
Transfers out of Level 3	-
Total gains (or losses) for the period included in Surplus or Deficit on Provision of Services resulting from changes in Fair Value	506
Additions	-
Disposals	-
<b>Closing Balance</b>	<b>9,445</b>

## 14. Intangible Assets

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

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

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

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £2.7m in 2023/24 (£2.2 million in 2022/23) was charged to the CIES.

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

	2022/23 Purchased Software Licences £000	2023/24 Purchased Software Licences £000
<b>Balance at start of year</b>		
Gross carrying amounts	12,934	14,666
Accumulated amortisation	(5,179)	(5,863)
<b>Net carrying amount at start of year</b>	<b>7,755</b>	<b>8,803</b>
Purchases	3,283	3,928
Disposals	-	-
Amortisation for the period	(2,235)	(2,665)
<b>Net carrying amount at end of year</b>	<b>8,803</b>	<b>10,066</b>
<b>Comprising</b>		
Gross carrying amounts	14,666	17,165
Accumulated amortisation	(5,863)	(7,099)
	<b>8,803</b>	<b>10,066</b>

Fully amortised assets with a gross value of £1.4 million were disposed of in year.

## 15. Heritage Assets

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

	2022/23 £000	2023/24 £000
Balance at 1 April	420	420
Additions	-	-
Revaluations	-	-
<b>Balance at 31 March</b>	<b>420</b>	<b>420</b>

### Further Information on Heritage Assets

#### **Savile of Rufford Abbey estate records**

These documents relate to estates built up by the family in the West Riding of Yorkshire from the Middle Ages to the 17th century. In 1626 the Rufford estate passed to Sir George Savile and his first wife, Lady Mary, who was a sister to the 7th and 8th Earls of Shrewsbury. The records were removed from Rufford Abbey prior to the Second World War and subsequently catalogued by the National Register of Archives in London in the 1940s and 1950s. They were deposited in the Nottinghamshire Archives in 1958, with subsequent additional deposits added in 1960, 1974 and 1982. These were supplemented by smaller acquisitions made in 1982. The collection consists of 394 boxes of documents.

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

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

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

#### **Ceremonial Regalia and Art Collection**

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

## 16. Assets Held for Sale

	Current Assets	
	2022/23	2023/24
	£000	£000
<b>Balance at start of year</b>	<b>8,599</b>	<b>33,799</b>
Assets newly qualified as Held for Sale:		
Property, Plant and Equipment	31,889	5,813
Revaluation losses	(689)	(43)
Revaluation gains	-	-
<b>Declassified</b>		
Property, Plant and Equipment *	-	(31,207)
Assets sold	(6,000)	(500)
<b>Balance at end of year</b>	<b>33,799</b>	<b>7,862</b>

\* £29.0m of declassified assets relate to Top Wighay housing land which has been recategorised as a surplus asset.  
There are no non-current assets held for sale.

## 17. Capital Expenditure and Financing

	2022/23	2023/24
	£000	£000
<b>Opening Capital Financing Requirement (CFR)</b>	<b>801,406</b>	<b>786,727</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	61,528	79,874
Intangible Assets	3,283	3,928
Amounts treated as revenue expenditure in accordance with the Code but which are classified as capital expenditure under statute	27,706	48,567
Additions/(Reductions) to finance liability	690	1,496
<b>Sources of finance</b>		
Capital receipts	(6,034)	(913)
Government grants and other contributions	(70,776)	(110,331)
Sums set aside from revenue (Inc. MRP)	(24,453)	(24,750)
Repayment of PFI finance liability	(6,616)	(7,529)
Finance lease payments	(7)	(7)
<b>Closing Capital Financing Requirement (CFR)</b>	<b>786,727</b>	<b>777,062</b>
<b>Movement in year</b>		
Change in underlying need to borrow (unsupported by Government financial assistance)	(14,679)	(9,665)
	<b>(14,679)</b>	<b>(9,665)</b>

The estimated commitments for capital expenditure in future years for schemes that had started and for which a legal contract had been entered into by 31 March 2024 are:

	2022/23	2023/24
	£000	£000
2024/25	70,260	70,820
2025/26	17,566	766
2026/27	854	777
2027/28	755	1,268
	<b>89,435</b>	<b>73,631</b>

The committed projects for 2024/25 are:

	£000
School Projects	40,320
Top Wighay Development - Homes England	333
Investing in Nottinghamshire	16,597
Clayfields House	5,302
Other	8,268
	<b>70,820</b>

## 18. Debtors and Long-Term Debtors

Debtors less than one year	2022/23 £000	2023/24 £000
Central government bodies	24,392	23,732
Other local authorities	6,317	7,210
NHS bodies	15,979	11,714
Public corporations and trading funds	79	34
Other entities and individuals	83,450	93,226
	<b>130,217</b>	<b>135,916</b>
Less impairment allowance for bad and doubtful debts	(29,163)	(33,232)
<b>Total</b>	<b>101,054</b>	<b>102,684</b>

Long term debtors	2022/23 £000	2023/24 £000
PFI prepayment	2,795	2,515
Other	23	22
<b>Total</b>	<b>2,818</b>	<b>2,537</b>

Analysis of allowance for bad and doubtful debt	2022/23 £000	2023/24 £000
<b>Opening allowance for bad and doubtful debt</b>	<b>24,841</b>	<b>29,163</b>
Amounts paid	(3,165)	(2,641)
Amounts written off	(580)	(996)
Allowance adjustment	6,521	6,297
Collection Fund Impairments	1,546	1,409
<b>Closing allowance for bad and doubtful debt</b>	<b>29,163</b>	<b>33,232</b>

## 19. Pensions – Contributions

### Teachers

In 2023/24, the Authority paid £20.8 million to the Teacher's Pension Agency (£20.4 million in 2022/23) in respect of teachers' pension costs, which represents 23.68% of teachers' pensionable pay (23.68% in 2022/23).

In addition the Authority is responsible for all pension payments relating to added years it has awarded together with the related inflation increases. In 2023/24, this was £6.4 million (£6.0 million in 2022/23), representing 7.30% of pensionable pay (6.96% in 2022/23). The Authority is allowed to enhance lump sum retirement payments to teachers. However, in 2023/24 no payments were made (nil in 2022/23).

### Other Employees

During 2023/24, the net cost of pensions and other benefits amounted to £51.8 million (£48.9 million in 2022/23), which represented 21.50% of pensionable pay (22.20% in 2022/23).

The Actuarial report upon which the 2023/24 accounts are based is for a 3 year period commencing 1 April 2023. The report indicated rates that will provide the cost for 100% of pension funding in accordance with IAS19.

This is a combined rate of 19.8% and an additional amount to be contributed is as follows:

	Additional contribution £000
2023/24	3,880
2024/25	2,050
2025/26	60

The Authority is responsible for all pension payments relating to historical, discretionary added years benefits it has awarded, together with the related inflation increases. In 2023/24 these amounted to £1.8 million (£1.7 million in 2022/23), representing 0.8% of pensionable pay (0.8% in 2022/23). The Authority also paid £0.3 million into the Pension Fund in 2023/24 (£0.1 million for 2022/23) to fund the non-discretionary additional strain on the pension fund of early retirements.

## 20. Pensions – IAS19

The IAS19 position as at 31 March 2024 was a net liability as set out in the table below :

	2022/23	2023/24
	£000	£000
Local Government Pension Scheme	(237,725)	(108,833)
Teachers Unfunded Defined Benefit Scheme	(59,505)	(55,547)
<b>Total Net Liability</b>	<b>(297,230)</b>	<b>(164,380)</b>

Assets have been valued using the market value at 31 March 2024. Liabilities have been valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. This work was undertaken by Barnett Waddingham LLP, an independent firm of actuaries, based upon the estimated position at 31 March 2024 provided by the Authority during February/March 2024.

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

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

### Local Government Pension Scheme

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

	2022/23	2023/24
	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services		
- Current service cost	(107,329)	(57,253)
- Past service cost (including curtailments)	(93)	(390)
- Liabilities (assumed) / extinguished on settlements	(2,559)	5,535
- Settlement Prices received / (paid)	1,423	(4,392)
Other Operating Expenditure		
- Administration Expenses	(881)	(1,025)
Financing and Investment Income and Expenditure		
- Net interest on the defined (liability) / asset	(33,000)	(12,643)
<b>Net Charge to the Comprehensive Income and Expenditure Statement</b>	<b>(142,439)</b>	<b>(70,168)</b>
<b>Movement in Reserves</b>		
- Reversal of net charges made for retirement benefits in accordance with IAS19	142,439	70,168
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers contributions payable to the Pension Fund and retirement benefits payable directly to pensioners	49,641	53,302



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

	2022/23 £000	2023/24 £000
Actuarial gains / (losses)	1,102,062	143,030

#### Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2022/23 £000	2023/24 £000
<b>At 1 April</b>	<b>3,426,756</b>	<b>2,331,764</b>
Current service cost	107,329	57,253
Interest cost	88,991	107,350
Change in Financial Assumptions	(1,348,824)	(43,472)
Change in Demographic Assumptions	(181,945)	(32,648)
Experience loss/(gain) on Defined Benefit Obligation	319,458	12,561
Past service costs/(gain)	93	390
Liabilities extinguished on settlements	2,559	(5,535)
Benefits paid	(95,538)	(98,191)
Contributions by scheme participants	14,653	15,701
Unfunded pension payments	(1,768)	(1,831)
<b>At 31 March</b>	<b>2,331,764</b>	<b>2,343,342</b>

Reconciliation of fair value of the scheme assets:

	2022/23 £000	2023/24 £000
<b>At 1 April</b>	<b>2,183,656</b>	<b>2,094,039</b>
Interest on assets	55,991	94,707
Return on assets less interest	(114,223)	80,861
Other actuarial gains/(losses)	4,974	(1,390)
Administration expenses	(881)	(1,025)
Employer contributions	45,752	56,030
Contributions by scheme participants	14,653	15,701
Estimated benefits paid	(97,306)	(100,022)
Settlement prices received/(paid)	1,423	(4,392)
<b>At 31 March</b>	<b>2,094,039</b>	<b>2,234,509</b>
<b>Opening Net Position</b>	<b>(1,243,100)</b>	<b>(237,725)</b>
<b>Closing Net Position</b>	<b>(237,725)</b>	<b>(108,833)</b>

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2023 for the year to 31 March 2024). The returns on gilts and other bonds are assumed to be gilts yields and corporate bond yields (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilts yields.

#### Scheme History

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Present value of liabilities	(2,754.9)	(3,484.1)	(3,426.8)	(2,331.8)	(2,343.3)
Fair value of scheme assets	1,686.3	2,039.7	2,183.7	2,094.0	2,234.5
Surplus/(deficit) in the scheme	(1,068.6)	(1,444.4)	(1,243.1)	(237.7)	(108.8)
<b>Cumulative actuarial gain/(loss)</b>	<b>(350.4)</b>	<b>(693.4)</b>	<b>(401.8)</b>	<b>700.3</b>	<b>843.3</b>

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2025 is £51.8 million.

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

	31 March 2023	31 March 2024
Rate of inflation - CPI Increases	2.9%	2.9%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.9%	2.9%
Discount rate	4.8%	4.9%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	20.7	20.4
Women (years)	23.5	23.3
Longevity at 65 for future pensioners:		
Men (years)	22.0	21.7
Women (years)	25.0	24.7

The Authority's estimated asset allocation, which is 32% of the whole fund is as follows:

	31 March 2023		31 March 2024	
	£000	%	£000	%
<b>Assets</b>				
Equities	1,220,524	58	1,350,762	61
Gilts	43,286	2	53,541	2
Other Bonds	124,024	6	110,920	5
Property	248,537	12	237,691	11
Cash	109,573	5	134,613	6
Inflation-linked pooled fund	105,695	5	113,732	5
Infrastructure	164,587	8	161,647	7
Private Equities	77,813	4	71,603	3
<b>Total</b>	<b>2,094,039</b>	<b>100</b>	<b>2,234,509</b>	<b>100</b>

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

### Sensitivity analysis

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	2,308,401	2,343,342	2,379,156
Projected Service Cost	45,137	46,656	48,225
Adjustment to long term Salary Increase	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	2,345,767	2,343,342	2,340,935
Projected Service Cost	46,686	46,656	46,625
Adjustment to pensions Increase and Deferred revaluation	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	2,377,400	2,343,342	2,310,103
Projected Service Cost	48,217	46,656	45,116
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	2,437,134	2,343,342	2,253,607
Projected Service Cost	48,330	46,656	45,026

### Teachers

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

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

	2022/23 £000	2023/24 £000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services		
- Past service (cost) / gain	-	-
- Gains / (losses) on curtailments	-	-
Financing and Investment Income and Expenditure		
- Interest cost	(1,846)	(2,704)
<b>Net Charge to the Comprehensive Income and Expenditure Statement</b>	<b>(1,846)</b>	<b>(2,704)</b>

	2022/23 £000	2023/24 £000
<b>Movement in Reserves</b>		
- Reversal of net charges made for retirement benefits in accordance with IAS19	1,846	2,704

Actual amount charged against the General Fund Balance for pensions in the year:

- Employers contributions payable to the Pension Fund and retirement benefits payable directly to pensioners	5,979	6,433
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In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, the following actuarial gains/losses were included within other comprehensive income and expenditure.

	2022/23 £000	2023/24 £000
Actuarial gains / (losses)	10,349	229

#### Liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2022/23 £000	2023/24 £000
<b>Deficit at 1 April</b>	<b>73,987</b>	<b>59,505</b>
Interest cost	1,846	2,704
Actuarial (gains) / losses	(16,010)	342
Change in demographic assumptions	-	(931)
Experience loss / (gain)	5,661	360
Unfunded pension payments	(5,979)	(6,433)
<b>Deficit at 31 March</b>	<b>59,505</b>	<b>55,547</b>

#### Scheme History

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Present value of liabilities	(76.1)	(80.2)	(74.0)	(59.5)	(55.5)
Fair value of scheme assets	-	-	-	-	-
<b>Surplus/(deficit) in the scheme</b>	<b>(76.1)</b>	<b>(80.2)</b>	<b>(74.0)</b>	<b>(59.5)</b>	<b>(55.5)</b>

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

	31 March 2023	31 March 2024
Rate of inflation - CPI Increases	2.9%	3.0%
Rate of increase in pensions	2.9%	3.0%
Discount rate	4.8%	4.8%

Mortality assumptions:

Longevity at 65 for current pensioners

Men (years)	20.7	20.4
Women (years)	23.5	23.3

## 21. Creditors and Long-Term Creditors

<b>Creditors less than one year</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Central government bodies	24,434	21,661
Other local authorities	4,777	5,449
NHS bodies	3,063	4,537
Public corporations and trading funds	502	239
Other entities and individuals	123,237	130,522
<b>Total</b>	<b>156,013</b>	<b>162,408</b>
<b>Long Term Creditors</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Other entities and individuals	4,930	4,454

## 22. General Provisions

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

<b>Short Term Provisions</b>	<b>2022/23</b>	<b>Movement</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Insurance Claims prior to 1/4/98	426	(97)	329
General Insurance Claims from 1/4/98	615	55	670
Corporate Redundancy Provision	-	111	111
NDR provision for backdated appeals	500	(140)	360
Provisions below £200,000	124	(88)	36
<b>Total</b>	<b>1,665</b>	<b>(159)</b>	<b>1,506</b>
<b>Long Term Provisions</b>	<b>2022/23</b>	<b>Movement</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Insurance Claims prior to 1/4/98	3,818	(872)	2,946
General Insurance Claims from 1/4/98	5,538	495	6,033
NDR provision for backdated appeals	1,993	(553)	1,440
<b>Total</b>	<b>11,349</b>	<b>(930)</b>	<b>10,419</b>

## 23. Contingent Liabilities

### Insurance

In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal liability claims, which will take many years to materialise and finalise. On 13 November 2012, the Board of MMI triggered the previously agreed Scheme of Arrangement and EY LLP became responsible for the management of MMI's business, affairs and assets. In February 2013 the proposed levy or clawback rate was initially set at 15%. On 16 March 2016, MMI wrote to all scheme creditors and proposed that the levy was increased to 25%. This was agreed by the Scheme Creditors Committee and the balance of 10% was to be applied to claims payments made under the Scheme of Arrangement since the 30 September 1993. MMI has collected the original 15% levy and the additional 10% levy and as a result, members of the Scheme of Arrangement are now self-insured to the extent of 25% of any future claim payments. Depending on MMI's future claims experience, these levies may be adjusted so that the scheme is able to meet its obligations to the creditors.

## 24. Specific Revenue Grants

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

Portfolio Segments	Restated 2022/23 £000	2023/24 £000
Children & Families	14,788	14,879
Education & SEND	26,740	41,140
Schools	363,298	380,840
Adult Social Care	57,158	66,335
Communities & Public Health	63,998	75,042
Finance & Resources	561	216
Economic Development & Asset Management	8,783	3,652
Transport & Environment	3,395	6,101
	<b>538,721</b>	<b>588,205</b>
<b>Grants</b>		
Dedicated Schools Grant (DFE)	329,795	338,537
Pupil Premium (DFE)	12,965	13,447
Public Health Grant (DOH)	43,160	44,567
Better Care Fund (DLUHC)	30,920	39,495
Market Sustainability/Discharge Grants (DLUHC)	2,380	13,623
Contain Outbreak Management Fund (DOH)	7,533	6,839
Various (DFE)	55,787	83,510
Homes for Ukraine	6,289	10,923
Household Support Grant	8,439	11,293
Other Grants	41,453	25,971
	<b>538,721</b>	<b>588,205</b>
<b>Analysis of Revenue Receipts in Advance</b>		
Department for Levelling Up, Housing & Communities	9,402	623
Department for Education	-	316
Department of Health & Social Care	11,124	4,556
Department for Transport	3,984	6,321
Other Grants & Contributions	505	779
	<b>25,015</b>	<b>12,595</b>

## 25. General Government Grants Income and Taxation

The Authority set the 2023/24 Council Tax for a Band D property at £1,723.66 including the Adult Social Care Precept (£1,644.09 in 2022/23). This was suitably adjusted for other bands of property and a precept was issued to the District Councils to recover the relevant amounts. Any variances in the amounts actually collected by the District Councils on behalf of the Authority will be adjusted in the amounts payable in the following year.

The figure for income from Council Tax includes accruals for the year-end position for the Authority's share of the various District Council Collection Funds. The value of the accrual in 2023/24 decreased by £1.0 million (£0.3 million increase in 2022/23) which is reversed out of the General Fund in the Movement in Reserves Statement and held in the Balance Sheet in the Collection Fund Adjustment Account.

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

<b>Credited to Taxation &amp; Non Specific Grant Income</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Department for Education	9,854	34,466
Department for Transport	24,502	29,437
Other Grants & Contributions	6,055	5,445
<b>Recognised Capital Grants &amp; Contributions</b>	<b>40,411</b>	<b>69,348</b>

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Revenue Support Grant	7,336	8,098
PFI	14,377	14,377
Social Care Support Grant	33,462	55,409
Council Services Grant	7,506	4,404
<b>General Government Grants</b>	<b>62,681</b>	<b>82,288</b>

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

<b>Capital Grants Received in Advance</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
	Restated	
Department for Education	46	46
Department for Health	7,467	357
Department for Transport	8,149	17,217
Other Grants & Contributions (including Section 106 Contributions)	26,488	43,595
<b>Total</b>	<b>42,150</b>	<b>61,215</b>

## 26. Financial Instruments Balance

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

	<b>Borrowings</b>		<b>Creditors</b>	
	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Long term financial liabilities at amortised cost	563,554	545,319	4,930	4,454
Short term financial liabilities at amortised cost	25,818	25,849	111,307	128,938
<b>Total Financial Liabilities</b>	<b>589,372</b>	<b>571,168</b>	<b>116,237</b>	<b>133,392</b>

	<b>Investments</b>		<b>Debtors</b>	
	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Long term financial assets at amortised cost	7,850	7,884	23	22
Short term financial assets at amortised cost	126,047	132,200	68,005	81,582
Cash and cash equivalents	85,696	108,940	-	-
<b>Total Financial Assets</b>	<b>219,593</b>	<b>249,024</b>	<b>68,028</b>	<b>81,604</b>

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

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

## Financial liabilities at amortised cost

### Long term

	2022/23 £000	2023/24 £000
(a) Long Term Borrowing		
Amounts still owed on loans received from external sources to acquire capital assets such as roads, buildings & equipment.		
Long Term Borrowing for repayment after 1 year	474,678	463,362
(b) Other Long Term Liabilities		
Amounts still owed on finance leases taken with external sources to acquire capital assets for PFI Schemes and long term finance leases for repayment after 1 year	88,876	81,957
<b>Total Long Term Borrowing at 31 March</b>	<b>563,554</b>	<b>545,319</b>
	<b>2022/23 £000</b>	<b>2023/24 £000</b>
(c) Long Term Creditors	4,930	4,454

### Short term

	2022/23 £000	2023/24 £000
(d) Borrowing		
Long term borrowing for repayment within 1 year	18,393	17,546
Other long term liabilities related to PFI schemes and long term finance leases for repayment within 1 year	7,425	8,303
<b>Total Borrowing at 31 March</b>	<b>25,818</b>	<b>25,849</b>
	<b>2022/23 £000</b>	<b>2023/24 £000</b>
(e) Trade Creditors	111,307	128,938

## Financial Assets at amortised cost

### Long Term Investments

	2022/23 £000	2023/24 £000
(a) Long term Investments		
Long term investments with other local authorities, local authority subsidiary and financial institutions	5,025	5,025

### Long Term Advances

	2022/23 £000	2023/24 £000
(b) Long term Advances		
Nottinghamshire County Cricket Club	1,834	1,676
Adult Care Property Debt - Deferred Payment Scheme	712	999
Other Long Term Advances	279	184
	<b>2,825</b>	<b>2,859</b>

On 19 September 2007 the Authority approved a loan of £1.23m for 20 years to Nottinghamshire County Cricket Club to help fund the £8.2m development plans for the Trent Bridge ground. In addition to enhancing the reputation of the Cricket Club and helping it to retain Trent Bridge as a test match venue there are benefits to the economy and wider community. Consequently, the loan was offered at a discounted rate with a capital repayment holiday for the first 5 years. Security has been set by way of a charge against the fixed assets of the Club to safeguard the interests of the Authority. Since the loan was offered at less than the prevailing rate the figure in the Balance Sheet represents the fair value of the loan carried at its amortised cost. The balancing figure appears in the Financial Instruments Adjustment Account.

On 7 October 2015, the former Policy Committee approved a further loan in conjunction with Nottingham City Council and Rushcliffe Borough Council. The loan allowed the club to invest £8.1m in a media facility, refurbish the Pavilion, and enhance the William Clarke Stand and Lady Bay development. The loan is over 20 years



with no holiday periods for capital repayment and is secured by way of a charge against the fixed assets of the Club. The loan has been drawn upon as required, and the interest rate is fixed at the 20 year annuity PWLB rate plus 2%.

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

	2022/23	2023/24
	£000	£000
(c) Long Term Debtors	23	22

#### Short term

	2022/23	2023/24
	£000	£000
(d) Temporary investments		
Temporary investments with other local authorities and financial institutions	126,047	132,200

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

	2022/23	2023/24
	£000	£000
Short term Trade Debtors		
(e) Trade Debtors (less allowance for bad and doubtful debt)	68,005	81,582
(f) Cash and Cash Equivalents	85,696	108,940

#### Financial Assets - unquoted equity investment at cost

Economic Development: There are equity holdings amounting to £0.1m (£0.1m in 2022/23) that have been written off to the Comprehensive Income and Expenditure Account to reflect the high risk of the investment. Consequently, their fair value has been assessed as nil on the Balance Sheet.

#### Interests in Companies - Joint Ventures, Subsidiaries and Divested Organisations

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

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

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

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

The East Midlands Development Company (EM DevCo) has been established as an interim organisation which will take forward propositions for a new era of growth across the regional economy. This vehicle was incorporated on 4 May 2021 and was funded initially by contributions from Nottinghamshire County Council and four other Local Authorities.

## 27. Financial Instruments Gains/Losses

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

	2022/23		2023/24		
	Financial Liabilities	Financial Assets	Total	Financial Liabilities	Financial Assets
	£000	£000	£000	£000	£000
Interest expense	(32,466)	-	(32,466)	(33,190)	-
<b>Interest payable and similar charges</b>	<b>(32,466)</b>	<b>-</b>	<b>(32,466)</b>	<b>(33,190)</b>	<b>-</b>
Interest income	-	5,562	5,562	-	14,305
<b>Interest and investment income</b>	<b>-</b>	<b>5,562</b>	<b>5,562</b>	<b>-</b>	<b>14,305</b>

The average cost of external borrowing was 3.84% in 2023/24 (3.89% in 2022/23).

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

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

The balance outstanding on these deferred liabilities is as follows:

	2022/23 £000	2023/24 £000
Loan taken over from District Councils when the responsibility for services was transferred to the Authority on local government reorganisation in 1974.	705	628

## 28. Fair Value of Assets and Liabilities carried at amortised cost

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

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

For long term borrowings and investments, fair values have been calculated by reference to relevant interest rates in force as at 31 March 2023 and 2024 as follows:

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

	2022/23		2023/24	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Financial Liabilities</b>				
Public Works Loan Board	398,882	325,726	387,847	295,572
External Bonds and Loans	91,187	76,059	91,190	68,673
Finance Leases related to PFI and other schemes	96,301	127,399	90,260	114,344
Salix Loan	3,001	2,851	1,871	1,795
Trade Creditors	111,307	111,307	128,938	128,938
Long Term Creditors	4,930	4,930	4,454	4,454
<b>Total Financial Liabilities</b>	<b>705,608</b>	<b>648,272</b>	<b>704,560</b>	<b>613,776</b>

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

	2022/23		2023/24	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Financial Assets at amortised cost</b>				
Short Term Investments	126,047	126,047	132,200	132,200
Trade Debtors (less credit loss allowance)	68,005	68,005	81,582	81,582
Long Term Investments	5,025	5,025	5,025	5,025
Long Term Advances	2,825	2,646	2,859	2,686
Long Term Debtors	23	23	22	22
Cash	85,696	85,696	108,940	108,940
<b>Total</b>	<b>287,621</b>	<b>287,442</b>	<b>330,628</b>	<b>330,455</b>

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

### Fair Value Hierarchy

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

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/24 £000
Financial liabilities	-	613,776	-	613,776
Financial Assets at amortised cost	108,940	216,490	5,025	330,455
	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/23 £000
Financial liabilities	-	648,272	-	648,272
Financial Assets at amortised cost	85,696	196,721	5,025	287,442

## Valuation techniques used to determine Fair Value

### Significant Observable Inputs - Level 2

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

### Significant Unobservable Inputs - Level 3

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

## 29. Disclosure of nature and extent of risks arising from financial instruments

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

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

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

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

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

### Credit Risk

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

	Amounts at 31/3/24 £000	Historical experience of default	Historical experience adjusted for market conditions at 31/3/24	Estimated maximum exposure to default and uncollecta- bility £000
Deposits with banks and financial institutions	132,200	-	-	-
Customers	44,410	0.34%	0.34%	151

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

Customers are assessed, taking into account their financial position, past experience and other factors. The Authority's policy is to set aside an impairment allowance for bad and doubtful debts in order to minimise the effect of default. As at 31 March 2024, the Authority had an outstanding balance of short-term debtors of £102.5m (£102.1m in 2022/23) including government grants and the Authority's share of Council Tax and Business Rates debtors. In line with the Expected Credit Loss Model set out in Accounting policy 17, an impairment allowance of £33.4m has been calculated (£29.1m in 2022/23). It is not certain that this impairment will be sufficient as the Authority cannot assess with certainty which debts will be collected or not. Debtors will however continue to be monitored regularly and should general debtors rise in 2024/25 the Authority may consider raising the impairment allowance.

The Authority does not generally allow credit for customers, such that £22.5 million (£19.4 million in 2022/23) of the £44.4 million (£44.9 million in 2022/23) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	4,753
Three to six months	3,074
Six months to one year	3,693
More than one year	11,015
	<b>22,535</b>

### Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that a significant proportion of borrowings will mature at a time of unfavourable interest rates. Current borrowings are spread over 50 years with a maximum of any one year's maturity around 6.3% of the total. However, since the Authority's future borrowing requirement is fairly sizeable in relation to current debt, the prudential indicator for debt maturity has been set as part of the annual Treasury Management Strategy. The strategy for new loans is to borrow each year close to the lowest rate available and, where economic circumstances make it favourable, early repayment of fixed rate loans will be considered.

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

The maturity analysis of financial liabilities is as follows:

	2022/23 £000	%	2023/24 £000	%
<b>Maturity date</b>				
Within 1 year	25,818	4.4	25,849	4.5
1 year and up to 2 years	20,826	3.5	21,196	3.7
2 years and up to 5 years	68,274	11.6	67,765	11.9
5 years and up to 10 years	94,459	16.0	85,366	14.9
10 years and up to 15 years	49,123	8.3	50,122	8.8
15 years and up to 20 years	50,003	8.5	40,003	7.0
20 years and up to 25 years	20,004	3.4	30,004	5.3
25 years and over	260,864	44.3	250,863	43.9
	<b>589,371</b>	<b>100.0</b>	<b>571,168</b>	<b>100.0</b>
	2022/23 £000		2023/24 £000	
<b>Source of Borrowing</b>				
Public Works Loan Board	398,882		387,847	
External Bonds and Loans	91,187		91,190	
Finance Leases related to PFI and other schemes	96,301		90,260	
Salix Loan	3,001		1,871	
	<b>589,371</b>		<b>571,168</b>	

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

## Market risk

### Interest rate risk

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

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

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

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

The Authority has no variable rate borrowings and minimal variable rate investments. A 1% change in interest rates would therefore have no material impact on the Comprehensive Income and Expenditure Statement. If interest rates had been 1% higher at 31 March 2024, with all other variables held constant, the fair value of fixed rate borrowings would be lower but with no impact on the Comprehensive Income and Expenditure Statement.

### Price risk

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

### Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to movements in exchange rates.

## 30. Related Parties

The Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority.

Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

### Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant part of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government Departments are set out in the subjective analysis in Notes 24 and 25.

## Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of Members allowances paid in 2023/24 is shown in Note 46. During 2023/24, £0.0m (£0.0m in 2022/23) was paid to companies for works or services commissioned in which Members declared an interest.

Active4Today Ltd where one Member is on the board (two Members 2022/23). This company is Newark and Sherwood District Council's Leisure Company. The main charges are rental of sports facilities across services.

	2022/23 £'000	2023/24 £'000
Active4Today Ltd		
Purchases of works and services	117	124
Service Level Agreements	-	-
Debtors	-	-
Creditors	-	-

A grant of £204 was paid to one organisation in which one Member had a position on the governing body (2022/23 £2,445 to five organisations, six Members). No material grants were made to organisations whose senior management included close members of the families of a Member or Senior Officer. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members Interests which is open to public inspection and is also available on the Authority's website at this address:

<http://www.nottinghamshire.gov.uk/council-and-democracy/councillors/allowances-expenses-conduct>

There are two Members on the board of Culture, Learning and Libraries (Midlands) trading as "Inspire" and the transactions with the Authority have been examined. There were no material direct grants paid to Inspire.

## Senior Employees

In accordance with section 117 of the Local Government Act 1972, senior employees must declare their interest in any organisations which have received grant payments or entered into any works that constitute a related party. During 2023/24, one senior employee declared being on the board of EM Dev Co. Two senior employees declared a domestic partner with two organisations where no material transactions beyond usual supplies and services were made during the financial year.

## Other Public Bodies (subject to common control by Central Government)

The Authority has a pooled budget arrangement with Integrated Community Equipment Loan Service (ICELS). The Authority has also entered into a pooled budget arrangement with NHS bodies called the Better Care Fund (BCF). Balances are detailed in Note 44.

The Authority is the administering body for the Local Government Pension Scheme (LGPS). Details of the Accounts of the Pension scheme can be found after the notes to the Authority's accounts.

## Entities Controlled or Significantly Influenced by the Authority

These organisations are deemed to be influenced significantly or controlled by the Authority through its representation on the board or ownership of shares.

SCAPE Group Ltd - See note 26.



ARC Property Partnership Ltd

	<b>Audited 2022/23 £000</b>	<b>Unaudited 2023/24 £000</b>
Revenue	39,378	53,344
Profit / (loss)	(471)	758
Total Assets	14,000	14,257
Total Liabilities	(6,427)	(6,925)
Equity and Reserves	7,573	7,332

Nottinghamshire County Council had the following transactions with ARC:

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Purchases of works and services	38,384	50,495
Service Level Agreements	(198)	(60)
Debtors	17	12
Creditors	(2,176)	(1,345)

Via East Midlands Ltd

	<b>Audited 2022/23 £000</b>	<b>Unaudited 2023/24 £000</b>
Revenue	65,477	70,435
Profit / (loss)	714	715
Total Assets	17,093	23,222
Total Liabilities	(14,849)	(20,183)
Equity and Reserves	2,244	3,039

Nottinghamshire County Council had the following transactions with Via:

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Purchases of works and services	60,215	67,781
Service Level Agreements	(2,997)	(1,104)
Debtors	1,399	385
Creditors	(6,907)	(10,199)

Futures Advice, Skills & Employment Ltd (Futures)

	<b>Audited 2022/23 £000</b>	<b>Unaudited 2023/24 £000</b>
Revenue	17,346	14,686
Profit / (loss)	(2,358)	(614)
Total Assets	9,098	7,608
Total Liabilities	(4,035)	(3,238)
Equity and Reserves	5,063	4,370

Nottinghamshire County Council had the following transactions with Futures and its Subsidiaries:

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Purchases of works and services	1,451	1,450
Service Level Agreements	-	-
Debtors	-	-
Creditors	-	(190)

Culture, Learning and Libraries (Midlands), trading as Inspire

Culture, Learning and Libraries (Midlands), trading as Inspire, is an independent Community Benefit Society launched by the Authority. Although the Authority does not control this entity, it does exercise power due to contract volume, being lessor of most of the properties. However, it has been agreed that the value does not meet the Authority's group accounts materiality threshold.

The total Authority expenditure with Inspire is £16.8m (£16.6m in 2022/23) and income is £1.2m (£1.2m in 2022/23). The Authority's year-end creditor with Inspire is £1.3m (£0.6m at 31 March 2023) and year-end debtor is £0.2m (£0.2m at 31 March 2023).

More information can be found on the Inspire website <https://www.inspireculture.org.uk/>

#### East Midlands Development Company Ltd (EM DevCo)

East Midlands Development Company (EM DevCo) is owned by five Local Authorities in the East Midlands.

The total Authority contribution to EM DevCo costs is £0.5m (£0.5m in 2022/23) and income is £0.3m (£0.4m in 2022/23).

More information can be found on the EM DevCo website <https://www.emdevco.co.uk/about-us/>

### 31. Movement on Usable Reserves

	2021/22 £000	Transfers Out £000	Transfers In £000	2022/23 £000	Transfers Out £000	Transfers In £000	2023/24 £000
General Fund Balance	35,224	-	1,638	36,861	-	-	36,861
Schools Statutory Reserves	30,087	(16)	11,854	41,924	836	(331)	42,429
General Insurance Reserve	39,373	(273)	2,345	41,445	(117)	1,961	43,289
Capital Receipts and Grants Unapplied Reserve	7,743	(5,339)	1,357	3,762	(681)	5,562	8,643
<b>Corporate Reserves</b>							
Earmarked Reserves	3,204	-	12,945	16,149	(124)	-	16,025
Capital Projects Reserve	15,769	(2,735)	1,025	14,059	(2,150)	5,122	17,031
NDR Pool Reserve	12,119	(430)	3,641	15,330	(416)	4,671	19,585
Strategic Technology Reserve	-	-	-	-	-	7,875	7,875
East Leake PFI Schools	2,899	(161)	59	2,797	(172)	132	2,757
Bassetlaw PFI Schools	1,738	-	343	2,081	-	317	2,398
Waste PFI Reserve	24,443	-	516	24,959	(2,791)	1,140	23,308
Workforce Reserve	6,623	-	653	7,276	-	231	7,507
COVID Recovery Reserve	5,669	(5,669)	-	-	-	-	-
Strategic Development Fund	17,915	-	-	17,915	-	-	17,915
Highways & Environment Reserve	15,000	(6,734)	-	8,266	(6,033)	4,000	6,233
Business Rates Equalisation Reserve	5,631	-	3,027	8,658	-	-	8,658
Council Tax Equalisation Reserve	2,350	(1,175)	-	1,175	(1,175)	-	-
Traders Resilience Reserve	-	-	4,000	4,000	-	-	4,000
Section 256 Grants	5,046	(378)	325	4,993	(1,762)	350	3,581
<b>Earmarked for Services Reserves</b>							
Trading Activities	204	-	603	807	(152)	-	655
Departmental Reserves	12,669	(6,012)	872	7,529	(1,019)	1,267	7,777
Revenue Grants	20,515	(4,853)	10,356	26,018	(14,228)	20,063	31,853
Section 256 Grants	33,423	(11,214)	2,121	24,330	(6,392)	1,072	19,010
<b>Total Other Earmarked Reserves</b>	<b>185,217</b>	<b>(39,361)</b>	<b>40,486</b>	<b>186,342</b>	<b>(36,414)</b>	<b>46,240</b>	<b>196,168</b>
<b>Total Usable Reserves</b>	<b>297,645</b>	<b>(44,990)</b>	<b>57,679</b>	<b>310,334</b>	<b>(36,376)</b>	<b>53,433</b>	<b>327,391</b>

**General Fund Balance** comprises reserves available for use by the Authority as a contingency.

**Schools Statutory Reserves** - See note 33

**General Insurance Reserve** - See note 32

**Capital Receipts and Grants Unapplied Reserve** - holds capital grant / capital receipt balances that have been received but not yet utilised.

#### Corporate Reserves

**Earmarked Reserves** hold year-end underspends where approval has been given to be carried forward for future spending commitments. This reserve also contains reserves previously classified under earmarked for services which are no longer required for their original purpose.

**Capital Projects Reserve** supports the Medium Term Financial Strategy as well as current and future capital commitments.

**NDR Pool Reserve** holds the Authority's share of the Non Domestic Rates pool surplus. The pool was established 1 April 2013 when the funding mechanism was introduced with the seven District and Borough Councils. It also holds the Authority's share of growth and renewable energy.

**Strategic Technology Reserve** has been created to fund investment in corporate systems upgrades and exploration of opportunities to improve efficiency by use of emerging technology.

**East Leake, Bassetlaw and Waste PFI Reserves** are surplus funding amounts set aside during the early years of the PFI contracts. These are contributions from Central Government and the Authority will be required in later years to finance the unitary charge.

**Workforce Reserve** was created from merging the corporate redundancy and surplus pensions reserves to provide for a more wide ranging reserve, to cover pay protection, national living wage increases and pension strain as well as covering pension deficit contributions and redundancy.

**Strategic Development Fund** will support future year costs associated with the Authority's Transformation agenda.

**Highways & Environment Reserve** has been established to fund works emerging from both the environmental strategy and highways review.

**Business Rates Equalisation Reserve** has been established to offset any potential deficits created by additional rate reliefs awarded by Central Government which will compensate for correspondingly lower income from the Collection Fund.

**Council Tax Equalisation Reserve** recognises the impact of the phasing arrangement mandated by Central Government in relation to the estimated anomalous deficit on the Collection Fund owing to the COVID pandemic.

**Traders Resilience Reserve** has been established to help mitigate short-term cost pressures associated with the Authority's Trading activity.

**Section 256 Grants Reserve** is to fund the future development of a new Ecosystem platform capability to enable improved health and care services across the Nottingham and Nottinghamshire Integrated Care System.

#### **Earmarked for Services Reserves**

**Trading Activities** reserves comprise accumulated revenue surpluses plus or minus any transfer between those reserves and the General Fund.

**Departmental Reserves** are amounts set aside to cover expected events where the accounting criteria for the creation of provisions are not met.

**Revenue Grants and Section 256 Grants** are grants without specific conditions that remain unspent at the year-end are transferred into usable reserves, in accordance with the Code.

## **32. Insurance Reserve and Account**

The Authority operates a self-insurance scheme and covers each kind of risk up to set limits which are reviewed annually. External insurers cover risks in excess of the internally insured amounts. The major areas where significant risks are covered externally are Fire, Liability and Motor. The insurance provision covers known liabilities. Amounts are also set aside in the Insurance Reserve to cover possible insurance claims losses that are not yet known about.

The total of the Insurance Provision and Reserve as at 31 March 1998 has been ring-fenced for liabilities arising up to that date. The balance and the liabilities are being shared by the County and City Council's in the proportion of 23.55% City and 76.45% County.

The amount set aside in the Insurance Provision is detailed in Note 22. The Insurance Reserve is shown below:

<b>General Insurance Reserve</b>	<b>Note</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
General Insurance Reserve		41,445	43,289
<b>Insurance Account</b>		<b>2022/23 £000</b>	<b>2023/24 £000</b>
Premiums paid		1,026	1,274
Claims made		1,598	1,407
Contribution (from)/to Provision		(48)	(421)
Contribution to Closed Fund from County Council		956	-
Miscellaneous charges		22	37
		3,554	2,297
Less charges to Departments	1	(4,576)	(4,258)
Future Liabilities of Nottm City Council Adjustment		273	117
<b>Total Expenditure</b>		<b>(749)</b>	<b>(1,844)</b>
		<b>2022/23 £000</b>	<b>2023/24 £000</b>
External Premiums		(73)	-
Contribution to Closed Fund from City and County Council's		(1,250)	-
<b>Total Income</b>		<b>(1,323)</b>	<b>-</b>
<b>Net (surplus)/deficit</b>		<b>(2,072)</b>	<b>(1,844)</b>

Note 1. Classed as expenditure to avoid double counting in the net cost of services.

### 33. Schools Statutory Reserves

Surplus and deficit balances relating to schools must be carried forward from one financial year to the next in accordance with the requirements of Section 48 of the School Standards and Framework Act 1998. The Schools Statutory Reserves are committed to be spent on schools and are not available to the Authority for general use.

During 2023/24 the overall reserve has increased by £0.5 million to £42.4 million. Within the total reserve schools accumulated balances decreased by £0.3 million to £23.4 million; of this, £2.3 million is to fund capital schemes.

The reserves also includes £19.1 million relating to the non-ISB (Individual Schools Budget) element of the Schools Budget.

Part of the reserves are used to finance a school loan scheme, whereby schools are advanced funding for major capital items and then repay this over a three year period.

<b>School Balances</b>	<b>2022/23 £000</b>	<b>Movement in year £000</b>	<b>2023/24 £000</b>
Balances held by schools	23,682	(331)	23,351
Non ISB Balances	18,285	799	19,084
School Loan Scheme	(43)	37	(6)
<b>School Statutory Reserves Total</b>	<b>41,924</b>	<b>505</b>	<b>42,429</b>

### 34. Unusable Reserves

	2022/23 £000	2023/24 £000
Capital Adjustment Account	467,740	502,374
Revaluation Reserve	294,106	302,483
IAS 19 Pensions Reserve	(297,230)	(164,380)
Financial Instruments Adjustment Account	(2,226)	(2,428)
Collection Fund Adjustment Account	540	(629)
Employee Benefits Account	(8,543)	(8,048)
<b>Total Unusable Reserves</b>	<b>454,388</b>	<b>629,372</b>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>292,548</b>	<b>294,106</b>
Upward revaluation of assets	34,961	23,309
Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(26,613)	(8,092)
Surplus/(deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	8,348	15,217
Difference between fair value depreciation and historic cost depreciation	(3,346)	(3,955)
Accumulated gains on assets sold or scrapped	(3,444)	(2,885)
Amount written off to the Capital Adjustment Account	(6,790)	(6,840)
<b>Balance at 31 March</b>	<b>294,106</b>	<b>302,483</b>

#### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2022/23 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>454,793</b>	<b>467,740</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation on non-current assets	(47,444)	(49,940)
Revaluation and Impairments on PPE	(720)	(6,117)
Amortisation of intangible assets	(2,235)	(2,665)
Revenue expenditure funded from capital under statute	(27,706)	(48,567)
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(16,193)	(11,967)
	<b>(94,298)</b>	<b>(119,256)</b>
Adjusting amounts written out of the Revaluation Reserve	6,790	6,840
Net written out amount of the cost of non-current assets consumed in the year	<b>(87,508)</b>	<b>(112,416)</b>

Capital financing applied in the year:

Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-	-
Application of grants to capital financing from the Capital Grants Unapplied Account	70,776	110,331
Statutory provision for the financing of capital investment charged against the General Fund	18,759	20,063
Capital expenditure charged against the General Fund	12,318	12,224
	<b>101,853</b>	<b>142,618</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(709)	4,475
Movement in the fair value of Non Current Assets Held for Sale credited to the Comprehensive Income and Expenditure Statement	(689)	(43)
<b>Balance at 31 March</b>	<b>467,740</b>	<b>502,374</b>

#### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments.

	2022/23 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>(2,283)</b>	<b>(2,226)</b>
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	-
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	57	(202)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	57	(202)
<b>Balance at 31 March</b>	<b>(2,226)</b>	<b>(2,428)</b>

## IAS19 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022/23	2023/24
	£000	£000
<b>Balance at 1 April</b>	<b>(1,324,256)</b>	<b>(297,230)</b>
Actuarial gains / (losses) on pensions assets and liabilities	1,112,411	143,246
Other gains / (losses)	418	631
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provisions of Services in the Comprehensive Income and Expenditure Statement	(137,763)	(68,724)
Employer's pensions contributions and direct payments to pensioners payable in the year	51,960	57,697
<b>Balance at 31 March</b>	<b>(297,230)</b>	<b>(164,380)</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2022/23	2023/24
	£000	£000
<b>Balance at 1 April</b>	<b>6,259</b>	<b>540</b>
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(2,208)	(989)
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(3,511)	(180)
<b>Balance at 31 March</b>	<b>540</b>	<b>(629)</b>



## Employee Benefits Account

The Employee Benefits Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2022/23 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>(9,811)</b>	<b>(8,543)</b>
Settlement or cancellation of accrual made at the end of the preceding year	9,811	8,543
Amounts accrued at the end of the current year	<b>(8,543)</b>	<b>(8,048)</b>
Amount by which the officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,268	495
<b>Balance at 31 March</b>	<b>(8,543)</b>	<b>(8,048)</b>

## 35. Cash and Cash Equivalents

The Authority monitors cash balances on a daily basis to make maximum use of the funds available and invests any surplus cash identified. The bank account balance at 31 March will consist of an overdraft with the Authority's main bank, amounts held in call accounts or money market funds and school deposits either with the Authority's main bank or held with other banks.

The analysis of cash and cash equivalents is as follows:

	2022/23 £000	2023/24 £000
Amounts held in call accounts and money market funds	74,062	98,338
Main Bank accounts:		
Main Authority accounts	4,857	4,458
Other bank accounts	6,777	6,144
	<b>85,696</b>	<b>108,940</b>

## 36. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2022/23 £000	2023/24 £000
Interest received	3,363	11,526
Interest paid	<b>(32,707)</b>	<b>(33,403)</b>
Dividends received	950	1,600
	<b>(28,394)</b>	<b>(20,277)</b>

## 37. Cash Flow Statement - Investing Activities

	2022/23 £000	2023/24 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	66,617	81,944
Purchase of short and long-term investments	195,000	120,000
Other payments for investing activities	1,743	1,713
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	<b>(5,991)</b>	<b>(597)</b>
Capital Grants and contributions received	<b>(46,174)</b>	<b>(90,484)</b>
Proceeds from short-term and long-term investments	<b>(150,000)</b>	<b>(115,000)</b>
Net other receipts from investing activities	<b>(2,177)</b>	<b>(1,679)</b>
<b>Net cash flows from investing activities</b>	<b>59,018</b>	<b>(4,103)</b>

### 38. Cash Flow Statement - Financing Activities

	2022/23 £000	2023/24 £000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	6,623	7,537
Repayments of short and long-term borrowing	12,261	12,026
<b>Net cash flows from financing activities</b>	<b>18,884</b>	<b>19,563</b>

### 39. Reconciliation of Liabilities Arising from Financing Activities

	2023/24 01-Apr £000	Financing Cash flows £000	Non Cash Acquisition £000	Other £000	2023/24 31-Mar £000
Long term borrowings	474,678	(11,316)	-	-	463,362
Short term borrowings	18,393	(847)	-	-	17,546
Lease liabilities	883	(7)	-	-	876
On balance sheet PFI liabilities	95,418	(7,530)	1,496	-	89,384
<b>Total liabilities from financing activities</b>	<b>589,372</b>	<b>(19,700)</b>	<b>1,496</b>	<b>-</b>	<b>571,168</b>

	2022/23 01-Apr £000	Financing Cash flows £000	Non Cash Acquisition £000	Other £000	2022/23 31-Mar £000
Long term borrowings	486,627	(11,949)	-	-	474,678
Short term borrowings	18,870	(477)	-	-	18,393
Lease liabilities	891	(8)	-	-	883
On balance sheet PFI liabilities	101,343	(6,615)	690	-	95,418
<b>Total liabilities from financing activities</b>	<b>607,731</b>	<b>(19,049)</b>	<b>690</b>	<b>-</b>	<b>589,372</b>

### 40. Minimum Revenue Provision (MRP)

Regulations require local authorities to calculate a prudent MRP charge each year to provide for the redemption of outstanding debt. Depreciation charged to the Comprehensive Income and Expenditure Statement is reversed out of General Fund balances through the Movement in Reserves Statement and replaced by the calculated MRP charge.

The amount required under the MRP regulations for 2023/24 is £20.1m (£18.8m for 2022/23) of which £7.5m (£6.6m for 2022/23) relates to repayments of the PFI and finance lease liabilities. The amount of depreciation and amortisation charged was £52.1m (£49.7m for 2022/23).

### 41. Audit Fees

The Authority has been advised (or estimated) of the following fees payable for 2023/24.

	2022/23 £000	2023/24 £000
External Audit Fees	129	264
Teachers Pension Agency Grant	9	9
Non audited related services provided	16	-
	<b>154</b>	<b>273</b>

## 42. Employee Remuneration

The table below shows the number of staff employed by the Authority whose remuneration, taxable expenses and severance (if applicable) amounted to £50,000 or more in the financial year. The table includes the senior staff separately identified in the subsequent tables.

Pay Band		Number of Staff					
		2022/23			2023/24		
		Exc Redundancy		Inc. Redundancy Total	Exc Redundancy		Inc. Redundancy Total
		Schools	Non Schools		Schools	Non Schools	
£195,000	£199,999	-	-	-	-	1	1
£190,000	£194,999	-	-	-	-	-	-
£185,000	£189,999	-	-	-	-	-	-
£180,000	£184,999	-	-	-	-	-	-
£175,000	£179,999	-	-	-	-	-	-
£170,000	£174,999	-	-	-	-	-	-
£165,000	£169,999	-	1	1	-	-	-
£160,000	£164,999	-	-	-	-	-	-
£155,000	£159,999	-	-	-	-	1	1
£150,000	£154,999	-	1	1	-	-	-
£145,000	£149,999	-	-	-	-	-	-
£140,000	£144,999	-	-	-	-	2	2
£135,000	£139,999	-	1	1	-	-	-
£130,000	£134,999	-	-	-	-	-	-
£125,000	£129,999	-	-	-	-	-	-
£120,000	£124,999	-	-	-	-	-	-
£115,000	£119,999	-	-	-	-	-	-
£110,000	£114,999	-	1	1	-	3	3
£105,000	£109,999	-	3	3	-	-	-
£100,000	£104,999	-	5	5	2	3	5
£95,000	£99,999	1	1	2	3	3	6
£90,000	£94,999	4	1	5	2	4	6
£85,000	£89,999	4	2	6	4	5	9
£80,000	£84,999	4	5	9	7	5	12
£75,000	£79,999	8	5	13	19	13	32
£70,000	£74,999	34	16	50	29	11	40
£65,000	£69,999	31	14	45	41	30	71
£60,000	£64,999	40	24	64	48	26	74
£55,000	£59,999	54	25	79	65	41	106
£50,000	£54,999	80	96	176	91	143	235
		<b>260</b>	<b>201</b>	<b>461</b>	<b>311</b>	<b>291</b>	<b>603</b>

The tables below show the remuneration of the Authority's Senior Employees as defined by the Accounts and Audit (England) Regulations 2015.

## 2023/24

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances) £	Expenses £	Compensation for Loss of Office £	Employer Pension contributions* £	Total Remuneration £
Chief Executive - A Smith		196,745	1,600	-	42,300	240,645
Corporate Director of C&F - C Pettigrew		156,544	-	-	33,657	190,201
Corporate Director of ASC & PH		141,035	690	-	30,323	172,047
(Interim) Corporate Director of Place		141,035	-	-	30,323	171,358
Director of Public Health	1	94,173	-	-	19,739	113,912
Service Director (Finance, Infrastructure & Improvement)		110,170	319	-	23,687	134,175
Service Director (Customers, Governance and Employees)		110,170	-	-	23,687	133,857
Service Director (Transformation)		103,700	-	-	22,296	125,996
(Interim) Director of Public Health	2	7,912	-	-	1,336	18,085

\*Pension Contributions to LGPS are estimated at 21.5% to account for the pensions deficit (see note 19). One officer is part of NHS scheme at 16.9%

1. The Director for Public Health retired 31/01/24. Their annual salary was £110,170.
2. An interim Director for Public Health took up position on 27/02/24. Their annual salary is £94,550.

## 2022/23

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances) £	Expenses £	Compensation for Loss of Office £	Employer Pension contributions* £	Total Remuneration £
Chief Executive - (outgoing)		79,205	593	-	17,584	97,382
Corporate Director of C&F - C Pettigrew	1	151,250	-	-	33,578	184,828
Corporate Director of ASC & PH		136,266	230	-	30,251	166,747
Chief Executive - (incumbent) A Smith	2	166,965	1,014	-	37,066	205,045
(Interim) Corporate Director of Place (incumbent)	3	114,435	-	-	25,405	139,840
Service Director (Customers, Governance and Employees)		106,444	-	-	23,631	130,075
Director of Public Health		106,444	-	-	23,631	130,075
Service Director (Transformation)		100,193	99	-	22,243	122,535
Service Director (Finance, Infrastructure & Improvement)		106,444	162	-	23,631	130,237

\*Pension Contributions are estimated at 22.2% to account for the pensions deficit (see note 19).

1. The Chief Executive resigned with effect from 31/08/2022. Their annualised salary was £190,092.
2. The Corporate Director of Place was also the Deputy Chief Executive. Their annualised salary was £136,266 with an additional allowance of £5,138 for the Deputy Chief Executive role. They have now assumed the post of Chief Executive. The annualised salary is £190,092.
3. The new Interim Corporate Director of Place took up their role with effect from 09/11/2022. Their annualised salary is £136,266.

The table below includes all exits from the Authority, including school based staff and takes into account the cost of pension contributions that would have been paid had a retiring employee not left the Authority early. It may therefore differ from other published information.

Payment Ranges			Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages		Total Cost of Exit Packages £	
			2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0	-	£20,000	4	26	3	3	7	29	54,999	76,191
£20,001	-	£40,000	2	6	1	-	3	6	76,443	138,585
£40,001	-	£60,000	-	5	-	-	-	5	-	245,379
£60,001	-	£80,000	-	1	-	-	-	1	-	74,807
£80,001	-	£100,000	-	-	-	-	-	-	-	-
£100,001	-	£150,000	-	-	-	-	-	-	-	-
£150,001	-	£200,000	-	-	-	-	-	-	-	-
			6	38	4	3	10	41	131,442	534,962

### 43. Deployment of Dedicated Schools Grant

The Authority's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DFE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DFE to fund Academy schools in the Authority's area. The DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2015. The Schools Budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023/24 are as follows:

#### Schools Budget Funded by Dedicated Schools Grant

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2023/24 before Academy recoupment			792,939
Academy figure recouped for 2023/24			(448,081)
Total DSG after Academy recoupment for 2023/24			344,858
Brought Forward 2022/23			18,285
Carry Forward to 2024/25 agreed in advance			-
<b>Agreed initial budgeted distribution for 2023/24</b>	<b>129,474</b>	<b>233,667</b>	<b>363,143</b>
In year adjustments	-	-	-
Final budgeted distribution for 2023/24	129,474	233,667	363,141
Actual central expenditure	(110,391)	-	(110,391)
Actual ISB deployed to schools	-	(233,667)	(233,667)
Plus Local Authority contribution for 2023/24	-	-	-
<b>Carried forward to 2024/25</b>	<b>19,083</b>	<b>-</b>	<b>19,083</b>

#### 44. Pooled Budgets

Under Section 31 of the Health Act 1999, Nottinghamshire County Council has entered into the following Pooled Budget Arrangements with the partners set out below. The County Council is the host authority for the pooled budget and has responsibility for its financial management. The current contract began on 1 April 2024.

##### Integrated Community Equipment Loan Service (ICELS) - Nottinghamshire

Nottinghamshire County Council (Host)  
 Nottingham City Council  
 Nottingham City ICB  
 Mid Notts and South Notts ICB  
 North Notts ICB

Pooled Budgets Memo Account	2022/23 £000	2023/24 £000
Net (surplus) / deficit brought forward	(1,869)	(1,886)
<b>Funding provided to the pooled budget:</b>		
Nottinghamshire County Council ASC&PP	(1,393)	(1,650)
Nottinghamshire County Council CFCS	(576)	(641)
Nottingham City Council ASCH	(774)	(488)
North Notts ICB	(814)	(1,049)
Nottingham City ICB	(1,972)	(2,191)
Mid Notts and South Notts ICB	(4,268)	(4,347)
Other	(45)	(31)
<b>Total Funding</b>	<b>(9,842)</b>	<b>(10,397)</b>
	2022/23 £000	2023/24 £000
<b>Expenditure met from the pooled budget:</b>		
Partnership Management and Administration Costs	1,036	1,182
Contract Management Fee	1,397	1,307
Equipment	7,266	7,843
Minor Adaptations	118	312
Direct Payments	8	-
<b>Total Expenditure</b>	<b>9,825</b>	<b>10,644</b>
Net (surplus) / deficit carried forward	(1,886)	(1,639)

## Better Care Fund

Nottinghamshire County Council and the former Nottinghamshire Clinical Commissioning Groups have entered into a framework agreement under Section 75 of the National Health Service Act 2006. This is a pooled budget arrangement known as the Better Care Fund (BCF). This Fund enables the Local Authority and the NHS to better deliver local health and social care services. In July 2022 the CCG's joined a new body called the Integrated Care Board.

Pooled budgets occur where a number of partners agree to set aside funds for a specific purpose that they will pursue jointly, to address common objectives or realise benefits from working together. Whilst partners collectively agree the services to be provided, the agreed services are commissioned by the respective partners via their own contracts with end providers, with the commissioning entity holding end providers to account for the services they provide. On this basis, the Authority has determined that the transactions of these pools are not reflected in the Authority's financial statements, except for expenditure incurred on agreed services commissioned by the Authority via its own contracts with end providers, and the income it receives from the Pools to pay for these services.

Assessment of the operation of the BCF pooled fund identified that it does not constitute a joint arrangement and therefore requirements of IFRS11 (Joint Arrangements) are not met.

Pooled Budgets Memo Account	2022/23	2023/24
	£000	£000
<b>Net (surplus) / deficit brought forward</b>	<b>(3,574)</b>	<b>(3,640)</b>
<b>Funding provided to the pooled budget:</b>		
Nottinghamshire County Council ASC&PH	(41,746)	(70,427)
Reserves	(188)	(55)
Integrated Care Board (ICB)	(68,621)	(45,694)
<b>Total Funding</b>	<b>(110,555)</b>	<b>(116,176)</b>
	2022/23	2023/24
	£000	£000
<b>Expenditure met from the pooled budget:</b>		
Nottinghamshire County Council ASC&PH	33,059	35,172
iBCF (various projects)	30,920	30,920
Use of Reserves	122	-
ASC Discharge Fund - Integrated Care Board (ICB)	2,939	4,335
ASC Discharge Fund Notts	3,778	3,778
Integrated Care Board (ICB)	39,671	41,916
<b>Total Expenditure</b>	<b>110,489</b>	<b>116,121</b>
<b>Net (surplus) / deficit carried forward</b>	<b>(3,640)</b>	<b>(3,695)</b>

## 45. Termination Benefits

The Authority terminated the contracts of a number of employees in 2023/24, with a net value of £0.2 million (£0.1 million in 2022/23). These figures include accounting entries required by The Code.

## 46. Members Allowances

The Authority makes payments to Councillors for work undertaken in the course of their duties. The cost during the financial year was £1,851,686 (£1,779,698 in 2022/23). In addition to this, Members were reimbursed a total of £48,362 (£48,262 in 2022/23) for expenses incurred on Authority business.









# NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

## FUND ACCOUNT

	Notes	2022/23 £000	2023/24 £000
<b>Contributions</b>	4		
Employer contributions		(175,315)	(208,435)
Member contributions		(54,643)	(61,577)
		<b>(229,958)</b>	<b>(270,012)</b>
Transfers in from other pension funds		(18,937)	(16,005)
<b>Benefits</b>	5		
Pensions		197,937	221,114
Commutation of pensions and lump sum retirement benefits		36,224	38,722
Lump sum death benefits		6,202	6,933
		<b>240,363</b>	<b>266,769</b>
Payments to and on account of leavers	6	17,991	7,945
<b>Net (additions)/withdrawals from dealings with members</b>		<b>9,459</b>	<b>(11,303)</b>
Administration expenses	7	2,687	3,164
Oversight and governance expenses	8	1,701	1,875
Investment management expenses	9	21,838	21,469
<b>Net (additions)/withdrawals after fund management expenses</b>		<b>35,685</b>	<b>15,205</b>
Investment Income	10	(90,118)	(92,709)
(Profits)/losses on disposal of investments & changes in value		204,164	(483,519)
Taxes on income		404	335
<b>Net Returns on Investments</b>		<b>114,450</b>	<b>(575,893)</b>
<b>Net (increase)/decrease in net assets available for benefits during the year</b>		<b>150,135</b>	<b>(560,688)</b>
Opening net assets of the Fund		6,616,649	6,466,514
<b>Closing net assets of the Fund</b>		<b>6,466,514</b>	<b>7,027,202</b>

The notes on the following pages form part of these Financial Statements.

# NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

## NET ASSETS STATEMENT FOR THE YEAR ENDED

	Notes	31 March 2023 £000	31 March 2024 £000
Investment Assets	11 & 15		
Fixed Interest Securities		220,346	160,957
Index Linked Securities		-	33,922
Equities		1,663,353	1,851,807
Pooled Investment Vehicles		4,050,262	4,396,245
Property		394,825	396,300
Cash deposits		107,288	163,995
Other Investment Balances	13	32,425	19,996
Investment liabilities	13	(4,575)	(4,433)
		<b>6,463,924</b>	<b>7,018,789</b>
Current assets	14	21,250	21,746
		<hr/> 6,485,174	<hr/> 7,040,535
Current liabilities	14	(18,660)	(13,333)
<b>Closing net assets of the Fund</b>		<hr/> <b>6,466,514</b> <hr/>	<hr/> <b>7,027,202</b> <hr/>

The actuarial present value of promised retirement benefits, as required by the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*, is shown at note 2d.

The notes on the following pages form part of these Financial Statements.

**1. Accounting Policies****(a) Basis of Preparation**

The Pension Fund accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* (the Code). On issues where there is no clear guidance in the Code, reference has been made under the hierarchy of standards to *Financial Reports of Pension Schemes: a Statement of Recommended Practice 2018* (the Pensions SORP) or to individual International Accounting Standards (IAS). Disclosures required by IFRS 9 and 15 have been reflected in the accounts where material. Disclosures in the Pension Fund accounts have been limited to those required by the Code. Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. There are a number of minor changes to the Code which will not have a material impact upon the financial statements of the Pension Fund.

The accounts have been prepared on a going concern basis.

**(b) Debtors and Creditors**

The accruals concept is applied to these accounts in compliance with the Code.

**(c) Investments**

Pension Fund investments are carried at fair value in accordance with the Code. Fair value is defined as 'the 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'. Where an active market exists, the quoted market price is used. Where there is no active market, fair value is established by using valuation techniques.

Specific details on the valuation methods for particular classes of assets are listed below:

- Equities traded through a stock exchange are valued at the latest quoted price. Where more than one price is quoted the 'bid' price is used.
- Unit Trusts and managed funds are valued at the closing single price or the bid price where applicable. These reflect the market value of the underlying investments.
- Unquoted securities and pooled private equity investments are valued at fair value by the fund managers based on earnings, revenues and comparable valuations in accordance with industry accepted guidelines. Where these valuations are not available at the time of compiling the financial statements, the most recent valuation is used as an estimate as adjusted for any cash flows before year end as a best estimate of year end valuation.
- The market value of fixed interest investments is based on the 'clean price', i.e. excludes income accrued at 31 March but not yet due for payment.
- Property investments are stated at open market value based on a quarterly independent external valuation in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards at the Net Assets Statement date based on lease terms, nature of tenancies, covenant strength, vacancy levels, estimated rental growth and discount rate.

Transaction costs arising on all investment purchases and sales are charged to the Fund Account within 'Profits & losses on disposal of investments & changes in value' by adding to purchase costs and netting against sale proceeds, as appropriate, for all investment types. This achieves consistency between asset classes and ensures all transaction costs are charged to the Fund Account. It also ensures that the financial statements faithfully represent the economic substance of the transactions. The economic substance of purchases and sales of all asset types is to generate returns for the Fund to help mitigate the cost to employers of providing pensions. Transaction costs are ancillary to this purpose.

The change in fair value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

#### **(d) Investments Income**

Income is accounted for on an accruals basis for the following:

- interest on cash deposits and fixed interest securities is accrued on a daily basis.
- dividends from equities are accrued when the stock is quoted ex-dividend.
- rental income from operating leases on properties owned by the Fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### **(e) Taxes on Income**

UK equity dividends are quoted and accounted for at the net rate. The tax credit, which the Fund is unable to recover, is not recognised (in accordance with the Pensions SORP). Overseas equity dividends are accounted for gross of withholding tax, where this is deducted at source. Partial reclaims of withholding tax, where allowed, are adjusted at the year end by outstanding claims.

#### **(f) Foreign Currencies**

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at the rate ruling on the date of the transaction. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

#### **(g) Contributions**

Normal contributions, both from the members and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from employers are accounted for on an accruals basis.

#### **(h) Benefits Payable**

Under the rules of the scheme, members can receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised. Other benefits are accounted for on the date the member leaves the scheme or on death.

#### **(i) Transfers to and from Other Schemes**

Transfer values represent the capital sums either receivable (in respect of members from other pension schemes of previous employers) or payable (to the pension schemes of new employers for members who have left the scheme). They take account of transfers where the trustees (or administering authority) of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.



#### **(j) Other Expenses**

Management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT. Nottinghamshire County Council charges the Fund with the costs it incurs in administering the scheme and the Fund. Fees and charges within pooled investment vehicles have the effect of reducing the fair value of those investments. These embedded costs are disclosed at note 10.

#### **(k) Property related income**

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

## **2. Operation of the Fund**

### **(a) General**

Nottinghamshire County Council is the Administering Authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire. The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The LGPS is a statutory scheme administered by individual pension funds. The benefits within the scheme are determined by regulation and are guaranteed by statute. The Pension Fund exists to help defray the cost of paying the pension benefits. Members make contributions to the Fund as specified in the regulations and employers make contributions as determined by the Fund's actuary as part of the triennial valuation of the Fund. All new employees are brought into the scheme automatically, unless a positive election not to participate is received from the employee.

The Authority administers the Pension Fund for over 320 participating employers and over 160,000 members. The employers include Nottinghamshire County Council, Nottingham City Council, District Councils and organisations which used to be part of local government (such as Nottingham Trent University, Colleges, Police civilian staff and Academies). They also include organisations which satisfy the conditions to participate in the LGPS and have been admitted to the Fund by the Authority. In general, these organisations are non-profit making, or are undertaking a service which was, or could be, carried out by a local authority.

The operation of the Fund is set out in a number of published policy statements. Under the Nottinghamshire County Council Constitution, the functions as administering authority of the Fund are delegated to the Nottinghamshire Pension Fund Committee.

The Funding Strategy Statement sets out the aims and purpose of the Fund and details the responsibilities of the administering authority as regards funding the scheme.

The Investment Strategy Statement sets out more detailed responsibilities relating to the overall investment strategy of the Fund including the proposed asset allocation, restrictions on investment types, the type of investment management used and performance monitoring. It also states the Fund's approach to responsible investment and corporate governance issues.

The Communications Strategy Statement details the overall strategy for involving stakeholders in the Fund. A key part of this strategy is a dedicated Fund website (available at [www.nottspf.org.uk](http://www.nottspf.org.uk)).

A separate annual report for the Fund is also produced and this, along with previous years' reports, will be accessible via the pension fund website. The annual report includes the accounts and the published policies as well as information on the performance of the Fund.

The accounts of the Fund are set out in these pages. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 requires:

- a Fund Account showing the changes in net assets available for benefits;
- a net assets statement showing the assets available at the year end to meet benefits;
- supporting notes.

## **(b) Contributions and Solvency**

With effect from 1 April 2008 The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 were introduced. The principal changes from the 1997 regulations were: the replacement, for future service, of the existing benefits structure (based on a pension of 1/80th of pensionable pay for each year of pensionable service plus an automatic lump sum of three times this amount) by one based on 1/60th of pensionable pay for each year of pensionable service and no automatic lump sum. Under the 2008 scheme, employees were required to make percentage contributions by deduction from earnings at a rate between 5.5% and 7.5% depending on salary.

From 1 April 2014 the new Local Government Pension Scheme was introduced for service accruing after that date. This is a career average revalued earnings (CARE) scheme with an accrual rate of 1/49th of pensionable pay and a retirement age linked to the state retirement age. Employee contribution rates in the new scheme range from 5.5% to 12.5% depending on salary.

Employers are required to make such balancing contributions, determined by the Actuary, as will maintain the Fund in a state of solvency, having regard to existing and prospective liabilities.

## **(c) Actuarial Valuations**

As required by the Regulations an Actuarial Valuation of the Fund was carried out as at 31 March 2022. The smoothed market value of the Fund's assets at the valuation date was £6,498 million. The Actuary has estimated that the value of the Fund was sufficient to meet 100% of its expected future liabilities in respect of service completed to 31 March 2022 at Fund level. The certified contribution rates are expected to improve this to 100% within a period of 18 years for all employers. The full actuarial valuation report is available on the Fund's website at [www.nottspf.org.uk](http://www.nottspf.org.uk).

The Actuarial Valuation was carried out using the projected unit method and the key assumptions used within the valuation are shown below.

	<b>31 March 2022</b>
	<b>% pa</b>
Expected investment returns:	
Equities	6.9
Gilts	2.0
Property and Infrastructure	6.4
Discount Rate	4.7
Consumer price inflation (CPI)	2.9
Long term pay increases	3.9
Pension Increases	2.9

The 2022 valuation produced an average employer contribution rate of 21.0%. Employer contributions were certified by the actuaries for the years 2023/24 to 2025/26. For the majority of employers, the rate for future service accrual was certified as a percentage of salary with an additional cash amount specified for deficit recovery. The following list shows the contributions payable by the main employers as certified in the final report:

<b>Certified employer contributions</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Nottinghamshire County Council	19.8%	19.8%	19.8%
Plus:	£3,880,000	£2,050,000	£60,000
Nottingham City Council	18.5%	18.5%	18.5%
Plus:	£6,810,000	£5,380,000	£3,810,000
Ashfield District Council	19.3%	19.3%	19.3%
Plus:	£1,400,000	£1,300,000	£1,190,000
Bassetlaw District Council	20.3%	20.3%	20.3%
Plus:	£799,000	£695,000	£583,000
Broxtowe Borough Council	19.0%	19.0%	19.0%
Plus:	-	-	-
Gedling Borough Council	19.6%	19.6%	19.6%
Plus:	£241,000	£148,000	£48,000
Mansfield District Council	20.2%	20.2%	20.2%
Plus:	£1,700,000	£1,570,000	£1,420,000
Newark and Sherwood District Council	18.6%	18.6%	18.6%
Plus:	£459,000	£477,000	£495,000
Rushcliffe Borough Council	18.5%	18.5%	18.5%
Plus:	£840,000	£720,000	£600,000

**(d) Actuarial Present Value of Promised Retirement Benefits**

The actuarial present value of promised retirement benefits has been calculated by the Fund's actuaries in accordance with IAS 26. To do this, the actuaries rolled forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2022 allowing for the different financial assumptions required under IAS 26. The assumptions used for the purposes of the IAS 26 calculations (which are consistent with IAS 19) are as follows:

	<b>31 March 2022</b>		<b>31 March 2023</b>		<b>31 March 2024</b>	
	<b>% pa</b>	<b>Real % pa</b>	<b>% pa</b>	<b>Real % pa</b>	<b>% pa</b>	<b>Real % pa</b>
CPI increases	3.25	-	2.90	-	2.90	-
Salary Increases	4.25	1.00	3.90	1.00	3.90	1.00
Pension Increases	3.25	-	2.90	-	2.90	-
Discount Rate	2.60	-0.65	4.80	1.90	4.90	2.00
Mortality assumptions:						
Longevity at 65 for current pensioners						
Men (years)			20.7		20.4	
Women (years)			23.5		23.3	
Longevity at 65 for future pensioners						
Men (years)			22.0		21.7	
Women (years)			25.0		24.7	
Estimated return on assets			-2.09%		8.46%	

Members will exchange half of their commutable pension for cash at retirement.

The net liability under IAS 26 is shown below.

	31 March 2022 £000	31 March 2023 £000	31 March 2024 £000
Present value of funded obligation	10,848,228	6,972,910	7,104,275
Fair value of Fund assets	6,577,989	6,463,924	7,018,789
<b>Net Liability</b>	<b>4,270,239</b>	<b>508,986</b>	<b>85,486</b>

The present value of funded obligation consists of £7,027.4 million in respect of vested obligation and £76.8 million in respect of non-vested obligation.

A ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements put in place when moving from final salary to average salary scheme arrangements. Court of Appeal judgements were made in cases affecting judges' pensions (the McCloud Judgement) and firefighter pensions. The ruling will have implications for the Local Government Pension Scheme which also moved from a final salary to a career average salary scheme. The IAS 26 figures included in the accounts reflect the estimated impact of the McCloud Judgement.

**These figures are presented only for the purposes of IAS 26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.**

#### (e) Investment Strategy

The investment strategy of the Fund is designed to maximise growth within acceptable risk parameters to help meet the future liabilities. The powers of investment are governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The current investment policy is set out in the Fund's Investment Strategy Statement, a copy of which is available on the pension fund website.

During 2023/24 the Nottinghamshire Pension Fund Committee was responsible for determining the investment strategy of the Fund and the type of investment management to be used. The Nottinghamshire Pension Fund Committee consisted of eleven elected County Councillors (voting members), three representatives of Nottingham City Council, two representatives of the District Councils, two representatives of the Trade Unions, a representative elected by the other scheduled and admitted bodies and two appointed pensioner representatives (non voting members). Meetings were also attended by an independent adviser and representatives of the Chief Financial Officer.

The investments were managed by officers of the Authority or by organisations specialising in the management of pension fund assets. The Nottinghamshire Pension Fund Committee was responsible for monitoring performance of the fund and met on a quarterly basis to review the Fund's main investment managers and their performance.

#### (f) Recognition of income on leased properties

The Fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the net asset statement at fair value. Rental income is recognised in the fund account on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a premium paid at the inception of the lease).

### (g) Major sources of estimation uncertainty

In applying the accounting policies set out in Note 1 above, the Authority has had to make certain estimates about complex transactions or those involving uncertainty about future events. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

**Pension Fund Liability** - The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 2 c). The impact of a 0.1% change in the discount rate is shown in Note 15 c). Actuarial re-valuations are used to set future contribution rates and underpin the Fund's most significant investment management policies.

**Property Investments** - Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data. The impact of a variation of 10% on valuation is shown in Note 15 b).

**Level 3 Investments** - Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation. The impact of a variation of 20% on valuation is shown in Note 15 b).

### (h) External Audit

A separate fee is payable to Forvis Mazars LLP for audit of the Pension Fund. All fees have been included in the accounts for the period to which they relate. The fee for 2023/24 is £94,120, including £20,000 for IAS19 assurance (£70,656 including £17,600 for IAS 19 assurance for 2022/23, audited by Grant Thornton UK LLP).

## 3. Contributors and Pensioners

	Members at 31 March 2024				Total
	County Council	City Council	District Councils	Other	
Contributors	13,070	9,033	3,550	22,102	47,755
Deferred Beneficiaries	26,995	12,984	4,419	22,777	67,175
Pensioners	20,712	9,497	5,536	11,140	46,885
					<b>161,815</b>

	Members at 31 March 2023				Total
	County Council	City Council	District Councils	Other	
Contributors	13,023	7,972	3,372	22,771	47,138
Deferred Beneficiaries	26,840	12,941	4,416	20,930	65,127
Pensioners	19,904	9,033	5,382	10,034	44,353
					<b>156,618</b>

#### 4. Analysis of Contributions

	Employers		Members		Total	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
County Council	41,669	51,769	13,975	14,994	55,644	66,763
Scheduled Bodies	124,817	148,769	38,455	44,262	163,272	193,031
Admitted Bodies	8,829	7,896	2,213	2,321	11,042	10,218
	<b>175,315</b>	<b>208,435</b>	<b>54,643</b>	<b>61,577</b>	<b>229,958</b>	<b>270,012</b>

#### 5. Analysis of Benefits

	2022/23 £000	2023/24 £000
Pensions	197,937	221,114
Commutation and lump sum	36,224	38,722
Lump sum death benefits	6,202	6,933
	<b>240,363</b>	<b>266,769</b>
Comprising of:		
County Council	89,092	95,976
Scheduled Bodies	139,829	157,526
Admitted Bodies	11,442	13,267
	<b>240,363</b>	<b>266,769</b>

#### 6. Payments to and on account of leavers

	2022/23 £000	2023/24 £000
Refunds to members leaving the Fund	269	512
Payments for members joining state scheme	(1)	(2)
Group transfers to other funds	-	-
Individual transfers to other funds	17,723	7,435
	<b>17,991</b>	<b>7,945</b>

#### 7. Administration Expenses

	2022/23 £000	2023/24 £000
Printing and stationery	8	9
Legal fees	35	13
Other external fees	271	361
Bad debts	-	-
Administering Authority Costs	2,373	2,781
	<b>2,687</b>	<b>3,164</b>

## 8. Oversight and Governance Expenses

	2022/23 £000	2023/24 £000
Training and conferences	6	8
Subscriptions and membership fees	51	62
Actuarial fees	75	24
Audit fees	71	23
Legal fees	-	1
Other external fees	1,105	1,359
Administering Authority Costs	393	398
	<b>1,701</b>	<b>1,875</b>

Other external fees include the Fund's share of the running costs of LGPS Central Ltd.

## 9. Investment Management Expenses

	2022/23 £000	2023/24 £000
Custody fees	262	256
Investment management fees	4,520	5,051
Estimated embedded costs within pooled investment funds	16,948	16,112
Other external fees	53	22
Administering Authority Costs	55	28
	<b>21,838</b>	<b>21,469</b>

The investment management fees shown above are those fees attributable to external managers and charged directly to the Fund. Additional fees and charges are incurred through pooled investment vehicles. These have the effect of reducing the fair value of the investments. The estimated embedded costs within pooled investment vehicles were £16.1 million or 0.56% of the associated assets in 2023/24 (£16.5 million or 0.60% in 2022/23). Investment Management Fees have been grossed up in line with the Code.

## 10 Investment Income

Analysis by type of investment	2022/23 £000	2023/24 £000
Interest from fixed interest securities	(6,877)	(4,659)
Interest from index-linked securities	-	(44)
Dividends from equities	(44,718)	(47,646)
Income from pooled investment vehicles	(5,082)	(3,962)
Income from property pooled vehicles	(7,709)	(6,277)
Net rents from property	(19,655)	(18,966)
Interest on cash deposits	(3,127)	(9,188)
Other	(2,950)	(1,967)
	<b>(90,118)</b>	<b>(92,709)</b>
Directly held property		
Rental income	(21,431)	(21,201)
Less operating expenses	1,776	2,235
<b>Net rents from property</b>	<b>(19,655)</b>	<b>(18,966)</b>

The future minimum lease payments receivable by the Fund are as follows:

	2022/23 £000	2023/24 £000
Within one year	21,503	21,416
Between one and five years	68,422	77,256
Later than five years	157,326	155,089
<b>Future lease payments due under existing contracts</b>	<b>247,251</b>	<b>253,761</b>



## 11. Investments

(a) Investment Analysis	31 March 2023 £000	31 March 2024 £000
Fixed Interest Securities		
UK Public Sector	133,618	134,148
UK Other	86,728	26,809
Global Corporate Bonds	-	-
Index Linked Securities		
Public Sector	-	33,922
Equities		
UK	794,607	814,653
Overseas	866,746	1,035,154
Unlisted	2,000	2,000
Pooled Investment Vehicles		
Unit Trusts	1,433,591	1,579,678
Other Managed Funds	2,262,361	2,487,762
Pooled Vehicles Invested in Property		
Property Unit Trusts	161,424	127,199
Other Managed Funds	192,886	201,606
Property	394,825	396,300
Cash and Currency	107,288	163,995
<b>Total Investments</b>	<b>6,436,074</b>	<b>7,003,226</b>

The original values of investments are based on purchase cost plus transaction costs. If any investments have been held since 1 April 1974 (when the Authority was given the responsibility for the Fund) these are included at the market value as at that date.

	31 March 2023 £000	31 March 2024 £000
Market Value	6,436,074	7,003,226
Original Value	5,582,679	5,732,604
<b>Excess of Market Value over Original Value</b>	<b>853,395</b>	<b>1,270,622</b>

### (b) Reconciliation of Opening and Closing Values of Investments 2023/24

	Value at 31 March 2023 £000	Purchases at Cost £000	Proceeds of Sales £000	Embedded Fees £000	Change in Market Value £000	Value at 31 March 2024 £000
Fixed Interest Securities	220,346	15,696	(75,089)		4	160,957
Index Linked Securities	-	30,012	-		3,910	33,922
Equities	1,663,353	465,313	(461,009)		184,150	1,851,807
Pooled Investment Vehicles	3,695,952	99,037	(28,578)	(16,112)	317,141	4,067,440
Property Pooled Vehicles	354,310	28,909	(31,334)		(23,080)	328,805
Property	394,825	80	-		1,395	396,300
	<b>6,328,786</b>	<b>639,047</b>	<b>(596,010)</b>	<b>(16,112)</b>	<b>483,520</b>	<b>6,839,231</b>
Cash deposits	107,288					163,995
	<b>6,436,074</b>					<b>7,003,226</b>

## Reconciliation of Opening and Closing Values of Investments 2022/23

	Value at 1 April 2022 £000	Purchases at Cost £000	Proceeds of Sales £000	Embedded Fees £000	Change in Market Value £000	Value at 31 March 2023 £000
Fixed Interest Securities	343,093	103,922	(189,254)		(37,415)	220,346
Equities	1,916,522	502,485	(730,242)		(25,412)	1,663,353
Pooled Investment Vehicles	3,361,347	475,545	(84,117)	(16,948)	(39,875)	3,695,952
Property Pooled Vehicles	309,469	64,962	(6,057)		(14,064)	354,310
Property	500,950	(490)	(18,237)		(87,398)	394,825
	<b>6,431,381</b>	<b>1,146,424</b>	<b>(1,027,907)</b>	<b>(16,948)</b>	<b>(204,164)</b>	<b>6,328,786</b>
Cash deposits	161,973					107,288
	<b>6,593,354</b>					<b>6,436,074</b>

Transaction costs are included in the cost of purchases and sale proceeds. The costs charged directly to the Fund, such as fees, commissions and stamp duty, amounted to £1.9 million in 2023/24 (£1.7 million in 2022/23). In addition, indirect costs are incurred through the bid-offer spread on investments. This amount is not separately provided.

### (c) Management Arrangements

The assets of the Fund are managed within six portfolios and a breakdown of these as at the Net Assets Statement date is shown below:

	31 March 2023 £000		31 March 2024 £000	
Core Index	1,286,977	20.0%	1,462,071	20.9%
Schroder Active Equities	1,772,074	27.6%	2,037,768	29.0%
LGPS Central	1,194,989	18.6%	1,383,991	19.8%
Fixed Interest	86,728	1.3%	26,809	0.4%
Abrdn Property	536,142	8.3%	523,630	7.5%
Specialist	1,559,164	24.2%	1,568,957	22.4%
<b>Total</b>	<b>6,436,074</b>	<b>100.0%</b>	<b>7,003,226</b>	<b>100.0%</b>

A breakdown of material pooled holdings managed by external managers within the Core Index, Schroders, LGPS Central, Abrdn Property and Specialist portfolios is shown below:

	31 March 2023 £000	31 March 2024 £000
<b>Core Index</b>		
Legal & General	1,283,390	1,461,111
<b>Schroders</b>		
Schroders	250,870	283,579
<b>LGPS Central</b>		
LGPS Central	1,061,194	1,215,726
<b>Abrdn Property</b>		
Abrdn	134,680	127,330
<b>Specialist</b>		
Aegon Asset Management	350,441	357,020
RWC Capital	239,360	239,243
Darwin	100,482	88,932
Dorchester	97,358	79,752

The following investments represent over 5% of the net assets of the Fund.

	<b>Market Value 31 March 2023</b>		<b>Market Value 31 March 2024</b>	
	<b>£000</b>	<b>% of Fund</b>	<b>£000</b>	<b>% of Fund</b>
Legal & General UK Equity Index	448,630	7.0%	486,877	7.0%
Aegon Diversified Growth Fund	326,264	5.1%	357,020	5.4%

**(d) Asset Allocation**

The asset allocation of the Fund as at the Net Assets Statement date is shown below:

	<b>31 March 2023 £000</b>		<b>31 March 2024 £000</b>	
UK Fixed Interest	220,346	3.4%	160,957	2.3%
Global Fixed Interest	296,110	4.6%	321,386	4.6%
Index Linked Securities	-		33,922	0.5%
UK Equities	1,113,252	17.3%	1,201,156	17.2%
Overseas Equities:				
US	922,778	14.3%	1,114,219	15.9%
Europe	559,984	8.7%	626,404	8.9%
Japan	256,918	4.0%	293,857	4.2%
Pacific Basin	175,704	2.7%	182,599	2.6%
Emerging Markets	309,951	4.8%	330,208	4.7%
Global Equities	426,948	6.6%	494,146	7.1%
UK Property	627,421	9.7%	596,768	8.5%
Overseas Property	139,769	2.2%	149,377	2.1%
Private Equity	242,194	3.8%	226,769	3.2%
Infrastructure	508,054	7.9%	507,432	7.3%
Credit	203,093	3.2%	243,011	3.5%
Multi-Asset	326,264	5.1%	357,020	5.1%
Forward Foreign Exchange	-	-	-	-
Cash	107,288	1.7%	163,995	2.3%
<b>Total</b>	<b>6,436,074</b>	<b>100.0%</b>	<b>7,003,226</b>	<b>100.0%</b>

**(e) Property**

Direct property is shown at open market value (as defined by the International Valuation Standards Committee) as determined by Knight Frank LLP.

The analysis of property is:

	<b>31 March 2023 £000</b>	<b>31 March 2024 £000</b>
Freehold	369,025	369,225
Leasehold more than 50 years	25,800	27,075
	<b>394,825</b>	<b>396,300</b>
Original Value	379,449	379,530

Details of movements on directly owned properties are as follows:-

	31 March 2023 £000	31 March 2024 £000
<b>Opening balance</b>	<b>500,950</b>	<b>394,825</b>
Additions:		
Purchases	(550)	(21)
New construction	-	-
Subsequent expenditure	60	101
Disposals	(18,237)	-
Net increase/(decrease) in market value	(87,398)	1,395
Other changes in fair value	-	-
<b>Closing balance</b>	<b>394,825</b>	<b>396,300</b>

**(f) Analysis of Pooled Investment Vehicles**

The underlying economic exposure of pooled investment vehicles is shown below:

	31 March 2023 £000	31 March 2024 £000
Global Fixed Interest	296,110	321,386
UK Equities	476,030	523,779
Overseas Equities:		
US	252,799	320,754
Europe	421,804	455,820
Japan	198,331	222,753
Pacific Basin	175,704	182,599
Emerging Markets	309,951	330,208
Global	426,948	494,145
UK Property	222,934	186,921
Overseas Property	131,376	141,884
Private Equity	240,194	224,769
Infrastructure	368,724	391,196
Credit	203,093	243,011
Multi-Asset	326,264	357,020
<b>Total</b>	<b>4,050,262</b>	<b>4,396,245</b>

**(g) Private Equity and Infrastructure Funds**

The Fund has made commitments to a number of funds. The original commitments are shown below in the fund currencies:

	<b>Currency</b>	<b>Commitment</b> millions
<b>Private Equity Funds</b>		
Wilton Private Equity Fund	USD	14
Pantheon Europe Fund III	EUR	10
East Midlands Regional Venture Capital Fund	GBP	5
Schroders Private Equity Fund of Funds III	EUR	22
DCM Private Equity Fund II	USD	18
Pantheon Europe Fund V	EUR	15
Coller International Partners V	USD	18
Catapult Growth Fund	GBP	4
Altius Associates Private Equity Fund	USD	10
Partners Group Secondary 2008	EUR	13
DCM Private Equity Fund III	USD	16
Coller International Partners VI	USD	16
Altius Associates Private Equity Fund II	USD	15
Foresight Nottingham Fund	GBP	10
Aberdeen SVG Private Equity	USD	15
DCM Private Equity Fund IV	USD	16
Coller International VII	USD	16
Pantheon Multi-Strategy	EUR	14
Capital Dynamics CPEV 15-16	GBP	10
Capital Dynamics CPEV 16-17	GBP	10
YFM Equity Partners Buyout Fund I	GBP	10
Darwin Leisure Development Fund	GBP	30
Darwin Leisure Property Fund	GBP	20
Capital Dynamics CPEV 17-18	GBP	10
Capital Dynamics CPEP 18-19	GBP	10
YFM Buyout Fund II	GBP	15
LGPS Central PE Primary Fund 2018	GBP	10
LGPS Central PE Co-Investments 2018	GBP	5
Coller International VIII	USD	35
BGF	GBP	8
LGPS Central PE Primary Fund 2021	GBP	90
LGPS Central PE Co-Investments 2021	GBP	30
YFM Buyout Fund III LP	GBP	20
Coller International IX	USD	49
<b>Infrastructure Funds</b>		
Partners Group Global Infrastructure	EUR	12
Altius Real Assets Fund I	USD	15
Hermes GPE Infrastructure Fund	GBP	25
AMP Capital Global Infrastructure Fund	USD	34
SL Capital Infrastructure	GBP	15
JP Morgan IIF UK 1	USD	22
Green Investment Bank Offshore Wind Fund	GBP	15
MacQuarie European Infrastructure Fund 5	EUR	24
Equitix Fund IV LP	GBP	20
Hermes GPE Infrastructure II	GBP	25
Equitix Fund V	GBP	10
SL Capital Infrastructure II	EUR	30

Capital Dynamics Clean Energy and Infrastructure VIII	GBP	20
LGPS Central Infrastructure Fund (Single Asset)	GBP	20
LGPS Central Infrastructure Fund (Core Plus)	GBP	125
LGPS Central Infrastructure Fund (Value Added)	GBP	50
Darwin Bereavement Services Fund	GBP	30
LGPS Central PE Primary 2023 LP	GBP	35

#### Credit Funds

Dorchester Credit Opportunities	USD	65
Dorchester Credit Secondaries Offshore VI	USD	50
Dorchester Capital Secondaries Offshore V	USD	50
Cheyne SVC Hybrid	GBP	25

#### Property Funds

Cheyne Real Estate Credit Holdings VII	GBP	40
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These commitments are drawn by the funds over time as investments are made in underlying companies or assets. The undrawn commitments as at 31 March 2024 were £366.5 million (£362.4 million at 31 March 2023). Of the funds above, the following were new commitments made during 2023/24:-

	Currency	Commitment millions
Dorchester Credit Secondaries Offshore VI	USD	50
Cheyne SVC Hybrid	GBP	25
YFM Buyout Fund III LP	GBP	20
Collier International IX	USD	49
LGPS Central PE Primary 2023 LP	GBP	35

#### (h) Analysis of derivatives

There were no derivatives held at 31 March 2024 or 31 March 2023.

### 12. Contingent Liabilities

The Fund has no contingent liabilities.

### 13. Other Investment Balances and Liabilities

	31 March 2023 £000	31 March 2024 £000
Other investment balances		
Outstanding investment transactions	12,332	3,394
Investment income	20,093	16,602
	<b>32,425</b>	<b>19,996</b>
Investment Liabilities		
Outstanding investment transactions	-	-
Investment income	(4,575)	(4,433)
	<b>(4,575)</b>	<b>(4,433)</b>

## 14. Current Assets and Liabilities

	31 March 2023 £000	31 March 2024 £000
Current assets		
Contributions due from employers	18,877	19,294
Other	2,373	2,452
	<b>21,250</b>	<b>21,746</b>
Current Liabilities		
Payments in advance	-	-
Sundry creditors	(17,927)	(12,311)
Other	(733)	(1,022)
	<b>(18,660)</b>	<b>(13,333)</b>

## 15. Financial Instruments and Property Investments

- (a) The various financial instruments held by the Fund are valued at fair value or amortised cost. The following tables analyse the value of financial assets and liabilities by asset class.

Property assets are not included in this table as they are not financial instruments, which is otherwise consistent with the figures in note 11.

	Financial assets measured at Fair Value through profit and loss £000	31 March 2024 Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Totals £000
<b>Financial Assets</b>				
Fixed Interest Securities	160,957	-	-	160,957
Index Linked Securities	33,922	-	-	33,922
Equities	1,851,807	-	-	1,851,807
Pooled Investment Vehicles	4,067,440	-	-	4,067,440
Property Pooled Vehicles	328,805	-	-	328,805
Cash deposits	-	163,995	-	163,995
Other investment balances	-	19,996	-	19,996
Current Assets	-	21,746	-	21,746
	<b>6,442,931</b>	<b>205,737</b>	<b>-</b>	<b>6,648,668</b>
<b>Financial Liabilities</b>				
Investment Liabilities	-	-	(4,433)	(4,433)
Current Liabilities	-	-	(13,333)	(13,333)
	-	-	<b>(17,766)</b>	<b>(17,766)</b>
	<b>6,442,931</b>	<b>205,737</b>	<b>(17,766)</b>	<b>6,630,902</b>

	31 March 2023			
	Financial assets measured at Fair Value through profit and loss £000	Assets at amortised cost £000	Financial liabilities at amortised cost £000	Totals £000
<b>Financial Assets</b>				
Fixed Interest Securities	220,346	-	-	220,346
Equities	1,663,353	-	-	1,663,353
Pooled Investment Vehicles	3,695,952	-	-	3,695,952
Property Pooled Vehicles	354,310	-	-	354,310
Cash deposits	-	107,288	-	107,288
Other investment balances	-	32,425	-	32,425
Current Assets	-	21,250	-	21,250
	<b>5,933,961</b>	<b>160,963</b>	-	<b>6,094,924</b>
<b>Financial Liabilities</b>				
Investment Liabilities	-	-	(4,575)	(4,575)
Current Liabilities	-	-	(18,660)	(18,660)
	-	-	(23,235)	(23,235)
	<b>5,933,961</b>	<b>160,963</b>	<b>(23,235)</b>	<b>6,071,689</b>

No financial assets were reclassified during the accounting period.

**(b) Valuation of financial instruments and Property Investments carried at fair value**

The valuation of investments has been classified into three levels according to the quality and reliability of information used to determine fair values.

- Level 1 Fair values derived from quoted market price.
- Level 2 Fair values derived from valuation techniques based significantly on observable inputs.
- this includes all quoted equity, fixed interest and index linked instruments and quoted funds.
  - this includes unquoted funds containing equity, fixed interest and index linked instruments and unquoted property funds which are regularly traded.
- Level 3 Fair values derived from valuation techniques where at least one significant input is not based on observable market data.
- this includes unquoted securities and investments in private equity funds.
  - following guidance from IFRS13 property and property funds are classified as level 3 at 31 March 2024.

All property funds except one are now considered level 3, and some of our listed securities held in unquoted funds are now considered level 2.



The basis of valuation, inputs and key sensitivities for level 2 and 3 investments are described below.

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Unquoted pooled fund investments	Average of broker prices	Evaluated price feeds	None
Pooled property funds and hedge funds where regular trading takes place	Closing bid price	NAV-based pricing set on a forward pricing basis	None
Freehold and leasehold properties	Property investments are stated at open market value based on a quarterly independent external valuation in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards at the Net Assets Statement date.	<ul style="list-style-type: none"> <li>• lease terms</li> <li>• nature of tenancies</li> <li>• covenant strength</li> <li>• vacancy levels</li> <li>• estimated rental growth</li> <li>• discount rate</li> </ul>	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Unquoted securities	Unquoted securities and pooled private equity and property investments are valued at fair value by the fund managers in accordance with industry accepted guidelines.	<ul style="list-style-type: none"> <li>• earnings</li> <li>• revenue</li> <li>• comparable valuations</li> </ul>	Valuations could be affected by post balance sheet events, changes to expected cashflows, or by any differences between audited and unaudited accounts

As at 31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial Assets</b>				
Fair value through profit and loss				
Financial instruments	5,570,503	716,921	155,507	6,442,931
<b>Non Financial Assets</b>				
Fair value through profit and loss				
Freehold and leasehold property	-	-	396,300	396,300
<b>Total</b>	<b>5,570,503</b>	<b>716,921</b>	<b>551,807</b>	<b>6,839,231</b>

As at 31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial Assets</b>				
Fair value through profit and loss				
Financial instruments	3,060,094	1,873,191	1,000,676	5,933,961
<b>Non Financial Assets</b>				
Fair value through profit and loss				
Freehold and leasehold property	-	-	394,825	394,825
<b>Total</b>	<b>3,060,094</b>	<b>1,873,191</b>	<b>1,395,501</b>	<b>6,328,786</b>

### Reconciliation of Fair Value measurements within Level 3

	Freehold and leasehold property	Unquoted securities
	£000	£000
<b>Market value 1 April 2023</b>	<b>394,825</b>	<b>1,000,676</b>
Transfers into level 3	-	-
Transfers out of level 3	-	-
Purchases during the year	80	10,254
Sales during the year	-	(3,536)
Unrealised gains / (losses)	4,561	(874,703)
Realised gains / (losses)	(3,166)	22,816
<b>Market value 31 March 2024</b>	<b>396,300</b>	<b>155,507</b>

### Sensitivity of assets valued at level 3

	Assessed valuation range (+/-)	Value at 31 March 2024 £000	Value on increase £000	Value on decrease £000
Freehold and leasehold property	10%	396,300	435,930	356,670
Unquoted securities	20%	155,507	186,608	124,406
<b>Total</b>		<b>551,807</b>	<b>622,538</b>	<b>481,076</b>

The potential movement of 10% on property assets represents a combination of a number of factors such as rental increases, vacancy levels, market prices and discount rates which could all move independently in different directions.

The potential movement of 20% for unquoted securities is derived from changes in the underlying profitability of component companies/partnerships noting that the components are forward priced.

### (c) Nature and extent of risks arising from financial instruments

The aims of the Fund are to:

- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due
- maximise the returns from investments within reasonable risk parameters
- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies.

The key risks to the achievement of these aims, as well as measures to mitigate those risks, are set out in the various Fund policies (available at [www.nottspf.org.uk](http://www.nottspf.org.uk)) including:

- Investment Strategy Statement
- Funding Strategy Statement
- Governance Compliance Statement
- Risk Management Strategy and Risk Register

The Risk Register identifies the highest risks as arising from:

- Inadequate resources are available to manage the Pension Fund
- Fund assets are assessed as insufficient to meet long term liabilities
- Standing data and permanent records are not accurate
- Significant variations from assumptions used in the actuarial valuation

Actions have been agreed to mitigate these risks.

The Fund's primary risk is that its assets fall short of its long term liabilities. The Funding Strategy Statement states that the funding objectives are to:

- Set levels of employer contribution rates to target a 100% funding level over an appropriate time period and using appropriate actuarial assumptions, while taking into account the different characteristics of participating employers.
- Build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective.

The most significant effect on the funding level arises from changes in the discount rate used by the actuaries. The sensitivity analysis below (prepared by the Fund's actuaries) shows the impact of a movement of 0.1% in the discount rate.

Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation (£000)	6,990,517	7,104,275	7,221,036

The impact of a movement in the long term salary increase, pension increases and deferred revaluation, and to life expectancy assumptions are also shown below.

Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present Value of Total Obligation (£000)	7,112,291	7,104,275	7,096,321

Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present Value of Total Obligation (£000)	7,215,203	7,104,275	6,996,178

Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present Value of Total Obligation (£000)	7,369,175	7,104,275	6,850,038

The Fund was assessed at the last triennial valuation as being fully funded.

For the first time in 2013/14 there was a net withdrawal from dealings with members. Since then the net withdrawal/contribution has generally been relatively small.

The Fund continues to receive significant investment income and is therefore unlikely to need to sell assets in order to meet pension benefits in the near future. This allows the Fund to implement a long term investment strategy and minimise the impact of short term fluctuations in investment and currency markets. The strategy, and the assumptions that underpin it, are reviewed on a regular basis and cash flows are monitored closely to ensure there is sufficient liquidity to meet forecast cash flows.

The investment strategy is aimed at achieving best returns in line with the requirements of the triennial valuation whilst minimising risk and overall variability in future employers' contribution rates. Specific risks arising from financial instruments include market risk, interest rate risk, currency risk, credit risk and liquidity risk (described in more detail below). These risks are managed within the Fund through diversification of assets, careful selection of managers and counter parties, and prudent treasury management. The level of risk in the equities block is managed by a balance between passive and active management.

Policies are reviewed regularly to reflect changes in activity and in market conditions. Responsibility for reviewing and revising the policies rests with the Nottinghamshire Pension Fund Committee.

### Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In consultation with its advisers, the Fund has determined that the following movements in market price risk are reasonably possible in 2024/25. Data is provided on the basis of a 1 standard deviation move, which might be expected to happen either up or down approximately one year in three. It is assumed that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Asset type	Value as at 31 March 24 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
UK Fixed interest	160,957	10.7%	178,179	143,735
Global Fixed interest	321,386	8.0%	347,097	295,675
Index Linked Securities	33,922	15.9%	39,316	28,528
UK Equities	1,201,156	16.6%	1,400,548	1,001,764
Overseas equities	3,041,433	17.3%	3,567,601	2,515,265
Property	746,145	10.0%	820,760	671,531
Private Equity	226,769	21.5%	275,524	178,014
Infrastructure	507,432	14.6%	581,517	433,347
Credit	243,011	10.1%	267,555	218,467
Multi-asset	357,020	10.0%	392,722	321,318
<b>Total</b>	<b>6,839,231</b>		<b>7,870,819</b>	<b>5,807,643</b>

### Interest rate risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Long-term average rates are expected to move less than 1% from one year to the next.

A 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash balances but they will affect the interest income received on those balances.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates

Exposure to interest rate risk from directly held investments	Asset values as at 31 March 24 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash	163,995	163,995	163,995
Fixed interest bonds	160,957	226,923	94,991
<b>Total</b>	<b>324,952</b>	<b>390,918</b>	<b>258,986</b>

The Fund is also indirectly exposed to interest rate risk within some pooled investments.

Exposure to interest rate risk	Interest receivable 2023/24	Value on 1% increase	Value on 1% decrease
	£000	£000	£000
Cash	(9,188)	(11,004)	(7,372)
Fixed interest bonds	(4,659)	(5,580)	(3,738)
<b>Total</b>	<b>(13,847)</b>	<b>(16,584)</b>	<b>(11,110)</b>

### Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. The Fund considers the likely volatility associated with foreign exchange movements to be not more than 15%. A 15% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Assets directly exposed to currency risk	Asset value as at 31 March 24	Potential market movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Overseas equities	1,035,154	155,273	1,190,427	879,881
Overseas pooled funds	797,912	119,687	917,599	678,225
<b>Total change in assets available to pay benefits</b>	<b>1,833,066</b>	<b>274,960</b>	<b>2,108,026</b>	<b>1,558,106</b>

The Fund is also indirectly exposed to currency risk within other investments.

### Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner. The Fund has also set limits as to the maximum sum placed on deposit with individual financial institutions. Money market funds chosen all have AAA rating.

The Pension Fund has experienced no defaults from fund managers, brokers or bank accounts over the past five years.

### Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments through its daily treasury management processes. This cashflow planning and management ensures that the Fund's liquidity risk is low. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £163.0m (the holding on 31 March 2023 was £107.3m).

## 16. Members Additional Voluntary Contributions

The Nottinghamshire Fund provides an additional voluntary contribution (AVC) scheme to enable members to purchase additional benefits. Contributions are paid over to, and invested separately by, the two scheme providers, Prudential and Scottish Widows. The contributions are not included in the Fund's accounts in accordance with regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The value of the separately invested AVCs is shown below:

	31 March 2023 £000	31 March 2024 £000
Prudential	32,559	19,916
Scottish Widows	3,458	3,458
	<b>36,017</b>	<b>23,374</b>

## 17. Related Party Transactions

Under IAS 24, a party is related to an entity if:

- the party is a member of the key management personnel
- the party is a post-employment benefit plan for the benefit of employees of the entity.

The purpose of related party disclosures is to provide information on transactions and balances that could have an effect on the operations or financial position of an entity. For example, related parties may enter into transactions that unrelated parties would not and transactions between related parties may not be made at the same amounts as between unrelated parties.

Disclosures are required for:

- the nature of the related party relationship.
- key management personnel compensation.
- information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Nottinghamshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire and is one of the major employers within the scheme. During the reporting period, the council incurred costs of £2.48m in relation to the administration and management of the fund and was reimbursed by the fund for these expenses.

Information regarding key management personnel is provided within the main accounts of Nottinghamshire County Council. The proportion recharged to the Pension Fund is as follows:-

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances) £	Expenses £	Compensation for Loss of Office £	Employer Pension contri- butions* £	Total Remun- eration £
Service Director (Customers, Governance and Employees)	1	16,526	-	-	7,552	24,077
Service Director (Finance, Infrastructure & Improvement)	2	22,034	64	-	10,069	32,167

\*Pension Contributions are estimated at 21.5% to account for the pensions deficit and are adjusted in accordance with IAS19

1. The Service Director for Customers, Governance and Employees has the statutory responsibility of the Monitoring Officer.
2. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of S151 Officer.

Members and officers of the Council involved in managing the Fund are allowed to be members of the LGPS. All transactions between Nottinghamshire County Council and the Fund and all benefit payments from the Fund are in accordance with the regulations governing the LGPS. There are no transactions therefore that are made on a different basis from those with non-related parties.

LGPS Central Ltd has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the Pool and is a joint venture in accordance with IFRS 11. Control of LGPS Central Ltd is primarily through the Shareholders Forum, governed by a Shareholders Agreement and operating under company law, which has formal decision making powers. Nottinghamshire Pension Fund has equal voting rights alongside the other participating funds and unanimous decisions are required on key strategic matters. These are specified in the Shareholders Agreement and Articles of Association, and include the appointment and dismissal of the company's senior executives, approval of the company's strategic plan and any significant financial transactions, such as major acquisitions, lending or borrowing.

£1,315,000 has been invested in share capital and £685,000 in a loan to LGPS Central Ltd. This is held at historic cost and are the balances at year end, unchanged from 2022/23. The Fund earned £65,459 in interest during the year (£46,603 in 2022/23). Interest is paid in April but is recognised in the prior year.

LGPS Central Ltd has charged £1,538,000 in operating and investment management costs during the year (£1,384,000 in 2022/23), of which £386,000 (£293,000 in 2022/23) was outstanding at year end.

Nottinghamshire County Council as the Administering Authority of the Nottinghamshire Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. If this guarantee is called this will be funded by the Pension Fund.

Over time, LGPS Central Ltd will manage an increasing proportion of the Pension Fund's investments. At 31 March 2024 investments worth £1,384.0 million (31 March 2023 £1,195.3 million) were managed by LGPS Central Ltd.

## 18. Post Balance Sheet Events

No adjusting post balance sheet events have been identified.

**27 November 2024****Agenda Item:6****REPORT OF SERVICE DIRECTOR FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****GOVERNANCE UPDATE****Purpose of the Report**

1. To inform Committee of the progress being made with the Governance Action Plan for 2024/25.

**Information**

2. The Accounts and Audit (England) Regulations 2015 require the Authority to publish an Annual Governance Statement (AGS) along with its Statement of Accounts. The focus of the AGS is to assess the extent to which the Council's Local Code of Corporate Governance has been complied with over the course of a financial year, along with an assessment of the most significant governance issues the Council is dealing with. This gives rise to an annual Governance Action Plan.
3. The Council continues to review progress against the action plan on a regular basis throughout the year. This ensures the AGS is used as a live document, contributing towards maintaining an appropriate, strategic focus on the Council's ongoing governance arrangements.
4. This latest update identifies the following as the most significant governance issues for the Council.

Issue	Comment
<b>Cabinet/Scrutiny model of corporate governance</b>	<p>Following implementation of a revised model of governance in 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 reconvened for March 2023 to consider the operation of the new governance model and made recommendations to Full Council which were approved at its meeting in July 2023.</p> <p>To inject both independence and best practice suggestions into the review of the scrutiny arrangements, the Centre for Governance and</p>



Issue	Comment
	<p>Scrutiny (CfGS) (an independent centre of expertise in scrutiny matters) was engaged.</p> <p>The CfGS carried out their independent review engaging with all political groups and officers whose roles involve scrutiny activity to both gather information, feedback initial observations and engage members in improving how scrutiny works at the Council and ensure the approach is member-led.</p> <p>Four key areas were identified in relation to ownership, understanding and engagement of members with the scrutiny process: effective access to information by members: work programming and managing overlaps between different scrutiny committees.</p> <p>The findings of the review were reported to Governance and Ethics Committee before passing on the responsibility for developing an action plan and monitoring progress to Overview Committee. Work is already underway on implementation of some of the recommendations and further activity is being progressed through a member task and finish group (which has met twice with officers) reporting back to Overview Committee as appropriate.</p>
<b>Devolution</b>	<p>The East Midlands Combined County Authority (EMCCA) was formally established in February 2024. The new mayoral combined county authority includes the areas covered by Nottinghamshire County Council, Derbyshire County Council, Derby City Council and Nottingham City Council (the 'Constituent Councils'). The inaugural mayoral election took place on 2 May 2024.</p> <p>The combined authority is now established as an independent institution with responsibility for day to day running of the new organisation and delivery of the programme transferred to EMCCA.</p> <p>The new mayor is developing plans and policies for EMCCA and starting to develop a staffing structure to undertake the work of this new body and will now work with the constituent members and other partners to deliver this programme of activity for the benefit of the entire area. Work is ongoing to transfer various interim posts into the EMCCA operations from NCC which was the recruitment lead before EMCCA was formally established.</p> <p>Further work is also underway with regard to the transition of transport powers to EMCCA over the next two years. These powers will transfer from the 4 Constituent Councils whose decisions led to the creation of EMCCA by way of statutory regulations (The EMCCA Regulations 2024) under the Levelling Up and Regeneration Act 2023. Further decision making regarding the transfer arrangements is anticipated by the executive following completion of detailed work between the constituent councils and EMCCA over coming months.</p>
<b>Climate change</b>	<p>At its Annual General Meeting on 27/5/2021, the Council declared a Climate Emergency, and made a commitment to achieving carbon neutrality in all its activities by 2030.</p>

Issue	Comment
	<p>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, receiving the Councils Greenhouse Gas Reports for 2019/20, 2020/21, 2021/22, 2022/23 and agreeing numerous projects funded through the Green Investment Fund to support a Carbon Reduction Plan which was approved in February 2023.</p> <p>A review of the Corporate Property Strategy, and a comprehensive set of building design standard, both of which align with the Carbon Reduction Plan, are nearing completion. Highways &amp; Transport colleagues continue to look at ways to green the internal and grey fleet.</p> <p>Departmental working groups are established where necessary, and the Employee Green Initiatives Group has been relaunched and supported on an ongoing basis. A Carbon Literacy Training package has been developed and is being offered to all Members and Officers with over 200 staff and members now having been trained, and a complimentary eLearning programme is under development. Work continues to embed climate change impacts within all Council decisions.</p> <p>A Net Zero Framework has now been approved and published setting out how the Council proposes to work with partners and communities to help deliver carbon reductions across the whole of Nottinghamshire using the Councils statutory responsibilities, scale of influence, and purchasing power.</p> <p>Discussions have been held with our insurers Zurich to ensure the potential impacts of climate change on communities, council services and budgets are effectively captured in future iterations of the County Councils corporate risk register, and to help inform investment and operational priorities.</p>
<p><b>The transformation agenda</b></p>	<p>There has been significant progress on developing the corporate transformation portfolio to align with the Council's strategic ambition to build a forward looking and resilient council. This will develop and change to meet the needs of Nottinghamshire's residents and help to improve resident satisfaction. The Council has moved to a whole organisation portfolio approach, seeking to make all change activity connected and visible. Governance has been refreshed to create clear line of sight and accountability for transformation across the organisation, and a new Director for PSR has been appointed to support the wider organisational change agenda, including the emerging opportunities coming out of the combined authority.</p> <p>The Annual Delivery Plan describes how the Council will work collaboratively, both across the Council and with partners, to continue the development of our cross-cutting transformation programmes. We will also continuously work to improve our services, making the most of the opportunities that digital technologies offer us to. This will help us to test new and improved</p>

Issue	Comment
	<p>innovative ways of working, such as the use of AI and automation to improve service delivery, and a strategic approach to this is currently being outlined. We also will help create the conditions to make a difference for the County's communities and residents by enhancing digital connectivity and accessibility and reducing digital exclusion.</p> <p>The Annual Delivery Plan and budget process have been aligned, and outputs from this are being used to inform the development of organisational change activity and the subsequent programme of work to ensure the Council's transformation agenda meets the strategic needs of the organisation.</p> <p>The Transformation and Change group, continue to work closely with projects leads and subject matter experts in departments to support delivery of transformation programmes, monitoring and reporting of our change, and working with senior responsible and accountable officers to track delivery.</p>
<b>Financial resilience and sustainability</b>	<p>The recent election and continued economic uncertainty and specific increases in external costs for essential services, as well as demand for these 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. 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>Cabinet approved the Budget proposals for 2024/25 on 8 February 2024 which were debated at Full Council on the 22 February 2024. This set out the 4-year MTFS funding gap of £36m, with a balanced budget in 2024/25 and 2025/26. 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> <p>The Period 5 monitoring report identifies a forecast projected against the budget approve by Full Council of £4.4m. As a consequence of this adverse variance and the significant levels of uncertainty and financial challenges facing the Council over the medium term, including increased demographic and service-related pressures, the key message to effectively manage budgets and, wherever possible, deliver in-year savings is being continually reinforced.</p>
<b>People Strategy and the Nottinghamshire Way</b>	<p>Resourcing remains core focus for the Council, although the urgency of this has decreased in many service areas as work rolled out over the past 18 months has seen very positive results. There is a strategy and delivery plan in place which is producing positive outcomes in a range of areas.</p> <p>Cross-Council engagement work has taken place across the Council at all levels and across all departments to input into the forward looking and resilient council work stream and future operating model.</p>

Issue	Comment
	<p>This engagement includes feedback on elements of the People Strategy and Nottinghamshire Way. The feedback has been used to feed into existing transformation and service improvement work. A communication and engagement plan is being co-developed with staff to ensure ongoing dialogue with staff to improve our services and ways and working.</p> <p>We are working closely with the Building and Office Rationalisation Programme and have developed a revised approach to hybrid working and smarter ways of working, to support our staff in delivering services in the best way possible. These will be rolled out from Sept 2024.</p> <p>As part of the People Strategy there are six core areas of work that are being delivered on. Our aim is to ensure that we have a skilled, motivated, cost effective, resilient, sustainable workforce, to support this we are implementing workforce plans and resourcing activity enabling us to recruit and retain staff and develop the skills we need. A core of part of this work is to continue to improve our approach to health and wellbeing, working environment and ways of working. We have made a number of improvements to our wellbeing offer over the past year and it is a well-regarded service. Feedback about our wellbeing provision is strong and absence figures have reduced quarter on quarter for the past 2 years.</p>
<b>Adult Social Care reforms</b>	<p>Adult Social Care Charging Reform has been on hold since November 2022, and at this time the Department of Health and Social Care (DHSC) charging reform funding was re-aligned to grants to support Local Authorities. With the recent announcement by the new government that it will not proceed with the charging reforms set out in the Care Act 2014 and the Health and Care Act 2022; the department is unclear on the impact this announcement will have on the current grant arrangements and awaits further guidance from DHSC.</p> <p>The Care Quality Commission (CQC) led assurance and inspection regime continues to be rolled out across Local Authorities and the department continues to learn from our regional neighbours who have experienced the new single assessment framework.</p> <p>ADASS Sector Led Improvement supports the department to mitigate against the reputational risk this new inspection regime poses and can be evidenced through the departments progress on peer review areas of improvement, which were commended at a recent follow up meeting with the peer review team. The departments refreshed Self-Assessment will be shared with peers ahead of a challenge conversation with Rutland County Council in December 2024 and will provide further learning and areas to improve and support our readiness for inspection.</p> <p>The skills for care workforce strategy for adult social care in England was launched in July 2024 and is looking at three areas:</p> <ul style="list-style-type: none"> <li>➤ attract and retain workforce</li> <li>➤ train workforce</li> </ul>

Issue	Comment
	<p>➤ transform workforce</p> <p>This strategy is welcomed by the department as it continues to see pressures in the care workforce which 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.</p> <p>The DHSC Accelerating Reform Fund (ARF) to support innovation in Adult Social Care launched in December 2023 and the £943,000 awarded jointly with Nottingham City Council is progressing in three areas of focus.</p> <ul style="list-style-type: none"> <li>• To expand the use of Technology Enabled Care (TEC) the ARF funding has been used in the following ways: <ul style="list-style-type: none"> <li>➤ To fund a joint post that will work across both Councils to provide tools and training for staff to provide them with the skills to support people and carers to make better use of the technology they already have in their own homes.</li> <li>➤ To fund a series of pilots to trial new technology with a view to expanding the range of technology being deployed.</li> <li>➤ To provide additional temporary capacity within the County Council's TEC team to support the expansion in the use of TEC – in support of the ambitions within the TEC strategy agreed by Cabinet in March 2024.</li> </ul> </li> <li>• Expanding the Shared Lives service for Nottingham and Nottinghamshire, to increase respite placements for informal carers, caring for young adults with learning disabilities, mental health needs and other disabilities the funding has been used to: <ul style="list-style-type: none"> <li>➤ Develop a shared lives carer recruitment system.</li> <li>➤ Develop and implement a joint marketing and recruitment campaign to increase the number of carers.</li> <li>➤ Fund some additional project management.</li> </ul> </li> <li>• Creating a digital directory for community assets, including events, support groups, activities and organisations, that can be used by the whole system within Nottingham and Nottinghamshire. The ARF funding has been used to: <ul style="list-style-type: none"> <li>➤ Fund a post to work across the Nottingham and Nottinghamshire system to develop closer working ties between the development of the directory and the Community and Voluntary sector and other key stakeholders within the system.</li> <li>➤ To provide additional project management capacity.</li> </ul> </li> </ul>
<b>Demand for care and support</b>	<p>The Council and external care market continues to be impacted by high demand for Adult Social Care support with some people waiting for care and support and other interventions, which can present a risk to the individuals concerned and impacts on wider Council services such as an increase in enquiries and complaints.</p>

Issue	Comment
	<p>The Council also continues to see an increase in the complexity of support needs for adults requiring social care leading to increased levels of longer-term services and additional support required for unpaid carers. Demand for adult social care is forecasted to continue to increase driven by preventable disability and chronic disease, in addition to an ageing population.</p> <p>To support Councils managing waiting lists for people needing care and support ADASS have introduced a checklist tool which the department has used to benchmark themselves and identify areas of improvement. Progress has been made in some areas, such as the development of a prioritisation matrix coproduced with frontline staff which sets out expected timescales of work allocation within Mosaic for people waiting.</p> <p>The Council is also participating in ADASS East Midlands Improving Adult Care Together (IMPACT) Waiting Lists project with people with lived experience and partners. They meet monthly as a working group to discuss waiting times and work is underway to develop 'waiting well' packs and guidance for people and staff.</p> <p>Across our frontline services visibility of demand has improved over the last six months with dashboards in place to support operational managers and a review of key risk indicators and risk tolerances across our assessment duties under the care act has also taken place. This is reflected in our Vital Signs dashboard which provides an overview of the level of risk associated with our care act duties and is reviewed and monitored through our performance Board and wider corporate Organisational Change Board.</p> <p>The council is also looking to use funding from the Department of Health and Social Care to improve processes and develop a self-serve assessment functionality for people to use on our website, which will hopefully reduce waiting times further.</p> <p>DHSC have recently announced an initial national definition for people waiting which has been long awaited and will eventually (once refined and agreed) allow the department to compare "people waiting" with other Local Authorities.</p> <p>In light of the progress the department has made since the last report in reducing delayed discharges, the DHSC Discharge Support and Oversight Group (DSOG) has agreed to stop formal engagement with the Nottingham and Nottinghamshire Integrated Care System, however they will continue to monitor performance.</p> <p>All the risks identified are set out in comprehensive directorate and departmental risk register.</p>
<b>Children's Social Care Reform</b>	<p>In December 2023, the Department for Education published guidance for reform in children's social care in order to deliver the ambitions within its Stable homes, built on love strategy, published in February 2023. This strategy aims to transform the children's social care</p>



Issue	Comment
	<p>system and better meet children's needs through the following "pillars":</p> <ul style="list-style-type: none"> <li>• Family help that provides the right support at the right time so that children can thrive with their families.</li> <li>• A decisive multi-agency child protection system</li> <li>• Unlocking the potential of family networks</li> <li>• A valued, supported and highly skilled social worker for every child who needs one.</li> <li>• A system that continuously learns and improves and makes better use of evidence and data.</li> </ul> <p>The reform guidance introduces the following changes:</p> <ul style="list-style-type: none"> <li>• A national kinship strategy to set out support for family networks providing loving and stable homes to children.</li> <li>• a new children's social care national framework to set out the purpose, principles and outcomes that should be achieved in children's social care.</li> <li>• updates to the Working together to safeguard children statutory guidance which sets out how to safeguard and promote the welfare of children.</li> <li>• a data strategy to set out long-term plans to transform data in children's social care.</li> <li>• new approaches to promote fostering to ensure the right homes for children.</li> </ul> <p>Over the next twelve months, Children and Family Services will respond to the reform guidance, through the Local Safeguarding Children Partnership arrangements and through implementation of new models of service delivery as required through the Safeguarding, Inclusion and Support programme.</p>
<p><b>Experiences and outcomes of children and young people with Special Educational Needs and Disabilities</b></p>	<p>In January 2023, the Nottinghamshire local area partnership was the first local area in the country to be inspected under the Ofsted/CQC inspection framework exploring the experiences and outcomes of children and young people with special educational needs and disabilities (SEND).</p> <p>The inspection report, published in May 2023, concluded with the narrative judgement that "there are widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with SEND, which the local area partnership must address urgently." Priority areas for improvement were identified in the following two areas:</p> <ol style="list-style-type: none"> <li>a. Leaders, NHS Nottingham and Nottinghamshire Integrated Care Board and education, health, and care providers should cooperate to urgently identify, assess and provide for the needs of children and young people with SEND. This includes assessment of needs, timely issuing of EHC plans and holistic oversight of these plans through annual reviews.</li> </ol>

Issue	Comment
	<p>b. Leaders, including commissioners and providers, should act urgently to identify and address the delays and gaps in access to some health services, particularly speech and language therapy, neurodevelopmental pathways and equipment services. They should also ensure that they use available performance data to identify where gaps exist and whether actions taken to address these are effective.</p> <p>In response to the inspection findings, the Partnership developed a joint SEND Priority Action Plan and established a SEND Improvement Programme, which continues to be monitored routinely through SEND partnership governance forums, to assess progress made to date against priority activity. SEND governance arrangements were refreshed during 2023 and early 2024 to include:</p> <ul style="list-style-type: none"> <li>- an independently chaired SEND Partnership Improvement Board (this is time-limited in line with the SEND Improvement Programme)</li> <li>- a SEND Executive Leadership Group</li> <li>- a SEND Partnership Assurance and Improvement Group (PAIG)</li> <li>- a SEND Steering Group (this is time-limited in line with the SEND Improvement Programme)</li> </ul> <p>Progress is additionally scrutinised as a standing item at Children and Families Select Committee and ICB's Quality &amp; People Committee, as well as through regular monitoring from the Department for Education and NHS England. A full, local area reinspection of SEND provision is due in early 2026.</p> <p>Improvements made to date include:</p> <ul style="list-style-type: none"> <li>- New Education, Health and Care Plan plans (EHCPs) issued in timescale during a calendar year has improved significantly in the first 7 months of 2024 compared to 2023, up from 21.23% from January-July 2023 to 35.97% from January-July 2024.</li> <li>- Our statutory SEND services have issued an additional 288 EHCPs (63.0% increase) between January-July 2024 compared to the same period in 2023.</li> <li>- There has been a reduction in the average wait times for the Neurodevelopmental Support Team (NST), from 68 weeks in December 2023 to 54 weeks in July 2024.</li> </ul>
<b>Risk management</b>	<p>A new Risk Management Framework is now in place and we have moved the oversight of risk management to the Organisational Change Board (OCB), which now ensures CLT routine involvement and a closer integration of risk with the performance management and financial planning.</p> <p>A new Corporate Risk Register has been developed along with Departmental Risk Registers. OCB will review the Corporate</p>



Issue	Comment
	Risk Register at every meeting and Departmental SLTs will regularly review their departmental risk registers.

5. Corporate Leadership Team colleagues have been consulted with in compiling the above list of issues which continue to represent the most significant governance issues on which the Council needs to focus. CLT colleagues have provided insight to these governance issues by considering the following:
  - Colleagues' awareness of significant governance issues being dealt with by senior managers in their departments – to identify whether some issues should be added to, or removed from, the list. Alternatively, colleagues may be aware of a more specific or emerging development within one of the areas listed, which should require a refocus of the Council's response.
  - Reference to the Council's Local Code of Corporate Governance, as an aid to considering whether colleagues are aware of any emerging issues within the areas the Code covers.
6. An important part of the AGS is its Action Plan, and this should also be refreshed following each update. The Action Plan for 2024/25 is set out in **Appendix 1**, showing the progress that has been identified through consultation with relevant managers. Actions that were agreed as completed as part of the previous update have now been removed.

### Other Options Considered

7. None – the Council has a single governance action plan and has determined to receive regular updates on progress against it.

### Reason/s for Recommendation/s

8. To enable Members of the Committee to contribute to the development and review of the Council's governance framework.

### Statutory and Policy Implications

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

Whilst there are no specific implications arising from the content of this report, the Council's governance framework spans all of these areas and the action plan is targeted at strengthening governance in specific areas where the opportunity for improvement has been identified.

## **RECOMMENDATION**

- 1) That Members note the actions taken to update the governance issues raised in this report.

**Nigel Stevenson**

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

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

Simon Lacey, Group Manager – Internal Audit & Risk Management

### **Constitutional Comments (CM 23/10/2024)**

10. The report falls within the terms of reference of the Governance and Ethics Committee.

### **Financial Comments (SES 22/10/2024)**

11. 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



Planned Action	Officer responsible	Target date for completion	Progress status
<b>1. Risk management:</b> agree and implement a revised approach to risk management for the Council.	Group Manager – Internal Audit & Risk Management	Sept 2024	Complete 
<p>We have implemented a new Risk Management Framework which documents the revised approach for risk management for the Council and we have also re-established regular reporting to Organisational Change Board, Corporate Leadership Team and Governance &amp; Ethics Committee.</p> <p>This action is now complete.</p>			
<b>2. Data quality in Mosaic:</b> greater priority given to addressing issues highlighted by routine reporting.	Corporate Director – Adults Social Care and Public Health	Sept 2024	 In progress
<p>The departments approach to data quality continues to align to the requirements set out in the Care Data Matters: a roadmap for better data for adult social care which was first published by the DHSC in February 2023 and last updated in December 2023. This mandatory quarterly submission of our Client Level Data (CLD) for social care activity and support is now in the CLD dashboard covering the period 1<sup>st</sup> July 2023 to 31<sup>st</sup> June 2024 and shows an overall improving data quality position moving from 89.56% to 91.76% compliant.</p> <p>Since last reporting the risk level has reduced from Very High to High, as work continues to improve the data skills of our workforce and develop a departmental digital and data strategy which will support future CLD submissions and the department's ability to measure the impact of strength-based working and the outcomes for people across different services. Specialist reporting resource has been secured to support this work for the next four months.</p> <p>As part of the department's readiness for CQC inspection; this specialist reporting resource will also be working on the data gaps identified in the department's evidence library, which will be used when the department is notified of a CQC inspection.</p>			

Planned Action	Officer responsible	Target date for completion	Progress status
<b>3. Special Educational Needs and Disabilities:</b> addressing improvement areas highlighted by the Ofsted/CQC inspection.	Corporate Director – Children and Families	March 2025	 In progress
<p>The department continues to work with partners to respond to the Ofsted/CQC inspection findings published in June 2023. This work ensures that urgent and focussed activity leads to improvement in children's experiences and outcomes, with clear evidence of impact. The local area partnership has a priority action plan in place, which responds to the inspection findings; this is tracked through an independently chaired Improvement Board.</p> <p>Progress is additionally scrutinised as a standing item at Children and Families Select Committee and through monitoring from the Department for Education and NHS England.</p>			
<b>4. Childrens Social Care Reform:</b> addressing changes required following the reform guidance.	Corporate Director – Children and Families	March 2025	 In progress
<p>The department continues to progress work to assess the impact of the guidance published by the Department for Education to support the <i>stable homes, built on love</i> strategy across each of the 'pillars'. This work will continue over the next six months through the Local Safeguarding Children Partnership arrangements. This will include the development and implementation of new models of service delivery as required through the Safeguarding, Inclusion and Support programme.</p>			

**27 November 2024****Agenda Item: 7****REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****INTERNAL AUDIT TERM 1 PROGRESS AND TERM 3 PLAN 2024-25****Purpose of the Report**

1. To inform Members of the work carried out by Internal Audit in Term 1 of 2024-25.
2. To consult with Members on the Internal Audit Plan for Term 3 of 2024-25.

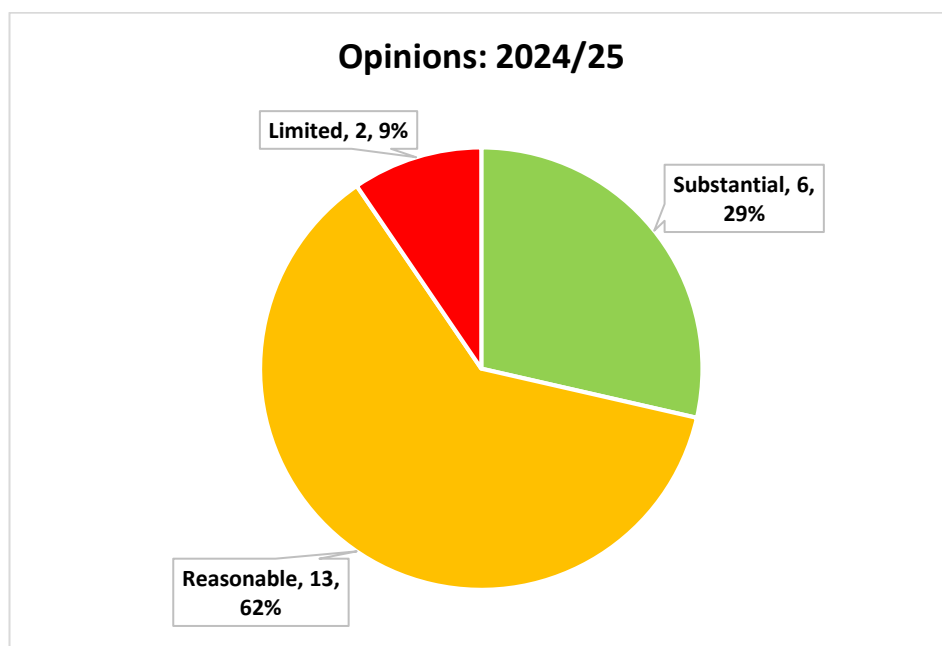
**Information****Internal Audit's work in Term 1 – 2024-25 – April to July 2024**

3. Internal Audit continued to deliver its service through a flexible and agile approach. A range of work was completed across the Council, covering the following key types of Internal Audit input:
  - Assurance audits - for which an audit opinion is issued
  - Advice and consultancy – often relating to key developments, initiatives and changes to the internal control framework
  - Counter-fraud – primarily focussed on pro-active work to raise awareness of emerging fraud issues.

***Audit assurance***

4. The opinion-based assurance work is a key contributor to the Head of Internal Audit's year-end opinion on the adequacy of the Council's arrangements for governance, risk management and control. This was last reported to the Committee in June 2024. **Chart 1** shows the cumulative distribution of opinions issued to the end of Term 1. This chart includes schools audits undertaken by the Children & Families Finance Team.

**Chart 1- Opinions to end of Term 1 2024-25**



5. The above opinions are just one of the sources of assurance that internal audit provides. The other main sources of assurance that we provide are:
- Our action tracking provides assurance that the findings of our audits, which as shown above led mostly to Reasonable Assurance opinions, are being addressed. A report on this is also presented to this November 2024 committee.
  - Our assurance mapping, which includes sources of internal and external assurance, is carried out annually and was last reported to the June 2024 committee.
  - We have developed a series of continuous assurance indicators, monitored on a monthly basis, and reported to the Council's statutory officers. The year-end position was summarised in the Internal Audit Annual Report to the June 2024 committee, and its headline was that 28 of the 31 areas (90%) provided positive assurance.
6. In terms of the work completed on the County Council's services and systems, **Chart 2** analyses the opinions issued in Term 1 by service area and level of assurance.

**Chart 2 - Opinions for Term 1 2024-25**

	OPINION (ASSURANCE LEVEL)		
	SUBSTANTIAL	REASONABLE	LIMITED
Council-Wide	Contract Management Toolkit ICT - Mosaic System Security	Action Tracking Assurance Mapping Chief Internal Auditor's Annual Report	
Chief Exec's	Members Travel Claims		
Adults			
Childrens			
Place	Property Compliance		
School Audits	2 Visits	10 Visits	2 Visits*

\* The main reason for Limited Assurance on school audits in the above table is the breakdown of internal controls in relation to separation of duties and authorisation, over overtime, payroll, payments and purchase orders, etc. However small the number of office staff at a school, there is always a solution to this, even if it means checks by the headteacher and/or a Finance Governor. This problem arises at schools regardless of the number of office staff, and can be due to high turnover, lack of knowledge, or lack of organisation. The School Finance Team provides training, on request, to schools' office staff undertaking such functions.

7. The significant pieces of assurance work during Term 1 were the following:

- Action Tracking – our 6-monthly report on the implementation of audit recommendations, which went to the July 2024 committee.
- Assurance Mapping – our annual report which went to the June 2024 committee.
- The Chief Internal Auditor's Annual Report which went to the June 2024 committee.
- Continuous Assurance – a monthly report to the Council's statutory officers on the application of internal control in key Council processes.
- The above audits on Contract Management, Property Compliance, Members Travel Claims, and an ICT audit on the System Security of Mosaic, the social care case management system.

***Advisory input***

8. Internal Audit continued to provide advisory input to developments across the Council. In term 1 our largest piece of advice arose after errors occurred in an annual uplift of direct payments to adults in care.
9. Internal Audit's advisory input ensures that timely advice is delivered and can influence subsequent actions. It helps to maintain our focus on control issues and provides intelligence for subsequent planned assurance activity.

***Counter-Fraud***

10. Internal Audit pursued its pro-active programme, disseminating fraud awareness materials to alert departments and staff of fraud risks and scams that emerged. The following summarises the key areas of activity:
- Our annual Counter-Fraud Report to the July 2024 committee.
  - National Fraud Initiative (NFI) – coordination and review of matches with departments. In particular, in this term, we reviewed NFI data on employees with business interest outside the Council, to help ensure that these are properly declared and managed.
  - National and Local Fraud Alerts – screening and distributing to relevant sections, of alerts publicised by national fraud agencies.
11. In addition, Internal Audit advises in fraud investigation activities involving live cases, and these are summarised in the Annual Fraud Report, which is also presented to this July 2024 committee.

***Certification***



12. Internal Audit provides a certification function for a variety of grants received and distributed by the Council, and financial accounts in which the Council has an interest. During Term 1 the following were audited:
- Trading Standards Grants – five grants in total.
  - Arts Council Grant – Cultural Education Partnership Project
  - Multiply Grant (to improve Adult Numeracy Skills).

### ***Internal Audit Performance***

13. **Appendix 1** provides an update on the Section's performance in Term 1 against its key indicators. It includes the following charts to depict progress against the Term 1 Plan, expressed in terms of the following:
- Inputs – the number of audit days delivered against the plan. Each segment in the chart represents one month -  $\frac{1}{4}$  of the Termly Plan.
  - Outputs – the number of jobs completed against the plan. Each segment in the chart represents one month -  $\frac{1}{4}$  of the Termly Plan.
  - Productivity indicator – the target score is 1.
14. A good level of performance has been achieved and members' attention is drawn particularly to the following:
- Staffing resources – a new Senior Auditor was appointed just before the start of Term1, but before the Term 1 plan was produced. This meant that Appendix 1 shows more productive days input than planned, with a similar proportionate increase in the number of jobs output. A vacancy remains for an Internal Audit Apprentice. Now that the Senior Auditor post has been filled, we have turned to the recruitment process for this. The training provider that we previously used for new apprentices is discontinuing the Internal Audit Apprentice course from November 2024, so we are now looking at the alternative options.
  - Assurance and Advisory activities – the completion of internal audit activity reflects the impact of staffing changes and is reflected in the agile approach adopted. Term 1 again demonstrated that the team continues to flex plans and provide advisory activities to support the immediate risks facing the Council. This can have an impact on delivery of the planned assurance reviews, but these are kept under review for ongoing priority in subsequent plans, as identified in the Term 3 plan for 2024-25.
  - Action tracking implementation rates, for actions arising from audits, exceeded the target of 75% in our latest report which is going to the same committee meeting as this report. There was an implementation rate of 90% for 2022/23 actions and 81% for 2023/24 actions. The next update on this is scheduled for the July 2025 committee.

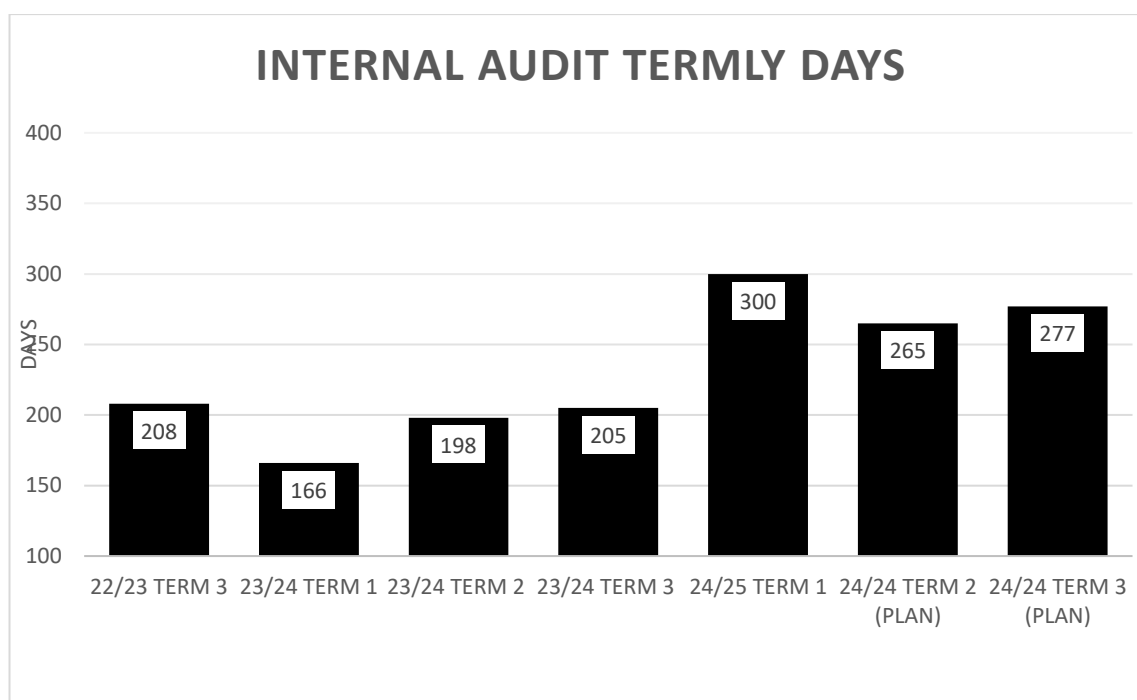
### **Proposed Internal Audit Plan for Term 3 - 2024-25**

15. Internal Audit termly plans continue to be determined on a risk basis, as required by the Public Sector Internal Audit Standards, and using the methodology previously reported to Members.

16. It is worthy of note for members of the Governance & Ethics Committee that the current Public Sector Internal Audit Standards are being amended through the adoption of Global Internal Audit Standards. The changes to Audit Standards will be implemented from 1<sup>st</sup> April 2025 following consultation on the Global Internal Audit Standards - Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. The Internal Audit team have undertaken a gap analysis and developed an action plan to implement the changes required to ensure continued compliance with the appropriate Standards used in the development of the risk-based methodology for planning purposes. The Internal Audit team have also provided feedback to both consultations in order to scope the future direction and implementation of the Standards.
17. In addition to undertaking an assessment of audit risks, the termly plan also needs to consider the assurance it provides that the Council's Core Processes remain robust. The termly plan includes coverage of core processes on a cyclical basis to ensure that this assurance can be provided to support the Chief Internal Auditor's Annual Report. A reminder of the Core Processes was provided in the November 2023 progress report.
18. The Term 3 plan represents the Section's assessment of the key areas that need to be audited in order to satisfy the Authority's statutory responsibility to undertake an adequate and effective internal audit of its system of internal control. The Section's aim is to complete enough work to express an overall, annual opinion on the adequacy and effectiveness of the Authority's internal control arrangements.
19. Termly planning continues to be developed in an agile way allowing the precise scope and objectives for each audit assignment to be agreed at the time the audit is to commence. Detailed discussions prior to an audit commencing should identify other sources of assurance already available for the area in question, thereby clarifying the risks on which Internal Audit's focus should most impactfully be applied. At this planning stage, therefore, proposed topics for audit are expressed in terms of the broad rationale for their inclusion.
20. Similarly, the termly plan contains a forward plan of areas to be considered for inclusion in subsequent terms, which again will be subject to more precise scoping at the time the audit is to commence.
21. **Appendix 2** sets out details of the draft coverage by Internal Audit for Term 3, and it is summarised in the following table.

<b>Assurance from Audit Coverage</b>	<b>Days</b>	<b>Outputs</b>
Second Line Assurance work	80	5
Opinion Assurance	88	4
Advice / Consultancy Assurance, and Client Management	66	1
Counter Fraud Assurance	28	5
Certification Assurance	15	1
<b>Total</b>	<b>277</b>	<b>16</b>
External Client (Notts Fire & Rescue Service)	33	
<b>Grand Total</b>	<b>310</b>	

22. The chart below shows the trend in the number of actual days available in recent terms, excluding the external client. The last two bars reflect planned days, as these terms had not ended at the time of this report. The increase from term 1 of 2024/25 reflects the recruitment of the new Senior Auditor in March.



23. The next Internal Audit update to Committee will cover details of the outcome of Internal Audit's work in Term 2 of 2024-25 (August to November 2024).

### Other Options Considered

24. The Internal Audit Team is working to the Public Sector Internal Audit Standards. This report meets the requirement of the Standards to produce a risk-based plan and to report the outcomes of Internal Audit's work. No other option was considered.

### Reason/s for Recommendation/s

25. To set out the report of the Chief Internal Auditor to propose the planned coverage of Internal Audit's work in Term 3 of 2024-25, providing Members with the opportunity to make suggestions for its content.

### Statutory and Policy Implications

26. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human

rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required. Individual audits completed and in the proposed Termly Plan may potentially have a positive impact on many of the above considerations.

### **Financial Implications**

27. The Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director for Finance, Infrastructure & Improvement is the designated Section 151 officer within Nottinghamshire County Council. Section 5 of the Accounts and Audit Regulations 2015 requires Local Authorities to undertake an adequate and effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director for Finance, Infrastructure & Improvement and Section 151 Officer.

## **RECOMMENDATION**

- 1) That the Committee notes the outcome of the Internal Audit work carried out in Term 1 of 2024/25, and the planned coverage of Internal Audit's work in Term 3 of 2024/25 to be progressed to help deliver assurance to the Committee in priority areas.

### **Nigel Stevenson**

**Service Director for Finance, Infrastructure & Improvement and Section 151 Officer**

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

Simon Lacey

Group Manager - Internal Audit & Risk Management

### **Constitutional Comments (GR - 29/10/2024)**

28. Pursuant to the Nottinghamshire County Council Constitution this committee has the delegated authority to consider this report and the recommendation contained within it.

### **Financial Comments (PAA - 29/10/2024)**

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

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

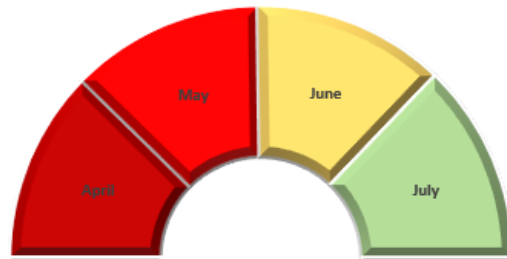
Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

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

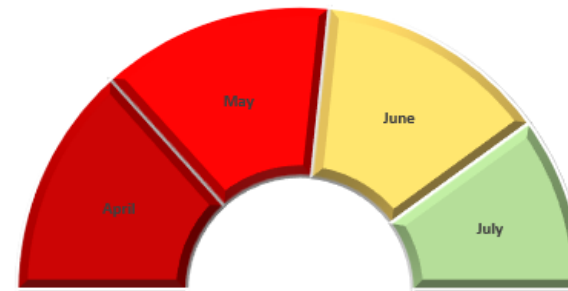
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# Progress against the Term 1 Plan 2024-25



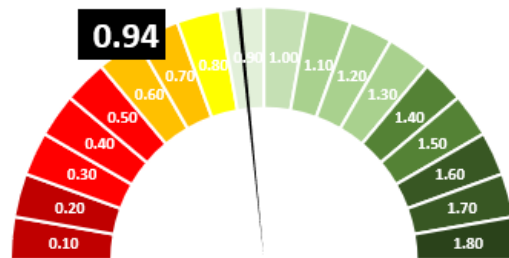
**Term 1 Days target - 222**  
**Position as at end of July 2024**

**300**



**Term 1 Jobs target - 15**  
**Position as at end of July 2024**

**19**



**Term 1 Productivity at end of July 2024**

Both days input and jobs output are higher because a new Senior Auditor's days were not included in the plan, as the recruitment was completed after the Term 1 Plan went to Committee.

## Key Performance Indicators

Performance Measure/Criteria	Target	Outcome in Term 1
<b>1. Risk-aware Council</b>		
Completion of Termly Plan – Days	90%	✓ 135%
- Jobs	90%	✓ 127%
Productivity	1.0	X 0.94
As illustrated in the charts above, the number of days input and jobs output were both higher than planned because a new Senior Auditor was recruited after the Term 1 plan went to Committee. A 94% productivity measure was therefore good under the circumstances.		
Regular progress reports to:		
- Departmental Leadership Teams	1 per term	✓ Completed
- Corporate Leadership Team	1 per term	✓ Completed
- Governance & Ethics Committee	1 per term	✓ Completed
Publication of periodic fraud/control awareness updates	2 per annum	✓ Counter Fraud Progress Report, Jan 2024; and Annual Counter Fraud Report, July 2024
<b>2. Influential Audit Section</b>		
Recommendations agreed	95%	✓ 100%
<b>3. Improved internal control &amp; VFM</b>		
Percentage of Priority 1 & 2 recommendations implemented.  (Position as at latest action tracking exercise reported in Nov 2024)	75%	✓ 90% of 2022/23 actions  ✓ 81% of 2023/24 actions
<b>4. Quality measures</b>		
Compliance with the Public Sector Internal Audit Standards (PSIAS)	Compliance achieved	✓ An External Quality Assurance review is required every 5 years. Last undertaken in March 2023. An annual self-assessment was done for the Chief Internal Auditor's Annual Report to the June 2024 committee. Both of

Performance Measure/Criteria	Target	Outcome in Term 1
		these reviews confirmed compliance.
Positive customer feedback through Client Satisfaction Survey (CSS) scores	Feedback good or excellent (where a score of 4 is excellent and a score of 3 is good)	✓3.3





Area of Assurance Coverage	Priority Level (if risk assessed)	Job count	Other 3rd Line Assurance	Assurance from audit coverage and planned days					Potential scope or area of assurance coverage	
				2nd Line Assurance Role	Opinion Assurance	Advice/ Consultancy Assurance	Counter-Fraud Assurance	Certification Assurance		
Audit Risk Assessment - Assurance Requirements for the Term				Rationale for Assurance Requirement						
Governance Framework										
Continuous Audit Assurance	H	1		20					<b>Core process based:</b> continued reporting to Statutory Officers of routine assurance that core processes are operating as intended, or to identify areas for management/audit attention.	
Assurance Mapping	H	1		30					<b>Core Process based:</b> completion of the annual assurance mapping exercise, to capture assurances from across the Council, to inform the Annual Governance Statement.	
Governance Update	H	1		5					<b>Core Process based:</b> to provide an update on progress against the Annual Governance Statement action plan for 2023/24.	
Annual Governance Statement	H	1		5					<b>Core Process based:</b> Co-ordinate evidence gathering and draft the Annual Governance Statement for 2023/24	
New Internal Audit Standards - implementation	H	1		20					<b>Professional requirement:</b> a review of the requirements of the new Internal Audit Standards 2025; and an update of our procedures, and staff training, to meet these Standards.	
Counter-Fraud										
Pro-active Counter Fraud - Continuation of pro-active counter fraud activity and Counter Fraud Progress Report	H	1						8	<b>Counter fraud:</b> Pro-active counter fraud activity in accordance with the fraud action plan, including the annual fraud report.	
Misuse of Direct Payments in Adult Social Care	H	1						10	<b>Counter fraud:</b> From the action plan in the Annual Fraud Report. Completion of a review of the potential misuse of Direct Payments in Adult Social Care. It complements the more specific review, in progress, of Direct Payments to Family Member Carers.	
Pro-active Counter Fraud – Review of Matches 2022-24	H	1						4	<b>Counter fraud:</b> Review and report on the completion of recommended matches by the key contacts within departments, for the Cabinet Office's National Fraud Initiative (NFI).	
Counter Fraud Alerts - network dissemination & update of fraud training with move to new NCC staff training software.	H	1						5	<b>Counter fraud:</b> Review and dissemination of fraud alerts from national counter-fraud agencies.	
Counter Fraud case reviews	H	1						1	<b>Counter fraud:</b> Regular liaison to address concerns including misuse and financial abuse involving service users	
Certification										
Sustainable Warmth Grant	H	1							15	<b>Certification:</b> Required by the Department for Energy Security & Net Zero, commencement of a review to certify use of the grant to make energy saving home improvements in compliance with the grant conditions
Assurance										
Purchasing through Mosaic	H	1				15				<b>Core process &amp; intelligence based:</b> Following on from our 2023 review of Waivers from Tendering, completion of a review of purchases committed to through the Mosaic social care system, before being recorded on the Council's BMS purchasing system, and before Corporate Procurement might become aware of them.
Procurement Regulations 2025 - implementation	H	0				15				<b>Core process based:</b> Commencement of a review of arrangements to prepare for the new Procurement Regulations which have been delayed but are expected to be introduced in Feb 2025.
Budgetary Control	H	0				15				<b>Core process based:</b> Commencement of a review of budgetary control and forecasting in Council departments, with a focus on the areas with the greatest variances between monthly forecasts, and between budget and forecast expenditure.
Payroll	H	0				8				<b>Core process based:</b> Commencement of a review of corporate Payroll controls including for removal of leavers, overtime payments, allowances, using data analytical techniques where appropriate.
Vacant Properties	H	1				10				<b>Intelligence based:</b> Completion of a review of vacant properties, to ensure there are appropriate maintenance arrangements in line with the Council's insurers requirements and policy clauses.
ICT Audit - from the current ICT Audit Needs Assessment	H	1				10				<b>ICT Risk Based:</b> Completion of this audit from the current ICT Audit Needs Assessment. To be carried out by our contracted ICT audit providers, Potentially a review of internal Software Development
ICT Audit - Payment Card Industry - Data Security Standard	H	1				15				<b>ICT Risk Based:</b> Completion of this audit from the current ICT Audit Needs Assessment. It relates to the secure handling of information from credit & debit cards, which is provided by those who pay the Council by these methods.
BMS/SAP Replacement Programme - advice	H	0					5			<b>Advice:</b> Contribution to the BMS Replacement Programme Working Group
Governance Arrangements - advice	H	1					15			<b>Advice:</b> The governance arrangements, under the Cabinet and Scrutiny model, were introduced in May 2022, and are under continuous review. Our input is now to provide support to this review.
Sub-totals					80	88	20	28	15	
Planning, reporting, client management										
Governance & Ethics Committee		0					16			<b>Core Activity:</b> Preparation of reports in accordance with the Governance and Ethics Committee annual work plan and attendance at meetings.
Client management		0					20			<b>Core Activity:</b> Planning and termly progress reports to Corporate Leadership Team.
Advice		0					10			<b>Core Activity:</b> Advice to client on financial and other controls, on request.
Sub-totals					0	0	46	0	0	
Grand Totals		16			80 277	88	66	28	15	
Page 235 of 316										

Area of Assurance Coverage	Priority Level (if risk assessed)	Job count	Other 3rd Line Assurance	Assurance from audit coverage and planned days					Potential scope or area of assurance coverage
				2nd Line Assurance Role	Opinion Assurance	Advice/ Consultancy Assurance	Counter- Fraud Assurance	Certification Assurance	
Forward Plan for assurance in subsequent Terms									
Procurement Regulations 2025 - contract management	H								Core process based: A review of compliance with the new Procurement Regulations which have been delayed but are expected to be introduced in Feb 2025.
Information Governance	H								Core process based: Review of the arrangements for managing information governance risks, including Data Protection
Workforce planning & employee recruitment	H								Core process based: a review of progress on the Authorised Staffing and Establishment Workforce Review (ASEWR) which began in August 2022
Asset Management - Building & Office Rationalisation	H								Core Process based: Undertake a review of the Building and Office Rationalisation Programme, in response to hybrid and smarter working - including the management of assets and the realisation of capital receipts.
Ethical Culture	H								Professional requirement: it is a requirement of the Public Sector Internal Audit Standards that we evaluate the organisation's ethical framework. Our previous review reported in 2019. This next review will examine how the ethical framework is understood and applied, including with reference to the Nottinghamshire Way approach adopted by the Council.
s106 agreements - sufficiency of contributions	H								Intelligence based: A review of the sufficiency of developer contributions obtained under s106 agreements, to enable the proposed infrastructure to be provided
Use of Agency Staffing	H								Intelligence based: Undertake a review of the use of agency staffing contracts across the Council and especially in high use areas.
PFI - arrangements for the exit	H								Intelligence based: Arrangements in place for the completion, exit and hand back of arrangements under PFI schemes
Thematic Review of Schools Financial Sustainability - NAO Guidance	H								Intelligence based: Undertake a review of processes within schools based on risks emerging from the NAO guidance on financial sustainability of schools.
Social Care - Future Needs & Impact	H								Intelligence based: Undertake a review of intelligence and data analytics used to form a view of future needs with comparison of practices nationally within Adults and Children's.
Adult Care Financial Services (ACFS) - debt recovery	H								Intelligence based: Following on from our recent review of debt recovery across the Council, a more focused and in-depth review of ACFS, the department which accounts for most debt, including the creation and recovery of debts.
BACS - transactional assurance work	H								Intelligence based: Work recommended by the BACS inspector, likely to be required in Autumn 2025, to provide assurance over BACS payments.

**27 November 2024****Agenda Item: 8****REPORT OF SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS****Purpose of the Report**

1. To report progress with the implementation of agreed management actions to address Internal Audit recommendations.

**Information**

2. Internal Audit carries out follow-up work every six months, as follows:

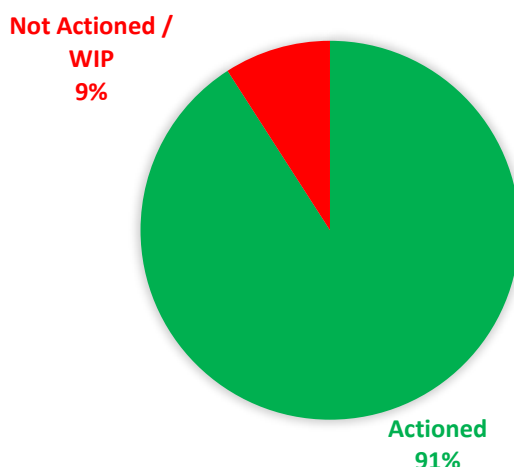
Priority rating of recommendation	Management assurance	Internal Audit assurance
Priority 1	Updates sought from action owners about implementation	Testing to confirm management assurances about implementation
Priority 2		Sense-checking of updates, but no testing required

3. The charts, tables and text in this report, and its appendix, describe the progress made in the implementation of actions from internal audit reports, plus the outcomes of our testing of Priority 1 actions.

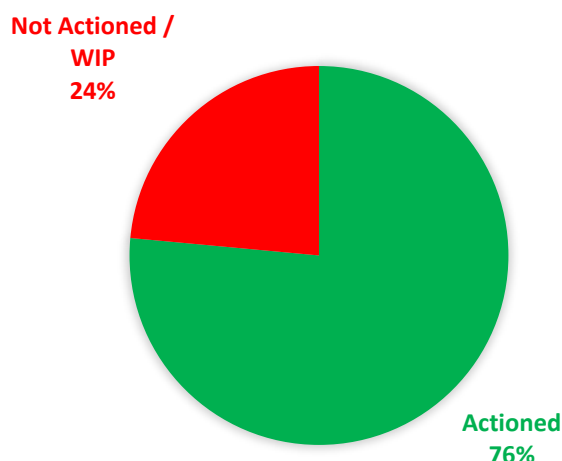
***Priority 1 Actions***

4. The degree of progress made with implementing and testing the more recent Priority 1 actions are summarised in the pie charts below, which cover the latest two financial years:

### 2022/23 PRIORITY 1 ACTIONS



### 2023/24 PRIORITY 1 ACTIONS



5. The green segments of the pie charts confirm that the majority of Priority 1 recommendations from both years have been actioned. We have tested these actions and confirmed that they are implemented. Those that have been confirmed in this latest 6-monthly exercise are summarised in the table in paragraph 6 below.
6. Our testing has confirmed satisfactory implementation for the following Priority 1 actions:

Priority 1 Actions – Cleared by Internal Audit following recent testing	
Audit	Actions cleared
2020/21	
Commissioning	<p>There were already Departmental Commissioning Boards in the Adults and Children's departments, and now a Strategic Commissioning &amp; Contract Management working Group is meeting, which provides standardisation of the direction, governance and accountability of the process for Strategic Commissioning and Contract Management across the Council.</p> <p>The Strategic Commissioning Toolkit on the intranet, launched in 2023, has been assessed by us, and we have confirmed that it meets the 8 principles in the Strategic Commissioning Framework, approved by Cabinet in March 2023.</p>

Priority 1 Actions – Cleared by Internal Audit following recent testing	
Audit	Actions cleared
<b>2021/22</b>	
Councillors Divisional Fund	The original report had 6 Priority 1 actions and 3 were cleared 2 years ago. The remaining 3 Priority 1 actions have now been confirmed as implemented. These relate to the completeness of application forms; checks on applications before payment; and checks undertaken after payment.
<b>2022/23</b>	
Counter-Fraud Learning & Responsiveness – Direct Payments in Adult Care	Training and guidance on the reviews of adults receiving care has been prepared and delivered to staff, with the intention that all teams will have received the training within the year. This means that all 5 actions from the original report have now been cleared.
Adult Care Direct Payments – Pre-paid Cards	The department is now monitoring all accounts to identify those that are no longer required so that they are closed, with the balances in them recouped. This means that all 8 actions from the original report have now been cleared.
<b>2023/24</b>	
Errors in Enhanced Pay in the Short Breaks Units	The original report had 11 Priority 1 actions. We have now confirmed that 9 of these have been implemented. The remaining two are still subject to future action tracking and so included in the overdue actions in appendix 1. The 9 completed actions relate to guidance to staff on calculating pay, checks on the input of pay, the input and checking of additional hours, the use of standard timesheets, removing staff from the payroll as soon as they leave, improved budget monitoring over payroll costs, guidance on budget monitoring, checking actual hours paid against hours planned, and managers responding to payroll queries raised by employees.

- Where management provides assurance that Priority 1 actions have been implemented, internal audit tests them before confirming they are implemented (as in paragraph 6 above and the green segments in the pie charts). We have obtained evidence to test all implemented Priority 1 actions.
- Despite the positive messages above, our work continues to identify Priority 1 actions where implementation is overdue. These are set out in **Appendix 1**, and summarised by year, and by department, below:

Overdue Priority 1 Actions						
Audit report year	Council total	Departmental Analysis				
		ASCPH	C&F	Place	CEx	Cross-cutting
Pre-2021/22	5	0	0	0	0	5
2021/22	7	0	0	1	6	0
2022/23	3	0	0	0	3	0
2023/24	4	2	0	0	2	0
<b>Total</b>	<b>19</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>11</b>	<b>5</b>

### **Governance Arrangements of Arms Length Organisations**

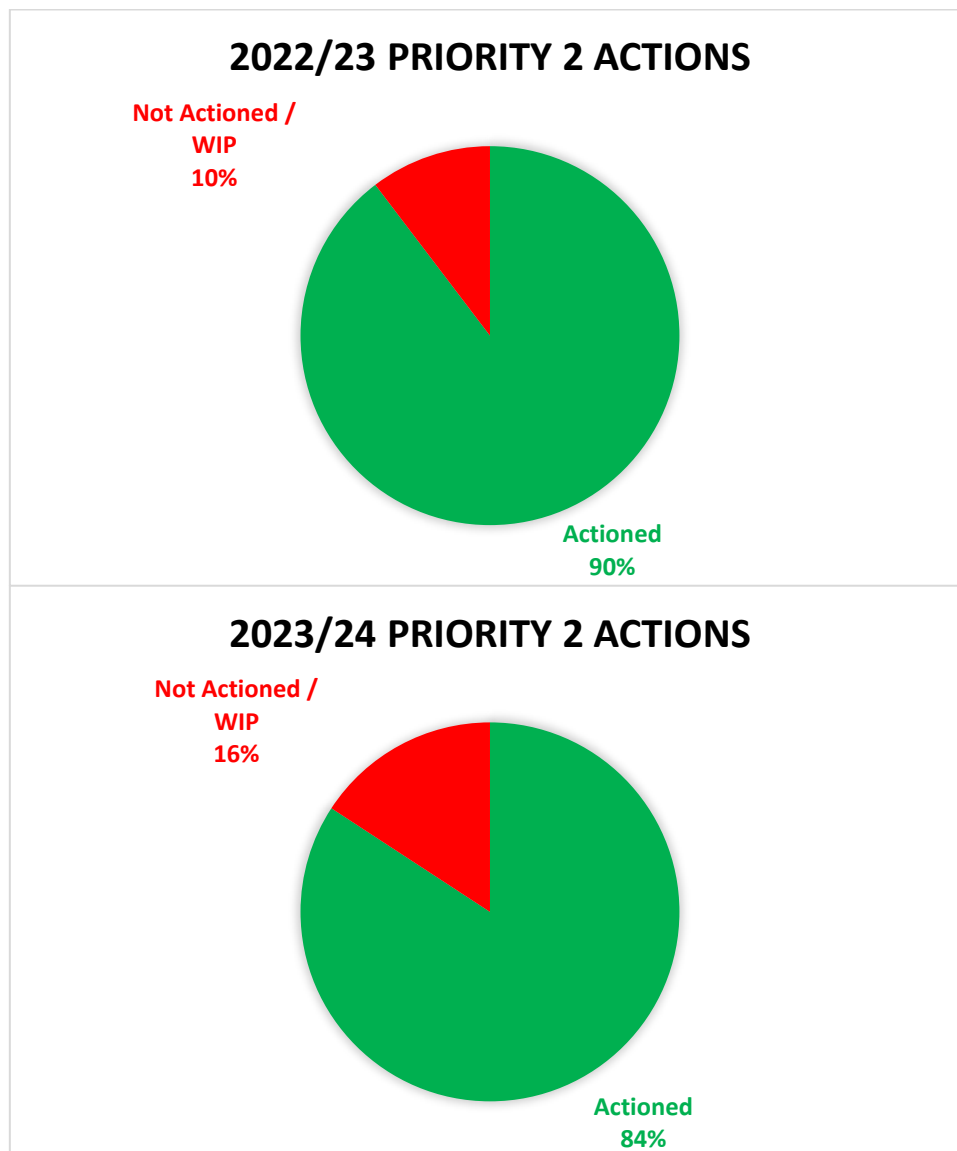
- In the above table six of the overdue actions in the Chief Executive's department from 2021/22 relate to our report on Governance Arrangements of Arms Length Organisations. All the recommendations in that report are now due for implementation based on the original estimated timescales provided by management, which were given subject to the availability of

additional resources to carry out this new work. The Priority 1 recommendations in that report are summarised in Appendix 1.

10. Progress with the implementation of the recommendations had been limited because of previously identified resource and capacity issues. Last month, in October 2024, a report to this Committee on these Arms-Length Organisations (Alternative Service Delivery Models) set out actions to be taken in respect of the core Council companies which justify the greatest level of oversight.
11. That Committee report addresses all of the actions identified in our original internal audit report. As part of our tracking process, we will seek to test and ensure that the actions in the Committee report are addressed by appropriate measures.

### ***Priority 2 Actions***

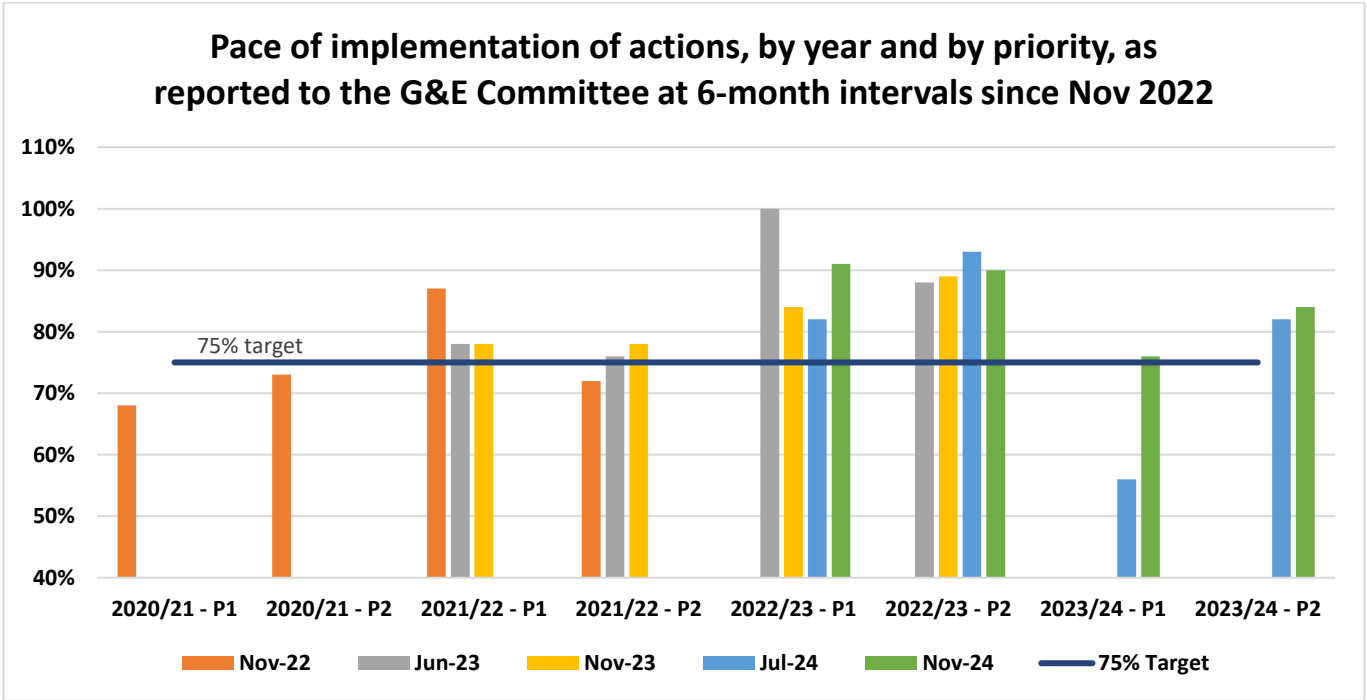
12. Progress with implementing Priority 2 actions over the last two financial years is summarised in the following pie-charts:



13. The green segments confirm that the majority of Priority 2 recommendations from both years have been actioned. The red segments indicate where there remains more to do.

**Pace of implementation**

14. For each financial year, a key performance indicator has been agreed, for 75% of Priority 1 and Priority 2 actions to be implemented on schedule. The following chart tracks the pace with which actions have been implemented since 2020/21 audits, as reported to successive G&E Committees since November 2022, which was when the implementation of actions was continuing to recover from the interruption of some activities during the Covid-19 pandemic:



15. The above chart shows an improving trend. Implementation exceeded the 75% target at our previous reviews in June and November 2023. Then at the last review in July 2024 there was a dip because of only a 56% implementation rate for Priority 1 actions from 2023/24. This arose from an audit of Enhanced Pay in the Short Breaks Units. So we proactively targeted the follow-up of the implementation of these during the current exercise. These actions have now been substantially implemented as summarised in the table at paragraph 6 above.

16. Therefore the implementation rate on this latest action tracking exercise is above 75% in all categories, as shown in the four pie charts in this report. The overall implementation rate is 90% for 2022/23 actions and 81% for 2023/24 actions.

**Management updates to the Governance & Ethics Committee**

17. The continued drive and support from the Committee is key in securing improved implementation rates going forward. Arising from the details presented in this report, the Committee may consider that it requires further updates and assurances from management



at its next meeting in relation to one or more of the areas in which agreed actions remain outstanding.

### **Other Options Considered**

18. The other option considered would be to not bring an update report to the Committee, however this was rejected as it would mean the committee would not have the oversight of progress needed to gain assurance that actions identified were being implemented.

### **Reason for Recommendation**

19. To enable the Governance & Ethics Committee to consider whether it has received sufficient assurance that actions in response to Internal Audit's recommendations are being implemented as agreed, or whether it considers that further and more detailed updates from management are required.

### **Statutory and Policy Implications**

20. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.
21. Many of Internal Audit's recommendations are made with specific financial implications in mind. Such recommendations, and the associated management actions, are designed to secure effective governance, internal control, and risk management.

## **RECOMMENDATIONS**

- 1) That the Committee note the contents of the reports and the progress that has been made against the Internal Audit recommendations.
- 2) That a further progress report and an update on those actions outstanding be included in the next 6-monthly review.

**Nigel Stevenson**

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

**For any enquiries about this report please contact: Simon Lacey, Chief Internal Auditor**

### **Constitutional Comments (GR - 30/10/2024)**

Pursuant to the Nottinghamshire County Council constitution this committee has the delegated authority to receive this report.

### **Financial Comments (PAA - 31/10/2024)**

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

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

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

- None

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

- All



Agreed action and risk	Original implementation target and position at the previous follow-up in July 2024	Latest progress update	Internal Audit follow-up
<b>Pre-2021/22 audit reports</b>			
<b>Budget Forecasting (cross-cutting) – March 2020</b>			
<b>Training</b> A training package is being developed. This will be available as on-line training and will include updated guidance on the expectations of budget holders and approvers.  <i>Risk: Where staff are not fully aware of their roles and responsibilities or properly trained, inaccurate forecasts may be produced.</i>	September 2020  July 2024: Online training is not yet available. However, budget training continues to be delivered by Finance staff to individual budget holders as required. Monthly budget monitoring has not identified inaccurate forecasts and the process continues to be robust. There is a new Group Manager for Financial Services who is to be informed of this action.	The new Group Manager for Financial Services is currently developing some targeted budget training for Senior Leadership Teams and hopes to have that ready for the New Year 2025. In addition the new budget system will give a really good opportunity to provide wholesale budget and budget system training for all budget holders. Timescale for that new system is to be confirmed but likely to be Quarter 4 of 2025/26.	To be followed up in next 6 months.
<b>Commissioning (cross-cutting) – June 2020</b>			
<b>Training</b> Training courses on commissioning to be established and rolled out.  <i>Risk: The quality of commissioning activity may vary across the organisation.</i>	October 2020  July 2024: The e-learning is complete and due to launch shortly.	The e-learning training will be on the new staff e-learning software which is to go live soon.	To be followed up in next 6 months.
<b>Business Continuity Planning (BCP) (cross-cutting) – August 2020</b>			
<b>Business Continuity Plans</b> Managers of critical services in the ASC&PH and C&F Departments need to produce BCPs for the 10 critical services currently without one. Once completed they need to be uploaded onto SharePoint.  <i>Risk: Services deemed as critical may not have an action plan in the event of an emergency.</i>	July 2024: The NCC critical services list will be reviewed during a dedicated workshop session led by Zurich. Date to be confirmed soon.	The instruction from EMB was for Emergency Planning and ICT to focus on revising current Business Impact Analysis and Critical Service BC Plan Templates. This was to simplify the BIA process and encourage more buy in. ICT need to understand the systems requirements of critical services and what local contingencies are in place, therefore championed critical services carry out BIA's. New templates were approved by EMB on 14 Oct 2024. The BIA template and guidance is being rolled out to all critical services, via RSEMG's on 18 Oct 2024 with a deadline of completion set for December. An	To be followed up in next 6 months.

## Overdue Priority 1 Actions

## Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in July 2024	Latest progress update	Internal Audit follow-up
		EMB report of 14 Oct has a plan of action and timescales. Once BIA's are completed these will be analyzed by ICT / EP and gaps addressed / escalated accordingly. Emergency planning will support departments in completing BIA's.	
<b>Training</b> The Emergency Planning Team to submit a report to the Risk, Safety and Emergency Management Board (RSEMB) on training options and other matters arising from the returned questionnaires.  <i>Risk: There may be lack of engagement from BCP managers and ineffective actions taken in the event of an emergency.</i>	July 2024: Detailed consultation has taken place on the templates designed by ICT. Emergency planning have suggested a different format that will be more user friendly; this is currently being firmed up and guidance written to accompany the templates.	Guidance for new BIA and BC templates has been drafted to aid services to complete.  An emergency planning officer supports each departmental RSEMG and will provide support with the completion of BIA's in whatever form is required and agreed by the group e.g. 1-2-1's, workshops  Emergency planning are currently developing BC eLearning for managers. This will be available on MyLearning (or equivalent system). Target date Dec 2024 / Jan 2025.	To be followed up in next 6 months.
<b>Annual Reviews of BCPs</b> Managers of critical services to ensure that BCPs to be reviewed, updated, and made subject to training exercises.  <i>Risk: Actions taken in response to an emergency situation may not be effective, exposing the Council and its service users to prolonged disruption.</i>	July 2024: The current templates being used are fit for purpose at the moment. It is the information within the plans that is important. Therefore, services are continuing to update their plans in the current format, and their plans are usable.	Services continue to be reminded to review BC plans at each departmental RSEMG and to send copies to the Emergency Planning Team and upload on SharePoint. The BIA's and Plans will be audited as per the deadlines approved in an EMB report of 14 Oct 2024.  The NCC Pandemic Plan (specific BC plan) is currently out for consultation.	To be followed up in next 6 months.
<b>2021/22 audit reports</b>			
<b>Sale of land and building properties (Place Dept) – November 2021</b>			
<b>Asset Management Plans</b> To develop the Service Asset Management Plans (SAMPs).  <i>Risk: The property requirements of the Council may be unclear.</i>	March 2022  July 2024: The Property (Strategy & Information) Team has been working with the services, to get this process bedded in, but it is proving challenging. A new Property Group Manager will start this	Following proposed changes to the Property team, its focus and time has been spent on the reorganisation and specifics of what this means for the Authority and department directly and, as such, the Asset Management Plans have taken a back seat. However, the reorganisation will be embedded by Quarter 1 of 2025 which will then allow the team to	To be followed up in next 6 months.

## Overdue Priority 1 Actions

## Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in July 2024	Latest progress update	Internal Audit follow-up
	summer and this SAMP work is likely to be a focus, so the process will hopefully speed up then.	focus on the SAMPs, and it has identified this as a priority for the team.	
<b>Governance Arrangements of Arms Length Organisations (Chief Execs Dept) – December 2021</b>			
<b>Ownership of Company Governance</b> Centralise the Council's governance arrangements for its companies, including monitoring, reporting and guidance.  <i>Risk: Lack of oversight and assurance</i>	Various dates up to June 2023  July 2024: The Section 151 Officer, Monitoring Officer, and the Corporate Director for the Place Department have identified the companies and actions that should be focused on, and established a working group which includes the Head of Internal Audit, Group Manager for Legal & Democratic Services, and the two Service Directors in the Place Department. From this, the working group is scheduled to present a report to the October 2024 G&E Committee to review the Governance Arrangements of Arms Length Organisations. This is expected to address the actions identified in our original internal audit report.	A report on the governance arrangement for these Arms-Length Organisations was presented to the previous G&E Committee (Oct 2024). This detailed actions to be taken in respect of the core Council companies which justify the greatest level of oversight. Internal audit will continue to monitor the implementation of these actions, which address all of the actions from our original audit report.	To be followed up in next 6 months.
<b>Roles and Responsibilities</b> Ensure appropriate Council representatives are on each company's board, and appointed as shareholders, and their roles are clear and understood.  <i>Risk: Ineffective governance if roles and responsibilities are not defined.</i>			
<b>Training and Development</b> Professional training provided to Council representatives on each company's board, and those appointed as shareholders.  <i>Risk: Ineffective governance if representatives are not appropriately trained.</i>			
<b>Conflicts of Interest</b> Review the Council representatives on each company's board, and those appointed as shareholders, for any conflicts of interest. Manage this on an ongoing basis.			

## Overdue Priority 1 Actions

## Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in July 2024	Latest progress update	Internal Audit follow-up
<i>Risk: Ineffective governance if conflicts of interest are not managed.</i>			
<b>Assurance Reporting</b> Performance reporting by the companies to be tracked, and an annual governance report on the companies to be provided to the G&E Committee.  <i>Risk: Governance is not demonstrated if arrangements are inconsistent.</i>			
<b>Terms of Appointment</b> Terms of appointment for shareholders acting on the Council's behalf to specify their limits of authority. Records of meetings with decisions made to be retained.  <i>Risk: Decisions may be made without control, oversight, or visibility.</i>			
2022/23 audit reports			
Pensions Administration (Chief Execs Dept) – August 2022			
<b>Inaccurate data</b> As part of the national Guaranteed Minimum Pension project, there was a requirement to reconcile the pensioner payroll in SAP with the pension benefit payment in the Pension Administration System (UPM).  <i>Risk: Inaccurate data is held relating to pension scheme contributors and their payments.</i>	May 2022 onwards  July 2024: The Guaranteed Minimum Pension programme was split into Reconciliation and Rectification phases. Reconciliation was completed and highlighted 766 cases that require Rectification. To date 580 overpayments have been corrected. The department is unable to confirm a timescale for this work to be completed as this time.	This work is ongoing. The Fund continues to work with Intellica on the remaining overpayments as these cases have required further individual calculations to be performed. The remaining overpayments will be corrected over the final quarter of this year.	To be followed up in next 6 months.
ICT – Cyber Security (Chief Execs Dept) – March 2023			

## Overdue Priority 1 Actions

## Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in July 2024	Latest progress update	Internal Audit follow-up
<b>Training for the Risk, Safety and Emergency Management Board (RSEMB), and update of the Cyber Security Incident Response Plan</b> To ensure that all staff on the RSEMB or with roles in the Cyber Security Incident Response Plan, are aware of and understand their roles and responsibilities.  <i>Risk: Staff without the appropriate skill levels and training may not be able to provide direction and to react effectively in the event of an incident.</i>	Sept 2023  July 2024: Training for RSEMB will be completed once EMB established and an exercise will be run later in the year with the EMB. Cyber Security Incident Response Plan and playbooks are updated and circulated to response teams. A comprehensive review of plans is underway with our new Cyber Security Incident Response Partner to take account of this new capability.	Phishing simulations completed across NCC. Results being used to determine additional training materials, over the NCSC Mandatory training. Activities and plans are being developed for 'Pop In' sessions during Cyber Awareness month covering additional cyber security topics such as social engineering and keeping safe online. This has followed from a Covert Physical Social Engineering Exercise in July Plans were underway with our Cyber Incident Response Partner to run a desktop exercise with RSEMB, however with the change in the Board format and RSEMB now being replaced by EMB we will need to revisit once the new Board settles into its routine. ICT Security continue to run NCSC 'Exercise in a Box' sessions, within ICT core teams that are likely to be required to support in the event of an incident, to test socialisation and understanding of our plans across those key teams.	To be followed up in next 6 months.
<b>Risk appetite and tolerance</b> Development of risk appetite and tolerance, within the ICT Operational Risk Register.  <i>Risk: Lack of clarity about risks may lead to ineffective decision making.</i>	June 2023  July 2024: Work is on-going and tied into work being completed in the above action.	Work ongoing, but focus is on developing training artefacts and opportunities in response to the outcome of phishing simulations and covert social engineering exercises over the Spring and Summer which have given us a baseline of awareness.	To be followed up in next 6 months.
<b>2023/24 audit reports</b>			
<b>ICT – Legacy Systems Management (Chief Execs Dept) – Oct 2023</b>			
<b>End-of-life of BMS system</b> ICT to be fully engaged in the replacement solutions for BMS (SAP).  <i>Risk: To ensure that risks are mitigated in relation to design, implementation, handover, security, and data management &amp; integrity</i>	June 2023  July 2024: In respect of BMS (SAP): There has been some engagement with ICT and conversations are taking place, however progress remains slow on identifying a suitable replacement. ICT have mitigated as many of the vulnerability and protocol issues within the BMS infrastructure as they can. However, there remains the issue of the	Business Project Manager now appointed and engagement with ICT has started. Concerns remain over resource contention with other critical ICT work programmes that will be in training during the procurement/implementation phase.  An ICT Technical Project Manager will be appointed to work on the ICT elements of the replacement programme, in Sept or Oct 2024.	To be followed up in next 6 months.



## Overdue Priority 1 Actions

## Appendix 1

Agreed action and risk	Original implementation target and position at the previous follow-up in July 2024	Latest progress update	Internal Audit follow-up
	burning platform and the amount of resource necessary to migrate in ever shrinking timescales.		
<b>Waivers from Tendering (Chief Execs Dept) – Nov 2023</b>			
<b>Retrospective Waiver Requests</b> Record and act upon non-compliances with financial regulations that lead to waiver requests.  <i>Risk: Non-compliances with financial regulations are not fully recorded, and not further considered, to identify trends and corrective actions.</i>	Nov 2023 onwards  July 2024: The Procurement Group Manager will send a reminder to all Group Managers about complying with the financial regulations requirement for tendering. This will reference the new Procurement Act.	The reminder to Group Managers is still to be issued.	To be followed up in next 6 months.
<b>Errors in Enhanced Pay in the Short Breaks Units (Adults Dept) – Nov 2023</b>			
<b>Consistent use of the Auto Enhanced Payments (AEP) system</b> A consistent approach would be beneficial across all Short Breaks Units  <i>Risk: Inconsistencies, inefficiencies and errors may occur. Hours paid might not agree to those worked.</i>	1 April 2024  July 2024: It is intended that all units will use Auto Enhanced Pay for shift workers but this is still being worked on. Its introduction was delayed by sick leave at the Units which has now ended, so support and training to implement the system could not be provided earlier.	The Auto Enhanced Pay system has been implemented at 2 of the 3 locations, and its implementation at the third is expected to be completed by December 2024.	To be followed up in next 6 months.
<b>Reporting errors – online form</b> Create an online portal and DASH form where payslip queries can be raised and picked up by Payroll.  <i>Risk: Reported errors might not be prevented from reoccurring.</i>	31 March 2024  July 2024: Work is progress with the online payslip provider, Engeneum, in the development of a 'contact us' form. This form is currently undergoing 'system' testing before being released for end user testing. This will enable users of the online portal to submit a query 24/7 when viewing their payslip. A date for the form to be launched is to be confirmed.	Engeneum are still working on this. Expected to be done by the end of November 2024.	To be followed up in next 6 months.

**27 November 2024****Agenda Item: 9****REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****CORPORATE RISK MANAGEMENT UPDATE****Purpose of the Report**

1. To inform members of developments in the Council's arrangements for corporate risk management.

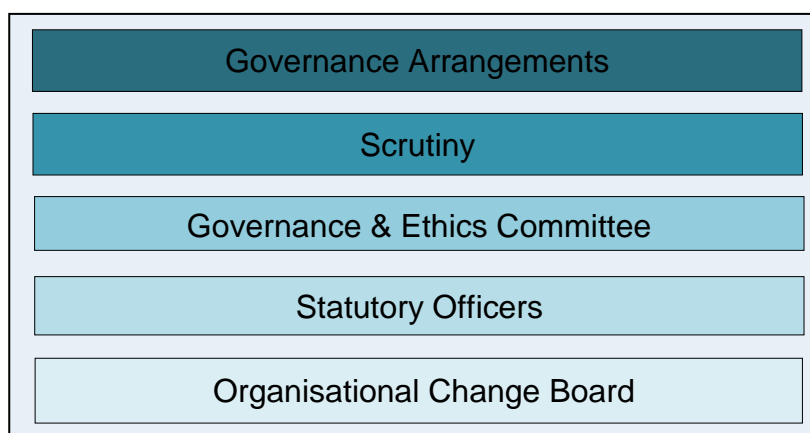
**Information**

2. The Accounts and Audit Regulations 2015 require authorities to have effective arrangements for the management of risk. The role and responsibility of the Committee, as defined in the terms of reference, is 'responsibility for oversight of the effectiveness of the Council's risk management framework.'
3. To determine the effectiveness of how the Council was managing risk, an external review was carried out in September 2021 by Zurich Resilience Solutions (Zurich). This review identified significant scope for improvement was needed and an action plan was developed.
4. We have subsequently worked with Zurich over the last few years to implement the action plan to address the improvements. We have worked alongside Corporate Leadership Team (CLT) and Departmental Senior Leadership Teams (SLT), to strengthen risk management arrangements across the Council. We have now successfully recruited permanent resources in the form of a Corporate Risk Manager and Risk & Insurance Assistant to continue addressing the action plan and strengthen the arrangements.
5. Alongside these appointments we have moved the oversight of risk management to the Organisational Change Board (OCB), which now ensures CLT routine involvement and a closer integration of risk with performance management and financial planning.

**Risk Framework**

6. We define risk as the effect of uncertainty on objectives. It can be both positive (opportunity) or negative (threat).
7. Therefore our approach to risk management recognises that taking risk is integral to service delivery and delivering best value, whilst also recognising the flexibility needed by the wide range of Services we have.

8. In view of this, our risk management approach focusses on effective identification and management of risks to minimise negative impacts and maximise positive benefits to help deliver the Council's priorities. To formalise this approach and demonstrate the Council's commitment to risk management, we have developed a new Risk Management Framework to support Members and Officers in fulfilling their appropriate roles and responsibilities for effective risk management.
9. The Framework (Appendix A) classifies risk into three tiers: -
- **Corporate** - A risk or combination of risks that can seriously affect the performance or reputation of the organisation. These are generally large scale organisational risks which could impact on the ability of Nottinghamshire to deliver on its long-term objectives. (Affects all Services)
  - **Department** - Localised risks that specifically impact on Departmental objectives. (Affects Individual Departments)
  - **Service** – Specific small-scale risks that can be managed through business-as-usual controls and measures. (Affects individual Services)
10. The governance structure upheld by the Council ensures that there is appropriate oversight over each tier of risk. For the Corporate risk tier, responsibilities identified in the Risk Management Framework have been captured in the diagram below. The other tiers are the responsibility of the individual departments and services.



11. Full details of the roles and responsibility for each of the above are defined in the Risk Framework.

### Risk scoring and prioritisation

12. The risk matrix is the main tool used by the Council for prioritising risks. Risks are prioritised to establish which are the most significant and therefore are in need of greater attention and resources. By using the likelihood and impact score plotted on the below risk matrix, we can determine the risk level.

Severe (5)	↑ Impact	5	10	15	20	25
Significant (4)		4	8	12	16	20
Moderate (3)		3	6	9	12	15
Minor (2)		2	4	6	8	10
Negligible (1)		1	2	3	4	5
		Likelihood →				
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)

13. Based on the risk level, different responses are required and the table below provides some guidance on what the response should be.

Scoring Category	Description
Low	The risk has been managed to an acceptable level that the organisation is comfortable with. Arrangements to remove the risk or manage the risk at a lower level should be considered.
Medium	The risk is higher than what the organisation considers an acceptable level that should be closely monitored and managed.
High	The risk is over what the organisation considers an acceptable level of risk. Additional controls and close monitoring processes should be in place.
Very High	The risk is extremely high and above the level of risk the organisation accepts. In some cases, the appropriate way of managing the risk is terminating the activity. Risks within this category will routinely be reported to Organisational Change Board.

## Risk Registers

14. A key requirement of the Risk Management Framework is the routine monitoring of risks, which is undertaken and captured through continuous pro-active review of risk registers across each of the three tiers.
15. Corporate risks are recorded on the Corporate Risk Register, and these are pro-actively reviewed and monitored by CLT, through the OCB, at every meeting. The Corporate Risk Manager attends the OCB to provide professional risk management advice, to capture emerging risks and review existing entries to compile an effective management resource to assist subsequent decision making.
16. A summary of the current Corporate Risk Register is presented at **Appendix B**. This first report does not include any trend analysis or comments, however the intention is these will be included in future reports.
17. The Corporate Risk Manager also works alongside colleagues in Departmental SLTs to develop Departmental Risk Registers. These registers are reviewed and monitored by

Departments on a regular basis and any departmental risks that require escalation are then reviewed by OCB for inclusion onto the Corporate Risk Register.

### **Risk Mapping**

18. Part of our work in developing the risk management agenda has been to identify and map all the key groups across the Council that are pro-actively managing risk. The groups are captured in **Appendix C**. This work has highlighted the depth and breadth of current risk management activities across the Council that contribute to effective risk management.

### **Future Plans**

19. Going forward we will continue working on developing the risk management agenda across the Council. We will provide future updates to this Committee to capture details of progress made along with a summary of the Corporate Risk Register, highlighting any movements/trends since the previous report.
20. This will ensure the Committee is able to fulfil its responsibility for oversight of the effectiveness of the Council's risk management framework, as identified in its terms of reference.

### **Other Options Considered**

21. This report presents members with an update of developments for effective Corporate Risk Management. No other options were considered.

### **Reason for Recommendations**

22. To provide members with details of developments in the Council's arrangements for effective corporate risk management to enable them to fulfil their responsibility.

### **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.

## **RECOMMENDATIONS**

- 1) That the contents of the Corporate Risk Manager's report be noted and the Risk Management Framework be endorsed.
- 2) That a further update report be presented to the committee in six months.

**Nigel Stevenson**  
**Service Director - Finance, Infrastructure & Improvement**

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

Ejaz Patel

Corporate Risk Manager

### **Constitutional Comments (EKH 07/11/2024)**

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

### **Financial Comments (SES 05/11/2024)**

25. There are no specific 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



# Risk Management Framework





## Table of Contents

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<b>1. Chief Executive's Message .....</b>	<b>2</b>
<b>2. Introduction.....</b>	<b>2</b>
<b>3. Risk Definitions .....</b>	<b>3</b>
<b>4. Risk Structure.....</b>	<b>4</b>
<b>5. Roles and Responsibilities .....</b>	<b>7</b>
<b>6. Risk Management Process .....</b>	<b>9</b>
<b>6.1 Risk Identification (Stage 1).....</b>	<b>9</b>
<b>6.2 Risk Analysis (Stage 2).....</b>	<b>12</b>
<b>6.3 Risk Scoring (Stage 3) .....</b>	<b>14</b>
<b>6.4 Risk Mitigation (Stage 4).....</b>	<b>16</b>
<b>6.5 Risk reporting (Stage 5).....</b>	<b>16</b>
<b>7. Service Planning.....</b>	<b>17</b>
<b>8. Training Strategy .....</b>	<b>17</b>
<b>9. Communications Strategy.....</b>	<b>18</b>
<b>Appendix 1 – Risk Contacts.....</b>	<b>18</b>

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## **1. Chief Executive's Message**

Risk Management is a fundamental process to support the delivery of the vision for [The Nottinghamshire Plan](#) – 'A healthy, prosperous and greener future for everyone.' Effective consideration of risks impacting our ambitions will provide insight to align responses and resources to achieve performance. This Risk Management Framework is integral to the delivery of these ambitions, and I fully endorse and support the messages within it and actively encourage all those involved with risk management to fully support this framework.

**Adrian Smith – Chief Executive – Nottinghamshire County Council.**

## **2. Introduction**

The aim of the Risk Management Framework is to enable Nottinghamshire County Council to effectively identify, evaluate and control risk to support the realisation of our objectives outlined in the Nottinghamshire Plan 2021-2031. The Risk Management Framework is also a fundamental element of the Councils Governance arrangements which is reinforced within the Constitution and Financial Regulations. How the Council fulfils these Governance arrangements is subsequently described in the Risk Structure and Roles & Responsibilities section of this framework.

The framework is intended to outline and promote best practice across the council, to enable a robust and consistent approach to risk management.

For the framework to be considered effective, the following principles shall be applied and embedded at all levels:



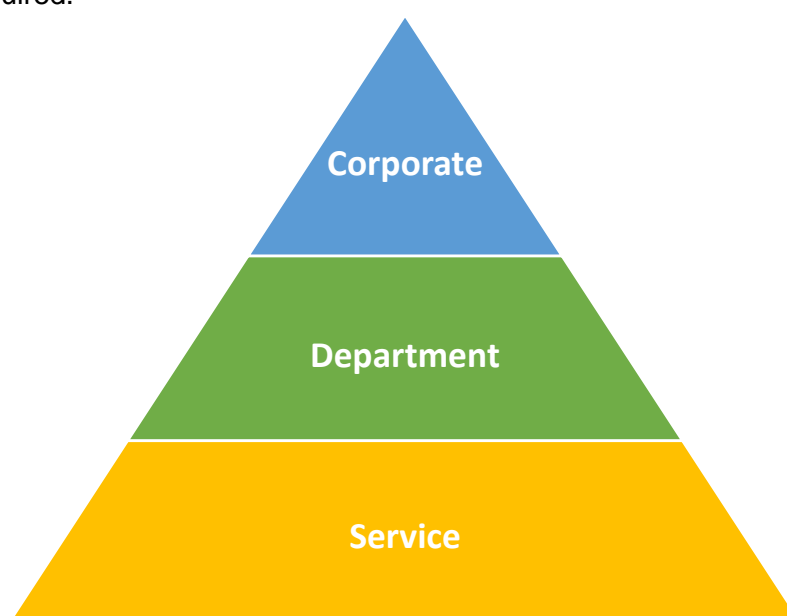
### **3. Risk Definitions**

In the context of this Risk Framework, **Risk** is defined as, the effect of uncertainty on objectives. It can be both positive (opportunity) or negative (threat).

**Risk Management**, is defined as the co-ordinated activities designed and operated to manage risk and exercise internal control within the Council.

There are a number of different types of risk within the organisation which, due to their varying nature in scale, need to be managed at the lowest appropriate level through a process of delegation.

The framework and governance structures upheld by the council, ensures that there is appropriate oversight over each tier of risk and that there are mechanisms in place for escalation if required.



Risk Level	Definition
Corporate	A <b>corporate risk</b> is defined as a risk or combination of risks that can seriously affect the performance or reputation of the organisation. These are large scale organisational risks which could impact on the ability of Nottinghamshire to deliver on its long-term objectives and/or ensure critical services are being delivered in the most effective and compliant way.
Department	Localised risks that specifically impact on a service level objective, including the delivery of projects, management of key partnerships and regulatory or compliance risks.
Service	Specialist small scale risks that can be managed through business-as-usual controls and measures.

There are a number of additional key terms which are used throughout the document and are defined as follows:

Term	Definition
Risk Appetite	The amount and type of risk that the organisation/department is prepared to manage or accept in pursuit of its strategic objectives
Risk Tolerance	The boundaries within which the organisation is willing to allow its true day-to-day risk profile to fluctuate, whilst executing strategic objectives in accordance with the risk appetite
Internal Control	The dynamic and iterative framework of processes, policies, procedures, activities, devices, practices, or other conditions and/or actions that maintain and/or modify risk
Assurance	A general term for the confidence that can be derived from objective information over the successful conduct of activities, the efficient and effective design and operation of internal control, compliance with internal and external requirements

#### **4. Risk Structure**

Strategic Risk Management is principally concerned with achieving desired outcomes by defending or changing the council's performance, however, there are a range of other risk perspectives that feed into and support corporate risk. To develop and embed the most robust process, risk information needs to flow between clear levels of management. To ensure effective delivery of the Nottinghamshire Plan, risk management should consider risks that impact the successful delivery of such which should be linked to the performance objectives for ambitions within the Nottinghamshire Plan.

The Council may fail to achieve its vision and priorities because it is exposed to a range of risks. These can be financial risks, risks to projects, risks to the services we deliver, risks to the public and other stakeholders, risks from missed opportunities, risks from policy failures and risks to our reputation. Failure to manage these risks effectively can affect our performance across all our services and activities.

Risk management is a fundamental element of the corporate governance framework, good strategic planning and is integral to successful achievement of the Nottinghamshire Plan ambitions. The process of risk management must run through the implementation of the Nottinghamshire Plan which is monitored by the Organisational Change Board who are in turn supported by Departmental Performance Boards / SLT's who again must consider risks impacting on the delivery of ambitions.

Good risk management is integral to maintaining successful partnerships. Across each Directorate networks have been developed to engage partners, establish appropriate lines of communication, and embed effective methods of risk management where there is a shared responsibility for risk or a need for visibility due to its cross-cutting nature of the risk.

Performance and risk management should work as one. The Council's refreshed **Performance & Quality Management Framework 2024-2027** details how we monitor and scrutinise our performance to ensure a high standard of service delivery. How we approach this should be done so with an awareness of the risks involved, locally and nationally, to best understand the correct course of action to take during our continuous improvement journey.

In order to link risk management more effectively to performance management of the Nottinghamshire Plan and ensure that corporate risks, those affecting the corporate direction of the Council, are identified, managed and reported, risk management also reports through the Organisational Change Board which incorporates the Corporate Leadership Team.

The Organisational Change Board is responsible for reviewing the Annual Delivery Plan and the Quarterly Assurance Reports that review performance against the Nottinghamshire Plan and associated risks. The Organisational Change Board is responsible for reviewing and updating the Corporate Risk Register (CRR) on a quarterly basis, and reviewing the Risk Management Framework when deemed necessary, and no less than every four years. The Organisational Change Board includes the Corporate Leadership Team which will enable the effective consideration of performance and risk management collectively and remove the need for further additional reporting of the CRR on a quarterly basis separately to CLT.

Departments have a mixture of Departmental Performance Boards / SLT's / Departmental Risk, Safety and Emergency Management Groups (RSEMG) having responsibility for an overview of risk management in their department and maintaining a departmental risk register and other associated operational risk registers.

Each department should follow the over-arching principles of this framework but should also capture their own Departmental Framework to capture the specific requirements of their own departmental risks. Each department should actively review its performance, assurance and risk register to identify emerging risks that could impact performance, such risks should be considered for escalation to the Organisational Change Board and capture on the Corporate Risk Register through the Corporate Risk Manager.

The Council also operates a Health and Safety Compliance Board and an Emergency Management Board who liaise with Departmental RSEMG's with a consideration to risk. To ensure completeness the Corporate Risk Manager will liaise with the Chairs of these Boards to capture any emerging issues for potential escalation to the Organisational Change Board and capture on the Corporate Risk Register.

The Group Manager – Internal Audit and Risk Management and the Corporate Risk Manager will work with the departmental RSEMG's to ensure that regular review and reporting is undertaken to ensure compliance with the operation of this framework and monitor the effective implementation of mitigating actions. The Corporate Risk Manager will also provide advice in relation to the recognition, monitoring and escalation of risk. The Group Manager – Internal Audit and Risk Management and the Corporate Risk Manager will align a review of the Corporate Risk Register to inform the annual assurance reporting to the Governance and Ethics Committee and will provide an annual update report on progress during the financial year.

Communicate & Consult



## 5. Roles and Responsibilities

It is everyone's responsibility to identify and manage risk, however, as part of the central framework there are several key stakeholders who have a specific responsibility that contribute to the overall risk approach.

Please note that specific structures may change at a service or operational level that will be detailed in specific services and department risk framework documents. For individual contact details please see appendix 1.

Role	Responsibility
Governance Arrangements	<p>The Council's constitution sets out how the county council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent, legally compliant and accountable to local people, including consideration of risk.</p> <p>The constitution ensures that decision making, and governance arrangements enable the Council to achieve its aims, objectives and priorities effectively and in accordance with its legal duties. The Council has chosen a Leader and Cabinet model of governance (Executive Arrangements).</p> <p>The governance arrangements include Full Council, made up of all 66 councillors, which sets the Budget and Policy Framework including key policies and budget for each year. Full Council elects the Leader of the Council, who in turn appoints a deputy Leader and Cabinet which is responsible for most day to day or executive decisions.</p> <p>All councillors should ensure relevant risks are considered as part of decision making.</p>
Scrutiny	<p>An Overview Committee and three Select Committees support the work of the Council and Cabinet. The overview and scrutiny of decisions, development of policies and holding Cabinet to account are fundamental to the effective delivery of robust Governance arrangements and the appropriate consideration of risks.</p> <p>Scrutiny Committees should ensure the effective capture and consideration of risk has taken place to support decisions made.</p>
Governance & Ethics Committee	<p>The Governance &amp; Ethics Committee is responsible for the oversight of the effectiveness of the Council's risk management framework, as identified in its terms of reference.</p>
Statutory Officers	<p>The three statutory officers meet monthly to capture emerging risks that could impact on delivery of ambitions within the Nottinghamshire Plan. These meetings capture the statutory roles and responsibilities of the respective officers to ensure that Governance, financial and risk management is effectively integrated. Emerging risks are explored and captured for subsequent recognition within the Corporate Risk Register.</p>

Organisational Change Board	To review and direct the completion of the Corporate Risk Register and Performance Management to ensure delivery of the Nottinghamshire Plan and compliance with the Risk Management Framework. To review performance assurance and corporate risks collectively to ensure all associated risks are identified, managed, reported and that risk mitigation action have been taken.
Departmental Performance Boards/Senior Leadership Teams (SLTs)	To review departmental performance and risks collectively to identify emerging risks in accordance with the Risk Management Framework and the work of the departmental RSEMG. To liaise with the Corporate Risk Manager in relation to escalation of risk to the Organisational Change Board.
Departmental Risk Safety Emergency Management Group (RSEMG)	To review departmental risks in line with the Risk Management Framework and Departmental Frameworks to ensure that risks from all associated operational risks registers are capture and considered as part of the departmental risk register. To liaise with the Departmental Performance Boards/SLT's and the Corporate Risk Manager in relation to escalation of risk to the Organisational Change Board.
Health & Safety Compliance Board and Emergency Management Board (EMB)	To work with Departmental RSEMG's to capture and review emerging issue to consider escalation to the Organisational Change Board. The Corporate Risk Manager will work with the Chairs of these Boards to capture issues and escalation to the Organisational Change Board and capture within the Corporate Risk Register.
Corporate Risk Manager	To work with the Organisational Change Board to ensure the requirements of the Risk Management Framework are followed for the compilation of the Corporate Risk Register. To work with Departmental Performance Boards,SLT's and other Boards to ensure compliance with the requirements of the Risk Management Framework and to ensure routine review and action tracking.
Departmental Risk Lead	Responsible for supporting and co-ordinating risk activity across the department. Point of contact for the Corporate Risk Manager and responses to corporate risks.
Directorate Risk Representatives	Nominated by each directorate to assist in embedding risk management and be part of the RSEMG. Risk representatives implement a practical and workable approach to risk management within their directorate, produce and maintain an up-to-date directorate risk registers.
Risk Owner	Responsible for ensuring that their risks are identified, monitored and that mitigating actions are completed within agreed timescales.
Internal Audit	To provide assurance to management that the Risk Management Framework has been effectively designed and implemented. To provide an opinion on the robustness of internal controls and review compliance with the framework.



## 6. Risk Management Process

The risk management process is a cycle designed to optimise the council's ability to respond to risk.

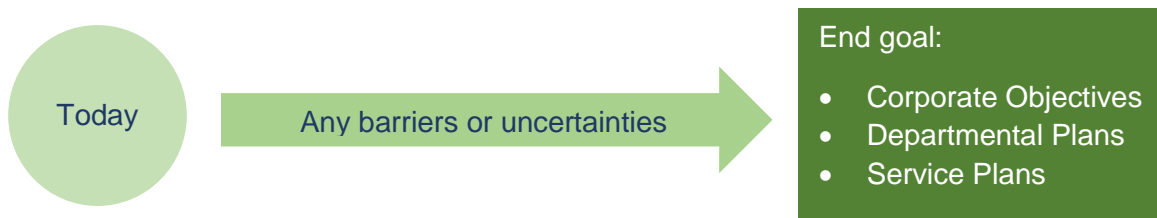
The process is designed to ensure there's a consistent methodology in place, enabling greater oversight and understanding of risk from an organisational wide perspective.

Although each service's approach to risk may be tailored to specific requirements, the approach detailed in the following 5 stages should be consistently applied to all tiers of risk.



### 6.1 Risk Identification (Stage 1)

The starting point when identifying risk is to establish and understand the outcomes that are to be achieved. This may be obtained through the examination of key priorities, service business plans or project / programme objectives. The risk to the delivery of these outcomes can then be identified.



Ideally, risk identification is the responsibility of everyone and not just key individuals in the organisation. The following forums and corresponding information may be useful when identifying risk.

Methods to Identify Risk	Data & Information to Use
<ul style="list-style-type: none"> <li>• Group Discussions</li> <li>• Leadership / Team meetings</li> <li>• Horizon Scanning Activities</li> <li>• Regular one to one discussion</li> <li>• Strategy &amp; Budget Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Assessments</li> <li>• Performance Indicators</li> <li>• National &amp; Local Trends</li> <li>• Insurance claims</li> <li>• Experience &amp; anecdotal information</li> <li>• Lessons learnt data</li> </ul>

Risk identification activities should produce an integrated and holistic view of risks, that can be organised by categories. The following list adapted from the UK Governments' risk guidance, provides details of the categories of risks that should be considered when carrying out risk identification exercises. (Please note this list is not exhaustive)

Risk Category	Description categories and definitions
Strategy	Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change).
Financial	<p>Arising from the budgetary, financial planning and control framework. Examples of issues to look out for in local government:</p> <ul style="list-style-type: none"> <li>• Financial situation such as areas of significant over or under spending</li> <li>• Flexibility to allocate budgets to address areas where control weakness is identified</li> <li>• Level of reserves and budgetary control</li> <li>• Monitoring and reporting systems</li> <li>• Fraud / mal-administration and corruption</li> <li>• The incidence of past insurance claims are analysed and used to inform future mitigations e.g., areas where controls need improving</li> </ul>
Environmental	<p>Environmental risks - Arising from inherent issues concerned with the physical environment. Examples:</p> <ul style="list-style-type: none"> <li>• Nature of environment (urban, rural, mixed)</li> <li>• Waste disposal and recycling issues</li> <li>• Pollution issues, e.g., contaminated land, fly tipping, carbon tax</li> <li>• Traffic problems / congestion</li> <li>• Extreme weather conditions, e.g., flooding, storms, tornadoes, etc.</li> </ul>
People & Wellbeing	<p>People and wellbeing could be interpreted as the impact of people internal to the organisation and/or the impact of risk on the people of Nottinghamshire County.</p> <p>Internally this could include risks: Arising from vacancies, loss of organisational culture, values and / or policies and processes to protect health and wellbeing.</p> <p>Externally this could include risks: Linked to increasing health inequalities, poor quality of life, socio-economic deprivation, the impact of a pandemic.</p>
Technology & Digital	Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance, inadequate resilience, damage to ICT infrastructure, loss of systems / access to key systems and cyber security (human or system error).

Legal & Compliance	Risks arising from preparedness for new legislation and compliance with existing legislation, a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property).
Assets	Risks arising from property deficiencies or poorly designed or ineffective/inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public
Health and Safety	Risks arising from activities undertaken by the department's workforce. Identification of who and might be harmed whilst undertaking activities and how they might be harmed should be made
Governance	Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.
Safeguarding	Risks arising from failure to adequately safeguard adults and children within the Council's care.
Commissioning & Procurement	Risks arising from weaknesses in the management of supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives.
Information	Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.
Partnership	<p>Risks arising from key partnership organisations who may have contractual or agreed responsibilities to provide, supply or deliver services that impact on the organisation.</p> <p>Across each Directorate networks have been developed to engage partners, establish appropriate lines of communication, and embed effective methods of risk management where there is a shared responsibility for risk or a need for visibility due to its cross-cutting nature of the risk.</p> <p><i>For more information regarding who key partners are and how risk is managed with stakeholders across the organisation, please see individual risk management frameworks.</i></p> <p>Corporately risks could include:</p> <ul style="list-style-type: none"> <li>• Place based and system partnership working arrangements (integrated care system),</li> <li>• Joint partnership working on project delivery (Arc, Via, Inspire),</li> <li>• Outsourced service arrangements,</li> <li>• Contractual agreements with external organisations and key suppliers,</li> <li>• Internal working arrangements.</li> </ul>
Operation (Service Delivery)	Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.
Programme and Project Management	Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.

When identifying risks, the uncertain element is referred to as the risk event, along with this the cause and consequence should also be considered. The table below provides additional information about these three component parts.

Cause	Risk Event	Consequence
The source of the risk that exposes Nottinghamshire County Council to risk/s.  <b>How and Why?</b>	The event that could occur that results in an unplanned (positive or negative) impact on objectives.  <b>What and Where?</b>	The effects of the risk if it was to occur: how big/bad/how much?  <b>How big? How bad?</b>

## 6.2 Risk Analysis (Stage 2)

The possibility of a “cause” occurring is known as the **Likelihood** and the severity of the “consequence” is known as the **Impact**.

### Likelihood

When considering the likelihood of a risk happening you should consider the following;

- Has this event happened before in the Council?
- How likely is it that one or more of the causes will occur?
- Has anything happened recently that makes the event more/less likely to occur?

This score will require an element of judgement, but to provide some assistance the below table can be used as a guide.

Likelihood Assessment Guide				
Score	Evaluation	Probability	Frequency	Manager's experience
1	Very Low	Not expected to occur (less than 5% chance)	Could happen in 25 years	Unaware of it happening
2	Low	Small chance that it will occur (6% to 20% chance)	Could happen in the next 10 years	Aware of it happening
3	Medium	Less likely not to occur than to occur (21% to 50%)	Could happen in the next 3 years	Experienced once
4	High	More likely to occur than not (51% to 80% chance)	Could happen once in the next 12 months	Experienced a few times
5	Very High	Expected to occur (81% or more chance)	Could happen within the next 6 months	Experienced frequently

## Impact

The impact of a risk may be in one or multiple areas and the following table provides a guide for several impact areas. Where a risk may have multiple areas of impact the most significant area should be used.

Impact Assessment Guide					
Impact Area	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
<b>Customer</b>	No customer or service user affected.	Very few customers/ service user affected.	Moderate customers/service user affected.	Large number of customers/service user affected	Significantly large number of customers/service user affected
<b>Employee</b>	No employees affected	Some levels of low morale and/ or small increases in staff sickness, absenteeism and grievances detected.  Low or very minor cases of Employer's liability claims.	Low staff morale, increase in staff, absenteeism, sickness and/ or grievances reported and/ or short term low staffing levels.  Minor cases of Employer's liability claim	Permanent staff turnover <10 % above the norm and/ or long term low staffing levels. Significant increase in staff sickness, absenteeism.  Moderate cases of Employer's liability claim.	Permanent staff turnover >10% above the norm/ and or permanent low staffing levels  Major cases of Employer's liability claim
<b>Environmental</b>	No damage to the environment	Localised short term reversible damage to the environment	Localised long term reversible damage to the environment or widespread short term reversible damage to the environment	Localised irreversible damage to the environment or widespread long term reversible damage to the environment	Widespread irreversible damage to the environment
<b>Financial</b>	No or very minor loss that is unlikely to have an impact on ability to deliver services.	Loss of a scale that would have a minor impact on ability to deliver some services.	Loss of a scale that would noticeably impact on ability to deliver some services.	Loss of a scale that would significantly impact on ability to deliver services.	Loss of a scale that would threaten the ability to continue to deliver services.
<b>Legal</b>	No breach	Minor breach of internal regulations, not reportable  Minor cases of litigation	Breach of internal regulations leading to disciplinary action  Breach of external regulations, reportable	Significant breach of external regulations leading to intervention or sanctions	Major breach leading to suspension or discontinuation of business and services

<b>Operational</b>	No disruption to service	Minor disruption to service but still functioning	Moderate disruption to key services rendering it temporarily inaccessible	Major disruption to key service rendering it inaccessible but restorable	Major disruption to key service rendering it permanently inaccessible.
<b>Regulatory</b>	No breach	Minor breach of internal regulations, not reportable	Breach of internal regulations leading to disciplinary action Breach of external regulations, reportable	Significant breach of external regulations leading to intervention or sanctions	Major breach leading to suspension or discontinuation of business and services
<b>Reputational</b>	Complaints from individuals / small number of stakeholders. No media coverage or change to public perception and stakeholder confidence	Local short term media coverage with little change to public perception and stakeholder confidence.	Local long term media coverage with moderate change to public perception and stakeholder confidence.	Significant adverse short term national media coverage with moderate change to public perception and stakeholder confidence	National long term media coverage with significant change to public perception and stakeholder confidence
<b>Safety</b>	No injury to people	Minor injuries sustained.	Injury requiring visit to A&E / short term hospitalisation.	Injury requiring longer term hospitalisation or resulting in permanent damage.	Multiple injury / loss of life
<b>Security</b>	No damage to asset.  No security breach.	Minor damage to asset but still functioning.  Minor breach with no compromise	Moderate damage to key asset rendering it temporarily unusable  Moderate breach with minor rectifiable compromise	Major damage to key asset rendering it unusable but repairable  Major breach with major rectifiable compromise	Major damage to key asset rendering it unusable permanently  Major breach with significant compromise affecting lives, properties and data.

### 6.3 Risk Scoring (Stage 3)

Whilst each risk identified may be important, some form of measurement is necessary to evaluate their significance to support decision-making and to allow prioritisation and comparison.

#### Risk Matrix

The risk matrix is the main tool used by the Council for prioritising risks. Risks are prioritised to establish which are the most significant and therefore are in need of greater attention and resources. By using the likelihood and impact score plotted on the below risk matrix, we can determine the risk level.

Severe (5)	Impact ↑	5	10	15	20	25
Significant (4)		4	8	12	16	20
Moderate (3)		3	6	9	12	15
Minor (2)		2	4	6	8	10
Negligible (1)		1	2	3	4	5
		Likelihood →				
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)

Based on the risk level, different responses are required and the table below provides some guidance on what the response should be.

Scoring Category	Description
Low	The risk has been managed to an acceptable level that the organisation is comfortable with. Arrangements to remove the risk or manage the risk at a lower level should be considered.
Medium	The risk is higher than what the organisation considers an acceptable level that should be closely monitored and managed.
High	The risk is over what the organisation considers an acceptable level of risk. Additional controls and close monitoring processes should be in place.
Very High	The risk is extremely high and above the level of risk the organisation accepts. In some cases, the appropriate way of managing the risk is terminating the activity. Risks within this category will routinely be reported to Organisational Change Board.

## Risk Appetite

Risk appetite can be defined as the amount and type of risk that an organisation is willing to accept in order to meet their strategic objectives.

The purpose of a risk appetite statement (and agreed level) is to clearly set out the intentions of the organisation and to provide decision makers and leaders with the parameters of what risk levels the council can comfortably be exposed to.

**Nottinghamshire County Council are open to accepting a level of risk that enables the organisation to achieve its objectives, where appropriate. Robust monitoring processes and assessment frameworks are in place to enable effective decision making where higher levels of risks have been taken on by the council.**

Individual risk appetite levels may be expressed in separate risk framework documents.

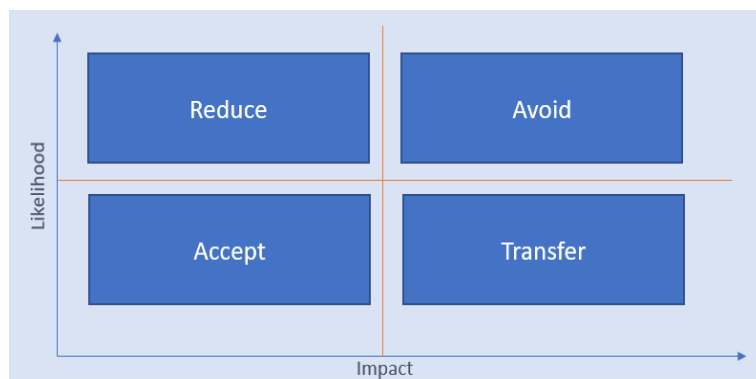


## 6.4 Risk Mitigation (Stage 4)

Management of risk is about the process of taking action to minimise the likelihood of the risk occurring, and also reducing the impact should it occur. As part of any mitigation strategy, the following should be considered;

- assessing whether to accept, reduce, transfer, or avoid the risk,
- documenting the reasons for the decision taken,
- implementing the decision,
- assigning ownership to manage the risks and
- identifying clear actions and timescales to reduce the risk to the target level.

Methods of managing risk:



Managing Risk	
Response	Description
<b>Accept</b> (Low likelihood / Low impact)	risks means that you intend to manage the risk within your existing management routines. Risks should only be accepted where officers believe that the residual risk is tolerable to the service area, i.e., where they fall within the <b>green zone</b> of the matrix.
<b>Reduce</b> (High likelihood, low impact)	risk means that you identify additional action(s) to be taken that will reduce the likelihood and / or impact if the event occurred
<b>Transfer</b> (Low likelihood, high impact)	risk means using an insurer or other third party to cover the cost or losses should a risk materialise. Deciding with others such as joint working, partnerships or contracting out to provide services could also be used to transfer risks. However, other risks can arise from these arrangements. When transferring risks to other parties, ensure that risk registers spell out where liability and accountability lie between parties
<b>Avoid</b> (High likelihood, high impact)	ceasing to conduct the activity because modifying it or controlling it would not reduce the risk to an acceptable level. If the risk identified is outside your immediate control, you need to ensure that business continuity plans are place in case the risk does occur

## 6.5 Risk reporting (Stage 5)

This is a key stage of the process and should happen on a continuous basis to support understanding of whether and how the risk profile is changing and the extent to which internal controls are operating as intended.



All key risks identified should be entered onto a risk register in the standard format. This should include the actions that are required to manage the risk to its target level. The Corporate Risk Reporting Template is available on the intranet.

## Key Considerations

The following questions and prompts should be routinely reviewed as part of the risk management process:

- Have risk scores reduced / increased?
- Is escalation required?
- Do further controls need to be implemented to ensure the risk is reduced? Or taken away?
- Have actions been completed?
- Have any new risks emerged that need to be added into the risk register?

In addition to progress updates other performance measures and indicators may be used to inform the risk update and risk position:



## Risk Reporting timeframes

The Corporate Risk Register is assessed regularly and monitored through the Risk Management Structure listed in page 6 in accordance with the roles and responsibilities outlined on pages 7 & 8. The Corporate Reporting timeframes are listed below.

Level	Risk Tier	Reporting Frequency
Governance & Ethics Committee	Corporate	Bi - Annually
Organisational Change Board	Corporate	Every meeting
Department Leadership Team	Department	Quarterly
Service Leadership Teams	Service	Quarterly

Each department and service may have different reporting intervals as defined in their risk management framework for service and operational risks.

## 7. Service Planning

Risk management is an integral part of service planning and commissioning at corporate, departmental, divisional and service level. When considering objectives, managers should consider what risks are associated with each objective which may impact on delivery. An analysis of the impact and likelihood of each risk should be undertaken, and whether actions should be taken to reduce, transfer, mitigate or accept the consequences of the risk.

## 8. Training Strategy

Training provided to County Council staff relating to risk management has included:

- Risk assessment training for staff involved in operational risks.
- Health and Safety training.
- Information Governance training.

- Workforce development training.
- Practical business continuity and risk management training

The training provision for risk management is under continual review to ensure a more integrated and balanced approach to operations and strategic risk management across the Council. The Corporate Risk Manager will support the development of training requirements and be a key point of contact for advice and assistance.

## **9. Communications Strategy**

An important element of ensuring a coordinated risk management approach across the County Council is to communicate the risk management strategy and tools effectively to all staff and managers. This communications strategy outlines how this will be done.

The following methods will be used to communicate the Policy and Strategy:

- Information on the Intranet with links to the full document
- Dissemination through departmental RSEMGs
- Briefings to Corporate Leadership Team via the Organisational Change Board
- Briefings to Policy Committee
- Risk management and risk assessment training

The following methods will be used to communicate the Risk Register:

- Intranet page providing a link to the latest version of the Register.
- Dissemination through departmental RSEMGs
- Regular reporting of updates to Corporate Leadership Team via the Organisational Change Board
- Risk management training

Departmental Risk Registers should be disseminated throughout the department to managers who may need to be aware of the contents of the register in their service or project planning. This may be done through:

- Specific emails to managers
- Department team briefings
- Manager or leadership team events

Guidance is provided for managers to assist them in assessing risks from a service perspective and producing a risk register. This guidance is communicated through:

- Availability of information on the Managers' Resource Centre on the intranet
- Risk management and risk assessment training

## **Appendix 1 – Risk Contacts**

### **Risk Leads**

#### **Chief Executive's**

Service Director – Finance, Infrastructure and Improvement  
Service Director – Customers, Governance and Employees  
Service Director – Public Service Reform

**Place**

Interim Service Director – Place and Communities  
Acting Group Manager – Emergency Planning

**Childrens**

Interim Service Director - Commissioning and Resources  
Group Manager – Service Improvement

**Adults**

Service Director – Strategic Commissioning and Integration  
Interim Group Manager – Service Improvement

**Corporate Risk Management Team**

Group Manager Internal Audit & Risk Management  
Corporate Risk Manager  
Risk & Insurance Support Officer

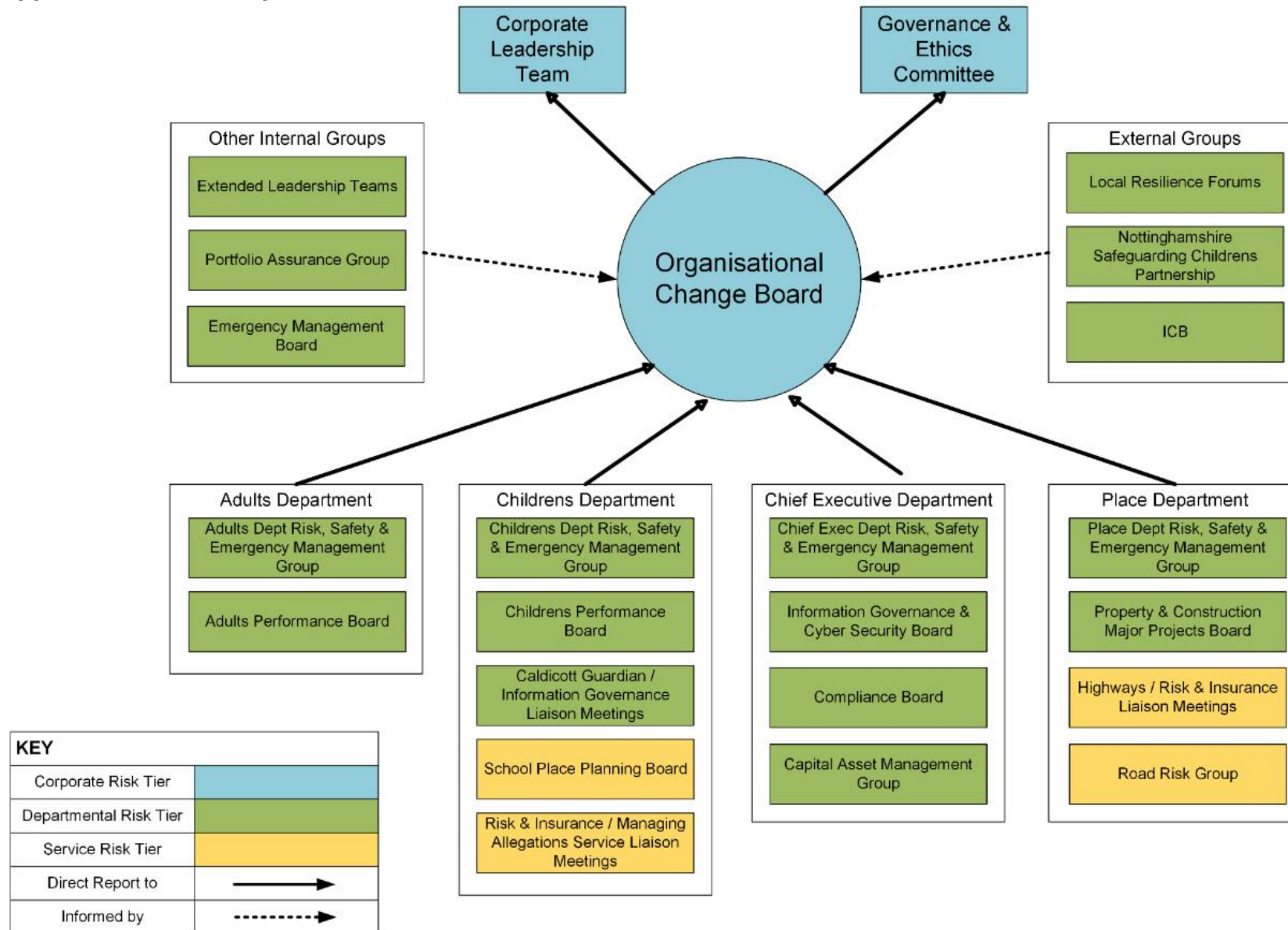
## Appendix B – Corporate Risk Register Summary – November 2024

Heat Map						Risk Count		Risk Trend			
Impact ↑	Severe 5	0	0	0	0	Number of Risks	16	Improving	0		
	Significant 4	0	0	4	5		New Risks		0	Worsening	0
	Moderate 3	0	0	5	2				Closed Risks		0
	Minor 2	0	0	0	0						
	Negligible 1	0	0	0	0						
		1	2	3	4	5					
		Very Low	Low	Medium	High	Very High					
		Likelihood →									

Risk ID & Title	Risk Description	CLT Lead	Risk Level			Trend	Trend Comments
			Inherent	Current	Target		
CR1 Financial Sustainability	Maintenance of financial sustainability to provide statutory services during a period of inflation and loss of government funding.	Service Director Finance, Infrastructure and Improvement	20	16	12	-	-
CR2 Cyber Attack	Ability of Nottinghamshire to prevent and/or limit the impacts of a Cyber attack	Service Director Finance, Infrastructure and Improvement	20	12	8	-	-
CR3 Extreme Weather	Ability of all services to limit and manage the impacts of extreme weather on service delivery.	Executive Director Place	15	9	6	-	-
CR4 Contract Management	Ineffective contract management leads to wasted expenditure, poor quality, unanticipated supplier default or contractual disputes	Service Director Finance, Infrastructure and Improvement	16	12	8	-	-
CR5 Data	Nottinghamshire's ability to collect and utilise data for effective decision making through robust governance processes	Service Director Customers, Governance and Employees	12	9	6	-	-
CR6 Partner Relationship	Ability to maintain strong relationships with partners and public facing bodies to ensure any shared risks do not escalate or have a detrimental impact on NCC communities	Executive Directors for Place, Adults & Children.	16	16	8	-	-
CR7 Adult Social Care Income	Reduction in income for Adult Social Care impacting on current budget overspend.	Executive Director Adult Social Care and Health	16	16	8	-	-

CR8 Public Health	Management of increasing demand and complexity of public health issues causing a decline in wellbeing and rise in associated pressure on front line services (homelessness, mental health services)	Director of Public Health	12	12	6	-	-
CR9 SEND Duty	Failure to meet the statutory duty to meet the needs of Children and Young People with Special Educational Needs and Disability (SEND) caused by insufficient SEND provision and lack of significant improvement following poor inspection outcome.	Executive Director Children and Families	16	16	6	-	-
CR10 Placement Sufficiency	Shortage of suitable placements restricts ambition to have more children and young people able to live in family-based placements, close to home.	Executive Director Children and Families	16	12	6	-	-
CR11 Carbon Neutral 2030	Inability to implement the proposed actions as part of the Carbon Neutral Nottingham 2030 Strategy	Executive Director Place	12	12	6	-	-
CR12 CONTEST	Failure to implement a robust internal governance approach in how the Council delivers the CONTEST strategy.	Executive Director Place	12	9	8	-	-
CR13 Staffing Levels	Insufficient staffing levels across critical departments caused by supply shortages of suitably skilled staff, retention of staff and staff absences may lead to an inability to deliver services in a compliant and effective manner	Service Director Customers, Governance and Employees	20	12	9	-	-
CR14 Organisational Culture	Development of an innovative and open organisational culture that enables effective decision making aligned with the organisation's risk appetite and strategic direction	Service Director Customers, Governance and Employees	9	9	3	-	-
CR15 Business Continuity	There is a risk of prolonged disruption following a major incident caused by lack of business continuity plans and prioritisation.	Executive Director Place	12	9	6	-	-
CR16 System upgrades	Management and delivery of upgrades to major systems (including BMS and Mosaic)	Service Director Finance, Infrastructure and Improvement	16	16	1	-	-

## Appendix C – Risk Map





**REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND  
EMPLOYEES****ENABLING REMOTE ATTENDANCE AND PROXY VOTING AT LOCAL  
AUTHORITY MEETINGS: OPEN CONSULTATION****Purpose of the Report**

1. To agree the County Council's response to the Government's open consultation regarding remote attendance and proxy voting at local authority meetings (**Appendix A**).

**Information**

2. In 2017 the Government consulted on proposals to allow joint committees and combined authorities to hold meetings by video conference. The Government concluded that, with appropriate safeguards to maintain transparency, there are clear benefits to giving local authorities operating joint committees and combined authorities the ability to hold formal meetings by video conference. Having reviewed the consultation feedback the Government published its response in July 2019 and committed to speak to the sector with a view to extending the use of video conferencing in formal meetings to other local authorities, before making a final decision on what to include in the legislation. There was no further consultation between July 2019 and March 2020 when the first COVID-19 lockdown was imposed.
3. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (the Regulations) made provision for local authorities to hold meetings virtually or in a hybrid format. The Regulations were brought into force from 4 April 2020 until 6 May 2021.
4. As it became clear that restrictions that were a result of the pandemic were likely to be in place beyond 6 May 2021, and in light of the positive impacts that had been experienced as a result of the remote meeting provisions, the Government was asked to consider extending the Regulations. This Government response stated that this would not be possible as the Regulations were time limited and therefore primary legislation would be required (for which there was no space in the legislative timetable at that time).
5. A Judicial Review brought by the Association of Democratic Services Officers, Lawyers in Local Government and Hertfordshire County Council was heard in April 2021. The principal issue of the Judicial Review was to determine whether all or some members of the local authority should be physically present in the same place and whether the provision for public and press access to local authority meetings could be remote. The court was asked to focus



on the interpretation of 'meeting', 'place', 'presence' and 'attend' as set out in the Local Government Act 1972.

6. The judgement concluded that the wording in the Local Government Act 1972 means that local authority meetings must take place at a single, specified geographical location and attending a meeting meant being physically present at that location. An opinion was also issued which defined how the public had to be able to access and participate in local authority meetings. It also concluded that primary legislation would be required to allow local authority meetings to take place remotely.
7. On 25 March 2021, the Government published a call for evidence on local authority remote meetings. The call for evidence sought views on the use of the arrangements in place during the coronavirus pandemic that enabled local authorities to hold meetings virtually or in a hybrid format. It also sought to understand the experiences of local authorities across the UK, including Scotland and Wales, which already had provision for some form of remote or hybrid meeting. Scottish local authorities had provision to meet remotely prior to the pandemic. Legislation passed by the Welsh Government, which came into force on 1 May 2021, also made express provision for Welsh Local Authorities to meet remotely.
8. On 17 June 2021, the Council's Policy Committee agreed a response to the call for evidence which set out the advantages and challenges of virtual meetings in the context of the County Council's experience. Where challenges were identified, the steps that the Council had taken to mitigate them were included in the response. The response requested that the Government give Councils as much discretion as possible to determine their own arrangements, recognising that a universal response may not reflect local priorities and sensitivities, which local authorities are best placed to understand. At that time, the Government chose not to progress remote meetings for Local Government.
9. On 24 October 2024, the Government opened a consultation on its intention to legislate to give local authorities the flexibility to allow elected members to attend formal council meetings remotely. The proposal is as follows:

*The government intends to legislate to give local authorities the flexibility to allow elected members to attend formal council meetings remotely. We believe that this modernising measure of providing broad flexibility to enable remote attendance will have the dual positive impacts of diversifying the representation of those willing and able to stand for elected office and enhance the resilience of local authorities in the face of local or national emergencies.*

10. This latest consultation also seeks views on the issue of voting by proxy in certain circumstances:

*Proxy voting is a form of voting whereby a member of a decision-making body may delegate their voting power to another representative to enable a vote in their absence.*

*It is possible some members may find that, due to their personal circumstances, they are temporarily unable to participate in meetings even if remote attendance provisions are in place. Provisions for proxy voting could provide additional flexibility to those who really need it on a time-limited basis, allowing affected members to indirectly exercise their democratic duty, participate in their local authority's governance, and ensure that their views are taken*

*into consideration. In the context of local authorities, the representative would have to be another elected member of the local authority.*

11. Building on the County Council's previous submission of evidence in 2021, further consultation with elected members and officers has helped inform a draft response for consideration and approval by the Governance and Ethics Committee (**Appendix A**).
12. The consultation closes on 19 December 2024. As well as submitting a formal agreed response from the Council, all Councillors are able to submit individual responses should they wish to share their own individual opinions. This can be accessed via the website of the Ministry of Housing, Communities & Local Government - [Enabling remote attendance and proxy voting at local authority meetings - Ministry of Housing, Communities and Local Government - Citizen Space](#)

### **Other Options Considered**

13. The Council could choose not to submit a response to the consultation. Not submitting a response would mean that the County Council's views are not considered.

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

14. The proposed response highlights the Council's learning as part of an assessment of the advantages of, and challenges imposed by, holding meetings virtually.
15. Submitting a response gives Nottinghamshire County Council the opportunity to influence the national agenda to bring democratic participation and engagement up to date. It recognises the changes in technology since the drafting of the Local Government Act 1972 and the changing ways business has been transacted as a result of the COVID-19 pandemic.

### **Statutory and Policy Implications**

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

### **Data Protection and Information Governance**

17. Any arrangements the Council puts in place for remote attendance and proxy voting would need assessing to ensure that any personal data and exempt information would be protected.

### **Financial Implications**

18. Councillors are already provided with the necessary ICT kit to enable them to perform their roles and therefore no additional costs would arise from attending meetings remotely. It is recognised that remote attendance of virtual and hybrid meetings can generate savings with regard to travel expenses that are paid to Councillors and overall costs associated with hosting meetings in person, as illustrated during the COVID lockdown.

## **Human Rights Implications**

19. Once any provision is made in legislation, the County Council will ensure that the arrangements it introduces protect people's human rights in the context of local authority decision making.

## **Public Sector Equality Duty implications**

20. Any positive and potentially negative impacts of virtual meeting arrangements on people with different protected characteristics would need further consideration should the Government enable remote attendance and proxy voting. The Council would seek to assess the impact on its communities and identify any measures to mitigate potential negative impacts.

## **Smarter Working Implications**

21. Supporting permanent provision for remote attendance aligns with smarter working objectives. It offers efficiencies both financially and in respect of time.

## **Implications for Residents**

22. The Council has continued to broadcast most meetings since the COVID lockdown ended. Such broadcasts would not cease if meetings were to be held remotely or in a hybrid manner, although the format of the broadcast would differ for any meetings held fully remotely.

## **Implications for Sustainability and the Environment**

23. Introducing provision for virtual and hybrid meetings would bring positive environmental impacts by reducing the need for Councillors and interested members of the public to travel to meetings in person. This will assist in meeting the Council's agreed priorities around reducing environmental impacts.

## **RECOMMENDATION/S**

- 1) That Governance and Ethics Committee considers the response at Appendix A to the Government's consultation on remote attendance and proxy voting at local authority meetings.
- 2) That the draft response be updated by the Team Manager, Democratic Services to reflect relevant views agreed by the Committee in their discussions and, following further consultation with the Chairman of the Committee, be finalised and submitted to the Ministry of Housing, Communities & Local Government ahead of the 19 December 2024 deadline.

**Marjorie Toward**

**Service Director – Customers, Governance and Employees**

**For any enquiries about this report please contact:** Keith Ford, Team Manager, Democratic Services, 0115 0115 9772590 / [keith.ford@nottsc.gov.uk](mailto:keith.ford@nottsc.gov.uk) / Katherine Harclerode, Democratic Services Officer, 0115 8546047 [katherine.harclerode@nottsc.gov.uk](mailto:katherine.harclerode@nottsc.gov.uk)

### **Constitutional Comments (CM 04/11/2024)**

24. The report falls within the terms of reference of the Governance & Ethics Committee.

### **Financial Comments (SES 05/11/2024)**

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

26. Councillors are already provided with the necessary ICT kit to enable them to perform, their roles and therefore no additional costs would arise from attending meetings remotely. It is recognised that remote attendance of virtual and hybrid meetings can generate savings with regard to travel expenses that are paid to Councillors and overall costs associated with hosting meetings in person, as illustrated during the COVID lockdown.

### **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.

- [Enabling remote attendance and proxy voting at local authority meetings - GOV.UK](#)
- [Local authority remote meetings: call for evidence - GOV.UK](#)
- [Report to 17 June 2021 meeting of Policy Committee - Nottinghamshire.gov.uk](#)
- [Minute No. 2021/040, 17 June 2021 meeting of Policy Committee – Nottinghamshire.gov.uk](#)

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

- All



**DRAFT RESPONSE FOR CONSIDERATION BY GOVERNANCE & ETHICS COMMITTEE**

[Enabling remote attendance and proxy voting at local authority meetings - GOV.UK](#)

**REMOTE ATTENDANCE**

<b><u>No.</u></b>	<b><u>Question</u></b>	<b><u>Suggested Response</u></b>
1)	Are you responding to this question as....	b) A council body – <ul style="list-style-type: none"> <li><b>County Council</b></li> </ul>
2)	Do you agree with the broad principle of granting local authorities powers to allow remote attendance at formal meetings?	<b>Yes</b>
3)	Do you think that there should be specific limitations on remote attendance?	<p>a) Any formal meeting allowing remote attendance should have at least two thirds of members in physical attendance.</p> <p>b) Members should only be able to attend council meetings remotely in exceptional circumstances, such as those who are medically or physically unable to attend, or for reasons of local or national emergencies.</p> <p><b>c) There should be no limitations placed upon councils with regard to setting arrangements for remote attendance of council meetings, up to and including full remote attendance.</b></p> <p><b>d) FREE TEXT TBC – Councils should be enabled and trusted to utilise greater flexibility at their discretion, whilst ensuring that the principles of good governance and decision-making continue to be followed and that the public’s ability to observe Council meetings in real time is not diminished in any way.</b></p>
4)	If you are an elected member can you anticipate that you personally may seek to attend some of your council meetings remotely?	<p>The Council has asked this question of its Members, and of the 34 that replied, 24 indicated that they may seek to attend some council meetings remotely.</p> <p>Of those replies,</p> <p>9 would seek to do so very occasionally</p> <p>11 would seek to do so from time to time</p> <p>3 would seek to do so regularly but not always</p> <p>1 would seek to do so all the time</p> <p>Of those Members that would not wish to attend meetings remotely, the following reasons were offered via the free text box:</p> <p>a) Unless I was ill and my presence in person would be detrimental to my own health and others, then I should be at meetings in person - it's the least that our residents expect/demand from us as elected representatives</p>

- b) Whilst the use of Teams for small group informal meetings or one to one meetings with Officers is a benefit I feel strongly that personal attendance at formal Full Council or public facing committee meetings is to be encouraged. Proper involvement and interaction falls consistently short in my opinion where participants are logged in remotely. I know from my own personal experience of sitting through committee and council meetings during the Covid period certainly brought on less attention to the detail or involvement in the debate, A feeling of being too far at arm's length caused my attention to wander and focus was lost
- c) It is better to have all members in the chamber for the meeting
- d) I believe all meetings should be in person and that remote access stifles debate and risks confidentiality
- e) The best, honest and realistic business is always face to face, across chamber
- f) I would feel uncomfortable attending any meeting remotely owing to external distractions and wanting to be fully focussed on the meeting.
- g) I have concerns about the ability to fully participate in the debate when attending remotely. Online meetings don't allow remote participants to read body language and seek to enter the debate in the organic way that in-person meetings do. This can stifle debate and becomes an excluding process which is not in the best interests of decision making. Any facility for online participation should, in my view, be for extraordinary reasons rather than simple preference/convenience.
- h) Council meetings should be in person
- i) People need to attend meetings in public so you can read their faces and be able to challenge them

Note: Three free text responses were also received by members who answered YES that they may seek to attend some council meetings remotely:

- a) ... in my experience other members possibly would use this option for some of the less high profile committee meetings, such as scrutiny committees for example. I would expect the major meetings - Cabinet, Full Council etc - should be entirely in person, but other committees should, in my view, be flexible.
- b) Sometimes if the meeting is short, it is more practical to connect through Teams
- c) Attendance at Full Council must be in person and voting at Full Council must be in person. Committees and other meetings can be hybrid.



5)	If you are responding to this consultation on behalf of a council as a whole, what proportion of the council's current elected members are likely to seek to attend council meetings remotely over the course of a year?	<ul style="list-style-type: none"> <li>less than 10%</li> <li><b>more than 10% but less than 50%</b></li> <li>more than 50% but less than 90%</li> <li>most of them 90% to 100%</li> </ul>
6)	Do you think there should be limitations placed on the number of fully remote meetings councils should be able to hold?	<p>a) Councils should be able to allow full remote attendance at up to half of council meetings within a twelve-month calendar period.</p> <p>b) Councils should only have the flexibility to change a meeting from in-person to online, or vice versa, due to unforeseen and exceptional circumstances.</p> <p>c) Councils should not have the flexibility to conduct fully remote meetings to ensure there is always an in-person presence.</p> <p>d) <b>FREE TEXT TBC – as per the response to Q3, Councils should be enabled to hold fully remote meetings as and when circumstances deem this appropriate, as long as this does not reduce transparency, accountability and the public's ability to observe meetings.</b></p>
7)	Do you think there are any necessary procedural measures that would help to ensure a remote or hybrid attendance policy is workable and efficient?	<p>a) Councils should be required to publish a list of attendees joining the meeting remotely and give notice if a meeting is being held with full remote attendance.</p> <p><b>b) Councils should be required to ensure that standard constitutional arrangements are followed for hybrid and fully remote meetings.</b></p> <p><b>c) Councils should be required to make arrangements to ensure restricted items (where a council decision is taken in private to protect confidentiality) are managed appropriately and to require remotely attending members to join from a private location.</b></p> <p><b>d) Other - The importance of ensuring that any public attending to observe meetings are aware in advance of whether Members will be attending in person is recognised. Equally, it is important that the ability of members of the public to observe meetings is not diminished by members choosing to attend remotely. Standard constitutional requirements, including the appropriate safeguarding of exempt information should apply, as successfully achieved during remote meetings held during the COVID lockdown. Specific protections should be included such as ensuring that Members joining remotely keep their cameras switched on and confirm that they are joining from secure, confidential areas so that exempt information is not inadvertently shared with others.</b></p>
8)	Do you think legislative change to allow councillors to attend local authority meetings remotely should or should not be	<p>Should be considered because</p> <p><b>It is a positive modernising measure</b></p> <p><b>It would likely increase the diversity of people willing and able to stand for election in their local area, making councils more representative of the communities they serve.</b></p>



	considered for the following reasons?	<p><b>Councils would be more resilient in the event of local or national emergencies which prevent in-person attendance.</b></p> <p><b>FREE TEXT TBC – As well as the positive reasons suggested, there are also potentially significant environmental benefits to be gained from reducing Councillors’ travel, particularly in a large County boundary with rural areas. A reduction in travel time for Councillors would also be beneficial. The potential negative impacts on building positive working relationships are recognised and would need to be considered and mitigated.</b></p>
9)	In your view, would allowing councillors to attend formal local authority meetings remotely according to their needs particularly benefit or disadvantage individuals with protected characteristics, for example those with disabilities or caring responsibilities?	<ul style="list-style-type: none"> <li>• it would benefit members</li> <li>• it would disadvantage members</li> <li>• neither</li> </ul> <p><b>FREE TEXT TBC – the additional flexibility would benefit members, including in circumstances of short term illness (such as bouts of COVID) and unexpected caring responsibilities. This could also better enable residents of all electoral divisions to be represented as appropriate – for example at meetings for which substitutes are not possible – namely, Full Council.</b></p>

## **PROXY VOTING**

10)	In addition to provisions allowing for remote attendance, do you consider that it would be helpful to introduce proxy voting?	<ul style="list-style-type: none"> <li>• yes</li> <li>• no</li> <li>• unsure</li> </ul>
11)	If yes, for which of the following reasons which may prohibit a member’s participation in council meetings do you consider it would be appropriate?	<b>Not applicable</b>
12)	Are there circumstances in which you feel proxy voting would not be appropriate?	<p><b>FREE TEXT TBC – Nottinghamshire County Council’s Constitution offers political groups the option to send suitably trained substitute members to all meetings (other than Cabinet and Full Council). Whilst the benefits of remote attendance to enable Members to participate in proceedings (including voting) are recognised, the proposal that Members could vote on items which they have not heard being debated (and possibly amended) poses potential dangers and risks of challenge. Such an approach would seem to run counter with good practice that Members should not vote on an item having been absent from the bulk of the debate around that item.</b></p>
13)	If you think proxy voting is appropriate, are there	<b>Not applicable</b>

	any limitations you think should be placed upon it?	
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**27 November 2024****Agenda Item:11****REPORT OF THE CHAIRMAN OF GOVERNANCE AND ETHICS COMMITTEE****PROPOSED AMENDMENTS TO THE CONSTITUTION – RESPONSIBILITY  
FOR SCRUTINY OF PUBLIC HEALTH MATTERS****Purpose of the Report**

1. To consider the findings of a cross party members working group in respect of the correct committee to undertake the scrutiny of public health matters and to propose amendments to the Council's Constitution as detailed in Appendix A to this report.

**Information****Background**

2. The Public Health function transferred to the Council in April 2013, initially as a standalone unit. It was incorporated into the Adult Social Care and Public Protection Department in 2015 as part of Redefining Your Council. The core rationale was to reduce management roles and integrate public health functions with public protection and trading standards functions to support prevention activity. The community, public protection and trading standards functions subsequently transferred to the Place Department in 2017.
3. The Council has prioritised investment in early help and prevention which is starting to yield benefits in terms of better outcomes for residents, as well as the potential to support longer term financial sustainability. Informal engagement across the workforce has made a case for further steps to strengthen the focus on early help, prevention and using evidence and insight to tackle the root cause of issues that prevent some communities experiencing the best outcomes.
4. This has led to the Chief Executive implementing a revised Senior Leadership Team structure with effect from 10 June 2024. The revised structure included moving the line management of the Director of Public Health and the associated public health functions to the Executive Director (Place) from the Executive Director (Adult Social Care and Health).
5. The move of public health functions into the Place Department brings the wider place and community functions back together with public health as part of an increased focus on prevention and early intervention with an all age, population focus. This move integrates public health functions with place functions such as housing and homelessness, transport

and environment as core building blocks of good health and wellbeing – the wider determinants of health. It is important that the Council's scrutiny activity contributes to the benefits from this approach.

6. As reported to Council on 26 September 2024 as part of a report on earlier proposed amendments to the Constitution, further dialogue was required regarding the future arrangements for the scrutiny of Public Health functions which currently sits with Adult Social Care and Public Health Select Committee.
7. On 16 October 2024 a cross party working group of councillors with responsibility for providing input on amendments to the Constitution met to consider options for the future scrutiny of Public Health matters.
8. While some members expressed concern that amending the structure midway through the year before scheduled elections in 2025 could be disruptive, a consensus was reached that the scrutiny of Public Health was best undertaken, at least in the interim, by the Overview Committee and this is the recommendation to Committee. Any further changes to the scrutiny structure considered to be necessary could be undertaken after the scheduled elections.

### **Proposed changes**

9. The retention of responsibility for the scrutiny of Public Health with the Adult Social Care and Public Health Select Committee creates an anomaly in having a select committee scrutinising arrangements from two Council departments. This anomaly could impact negatively on collaboration and outcomes from working more broadly across communities and partners as part of the Place Department.
10. The Place Select Committee has responsibility for the broader departmental objectives and themes which align with public health and the approach going forward. However, it was noted that the Place Select Committee's has a very full workload. Therefore, the Overview Committee has been identified as the most suitable committee to absorb the responsibility for scrutinising Public Health. The Overview Committee gives scope for continuing the Overview Committee's existing work overlapping committee and general health matters.
11. Public Health is intended to be at the heart of work with local communities and the Council's broader system of partnerships which aligns with the broader responsibilities of the Committee. Given the overarching nature of Public Health as a concept and the intention to imbed Public Health across the work of the whole of the Council, the Overview Committee's familiarity with operating across departmental boundaries make it an appropriate location for the scrutinising of Public Health.
12. Consideration was also given to transferring Public Health scrutiny activity to Health Scrutiny Committee but this does not support the alignment and embedding of Public Health into the Council's wider work across communities, systems and partnerships. It could change the focus of the Committee to having and a greater internal focus and also dilute the detailed focus which is currently given by the Committee to significant matters within its statutory remit.

13. Consideration was also given to creating a new Public Health Scrutiny Committee which would result in additional costs and be outside the existing budget framework and special responsibility allowances as recommended by the Independent Remuneration Panel. This would create a committee with a narrow focus and not support the alignment of Public Health with work across communities, systems and partnerships.
14. The proposed change also creates additional capacity for an Adult Social Care Select Committee to scrutinise the Council's largest area of service and budget (Adult Social Care). The proposed amendments are to the title and remit of the Adult Social Care and Public Health Select Committee rather than creating a new committee.
15. No alteration to the membership or special responsibility allowance associated with the chairing of either the Overview Committee or the Adult Social Care and Health Select Committee is recommended to be made as part of the proposed changes.
16. In addition to the proposed changes on the scrutiny of Public Health, it is further proposed that references to the former power of the Health Scrutiny Committee to make referrals to the Secretary of State for Health be removed from the Constitution. As reported to the Health Scrutiny Committee on 20 February 2024, this power was removed by the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) (Amendment and Saving Provision) Regulations 2024.

### **Other Options Considered**

17. Members of the working group have considered the following alternative options and, as considered earlier in this report, determined that the recommended option gives the greatest benefits and the fewest disadvantages:
  - Leaving the current arrangements unchanged
  - Creating a new Public Health Scrutiny Committee
  - Transferring responsibility for Public Health to Health Scrutiny Committee
  - Transferring responsibility for Public Health to Place Select Scrutiny Committee

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

18. The rationale for the proposed changes is set out above.

### **Statutory and Policy Implications**

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

### **Financial Implications**

20. There are no direct financial implications to the proposals within this report.

## **Human Resources Implications**

21. There are no HR implications to this report. The Chief Executive's revised Senior Leadership Team structure has been determined by the Chief Executive in an earlier and separate decision.

## **Public Sector Equality Duty implications**

22. The proposed amendments are consistent with the Council's public sector equality duty.

## **RECOMMENDATION/S**

- 1) The Committee agrees the recommendation of the cross party members working group that Overview Committee is the most appropriate location for the scrutiny of Public Health matters, and
- 2) That the proposed changes to the Constitution detailed in Appendix A to this report be recommended to Council for approval.

**Councillor Philip Owen**  
**CHAIRMAN OF GOVERNANCE & ETHICS COMMITTEE**

**For any enquiries about this report please contact: Heather Dickinson, Group Manager, Legal Services (0115 977 4835 / [heather.dickinson@nottsc.gov.uk](mailto:heather.dickinson@nottsc.gov.uk))**

## **Constitutional Comments (HD – 24/10/2024)**

23. The decision sits within the terms of reference of Governance and Ethics Committee.

## **Financial Comments (PAA29 - 05/11/2024)**

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

## **Background Papers and Published Documents**

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

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

All

## SECTION SIX

### OVERVIEW AND SCRUTINY

#### PART 1 – OVERVIEW, SELECT AND HEALTH SCRUTINY COMMITTEES

1. The Council has appointed an Overview Committee, three Select Committees and the Health Scrutiny Committee to undertake the Council's overview and scrutiny functions under section 21 of the Local Government Act 2000. The membership of each committee can be found on the Council website – [www.nottinghamshire.gov.uk/dms/committees.aspx](http://www.nottinghamshire.gov.uk/dms/committees.aspx)

#### OVERVIEW COMMITTEE – TERMS OF REFERENCE

2. The Overview Committee will discharge the functions below:
  - a. Scrutinise and review any matter under the remit of the Chief Executive's Department
  - b. Scrutinise and review any matter that falls within the remit of the Director of Public Health's directorate
  - c. Oversee and co-ordinate the work of overview and scrutiny and its committees including an annual overview and scrutiny work programme, including for any sub-committees, so as to ensure the time of select committees is effectively and efficiently used
  - d. Ensure effective liaison across the work of the Overview, Select and Health Scrutiny Committees re: cross cutting issues including establishing cross Committee working groups where appropriate
  - e. Be a strategic driver of the overview and scrutiny function and may issue guidance, procedures and best practice to be followed by the Select Committees in undertaking their work
  - f. Establish appropriate liaison with the Executive in the interests of achieving common aims and continuous improvement for the Council
  - g. Encourage appropriate community involvement in the overview and scrutiny role
  - h. Consider the Council's Corporate Plan ambitions and associated objectives and any annual plans and to monitor performance and delivery against these plans



- i. Consider the Council's annual budget having assisted the Executive in the development of the Council's Budget and Policy Framework and to review and scrutinise budgetary management and any relevant policy issues
- j. Assist the Executive in ensuring the provision of efficient and effective corporate management and support arrangements
- k. Consider Call-in requests in accordance with agreed procedures
- l. Consider Councillor Calls For Action (CCfA) within the remit of Overview Committee in accordance with agreed procedures
- m. Make reports and/or recommendations to Full Council/Cabinet/Committee or appropriate agencies in connection with the discharge of any functions
- n. May establish sub committees or working groups to undertake reviews where an issue merits in-depth scrutiny
- o. Approving all Councillor attendance at conferences, seminars and training events within the UK mainland in relation to scrutiny for which a fee is payable including expenditure incurred, within available budgets
- p. Report at least annually to Full Council on the workings of the overview and scrutiny function and any other matters of a general nature which it wishes to bring to the attention of Council

### **ADULT SOCIAL CARE AND HEALTH SELECT COMMITTEE – TERMS OF REFERENCE**

- 3. The Adult Social Care and Health Select Committee will discharge the functions below within the remit of the Adult Social Care and Health Department:
  - a. Scrutinise and review any matter that falls within the remit of the Adult Social Care and Health Department, except for those matters reserved to the Health Scrutiny Committee. With regard to health matters, the Committee will be responsible for general scrutiny of County Council health functions including any budget and policy related matters but excluding Public Health. Further detail is set out in the Overview and Select Committee Procedure Rules
  - b. Consider matters within their remit affecting the county of Nottinghamshire/its inhabitants
  - c. Assist in the development of the Budget and Policy Framework and analysis of policy issues as they affect the Select Committee
  - d. Work to engage communities in scrutiny and encourage community participation in policy development
  - e. Liaise with external organisations to ensure the interests of local people are enhanced by collaborative working

- f. Review and/or scrutinise decisions made, or actions taken in connection with the discharge of the Council's functions
- g. Review/scrutinise performance of the Council against policy objectives and performance targets
- h. Consider Councillor Calls For Action (CCfA) within the remit of this Select Committee in accordance with agreed procedures
- i. Make reports and/or recommendations to Full Council/Cabinet/Committee or appropriate agencies in connection with the discharge of any functions
- j. May establish sub committees or working groups to undertake reviews where an issue merits in-depth scrutiny

## **CHILDREN AND FAMILIES SELECT COMMITTEE – TERMS OF REFERENCE**

- 4. The Children and Families Select Committee will discharge the functions below within the remit of the Children and Families Department:
  - a. Scrutinise and review any matter which falls within the remit of the Children and Families Department
  - b. Consider matters within their remit affecting the county of Nottinghamshire/its inhabitants
  - c. Assist in the development of the Budget and Policy Framework and analysis of policy issues as they affect the Select Committee
  - d. Work to engage communities in scrutiny and encourage community participation in policy development
  - e. Liaise with external organisations to ensure the interests of local people are enhanced by collaborative working
  - f. Review and/or scrutinise decisions made, or actions taken in connection with the discharge of the Council's functions
  - g. Review/scrutinise performance of the Council against policy objectives and performance targets
  - k. Consider Councillor Calls For Action (CCfA) within the remit of this Select Committee in accordance with agreed procedures
  - h. Make reports and/or recommendations to Full Council/Cabinet/Committee or appropriate agencies in connection with the discharge of any functions
  - i. May establish sub committees or working groups to undertake reviews where an issue merits in-depth scrutiny

## **PLACE SELECT COMMITTEE – TERMS OF REFERENCE**

5. The Place Select Committee will discharge the functions below within the remit of the Place Department:
  - a. Scrutinise and review any matter within the remit of the Place Department
  - b. Statutory responsibility for crime and disorder scrutiny, having regard to paragraph 13 of Overview and Select Committee Procedure Rules
  - c. Statutory responsibility for flood risk management scrutiny, having regard to paragraph 13 of Overview and Select Committee Procedure Rules
  - d. Consider matters within their remit affecting the county of Nottinghamshire/its inhabitants
  - e. Assist in the development of the Budget and Policy Framework and analysis of policy issues as they affect the Select Committee
  - f. Work to engage communities in scrutiny and encourage community participation in policy development
  - g. Liaise with external organisations to ensure the interests of local people are enhanced by collaborative working
  - h. Review and/or scrutinise decisions made, or actions taken in connection with the discharge of the Council's functions
  - i. Review/scrutinise performance of the Council against policy objectives and performance targets
  - j. Consider Councillor Calls For Action (CCfA) within the remit of this Select Committee in accordance with agreed procedures
  - k. Make reports and/or recommendations to Full Council/Cabinet/Committee or appropriate agencies in connection with the discharge of any functions
  - l. May establish sub committees or working groups to undertake reviews where an issue merits in-depth scrutiny

## **HEALTH SCRUTINY COMMITTEE – TERMS OF REFERENCE**

6. The Health Scrutiny Committee shall carry out health scrutiny in accordance with Section 244 (and Regulations under that section) of the National Health Services Act 2006 as amended by the Local Government and Public Involvement in Health Act 2007 (the 2007 Act) relating to local health service matters.
7. The Health Scrutiny Committee will discharge the functions below:

- a. Responsibility for reviewing and scrutinising health matters in relation to service provision for residents living in the County Council's area
- b. To make reports or recommendations to the Council or Cabinet with respect to the discharge of any health service provision which is the responsibility of the Council, subject to liaison with the Adult Social Care and Health Select Committee or, where the matter relates to Public Health, the Overview Committee in accordance with the Overview and Select Committee Procedure Rules
- c. To make reports or recommendations to the Council or Cabinet or other agencies on health matters which affect the County Council's area or the inhabitants of the County
- d. May establish sub committees or working groups to undertake reviews where an issue merits in-depth scrutiny

## **PART 2 - OVERVIEW AND SELECT COMMITTEE PROCEDURE RULES**

### **What will be the number and arrangements for Overview and Select Committees?**

1. The Council will have an Overview Committee and three service based Select Committees set out in section 6 of the Constitution and will appoint to them as it considers appropriate from time to time. The Council will also have a separate statutory Health Scrutiny Committee.
2. These Committees may appoint sub-committees or smaller working groups to carry out detailed examination of particular topics for reporting back to them. Working groups may be appointed for a fixed period (as determined by the relevant Committee) on the expiry of which they shall cease to exist.
3. The procedures applicable to the Overview and Select Committees shall also apply to the statutory Health Scrutiny Committee unless specifically excluded, varied or supplemented by the sections relating to the Health Scrutiny Committee.
4. Nothing in these rules prevents more detailed liaison between the Cabinet and the Overview Committee and the Select Committees as appropriate depending on the particular matter under consideration. Indeed, the aim will be to develop a positive and constructive relationship between the Cabinet and the Overview and Scrutiny function.

### **Who may sit on Overview and Select Committees?**

5. All Councillors, except Members of the Cabinet, may be members of a Committee undertaking scrutiny work. However, no member may be involved in scrutinising a decision in which they have been directly involved or relates to a portfolio for which they provide (or did provide at the relevant time) Cabinet Member support. Any Protocol on managing conflicts of interest must be followed in the event of familial or other conflicts arising during scrutiny activity.

### **Co-optees**

6. Subject to the provisions below for the Children and Families Select Committee, the Overview or Select Committees or Health Scrutiny Committee may appoint a maximum of two non-voting co-opted members (co-optees). Co-optees may be appointed as either standing members of the Committee or on a time limited basis related to the review of a specific topic.
7. The selection and nomination of co-opted members shall be:
  - in accordance with a procedure determined by the Monitoring Officer or any formal Protocol agreed by the Overview Committee; and
  - except for Health Scrutiny Committee, subject to a requirement for

Overview Committee to approve appointees.

8. Standing co-optees will be reviewed at the annual Council meeting when their term of office may be renewed for the forthcoming year.

### **Education representatives and Co-optees**

9. The Children and Families Select Committee in dealing with education matters shall include in its membership the following voting representatives (required under the school Standards and Framework Act 1998 and the Parent Governor Representatives (England) Regulations 2001 and the Local Government Act 2000 Schedule A1):
  - a. 1 Church of England diocese representative;
  - b. 1 Roman Catholic diocese representative; and
  - c. 2 parent governor representatives.
10. The above faith representation reflects the current statutory requirements and the make-up of faith schools within Nottinghamshire. The faith representation will be periodically reviewed by the Children and Families Select Committee and may recommend to Council any further additions considered appropriate to reflect the nature and diversity of faith schools within the County Council's area.
11. Where the Children and Families Select Committee deals with matters other than education, these representatives shall not vote but they may stay in the meeting and speak.
12. In the event of any Education related matter being subject to Call-in, the voting faith and parent governor representatives may attend the Overview Committee that considers that Call – in.

### **Crime and Disorder and Flood Risk Management Scrutiny**

13. The **Place Select Committee** will include within its terms of reference the relevant powers and functions relating to the requirements set out below:

- a. **Crime and Disorder**

The Police and Justice Act 2006 (Section 19) requires every local authority to have a "crime and disorder committee" which must scrutinise the delivery of crime and disorder strategies. Place Select Committee will fulfil this requirement. The Responsible Authorities which are delivering these strategies, and which are subject to a report from such a committee must respond to the report and have regard to it when exercising its functions. They are also subject to a requirement to provide information and attend meetings of the committee to answer questions. These committees are

distinct from the 'Police and Crime Panels' that scrutinise directly-elected Police and Crime Commissioners.

#### **b. Flood Risk Management**

The Local Government Act 2000 (Section 21) requires that a local authority which is a lead local flood authority for an area in England must have arrangements to review and scrutinise flood risk management functions that may affect the local authority's area. Place Select Committee will fulfil this requirement. A risk management authority must comply with a request made by a scrutiny committee for information or a response to a report.

### **Meetings of the Overview and Select Committees**

14. The Overview Committee shall hold a minimum of 6 ordinary meetings each year. In addition, extraordinary meetings may be called from time to time as and when appropriate. An Overview Committee meeting may be called by the Chair of the Overview Committee or by the Monitoring Officer if they consider it necessary or appropriate.
15. Each Select Committee shall hold a minimum of 4 ordinary meetings each year. In addition, extraordinary meetings may be called from time to time as and when appropriate. A Select Committee may be called by the Chair of the relevant Committee or by the Monitoring Officer if they consider it necessary or appropriate.
16. The Overview Committee and the Select Committees may set up ad hoc working groups to carry out specific projects and report their findings to the appointing Committee, however a maximum of one working group per Committee may be in place at one time.
17. Overview and Select Committees are subject to the Council's Committee Procedure Rules except as may be varied or supplemented within these procedures.
18. Only one review can be carried out per Committee at one time to ensure adequate resources can be applied to the review activity.

### **Meetings of the Statutory Health Scrutiny Committee**

19. The statutory Health Scrutiny Committee is a committee established under S.21 of the Local Government Act 2000, as amended by the Localism Act 2011.
20. The Health Scrutiny Committee shall hold a minimum of 8 meetings each year (approximately 6 weekly).
21. The Health Scrutiny Committee shall carry out health scrutiny in accordance with Section 244 (and Regulations under that section) of the National Health Services Act 2006 as amended by the Local Government and Public Involvement in Health Act 2007 (the 2007 Act) relating to local health service



matters. Where a proposal to substantially vary a health service relates to more than one local authority area, it must be considered by a Joint Health Overview and Scrutiny Committee appointed by each of the local authorities in question.

22. The Health Scrutiny Committee shall have all the powers of an Overview and Scrutiny Committee as set out in section 9F of the 2007 Act and Social Care Act 2001 (including associated Regulations and Guidance).
23. Although the Health Scrutiny Committee will have powers to scrutinise any functions relating to health within its area, including functions performed by the County Council, it is proposed that with the exception of substantial variations to such services, the Council's Adult Social Care and Health Select Committee will be responsible for general scrutiny of County Council health functions excluding Public Health which is the responsibility of the Overview Committee. This includes any budget and policy related matters and Councillor Calls for action following the CCfA protocol at Appendix 1.
24. In addition, the Overview Committee will be responsible for hearing any valid Call-ins relating to executive decisions of the Council in relation to any of its health functions. Should the Health Scrutiny Committee wish to make time in its work programme for any scrutiny of County Council health functions, it will first liaise with the Chairman of both the Overview Committee and the Adult Social Care and Health Select Committee (who may consult with the Council's Executive Director Adult Social Care, Executive Director Place, and the Director of Public Health) to determine the most appropriate Committee to determine such scrutiny activity in order to avoid duplication or confusion and to ensure the most efficient use of available resources.

## **Quorum**

25. The quorum for any of the scrutiny Committees shall be as set out for Committees in the Committee Procedure Rules in Section 7 of this Constitution (currently 3 voting members for a Committee with less than 15 voting members).

## **Who Chairs Overview and Select Committees?**

26. The Chairmen and Vice-Chairmen of the Overview Committee, each Select Committee and the statutory Health Scrutiny Committee may be appointed by the Council. If the Chairman is unable to attend a meeting, the Vice-Chairman will chair the meeting. The Chairman and the Vice-Chairman of the Overview Committee shall be entitled to attend each Select Committee as a non-voting ex-officio member.
27. The Chairmen of the Overview Committee and the three Select Committees will be members of the ruling group and the Vice-Chairmen will be members of the opposition groups, as agreed by Full Council. The Health Scrutiny Committee Chairman and Vice-Chairman will be members of the ruling group.



## **Work Programme**

28. The Overview Committee and each Select Committee will be responsible for preparing its own work programme at the beginning of each municipal year and in doing so it shall consider the wishes of the relevant Committee as a whole.
29. In setting the work programmes, regard shall also be had to the work programmes of the Cabinet and Cabinet Members as well as the views of Executive Directors and the Monitoring Officer regarding available support and resources and the prioritisation of their work.
30. These work programmes will then be submitted to the Overview Committee for approval to ensure that the overall programme of Scrutiny activity is consistent, coherent and free of duplication and can be properly resourced and supported by the Council.
31. Each Select Committee will be empowered to add further items to their work Committee's work programme, subject to approval of the revised work programme by the Chairman of Overview Committee. Overview Committee will have work programmes as a standing item on its agenda to maintain oversight of ongoing and planned work.
32. Subject to the provisions of paragraphs 19 to 25 of these procedure rules regarding the role of the Overview Committee and Adult Social Care and Health Select Committee in health scrutiny of County Council health functions, the Health Scrutiny Committee will set its own work programme which it will notify to the Chairman of Overview Committee for information.

**27 November 2024****Agenda Item:12****REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND  
EMPLOYEES****GEDLING COMMUNITY GOVERNANCE REVIEW****Purpose of the Report**

1. This report informs Councillors about the process that is being followed by Gedling Borough Council, which is undertaking a Community Governance Review. It also summarises the proposals that are 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 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 neighbourhood forum. Alternatively, a review may be triggered by local people presenting a valid petition to the Council, which is the case for this review.

6. The proposals on which consultation is being undertaken relates to the parish of St. Albans and proposed formation of a separate parish council for the Bestwood Lodge and Deer Park area of that parish and which would retain the name of St. Albans Parish Council.
7. There are two main stages of consultation that form part of the Community Governance Review progress. During the first stage, Gedling Borough Council is consulting relevant community groups, public bodies (including the County Council) and elected representatives. The feedback from this will be used to determine a set of final draft recommendations, which will then be subject to a further period of consultation.
8. The timetable for the review is outlined below:

Action	Timescale
Terms of reference presented to Council	17 October 2024
Publish Terms of Reference	28 October 2024
Initial Consultation period	28 October 2024 – 6 January 2025
Prepare draft proposals	By 21 February 2025
Consultation on draft proposals	21 February – 2 May 2025
Deadline for submissions	2 May 2025
Prepare final proposals	2 May – 27 May 2025
Report to Council	4 June 2025
If required: Organisation of Community Governance Order	After June 2025 council meeting

9. Where proposed changes affect Division boundaries a request can be made to the Local Government Boundary Commissioner for England that related alterations are made to county division boundaries to bring them in line with revised parish boundaries. The current proposals do not affect county division boundaries, but if further proposals were to emerge that have an impact, then related alterations could be requested as appropriate.

### Other Options Considered

10. 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.
11. The Council could choose to submit a full response at this time, but any response would not be able to give due consideration to preferences and concerns submitted by local communities that would be affected by the review.

### Reason/s for Recommendation/s

12. Gedling Borough Council has recently agreed to undertake consultation on proposals relating to the governance arrangements of one of its parishes. Any individual, group or body could submit a response, which would be taken into account when preparing any final recommendations.

13. At this stage it is recommended that the County 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 that it will reserve its position during the next stage of the consultation.
14. 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 its formal response.
15. If any individual Councillor or group wished to make comments on the proposals at this stage, they are able to send them directly to Gedling Borough Council.

## **Statutory and Policy Implications**

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

## **Financial Implications**

17. This report has no financial implications.

## **Implications for Residents**

18. Any wider impacts of the review will be considered by Gedling Borough Council in the development of the final proposals.

## **RECOMMENDATION**

- 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 Gedling Borough Council's draft proposals, 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:**

Dom Monahan, Advanced Democratic Services Officer

Telephone: 0115 9774772

Email: dom.monahan@nottcc.gov.uk

## **Constitutional Comments (HD – 24/10/2024)**

18. The recommendations fall within the remit of the Governance and Ethics Committee by virtue of its responsibility for all decisions relating to governance not otherwise specifically delegated elsewhere. As the recommendation relates to providing comments upon a community governance review being carried out by Gedling Borough Council, they do not relate to the matters reserved

to Full Council to make orders giving effect to recommendations of a community governance review.

### **Financial Comments (SES 05/11/2024)**

19. 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.

- [Community Governance Review - St Albans Parish Council - Report to Gedling Borough Council 17 October 2024](#)
- [St Albans Community Governance Review - Gedling 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**

- Arnold North – Councillor Michael Payne MP, Councillor Paulin Allan

This matter is being dealt with by:  
Name: Dom Monahan  
Reference: CGR/2024GBC  
T 0300 500 80 80  
E [enquiries@nottsc.gov.uk](mailto:enquiries@nottsc.gov.uk)  
W [nottinghamshire.gov.uk](http://nottinghamshire.gov.uk)

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Community Governance Review (Elections)  
Gedling Borough Council  
Civic Centre  
Arnot Hill Park  
Arnold Nottingham  
NG5 6LU

28 November 2024

Dear Sir or Madam

Thank you for notifying Nottinghamshire County Council about the Community Governance Review that you are currently undertaking within the Borough.

The Council appreciates that this is the first of two periods of consultation and that at this time other proposals are likely to come forward.

At this stage Nottinghamshire County Council would like to acknowledge our interest in the review but we do not wish to make comments at this time.

The Council reserves the right to respond during the second consultation stage, after the final draft recommendations have been published. We can then consider these in conjunction with submissions and comments made by local communities during the first phase of consultation. We will therefore consider whether a formal response providing comments is required at that time.

Yours faithfully

**Adrian Smith  
Chief Executive  
Nottinghamshire County Council**



**27 November 2024****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.

**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 Options Considered**

4. The option to not present a work programme to the Committee was rejected as it would not allow forward planning or management of agenda items.

**Reason/s for Recommendation/s**

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

**Statutory and Policy Implications**

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



## **RECOMMENDATION**

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

**Marjorie Toward**

**Service Director, Customers, Governance and Employees**

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

Noel McMenamin - Democratic Services

Tel. 0115 993 2670

E-mail: [noel.mcmenamin@nottsc.gov.uk](mailto:noel.mcmenamin@nottsc.gov.uk)

### **Constitutional Comments (EH)**

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

### **Financial Comments (NS)**

8. 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 6 November 2024)**

<u><b>Report Title</b></u>	<u><b>Brief Summary of agenda item</b></u>	<u><b>Lead Officer</b></u>	<u><b>Report Author</b></u>
<b>27 November 2024</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	Richard Elston
External Audit – Audit Completion Report		Nigel Stevenson	Glen Bicknell
Internal Audit Term 1 Progress and Term 3 Plan 2024-25	To consider proposed audit coverage for Term	Nigel Stevenson	Simon Lacey
Follow-Up of Internal Audit Recommendations	To consider an update on progress with implementing agreed actions from Internal Audit reports	Nigel Stevenson	Simon Lacey
Governance Update	To consider the progress being made against the Governance Action Plan for 2024-25	Nigel Stevenson	Simon Lacey
Corporate Risk Management Update		Nigel Stevenson	Simon Lacey
Gedling Community Governance Review – Stage 1	To consider the impact of proposals for the Gedling Community Governance Review	Marje Toward	Dom Monahan
Proposed amendment to Constitution – Scrutiny of Public Health Matters	To consider the findings of cross party member working group on scrutiny arrangements for public health matters	Heather Dickinson	Keith Ford
Enabling Remote Attendance and Proxy Voting at Local Authority Meetings	To agree the Council response to consultation on remote attendance and proxy voting at local authority meetings	Marje Toward	Keith Ford
<b>15 January 2025</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	Richard Elston
Counter Fraud Progress Report		Nigel Stevenson	Simon Lacey
<b>5 March 2025</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	Richard Elston

Internal Audit Charter Refresh		Nigel Stevenson	Simon Lacey
Internal Audit Term 2 Progress 2024-25 and Term 1 Plan 2025-26		Nigel Stevenson	Simon Lacey
Gedling Community Governance Review – Stage 2	To approve the County Council response to the final proposals for the Gedling Community Governance Review	Heather Dickinson	Keith Ford
<b>23 April 2025 (to be confirmed)</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	Richard Elston
Governance Update		Nigel Stevenson	Simon Lacey
<b>25 June 2025</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	Richard Elston
Governance and Ethics Committee Annual Report		Nigel Stevenson	Simon Lacey
Annual Governance Statement		Nigel Stevenson	Simon Lacey
Assurance Mapping Annual Report		Nigel Stevenson	Simon Lacey
Head of Internal Audit Annual Report 2024-25		Nigel Stevenson	Simon Lacey