

## Governance and Ethics Committee

**Wednesday, 23 June 2021 at 10:30**

County Hall, West Bridgford, Nottingham, NG2 7QP

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### AGENDA

- 1 To note the appointment at Full Council on 27 May 2021 of Councillor Philip Owen as Chairman and Councillor Nigel Moxon as Vice-Chairman of Governance and Ethics Committee
- 2 Membership, Terms of Reference and the Work of the Committee 3 - 6
- 3 Minutes of last meeting held on 31 March 2021 7 - 10
- 4 Apologies for Absence
- 5 Declarations of Interests by Members and Officers:- (see note below)  
(a) Disclosable Pecuniary Interests  
(b) Private Interests (pecuniary and non-pecuniary)
- 6 Local Government & Social Care Ombudsman Decisions March - May 2021 11 - 60
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### **Notes**

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

Customer Services Centre 0300 500 80 80

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

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Sara Allmond (Tel. 0115 977 3794) or a colleague in Democratic Services prior to the meeting.

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

23 June 2021

Agenda Item: 2

## **REPORT OF SERVICE DIRECTORS CUSTOMERS, GOVERNANCE AND EMPLOYEES AND FINANCE, INFRASTRUCTURE & IMPROVEMENT**

### **MEMBERSHIP, TERMS OF REFERENCE AND THE WORK OF THE COMMITTEE**

#### **Purpose of the Report**

1. To note the membership and terms of reference of the Governance and Ethics committee.

#### **Information**

2. The following councillors have been appointed to the committee:

Chairman: Councillor Philip Owen  
Vice-Chairman: Councillor Nigel Moxon

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

3. The Annual Meeting (AM) of the County Council on 27 May 2021 established the committee with the terms of reference. The exercise of the powers and functions set out below are delegated by the Full Council to the committee in relation to governance and ethics:
  - a. All decisions within the control of the Council including but not limited to those listed in the Table below
  - b. Policy development and approval in relation to governance and ethics activity, subject to any necessary approval by the Policy Committee or the Full Council
  - c. Review of performance in relation to the services provided on a regular basis
  - d. Review of day to day operational decisions taken by officers
  - e. Approval of consultation responses except for responses to day-to-day technical consultations which will be agreed with the Chairman and reported to the next available Committee following their submission.
  - f. Approval of departmental staffing structures as required

- g. Approving all Councillor attendance at conferences, seminars and training events within the UK mainland for which a fee is payable including any expenditure incurred, within the remit of this Committee and to receive quarterly reports from Corporate Directors on departmental officer travel outside the UK within the remit of this Committee.
4. If any report comes within the remit of more than one committee, to avoid the report being discussed at several committees, the report will be presented and determined at the most appropriate committee. If this is not clear, then the report will be discussed and determined by the Policy Committee.
  5. As part of the detailed work programme the Committee will receive reports on the exercise of powers delegated to Officers.
  6. The Committee will be responsible for its own projects and may establish steering groups to consider projects. Where it considers it appropriate, projects will be considered by a cross-committee project steering group that will report back to the most appropriate Committee.

<b>Table</b>
Responsibility for advising Full Council on the adequacy of the Council's systems of internal control and overseeing the external auditor's annual audit of the accounts
Responsibility for approving the Annual Statement of Accounts
Responsibility for approving the Annual Governance Statement and keeping it under review on a regular basis
Responsibility for reviewing and maintaining the Council's Local Code on Corporate Governance
Responsibility for maintaining an overview of the Council's Financial Regulations and anti-fraud and anti-corruption strategies, and for recommending the Financial Regulations to Full Council for adoption
Responsibility for ensuring high standards of conduct by the County Council, its Councillors, co-opted members and Officers
Responsibility for dealing with matters relating to alleged breaches of the Code of Conduct for Councillors and Co-opted Members
Responsibility for the implementation of and revision to councillor codes of conduct and practice of the County Council
Responsibility for Information Governance including but not limited to Data Protection and Freedom of Information
Responsibility for resolving any issues arising from the Members' Allowances Scheme
Responsibility for monitoring the Councillors' Divisional Fund
Responsibility for approving the recruitment process for any independent members of committees and panels required by statute
Responsibility for the Council's risk management strategy
Responsibility for Legal, Democratic and Complaints Services

## **Governance and Ethics Sub-Committee – Terms of Reference**

7. Responsibility for formal hearings under the Council's Procedure for dealing with Conduct Allegations against Councillors and Co-opted Members, including deciding whether there has been a breach of the Code of Conduct, and if appropriate imposing any sanction available under the Procedure and the relevant legislation.

## **Independent Persons**

8. It is a legal requirement for the County Council to appoint Independent Persons, whose views must be sought and taken into account if a Code of Conduct complaint against a Councillor is investigated. The Full Council on 27 May 2021 agreed to the appointment of Ian Bayne, Craig Cole and Rob White as the Council's Independent Persons until the Annual Meeting of the Council in May 2022. Should any further appointments be recommended by Governance and Ethics Committee then a further report will be taken to Full Council to seek approval to their appointment.

## **Other Options Considered**

9. None

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

10. To inform the committee of its membership and terms of reference.

## **Statutory and Policy Implications**

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

## **RECOMMENDATION/S**

- 1) It is recommended that the committee's membership, terms of reference and content of this report to be noted.

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

**Nigel Stevenson**  
**Service Director – Finance, Infrastructure**  
**& Improvement and Section 151 Officer**

**For any enquiries about this report please contact:**  
Sara Allmond, Advanced Democratic Services Officer  
[sara.allmond@nottscc.gov.uk](mailto:sara.allmond@nottscc.gov.uk)

### **Constitutional Comments (CEH 28/05/2021)**

12. The report is for information purposes for Members of the Committee

### **Financial Comments (SES 28/5/2021)**

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

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

- Report to Full Council on 27 May 2021 (published)

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

- All



Meeting GOVERNANCE AND ETHICS COMMITTEE

Date Wednesday 31 March 2021 (commencing at 10.31 am)

**membership**

Persons absent are marked with 'A'

**COUNCILLORS**

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

Nicki Brooks	Rachel Madden <b>A</b>
Steve Carr	Phil Rostance
Kate Foale	Keith Walker
John Handley <b>A</b>	Martin Wright
Errol Henry JP	

**SUBSTITUTE MEMBERS**

Councillor Richard Butler for Councillor John Handley

**OFFICERS IN ATTENDANCE**

Sara Allmond	}	Chief Executive's Department
Glen Bicknell		
Heather Dickinson		
Rob Disney		
Emma Hunter		
Jo Kirkby		
Jo Toomey		
Nigel Stevenson		
Marjorie Toward		

Ainsley Macdonnell      Adult Social Care and Health Department

**EXTERNAL ATTENDEES**

John Gregory      Grant Thornton

**1. MINUTES**

The Minutes of the last meeting held on 1 February 2021, having been previously circulated, were confirmed and signed by the Chairman.

**2. APOLOGIES FOR ABSENCE**

None

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

None

### **AGENDA ORDER**

The Chairman agreed to take agenda item 10 – Local Authority Financial Reporting and External Audit Government Response to the Independent Review as the first item at the request of Nigel Stevenson, Service Director for Finance, Infrastructure & Improvement and Section 151 Officer.

### **10. LOCAL AUTHORITY FINANCIAL REPORTING AND EXTERNAL AUDIT GOVERNMENT RESPONSE TO THE INDEPENDENT REVIEW**

Nigel Stevenson, Service Director for Finance, Infrastructure & Improvement and Section 151 Officer and John Gregory, Grant Thornton introduced the report which provided an update following the publication of the Government response to the recommendations arising from the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.

#### **RESOLVED: 2021/012**

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

### **4. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN (LGSCO) DECISIONS – JANUARY TO FEBRUARY 2021**

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

#### **RESOLVED: 2021/013**

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

### **5. COUNCILLOR INDUCTION AND DEVELOPMENT PROGRAMME, 2021 TO 2025**

Jo Toomey, Advanced Democratic Services Officer introduced the report which proposed an indicative Councillor induction and development plan for implementation following the election on 6 May 2021.

#### **RESOLVED: 2021/014**

- 1) That the indicative Councillor Induction and Development Programme 2021 to 2025 be approved for implementation.



- 2) That the Monitoring Officer be given authority to make any additions to the plan as she considers necessary to ensure the delivery of good governance.

## **6. WHISTLEBLOWING UPDATE**

Emma Hunter, Solicitor introduced the report which provided an update on whistleblowing activity during 2019 and 2020 and an update on the review of the Whistleblowing Policy.

### **RESOLVED: 2021/015**

That the Committee supports the full review of the current policy in line with the criteria set out in paragraphs 9 to 12 of the report.

## **7. INTERNAL AUDIT 2020-21 TERM 2 REPORT & 2021-22 TERM 1 PLAN**

Rob Disney, Group Manager – Assurance introduced the report which informed Members of the Head of Internal Audit's report on the work carried out by Internal Audit in Term 2 of 2020/21 and consulted Members on the Internal Audit Plan for Term 1 of 2021/22.

### **RESOLVED: 2021/016**

- 1) That there were no actions arising or follow-up reports required to be brought to a future meeting.
- 2) That the planned coverage of Internal Audit's work in Term 1 of 2021/22 will deliver assurance to the Committee in priority areas.

## **8. FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS**

Rob Disney, Group Manager – Assurance introduced the report which provided an update on progress with the implementation of agreed management actions to address Internal Audit recommendations.

### **RESOLVED: 2021/017**

That there were no actions arising from the report.

## **9. EXTERNAL AUDIT – ANNUAL AUDIT LETTER 2019/20**

John Gregory, Grant Thornton introduced the report which set out the External Auditors' Annual Audit Letter 2019/20.

### **RESOLVED: 2021/018**

That there were no actions arising from the report.

## **11. WORK PROGRAMME**

**RESOLVED: 2021/019**

That the work programme be agreed.

The meeting closed at 11.58 am.

CHAIRMAN

**23 June 2021**

**Agenda Item: 6**

## **REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE AND EMPLOYEES**

### **LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN DECISIONS MARCH - MAY 2021**

#### **Purpose of the Report**

1. To inform the Committee about Local Government & Social Care Ombudsman's (LGSCO) decisions relating to the Council since the last report to Committee up to 31<sup>st</sup> May 2021.

#### **Information**

2. Members of this Committee have previously asked to see the outcome of Ombudsman investigations regularly and promptly after the decision notice has been received. This report therefore gives details of all the decisions received since the last report to this Committee on 31<sup>st</sup> March 2021.
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. The Ombudsman requires the Council to provide evidence that it has carried out any recommended action.
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 eleven decisions relating to the actions of this Council have been made by the Ombudsman in this period. The LGSCO may decide to end his investigation into a complaint after making initial enquiries, and the decision sets out the reason for this. Some cases however proceed to a full investigation. Appendix A to this report summarises the decisions made in each case for ease of reference, and Appendix B contains the Ombudsman's full decision statement in each case (Members have previously asked to see these).
6. The Council has three complaints procedures: the adults and children's social care procedures are statutory, and all other matters are dealt with by the corporate procedure. All procedures

have timescales and the adults and corporate procedures have two stages. The children's process has 3 stages which are defined in the legislation, the final one of which is a review of the complaint and stage two investigation by a Panel of three independent people.

7. Following initial enquires into six complaints the LGSCO decided not to continue with any further investigation the details of the cases and the reasons for the decision are set out in Appendix A.
8. Full investigations were undertaken in five complaints. Appendix A provides a summary of the outcome of each investigation. Where fault was found, the table shows the reasons for the failures and the recommendations made. If a financial remedy was made the total amount paid or reimbursed is listed separately. (Reference and page numbers refer to the information in Appendix B).
9. One case related to the children's social care complaints process and no fault was found. The other four cases concerned Adult Social Care services; in one case no fault was found, in two cases fault was found in relation to communication, apologies recommended in both cases, and a modest financial payment in one. The other case concerned the assessment and care provided to a woman in her fifties with a learning disability and some physical health issues which affect her mobility and coordination. Fault was found in relation to the failure to review her needs regularly, and not properly considering her wishes and feelings. It was also found that the Council sought to pursue the option of the service user living with her sister, the complainant on a permanent basis, when she had made it clear she was not able or willing to provide a permanent home. Appendix A give the details of the remedies the Council has accepted.

## **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 financial remedies from the Adult Social Care Budget totalled £2650.

## **Implications for Service Users**

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

## **RECOMMENDATION/S**

- 1) That members consider whether there are any actions they require in relation to the issues contained within the report.
- 2) That members consider how they wish to receive these decisions in future.

**Marjorie Toward**

**Monitoring Officer and Service Director – Customers, Governance and Employees**

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

Jo Kirkby Team Manager – Complaints and Information Team

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

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

### **Financial Comments (RWK 02/06/2021)**

The decisions detailed in the report and the appendix have resulted in financial remedies totalling £2,650. These costs will be met from within the budget for adult social care.

### **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/ANNEX PAGE No.	PROCEDURE	COMPLAINT SUMMARY	REASON FOR DECISION
9.03.21	20 010 453, p1	Corporate	Refusal to apply an extinguishment order to a section of the highway	Insufficient evidence of fault which would warrant an investigation
15.03.21	20 009 674, p14	Childrens	Complaint about the handling of a child protection case.	Complaint to LGSCO late , and in any event about issues decided by court.
18.03.21	20 011 954,p16	Childrens	Council at fault in refusing to cease Child Protection Plans	Cannot achieve the outcome the complainant wants
23.03.21	20 012 257, p18	Corporate	Council has refused to accept liability for damage caused to car after hitting a pothole.	It is reasonable to expect complainant to resort to court action for the damages sought.
14.04.21	20 007 846, p20	Childrens	Council wrong to start Child Protection investigation in 2017	Complaint is made late and there is no good reason to investigate it now
6.05.21	20 013 542, p43	Adults	Complaint about bill for a care service	Complaint is late and there is insufficient information for us to reach a safe enough conclusion now

### FULL INVESTIGATIONS

DATE	LGO REF ANNEX PAGE No	PROCEDURE	COMPLAINT SUMMARY	DECISION	RECOMMENDATION	FINANCIAL REMEDY
10.03.21	19 015380, p3	Adults	4 specific issues in relation to case management and service provision	One complaint upheld - about poor communication.	Apology	
10.03.21	20 004405, p 10	Childrens	Council failed to ensure a stage three panel had the relevant information before it reached its conclusions on the complaint.	No fault		
26.04.21	20 005302, p22	Adults	Lack of clear explanation about the contribution for the cost of a residential care home	Lack of written follow up and explanation was fault.	Apology	£350 for time trouble and uncertainty
26.04.21	20 006857, p28	Adults	Council delayed dealing with complainants sister's request to move care homes.	Fault found: Failure to review needs regularly, assessment did not properly consider wishes and feelings of service user,	Apologies to service user and complainant,	£300 to service user, to acknowledge

				did not properly investigate options, council pursued option of service user living with the complainant unreasonably,	payments to each of them. Review of processes and guidance to staff, Mental Capacity Act training.	frustration and uncertainty, £2,000 to complainant to acknowledge frustration, and additional strain placed on her in caring for sister for significantly longer than she anticipated.
4.05.21	20 009334, p38	Adults	Council failed to consider all relevant information when deciding complainant's mother deliberately deprived herself of assets in order to avoid the costs of care.	No evidence of fault in the way the Council reached its decision		



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

Summary: Mr X complained about the Council's refusal to apply an extinguishment order to a section of a highway on his property. We should not investigate this complaint. This is because there is insufficient evidence of fault which would warrant an investigation.

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## **The complaint**

1. Mr X complained about the Council refusing to agree to his request for an extinguishment order to be applied to part of a public highway on his land. He says it is being discriminatory because a developer has been allowed to stop up the highway at one end.

## **The Ombudsman's role and powers**

2. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word 'fault' to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. (*Local Government Act 1974, section 34(3), as amended*)

## **How I considered this complaint**

3. I have considered all the information which Mr X submitted with his complaint. I have also considered the Council's responses.

## **What I found**

4. Mr X says he has tried to get the Council to close a public right of way on his land for some years. In January 2020 he asked the Council to apply for an extinguishment order to close the route. The Council told him that it would not apply for an order because the route was an adopted highway and carried utility services beneath it which would require access in the future. It said it would be unlikely the magistrates would accept the order with these in place and the highway was still required.
5. Mr X says that the Council has allowed a developer to block one end of the route with development which shows favouritism to another party. The Council says no extinguishment orders have been applied for and that the route remains public highway. The Highways Act 1980 says that highways should not be extinguished simply because they are temporarily obstructed, and it remains a highway in law.

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6. The Ombudsman is concerned with process. We are not a court of appeal. If there has been no flaw in the process through which a decision has been taken, we have no power to challenge the merits of the decision itself.

### **Final decision**

7. We should not investigate this complaint. This is because there is insufficient evidence of fault which would warrant an investigation.

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

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

Summary: We upheld one of Mr X's complaints. There was poor communication by the Council because it did not write to him to say it was commissioning an agency to do his care after stopping his direct payment. This caused Mr X avoidable distress for which the Council will apologise. There was no fault in transferring Mr X's case from the mental health to adult social care team and no evidence a social worker verbally attacked one of Mr X's personal assistants.

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## **The complaint**

1. Mr X complained about Nottinghamshire County Council (the Council). He said it:
  - a) Transferred his case from the mental health team to the older adults' team
  - b) Unreasonably stopped his direct payment and replaced it with a care agency
  - c) Verbally attacked his Personal Assistant (PA) causing them to leave
  - d) Refused to do an assessment or provide care before 2016.
2. Mr X said he has not had any care since his last PA finished in July 2019 and he is suffering as a result.

## **What I have investigated**

3. I have investigated events from December 2018 (complaints (a), (b) and (c)). My reasons for not investigating older matters in complaint (d) are at the end of this statement.

## **The Ombudsman's role and powers**

4. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D, as amended*)
5. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)

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6. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

## **How I considered this complaint**

7. I considered Mr X's complaint to us, the Council's responses to his complaint and documents described later in this statement. I discussed the complaint with Mr X.
8. Mr X and the Council had an opportunity to comment on my draft decision. I considered any comments received before making a final decision.

## **What I found**

### **Relevant law and guidance**

9. A council must carry out an assessment for any adult with an appearance of need for care and support, applying national criteria to decide if a person is eligible for care. (*Care Act 2014, section 9*)
10. Where a council agrees a person has care and support needs which meet national eligibility criteria, it must issue them with a care and support plan which sets out their needs, explains which is an eligible need and says how much funding the person is entitled to. (*Care Act 2014, sections 24 and 25*)
11. Many people choose to have a direct payment. This is money a council gives a person so they can arrange and pay for their own care and support.
12. Guidance explains a council should review a care and support plan at least every year, on request or in response to a change in circumstances. The purpose of a review is to see how a care and support plan has been working and to decide if any revisions need to be made to it. The council should act promptly after receiving a request for a review. (*Care and Support Statutory Guidance, Paragraphs 13.19-21 and 13.32*)
13. Care and Support Statutory Guidance (CSSG) says:
  - Councils need to be satisfied a person can manage the direct payment by themselves or with support. (*paragraph 12.21*) They can stop a payment if the person no longer appears to be capable of managing them with whatever support is necessary. (*paragraph 12.69*)
  - Councils can use pre-payment cards which allow direct payments without the need for a separate direct payment account. (*paragraph 12.58 and 12.59*).
  - Councils should only stop a direct payment as a last resort and should take all reasonable steps to address problems without ending payment. (*paragraph 12.67*)
  - If there is a decision to stop a payment, there should be a review and revision of the care and support plan to ensure the plan is appropriate to meet needs. (*paragraphs 12.68 and 12.81*)

### **What happened**

14. Mr X's social care assessment of 2018 concluded he had eligible social care needs. The Council agreed a care and support plan for 12 hours a week of personal and other care. Mr X received a direct payment which he used to employ a PA.

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15. The finance team wrote to Mr X in December 2018 setting out his weekly care charge.
  16. The social worker and a team manager visited Mr X at the start of December 2018 to discuss a number of issues. The team manager wrote to Mr X after the visit saying it was not possible for his case to go back to the mental health team and he needed to pay his care charge onto the prepayment card.
  17. The social worker visited Mr X in February 2019 to review his care and support plan. Mr X explained his PA had not been able to do all the hours since December 2018. The social worker agreed to find an agency to cover the hours the PA could not do. The records indicate Mr X was in agreement with this.
  18. In February 2019, the finance team wrote to Mr X to say his care charge would be increasing in April because of a change in charging policy. The letter set out the new charge and advised Mr X to get in touch immediately if his circumstances had changed.
  19. The notes indicate the social worker referred Mr X's case to the Council's brokerage team to find a care agency to do the hours Mr X's PA could not do. An agency took on all Mr X's care from the second week in March as his PA was going on an unplanned holiday for three weeks. The agency would then do the hours the PA could not do on her return from holiday.
  20. In the middle of April Mr X's PA told the Council she would not be supporting Mr X any longer. She said she was doing only domestic work for him and little to no personal care. The PA and social worker spoke again the following week and the PA said she had not visited Mr X for 10 days and did not intend to return as he had sent her abusive text messages. The social worker contacted the agency to see if they could cover the PAs hours. The agency said they would find it hard to place staff who would work with Mr X as he had been verbally abusive. The social worker referred Mr X's case to the brokerage team to find a second agency.
  21. The Council's direct payments team wrote to Mr X at the end of April to say his direct payment ended on 12 April. It asked him to ensure his care charge payments were up to date.
  22. The social worker visited Mr X at the start of May. She said the Council was trying to find an agency to do the PAs hours. Mr X said a friend had been supporting him without pay and the friend was interested in becoming his (paid) PA. The friend was at the meeting and the social worker spoke to him. There is no record of any concern or difficult or inappropriate conversation between the friend and the social worker during the meeting.
  23. The notes indicate the brokerage team continued to send Mr X's details to care agencies (as a back-up plan in case the new PA changed his mind) but there was no availability.
  24. The social worker carried out a review of Mr X's care and support plan in the middle of May. Mr X said the previous PA had been unreliable and had sometimes not turned up. He also said the agency was ok, but some staff did not like his pet. Mr X's friend was at the review and the plan was for the Council to set up a direct payment so he could employ the friend as a PA. The social worker reminded Mr X he would need to set up a standing order to pay his care charge. She noted Mr X agreed to do this. Mr X signed a direct payment agreement which said he agreed to pay his care charge into the direct payment account or onto the prepayment card.

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25. At the end of May, the social worker told Mr X that the second agency could now provide all his care from June, but Mr X said he hoped the new PA was going to start. The social worker said the agency could be a back up plan. The case notes indicate the new PA started at the end of June.
  26. The social worker visited Mr X at the end of June to discuss paying his care charge. Mr X said the charge was too high and he could not afford it. The social worker listed Mr X's expenses and outgoings and his income. The social worker said Mr X needed to pay the charge or his direct payment would be at risk. She arranged for a fresh financial assessment to take place.
  27. The second PA left a voicemail message for the social worker at the end of June to say he was stopping work for Mr X as Mr X had not been paying him enough. The records indicate the social worker left Mr X a message the same day. Mr X did not call back.
  28. I asked Mr X why the second PA left and he said it was because he was not able to pay the PA fully because there was a problem using the prepayment card. He told me he did not contact the social worker or anyone else about this. Mr X also told me he had paid the second PA his care charge directly rather than into his direct payment prepayment card/account.
  29. The Council commissioned an agency to do Mr X's care from the middle of August. Mr X told me he was not aware of this at the time and he'd had nothing in writing from the Council or the agency to say this. The case records support what Mr X said to me. There is no letter on file from the social worker to say she had arranged an agency.
  30. The social worker spoke to the agency on three consecutive days and they said Mr X had not been answering his door to carers. The social worker also left two messages for Mr X on consecutive days. She carried out a visit, but Mr X did not answer the door. Neighbours reported they had seen him going out in his car the previous day.
  31. Carers from the agency continued to visit Mr X, but he would not let them in. At the end of August, the agency reported he was leaving notes on his doorstep saying he was out and they should go away. Mr X told me he was not answering the door to strangers and he had expected an introduction beforehand.
  32. The direct payments team wrote to Mr X in September to say his direct payment had ended on 26 July.
  33. The Council ended the care agency in October 2019 as Mr X continued to refuse carers.

#### **Mr X's complaint**

34. Mr X complained to us in December 2019. We referred his complaint back to the Council for a response. This is because in most cases we expect complainants to use a council's complaints procedure before we get involved and there was no reason for us to depart from our usual practice in Mr X's case.
35. The Council responded to Mr X's complaint in January and February 2020 saying:
  - Officers had reviewed his direct payment because he was not paying his care charge into his direct payment account. The social worker told him it was not acceptable to pay this to the PAs directly and he needed to pay it into the account or the direct payment would be at risk. Officers had also told him the same thing at a meeting in December 2018.

- The social worker reviewed his care and noted his needs could be met with an hour a day of personal care and an extra 5 hours a week to be used flexibly.
- His PA told officers they could not meet his needs due to personal circumstances, so the Council put in place a care agency to work some of the PAs hours. The PA then withdrew and so the Council then commissioned the agency to take over all the hours
- Mr X then found a second PA and officers supported him to employ the PA to take over all the hours. The second PA left when he was not paid the full amounts.
- Mr X still did not pay his care charge into his direct payment account.
- The Council then commissioned an agency which started in August 2019. He did not let the carers in. Officers made several attempts to visit and phone and left a note, but he did not reply. The agency said carers reported seeing notes on the front door asking carers not to visit. This continued for two months and the care package was cancelled in October following several attempts to contact him by phone
- There was no evidence the social worker verbally attacked the second PA and this was not the reason the PA gave for leaving
- The mental health team would not support him for reasons given at the meeting in December 2018: his physical health was the primary issue rather than his mental health
- The social worker agreed to arrange a financial assessment in June 2019 because Mr X said he could not afford the care charge. This did not go ahead because he refused agency care and so care then stopped.
- The Council was willing to do a further social care assessment and he needed to phone the social care team to arrange this. The finance team would also do a fresh financial assessment following the social care assessment.

#### **Case notes since the complaint to the Council**

36. The case notes indicate Mr X phoned the Council's duty social care team in May 2020 asking for a social care assessment. The Council agreed to carry out an assessment. Mr X said he wanted his case transferred to the mental health team. The duty social worker explained the Council would not transfer his case to mental health services for reasons already given, but staff were all competent to deal with customers with mental health difficulties. Mr X said he did not want an assessment from the older adults' social care team only a worker from the mental health team. Mr X said he would seek legal advice and ended the call.
37. Mr X contacted us again in November 2020. He said he was still not receiving care and the Council was pursuing him for unpaid care charges.

#### **Was there fault and if so did this cause injustice?**

##### **Complaint a: The Council transferred Mr X's case from the mental health team to the older adults' team**

38. I did not uphold this complaint. Where a person has physical and mental health needs, a council has discretion in which team should deal with them and it should make no difference to the care funding or the way a case is dealt with in any event. I see no fault in the Council deciding to deal with the case within the adult social care service rather than the mental health team as it considered Mr X's primary needs were around his physical health.

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**Complaint b: The Council unreasonably stopped Mr X's direct payment and replaced it with agency care**

39. The Council acted appropriately in commissioning an agency to deliver part and then all of the first PAs hours when she could not do all the hours and then left. The records indicate this was with Mr X's agreement; the social worker discussed it with him beforehand and checked to see how he was getting on with agency care. She also carried out a review of the care and support plan in May 2019. This was in line with Care and Support Statutory Guidance, paragraphs 13.19-21 and 13.32 and there was no fault. I consider there was no fault in stopping the direct payment after the first PA left because the agency was carrying out the care with Mr X's agreement.
40. The Council also acted appropriately after Mr X found a second PA by setting up a direct payment for him again, at his request. Mr X said he could not access the money to pay the second PA, but there is no record of a phone call from him to the social worker or direct payment team. So it is unlikely that this was the problem.
41. I do however find fault by the Council in the way it handled the case after the second PA left. The records indicate Mr X was not responding to attempts to contact him by phone and was not answering the door when visited. So the Council should have written to him suggesting agency care. The decision to commission an agency was an attempt by the Council to fulfil its legal duty to meet Mr X's eligible care needs. But the Council should have written to Mr X to confirm this was what it was doing. I consider Mr X suffered avoidable distress as he the lack of written communication meant he did not know what the Council had arranged for him and meant he may have been alarmed by agency staff turning up at his home without his knowledge.
42. The Council should have also written to Mr X before stopping the agency care. The failure to write to him was poor communication. I do not consider the outcome would have been any different though as Mr X continued not to engage with the Council.
43. The Council explained in the complaint response that one of the reasons for stopping the direct payment was Mr X had not been paying his care charge onto the prepayment card. There is evidence officers told Mr X he needed to pay the charge onto the prepayment card on several occasions, verbally and in writing. And he signed a direct payment to say he agreed to do so. Mr X told me however, that he had paid the second PA the care charge directly in cash, which was against the terms of the direct payment agreement, as he was aware. I consider the Council was entitled to stop the direct payment in line with Care and Support Statutory Guidance paragraphs 12.21 and 12.69 because it was not satisfied Mr X was managing the direct payment. I am satisfied the Council made all reasonable efforts to address the problem with Mr X in line with Care and Support Statutory Guidance paragraph 12.67 and so there was no fault. I note Mr X said in June 2019 that he could not afford the charge. The social worker acted appropriately in response by arranging a fresh financial assessment. This did not happen because Mr X did not engage with the Council or the agency and so it eventually cancelled his care.
44. I am satisfied the Council responded appropriately to Mr X's contact in 2020 by offering him a fresh social care assessment. It is a matter for Mr X to decide whether he wants to have an assessment. There was no fault in the Council



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refusing to transfer his case to the mental health team to do this assessment, as I have explained above.

**Complaint c: The social worker verbally attacked Mr X's Personal Assistant (PA) causing them to leave**

45. There is no evidence the social worker verbally attacked the second PA as Mr X suggested in his complaint. I am satisfied the reason the second PA left was because he was not fully paid, as this is what he told the social worker.

**Agreed action**

46. The Council will apologise to Mr X for poor communication, within one month of my final decision. The Council has already discussed the case with staff involved and this will improve practice and reduce the risks of recurrence.

**Final decision**

47. We upheld one of Mr X's complaints about the events that led up to Mr X's direct payment stopping. We did not uphold his complaints about a social worker or about transferring his case from the mental health team. The Council will apologise for poor communication.
48. I have completed the investigation.

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

49. Mr X also complained about the Council's refusal to provide care before 2016. I did not investigate that complaint because it was late and Mr X could have complained to us sooner.

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

10 March 2021

**Complaint reference:**

20 004 405

**Complaint against:**

Nottinghamshire County Council

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

Summary: Mr C complained the Council failed to ensure a stage three panel had the relevant information before it reached its conclusions on his complaint. There is no fault in how the stage three panel considered the complaint.

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## **The complaint**

1. The complainant, whom I shall refer to as Mr C, complained the stage three panel, when considering his complaint, did not have access to the relevant information. Mr C says if panel had access to the minutes of two review meetings and a copy of his son's letter to the director it would likely have reached different conclusions.
2. Mr C says this has caused his family distress as the Council has not accepted its role in the breakdown of his relationship with his son and the impact that has had on other family members.

## **The Ombudsman's role and powers**

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

## **How I considered this complaint**

5. As part of the investigation, I have:
  - considered the complaint and Mr C's comments;
  - made enquiries of the Council and considered the comments and documents the Council provided.
6. Mr C and the Council had an opportunity to comment on my draft decision. I considered any comments received before making a final decision.

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## What I found

### Background

7. Mr C and his partner adopted a sibling group but later moved out of the Council's area. Mr C and his partner contacted the Council at the end of 2018 as they were having difficulty managing their eldest son's behaviours. The Council tried but failed to find a suitable placement close to Mr C and his partner and therefore placed their son in an alternative placement out of area in April 2019. The Council did that under section 20 of the Children's Act which is a voluntary agreement where Mr C and his partner agreed to their son being in care.
8. The initial plan was for Mr C's son to have a psychological assessment and therapy. That was the confirmed way forward at the review meeting which took place in April 2019. By the June 2019 review meeting though the plan had changed. The Council says this is because Mr C's son had made progress in his placement and it no longer considered a psychological assessment necessary. The Council had made a referral to child and adolescent mental health services at the end of May 2019 and had told Mr C and his partner about that when a social worker visited them the day after making the referral. The plan at that point was still for Mr C's son to move back to the same area as Mr C and his partner, albeit likely living independently and dependent on whether he chose to remain in his current area to study. The contingency plan if it was not possible for him to return to live near Mr C and his partner was for him to remain in the accommodation with the support of the Council until he reached independence.
9. Mr C's son began visits back to his family home for a short period. Following one of those visits an issue arose and Mr C's son said he did not want contact with Mr C and his partner. Mr C rescinded the section 20 agreement and expected this would result in his son returning home. However, as his son was over 16 he signed his own section 20 agreement which meant the Council continued to provide accommodation for him. As it currently stands Mr C has declined to have contact with his son due to concerns about the risk this poses to the other children.
10. Mr C put in a complaint to the Council. The Council responded to the complaint at stage one and at first refused to take the complaint to stage two as it did not feel it could achieve the outcomes Mr C was seeking and because his son had not agreed for his records to be shared. Following the Ombudsman's intervention the Council carried out a stage two investigation which did not uphold any of the areas of complaint. Mr C was not happy with the outcome of the stage two investigation and asked the Council to progress the complaint to stage three. The stage three panel considered the complaint and agreed with the findings of the stage two investigation, except for one area where it recommended the Council apologise for the tone and timing of an email telling Mr C his son had signed his own section 20 agreement.
11. Mr C says it was the Council's failure to carry out the psychological assessment and therapy for his son which resulted in the breakdown of the relationship.

### Analysis

12. Mr C says the Council, when considering the complaint at stage three, failed to ensure panel had the relevant information. What Mr C is referring to here are the minutes from the review meetings in April and June 2019 and a letter his son wrote to the director in July 2019. Mr C says those minutes and his son's letter

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provide information panel was not aware of and would have affected its conclusions.

13. The first point to make here is the role of the stage three review panel is not to reinvestigate the complaint. The role of the stage three panel is to consider the adequacy of the stage two investigation. I would therefore not expect the panel to have access to the background documentation. I am, however, satisfied the papers presented to the stage three panel included Mr C's representations about the inadequacy of the stage two investigation. In his comments Mr C specifically referred to panel's need to see the minutes of the two review meetings and his son's letter to the director in July 2019. I am therefore satisfied panel was aware of that request. As I have made clear though, it is not usual for panel to consider the documentary evidence on which a stage two investigation is based. There is no evidence to suggest panel considered it necessary to see those documents to reach a conclusion on the complaint.
14. In this case I am satisfied the stage three panel had access to various pieces of information which included a copy of the stage two investigation report and Mr C's response to that report. I am satisfied those documents set out the original plan from the April 2019 review and the new plan by the time of the June 2019 review. The evidence Mr C presented then set out his concerns about how that plan had been changed. I am also satisfied those were issues panel discussed during the meeting, during which Mr C and his partner had an opportunity to present their concerns. So, while panel did not have access to the minutes of the two reviews it is clear it knew of the issues relating to the difference between those two reviews, the Council's reasoning for the change in plan and Mr C's concerns about that change in plan when reaching its conclusions. I am therefore satisfied panel had enough evidence to reach its findings without seeing the minutes of the review meetings. Given panel knew about the difference between the outcome of the two review meetings and Mr C's concerns about that I do not consider having access to the minutes themselves would have resulted in a different outcome.
15. In terms of the letter from Mr C's son to the director, this relates to concerns the Council failed to act on Mr C's son's wish to return to the area Mr C lives in, albeit likely in independent accommodation. I am satisfied panel did not see that letter. I am also satisfied though the letter was referred to during the discussion at the panel meeting. The investigating officer was clear the letter had not been shared because this was a letter from Mr C's son and he had not given his permission to share the information and had not been part of the complaint to the Council. I cannot criticise the Council for not presenting a copy of Mr C's son's letter to the panel when he had not given permission for it to be shared. Nor do I consider it would likely have resulted in a different outcome. I say that because the relationship between Mr C's son and his family broke down shortly after that letter was written and well before the panel meeting. Mr C's concern is that his son's wish to return to live close to Mr C and his partner were not respected. However, Mr C's son has not supported the complaint, has withdrawn permission for Mr C and his partner to have access to his records and has not made a complaint in his own right about the plans for his future or any lack of therapy. In those circumstances I do not consider it likely having sight of the letter Mr C's son wrote to the Council would have resulted in a different outcome.

## **Final decision**

16. I have completed my investigation and do not uphold the complaint.

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

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

Summary: We will not investigate the complainants complaint about the Council's handling of his daughter's child protection case. This is because it is late.

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## **The complaint**

1. The complainant, who I shall refer to as Mr C, complains that the Council's children's services team failed to respond to safeguarding concerns he raised about his daughter, and has failed to help him have contact with his daughter.

## **The Ombudsman's role and powers**

2. The Local Government Act 1974 sets out our powers but also imposes restrictions on what we can investigate.
3. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D, as amended*)
4. We cannot investigate a complaint about the start of court action or what happened in court. (*Local Government Act 1974, Schedule 5/5A, paragraph 1/3, as amended*)
5. The law says we cannot normally investigate a complaint when someone could take the matter to court. However, we may decide to investigate if we consider it would be unreasonable to expect the person to go to court. (*Local Government Act 1974, section 26(6)(c), as amended*)

## **How I considered this complaint**

6. I have considered Mr C's complaint and the Council's response. I have invited Mr C to comment on a draft version of this decision.

## **What I found**

### **What happened**

7. Mr C has a daughter who is subject to a child protection plan and who lives with her mother.
8. In November 2017, Mr C complained to the Council about its children's services teams involvement in his family. Mr C submitted further complaints during 2018.

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9. Mr C complained that the Council had not taken safeguarding concerns which he had raised about his daughter seriously. He also complained that the Council had failed to ensure he had contact with his daughter.
  10. In December 2018, the Council issued a final response. It said that appropriate measures were in place to protect his daughter, and that there was no basis for it to take any further action. The Council said if Mr C was dissatisfied with the response, he could raise his complaint with the Ombudsman.
  11. The Council said that it could not intervene regarding contact between Mr C and his daughter, because this was due to be decided by the courts.

### **Assessment**

12. I will not investigate Mr C's complaint about the Council's children's services teams involvement with his family because Mr C's complaint is late.
13. We normally expect people to complain to us within twelve months of becoming aware of a problem, and do not exercise discretion to look at late complaints unless there is good reason to do so.
14. In this case, I see no reason why Mr C could not have raised his complaint with us much sooner.
15. But even if Mr C's complaint were not late, we would still not investigate his complaint about access to his daughter. This is because this was decided in court, and we cannot consider anything which forms part of legal proceedings.

### **Final decision**

16. We will not investigate this complaint. This is because the complaint is late.

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

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

Summary: We will not investigate Miss B's complaint that the Council is at fault in refusing to cease her children's Child Protection Plans. This is because we cannot achieve the outcome she wants.

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## **The complaint**

1. The complainant, who I will refer to as Miss B, complains that the Council is at fault in refusing to cease her children's Child Protection Plans.

## **The Ombudsman's role and powers**

2. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. We provide a free service, but must use public money carefully. We may decide not to start or continue with an investigation if we believe we cannot achieve the outcome someone wants. (*Local Government Act 1974, section 24A(6), as amended*)

## **How I considered this complaint**

3. I have considered what Miss B has said in support of her complaint. I have offered her the opportunity to comment on a draft of my decision.

## **What I found**

4. Miss B's children have been subject to child protection action and are currently subject to Child Protection Plans. Miss B has complained to the Council about the Plans and about the actions of two social workers, which she regards as unreasonable. Specifically, she complains about the number of visits they make to her home. She wants the Council to cease the Plans as she believes they are no longer necessary. The Council has denied its officers have been at fault.
5. We will not investigate Miss B's complaint because we cannot achieve what she wants. Investigation by the Ombudsman cannot result in a Child Protection Plan being ceased. Whether to do so will be a decision made by a multi-agency child protection conference. It is not for the Ombudsman to express a view on the matter.



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## **Final decision**

6. We will not investigate this complaint. This is because we cannot achieve the outcome Miss B wants.

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

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

Summary: Mrs X complains the Council has refused to accept liability for damage caused to her car when she hit a pothole. We will not investigate as this is a matter for the courts.

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## **The complaint**

1. Mrs X complains about the costs to her from damage caused to her car when she hit a pothole. Mrs X complains the Council has refused to accept liability for the damage.

## **The Ombudsman's role and powers**

2. The law says we cannot normally investigate a complaint when someone could take the matter to court. However, we may decide to investigate if we consider it would be unreasonable to expect the person to go to court. (*Local Government Act 1974, section 26(6)(c), as amended*)

## **How I considered this complaint**

3. I have considered what Mrs X said in her complaint and sent her my draft decision on it for her comments.

## **What I found**

4. Mrs X complains about the costs she has incurred due to damage caused to her car when she hit a pothole. Mrs X complains the Council has refused to accept liability for the damage.

## **Analysis**

5. Mrs X has the right to make a court claim for the damages she seeks and we cannot normally investigate when someone can take the matter to court.
6. We can exercise discretion to investigate but I do not consider there are reasons to do so in this case. This is because only the courts can determine if the Council is legally liable for the damage caused to Mrs X's car and if damages should be paid. Additionally, there is a simple, low-cost procedure open to anyone to make a money claim in the court.
7. For these reasons, it is reasonable to expect Mrs X to resort to court action and we will not therefore investigate.

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## **Final decision**

8. My decision is we will not investigate this complaint. This is because it is reasonable to expect Mrs X to resort to court action for the damages she seeks.

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

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

Summary: I will not investigate this complaint about Child Protection procedures. This is because the complaint is made late and there is no good reason to investigate it now.

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## **The complaint**

1. The complainant, who I will call Miss X, says that the Council:
  - Was wrong to put her on Child Protection procedures; and
  - Should have investigated her complaint.

## **The Ombudsman's role and powers**

2. The Local Government Act 1974 sets out our powers but also imposes restrictions on what we can investigate.
3. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D, as amended*)

## **How I considered this complaint**

4. I looked carefully at what Miss X said, and I sent her a draft decision for her comments.

## **What I found**

5. Miss X says that the Council started a Child Protection investigation about her care for her child in 2017. It then put her on a Child Protection Plan.
6. Miss X says this was wrong and unfair. It still makes her feel unhappy.
7. We will not investigate the complaint, however. This is because these events took place in 2017. We cannot look at complaints about something the person knew about more than 12 months ago, unless there is a good reason. In this case I have not seen a good reason to set aside the bar.
8. Miss X says that the Council was wrong to say it would not look into her complaint, but it could not do so, as she made the complaint more than 12 months after the events.

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## **Final decision**

9. I will not investigate this complaint. This is because it is made late.

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

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

Summary: Mr B complained the Council did not explain or provide sufficient information about his mother's contribution towards her care home fees. We find fault with the Council as it did not provide clear information to Mr B for him to know he had to pay a care contribution. Mr B has suffered an injustice of uncertainty and has been put to the time and trouble of complaining. The Council agrees to apologise and pay Mr B the sum of £350 for uncertainty and putting him to the time and trouble of complaining.

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## **The complaint**

1. Mr B complained that the Council did not clearly explain that his mother, Mrs C, would be responsible for paying a contribution towards the cost of her residential care home place. He says he had not been made aware of the client contribution until the Council issued an invoice in November 2019, some five months after Mrs C was placed in the care home.
2. Mr B says the Council should waive the client contribution for Mrs C.
3. Mr B represents his mother, Mrs C in making this complaint.

## **The Ombudsman's role and powers**

4. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)
5. We may investigate a complaint on behalf of someone who cannot authorise someone to act for them. The complaint may be made by:
  - their personal representative (if they have one), or
  - someone we consider to be suitable.(*Local Government Act 1974, section 26A(2), as amended*)
6. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

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## How I considered this complaint

7. I have spoken to Mr B by telephone and considered the correspondence in support of his complaint.
8. I have made enquiries with the Council and considered the responses provided.
9. I have sent a draft to Mr B and the Council and have considered the comments before making a final decision.

### Law and Guidance

10. The charging rules for residential care are set out in:
  - The Care Act 2014.
  - Care and Support (Charging and Assessment of Resources) Regulations 2014.
  - Care and Support Statutory Guidance 2014.
11. When the council arranges a care home placement, it has to follow these rules when undertaking a financial assessment to decide how much a person has to pay towards the cost of their residential care.
12. The Care Act 2014 provides a single legal framework for charging for care and support under sections 14 and 17. It enables a local authority to decide whether or not to charge a person when it is arranging to meet a person's care and support needs or a carer's support needs.
13. The rules state that people who have over the upper capital limit of £23,250 are expected to pay for the full cost of their residential care home fees. However, once their capital has reduced to less than the upper capital limit, they only have to pay an assessed contribution towards their fees.
14. The council must assess the means of people who have less than the upper capital limit, to decide how much they can contribute towards the cost of the care home fees.
15. Most people will have to pay something towards the cost of a care home even if they have capital of less than the lower capital limit of £14,250. Usually a person is expected to pay all of their regular income towards their placement after deducting an amount for their personal spending which is known as their personal expenses allowance.
16. The framework is therefore based on the following principles that local authorities should take into account when making decisions on charging. The section of principles are that the approach to charging for care and support needs should:
  - ensure that people are not charged more than it is reasonably practicable for them to pay
  - be comprehensive, to reduce variation in the way people are assessed and charged
  - be clear and transparent, so people know what they will be charged
17. Where a local authority has decided to charge, except where a light touch assessment is permissible, it must carry out a financial assessment of what the person can afford to pay and, once complete, it must give a written record of that assessment to the person. This could be provided alongside a person's care and support plan or separately, including via online means. It should explain how the assessment has been carried out, what the charge will be and how often it will be

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made, and if there is any fluctuation in charges, the reason. The local authority should ensure that this is provided in a manner that the person can easily understand, in line with its duties on providing information and advice.

## **What I found**

18. Mrs C suffers with dementia and was admitted to hospital in June 2019. Upon her discharge later that month she moved from supported living into a residential care home where her needs could be met. Mrs C was self-funding at this time and the residential home was selected by Mr B.
19. Mr B, her son, holds power of attorney for both finance and welfare for Mrs C. He contacted the Council by email in mid-July 2019. He informed the Council that he felt Mrs C would need long term residential care. Mr B said as his mother was self-funding he was concerned about her funds depleting and asked if the Council could help with the cost of her care.
20. The Council replied and said a staff member would be in touch within 28 days. Mrs C's social worker telephoned Mr B and discussed his mother's needs and an appointment for a face to face meeting was scheduled for early August 2019.
21. The social worker met with Mr B and Mrs C at the residential home in early August 2019. At this point Mrs C had been at the home for approximately six weeks. The Council noted that she was self-funding. It acknowledged that the cost of the care home was more than the local authority rate the Council would usually expect to pay for a residential care home placement and said the difference should be paid by a top up.
22. Later in August 2019, the Council carried out a financial assessment to determine how much Mrs C and Mr B needed to contribute towards her care home place. The Council say that at this meeting an officer verbally discussed third party top-up fees and contributions with Mr B. It has provided a note from the officer to say it was explained that Mrs C would have to pay "as much as they could afford to pay towards the banded rate of service."
23. Mr B says that it was at this meeting the Council told him that it would take care of the costs of Mrs C's care.
24. The financial assessment form says the information given is needed to 'assess the contribution'. The declaration also says that that "we agree to pay the assessed contribution." Further sections in the declaration say there is a liability for payment in accordance with the Care Act 2014. It goes onto say that the signer acknowledges and understands the extent to which they are eligible to be charged for care and services received. The financial assessment form was completed and signed by the Council and Mr B.
25. In early September, the Council sent Mr B a copy of the Adult Social Care Directory by email. This document contains sections explaining financial arrangements for care and explains that care is means tested and explains the thresholds for capital limits and payment of fees. The document also covers third party top-ups and contributions. The Council says that it pointed Mr B to 'useful information' in the directory that it recommended he should be read.
26. At the same time the Council's notes also say that the social worker had a conversation with Mr B and asked about the progress of the financial assessment. It says it verbally explained that Mrs C would have to make a contribution to her



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care as well as discussing that she could not be responsible for paying her own top-up.

27. Mr B signed a Third Party Financial Contract in October 2019. This form explained the signer must ensure that they are able to afford the agreed contribution and made it clear this would be the responsibility of Mr B to pay. The contract explained the Council would pay the residential care home every four weeks and said this includes the top up amount. Mr B signed to agree to pay £389 per week from mid July 2019. The contract said, “these payments are to meet a proportion of the full cost of accommodation which is higher than the amount the Council is prepared to pay for this category of care.”
28. In November 2019, the Council sent Mr B an invoice addressed to Mrs C for her care contributions. The invoice detailed the cost was for 13 weeks of two days care between July 2019 and October 2019.
29. Mr B complained to the Council in February 2020 to dispute the invoice. He said he was uncertain why it had sent him two invoices for similar dates. Mr B explained he had not been made aware that his mother would have to pay a contribution towards her care. He said that this had come as a shock and was unaffordable. He said during the meeting with the Council in August 2019 he had been told the Council ‘would take care of payments’ from July 2019. He told the Council he based his decision on the written figures contained in the third-party contract. He said if he had been aware that Mrs C would have to make contributions alongside his own top-up fees the decision regarding residential care would have been different.
30. The Council did not uphold Mr B’s complaint. It said its records show the Council had a conversation with Mr B about the need for Mrs C to make contributions. It also said it had emailed a copy of the Adult Social Care Directory which contained information about financial assessments and paying for care. The Council said it was Mr B who had placed Mrs C into the care home, only informing the Council of this when her placement had started. It said it would have informed Mr B about third party top ups earlier and would have sought a more affordable option if it had been involved with Mrs C’s care from the start.
31. Mr B was unhappy with the reply and said that the communication from the Council had been poor, even though he said he had been in touch with it every week. He said that he expected something as complicated and as important as care home contributions to have been put in writing. He asked the Council to reconsider his complaint.
32. The Council did look again at Mr B’s complaint but it did not uphold it. It commented that although it accepted that Mr B did not know the exact contribution, it was satisfied that he was aware charges would be raised.
33. Mr B complained to the Ombudsman in September 2020.

### **Analysis**

34. Mrs C’s residential care placement started in late June 2019. As she was self-funding, Mr B did not make the Council aware of the placement until mid-July 2019. In placing Mrs C in residential care Mr B took the risk that they may not be eligible for assistance, or if they were, there may have been a contribution to pay towards the costs following a financial assessment.
35. The Council is not at fault for requesting Mrs C pay a contribution for her residential care costs. The law says even if a person has less than £14,250 they

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are still required to contribute some of their income to pay for their care home placement.

36. A financial assessment was completed and signed by Mr B in August 2019. The Council has provided me with evidence to say that verbal discussions were held at the time the financial assessment was completed about third party top ups and care contributions.
37. The guidance says that once the financial assessment was completed the Council must give a written record of that assessment to the person and explain what the charge should be and how often it should be made. The Council did not do this. This was fault and caused Mr B avoidable uncertainty and confusion. The Council, in its reply to Mr B's complaint, also accepted he would not have known the exact amount he was to be charged.
38. The Council's records also show Mrs C's social worker spoke with Mr B in September 2019 and explained that following the financial assessment Mrs C would be responsible for paying a contribution toward her care costs separate from the top up fees being charged. Mrs C's social worker also sent Mr B The Adult Social Care Directory at around the same time. This referred generally to contributions towards care costs, so I am satisfied the Council did alert Mr B that Mrs C would have to pay a care contribution following her financial assessment.
39. The Council failed to follow up the conversation in September between Mrs C's social worker and Mr B with a letter setting out the expectation that Mrs C's would have to make a contribution, and from when she would be expected to pay. This was fault and a further missed opportunity for the Council to prevent the uncertainty caused by not explaining the outcome of the financial assessment. This led to further avoidable confusion for Mr B who did not realise the significance of the contribution until he received an invoice in November 2019.
40. Where we find fault that has caused injustice we aim to put the person back in the place they would have been but for the fault. Our Guidance on Remedies suggests that where this is not possible, we will recommend the Council makes a symbolic payment in recognition of the uncertainty caused and the avoidable time and inconvenience to which Mr B have been put.
41. In this case, Mr B would always have had to pay a contribution on behalf of Mrs C even if the Council had informed him in writing. The Council also had no involvement with the choice and cost of the residential care for Mrs C. Mr B made this decision without informing the Council first, as he was entitled to do.

### **Agreed action**

42. To address the injustice caused the Council has agreed by 24 May 2021 to:
  - a) Apologise to Mr B for the uncertainty caused and being put to the time and trouble of complaining.
  - b) Pay Mr B the sum of £350 in recognition of its failure to provide sufficiently clear information about care home charges and for time, trouble and uncertainty.
  - c) Share the final decision with staff to ensure in future clear written information is given to clients about care home charges.

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## **Final decision**

43. We find fault with the Council as it did not provide sufficiently clear written information that Mrs C needed to pay client contributions. This has caused an injustice to Mr B. The Council has agreed to remedy this so I have completed my investigation.

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

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

Summary: Ms X complained the Council delayed dealing with her sister Miss Y's request to move care homes. The Council was at fault. It failed to properly consider Miss Y's preferences and failed to provide any suitable alternative options to meet Miss Y's needs. It failed to acknowledge Ms X was not willing to support her sister long term. This caused Ms X and Miss Y uncertainty and frustration and placed Ms X under significant strain as she had to care for her sister far longer than she expected to. The Council has agreed to apologise to Ms X and Miss Y and make a payment to recognise the impact the faults had on them. It has also agreed to progress Miss Y's move to a care home as soon as possible.

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## **The complaint**

1. Ms X complained the Council delayed dealing with her sister Miss Y's request to move care homes. In addition, the Council failed to deal with Ms X's complaint properly. This caused Ms X additional strain in caring for her sister and caused both sisters upset, worry and distress.

## **The Ombudsman's role and powers**

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

## **How I considered this complaint**

4. I considered the information provided by Ms X and discussed the complaint with her on the telephone. I considered the Council's response to my enquiries and the relevant law and statutory guidance.
5. I gave Ms X and the Council the opportunity to comment on a draft of this decision. I considered any comments I received in reaching a final decision.

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## What I found

### The relevant law and guidance

#### Assessment and care planning

6. Sections 9 and 10 of the Care Act 2014 require local authorities to carry out an assessment for any adult with an appearance of need for care and support. They must provide an assessment to all people regardless of their finances or whether the local authority thinks an individual has eligible needs. The assessment must be of the adult's needs and how they impact on their wellbeing and the results they want to achieve. It must also involve the individual and where suitable their carer or any other person they might want involved.
7. The Care and Support (Eligibility Criteria) Regulations 2014 sets out the eligibility threshold for adults with care and support needs and their carers. Where local authorities have determined that a person has any eligible needs, they must meet these needs.
8. Everyone whose needs the council meets must receive a personal budget as part of the care and support plan. The personal budget gives the person clear information about the money allocated to meet the needs identified in the assessment and recorded in the plan. The council should make sure the process is person-centred and must consider the individual's preferences. The council may reasonably consider its own finances and budgetary position. However, the council should not set arbitrary upper limits on the costs it is willing to pay to meet needs through certain routes.
9. Section 27 of the Care Act 2014 gives an expectation that local authorities should conduct a review of a care and support plan at least every 12 months.

#### Choice of accommodation

10. The (Choice of Accommodation) Regulations 2014 (SI 2014/2670) sets out what people should expect from a council when it arranges a care home place for them. It says that once a needs assessment has determined what type of accommodation will best suit the person's needs, the person will have a right to choose the particular provider or location, subject to certain conditions.
11. The council has to arrange to accommodate the person in a care home of his or her choice provided:
  - The accommodation is suitable for the person's assessed needs;
  - To do so would not cost the local authority more than the amount in the adult's personal budget for accommodation of that type;
  - The accommodation is available; and
  - The provider of the accommodation is willing to enter a contract with the local authority to provide the care at the rate identified in the person's personal budget on the local authority's terms and conditions.

#### Carer's assessment

12. Where an individual provides or intends to provide care for another adult and it appears the carer may have any needs for support, local authorities must carry out a carer's assessment. Carer's assessments must seek to find out not only the carer's needs for support, but also the sustainability of the caring role itself. This includes the practical and emotional support the carer provides to the adult.

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13. Where the local authority is carrying out a carer's assessment, it must include in its assessment a consideration of the carer's potential future needs for support. It must also consider whether the carer is, and will continue to be, able and willing to care for the adult needing care. (*Care and Support Statutory Guidance 2014*)

### **Mental capacity**

14. The Mental Capacity Act 2005 is the framework for acting and deciding for people who lack the mental capacity to make particular decisions for themselves. The Act (and the Code of Practice 2007) describes the steps a person should take when dealing with someone who may lack capacity to make decisions for themselves. It describes when to assess a person's capacity to make a decision, how to do this, and how to make a decision on behalf of somebody who cannot do so themselves.
15. A person must be presumed to have capacity to make a decision unless it is established that he or she lacks capacity. A person should not be treated as unable to make a decision:
- because he or she makes an unwise decision;
  - based simply on: their age; their appearance; assumptions about their condition, or any aspect of their behaviour; or
  - before all practicable steps to help the person to do so have been taken without success.

### **What happened**

16. Miss Y is in her fifties and has a learning disability and some physical health issues which affect her mobility and coordination. Miss Y uses a four wheeled walker to move around. She lived at care home A for around four years and attended the day services it provided. Miss Y had previously lived with her elderly parents and preferred living with older adults. Miss Y also stayed with her sister Ms X every other weekend.
17. In May 2019 Ms X contacted the Council to advise Miss Y no longer wished to attend day services. She also raised concerns about the care provided at the care home and said she was looking for an alternative care home. Ms X was also concerned Miss Y had not had a care review since 2016. A Council officer visited Miss Y who said she did not like the day services and did not want to attend.
18. In June 2019 care home B contacted the Council to advise Ms X had visited and was keen for Miss Y to move there. An officer telephoned Ms X who confirmed she wanted Miss Y to move to care home B. Ms X said care home B was closer to where she lived and more suitable to meet Miss Y's needs. The Council agreed to carry out a review of Miss Y's needs. The Council explained if Miss Y needed a move this would need to be considered by the younger adults' accommodation panel who would consider the best option available which the Council considered was affordable and suitable to meet Miss Y's needs. The Council asked an Occupational Therapist (OT) to assess Miss Y's independent living skills to help to establish the appropriate accommodation for Miss Y.
19. Later that month the Council's accommodation panel refused the request for Miss Y to move to care home B. The team manager from the community learning disability team told Ms X the panel wanted the team to complete a review and reassessment of Miss Y. Care home B was more expensive than care home A and it wanted the team's view of care home A and of Miss Y's needs.

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20. In early July an officer carried out an assessment of Miss Y's needs. Ms X asked to see the reviewing officer without the care home management present as she was concerned Miss Y would be reluctant to speak in front of the manager. The officer agreed to see Miss Y and Ms X first before meeting with the manager. Ms X raised concerns about the food offered to Miss Y, the lack of activities and Miss Y not being regularly bathed. The officer then met with the care home manager. The needs assessment identified Miss Y had eligible needs in most areas and required support for between seven and eight hours a day. She needed support throughout the day to meet her basic needs with continuous background support. She would be unsafe left alone without support for long periods. The officer produced a support plan which set out Miss Y's needs could be met by residential care or supported living accommodation.
  21. In July 2019 an OT carried out an assessment and noted a decline in Miss Y's functioning since she was last assessed in 2014. They made some recommendations relating to personal care, eating and drinking, mobility, for more planned activities and to *'consider a move from current accommodation with a fresh start to incorporate the recommendations made above'*. The notes of the visit record the OT suggested the option of a supported living bungalow to Miss Y but Miss Y was not interested. The OT also raised a safeguarding concern with the Council about care home A. The concerns included issues around the provision of food and fluids, the personal care provided to Miss Y, Miss Y's care plan was out of date, issues with Miss Y's en-suite and a lack of security when they entered the home. The Council also noted the Care Quality Commission (the inspector of care homes) rated care home A as requiring improvement and the Council's own Quality and Market Management Team (who monitor the social care providers used by the Council) had concerns about the care home and was carrying out extra monitoring.
  22. Ms X asked the Council not to contact care home A about the safeguarding as she was concerned this may have a negative impact on Miss Y's care.
  23. In July 2019 Ms X wrote to the accommodation panel setting out her concerns about the care provided at care home A and the positives of care home B. The team manager asked the accommodation panel for permission for Ms X to visit a supported living placement so she could see the benefits if Miss Y chose to move there or if a best interest decision was made. On the form they ticked Miss Y did not have the capacity to decide where she lived but did not answer the question which asked if a capacity assessment had been completed. They noted Miss Y did not have high needs and could manage basic personal care and toileting and could feed herself. They noted Miss Y could share support and did not need much 1:1 care. The panel had some concerns about the suitability of the supported living placement. Depending on the outcome of the capacity assessment and potential best interest decision it recommended liaison with the housing with support team to look at what alternative supported living was available.
  24. In late July 2019 Ms X took Miss Y on holiday. After the holiday Ms X contacted the Council to advise Miss Y did not want to return to care home A. Ms X told the Council Miss Y could stay with her until her new accommodation was arranged.
  25. A social worker telephoned Ms X about the safeguarding referral. The social worker advised they wanted to complete a mental capacity assessment and had also made a referral for an advocate for Miss Y. Ms X questioned why an advocate was needed when she could and did support Miss Y. Ms X confirmed she was happy for the safeguarding to be investigated now Miss Y was no longer

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staying at the care home. She requested a copy of the needs' assessment and the outcome of the July accommodation panel. The social worker advised that the panel had recommended a visit to a supported living accommodation and a mental capacity assessment of Miss Y. Ms X agreed to view the suggested supported living placement. However, the visit did not go ahead as the Council had concerns about its suitability given Miss Y's needs and the needs of other residents.

26. The social worker met with Miss Y and Ms X in August 2019 to carry out a mental capacity assessment (MCA) regarding Miss Y's capacity to decide where she lived. The social worker noted during the assessment that Miss Y often looked at Ms X to finish what she was saying. They noted Miss Y's main focus was getting the activities she liked while Ms X worried more about how she was cared for. Miss Y told the social worker she had visited care home B and wanted to live there. However, Miss Y agreed if she was able to look at other options that also had activities she would consider them. The social worker asked about supported living but Miss Y said she would not like this option and felt she would prefer a residential setting. The social worker also asked Miss Y if she would consider living with her sister. Ms X said this was not really a long-term option. She had Miss Y stay every other weekend but would not commit to having her living with her. During the meeting they also discussed the safeguarding issues.
27. The social worker visited a second time to complete the MCA. Miss Y told the social worker she liked to be around lots of people and to have space to move around. The social worker discussed different options with Miss Y, including supported living and living with a family (such as through a shared lives scheme). The notes record Miss Y was very clear she wanted to live in a residential setting.
28. The social worker recorded on the MCA form that Miss Y could understand the information relevant to the decision and could communicate a decision but they did not consider she could use or weigh the information to make a decision. They noted this was difficult to assess as Miss Y kept looking to Ms X for support and was fixated on going to care home B. They had used a balance sheet to support Miss Y to identify the positive and negative points of different accommodation placements and Miss Y could not think of anything positive about supported living or shared lives and could not think about anything negative about residential living.
29. In August 2019 the social worker agreed with the Team Manager to send a further request to the accommodation panel stating a preference for care home B. They also advised it had been difficult to get a true reflection of Miss Y's wishes and feelings. This was because she looked to Ms X to answer questions for her, which made it difficult to assess her capacity. They recommended an advocate meet with Miss Y without Ms X. They also suggested to Ms X that she had a carer's assessment to identify any difficulties she faced having Miss Y live with her and *'evidence the reasons you are unable to care for her on a longer term basis and my manager would like me to complete a home visit to see how [Miss Y] is managing at your home and any issues for you both'*. They said their manager wanted Ms X and Miss Y to visit a short breaks unit which could provide activities for Miss Y and who could care for Miss Y on a regular basis. In late August 2019 the Council sent Ms X a copy of the care and support assessment and support plan.
30. In August 2019 the team manager updated the accommodation panel. They noted the capacity assessment and safeguarding process were ongoing and the



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- social worker would try and arrange an advocate and for Ms X and Miss Y to visit the short breaks unit. On the form for the accommodation panel they noted Ms X would not allow a referral to an advocate. They noted the social worker thought Miss Y had capacity to decide where to live but the team leader believed the assessment showed Miss Y lacked capacity to use and weigh up information about options because she did not state any positive factors in relation to supported living. They reported Ms X did not allow a discussion about Miss Y continuing to live with her. The team leader noted on the form their view that it was in Miss Y's best interests to remain living with Ms X and to have regular breaks at the short breaks unit. They noted there was no evidence of Ms X being unwilling or unable to house Miss Y as she was doing it already and had not provided any evidence of this causing any difficulty. They noted the social worker would offer Ms X a carer's assessment.
31. On the form they noted the other options considered which included shared lives. They noted Miss Y did not want to live with a family, which would be too quiet, nor did she want supported living which Miss Y said would not have activities on site. Miss Y also reported she did not like going to day services and preferred shorter activities in residential care homes so if she chose not to take part she could go to her room. They noted the social worker would arrange for Ms X and Miss Y to visit the short breaks unit. *'This will help delay the decision on residential care'*.
32. Ms X complained the Council was frustrating the process of finding Miss Y a new home and had failed to properly consider her views. In particular:
- there was a lack of needs assessments in previous years;
  - a failure to provide Ms X and Miss Y with a copy of the recent needs assessment;
  - the Council was trying to push Miss Y to supported living against her wishes, it was continually pushing for Miss Y to live with Ms X when Ms X made it clear this was not an option; and
  - the social worker had said Miss Y had capacity and then changed their view.
33. Ms X asked that the case be transferred to another community learning disability team.
34. Ms X emailed the team manager to ask the reasons for the panel's refusal of care home B and asked what alternative was being proposed given Miss Y did not want to live in supported living or shared lives but wanted to continue to live in a care home with older people. Ms X said they had visited the short breaks unit but Miss Y did not like it. She noted the social worker had mentioned the possibility of Miss Y living permanently with Ms X but Ms X was not willing and able to do that and asked that her wishes be respected. She added she did not want a carer's assessment. She noted that at the end of the meeting the social worker had said that on the balance of probabilities Miss Y had capacity to make the decision about where she wanted to live. She asked therefore what the next steps would be as the continued uncertainty was causing Miss Y unnecessary stress and worry.
35. The social worker emailed Ms X in late August 2019. They reported the accommodation panel had not given permission to go ahead with care home B and they *'wondered if you would like me to talk to the manager of the supported living team to discuss what other possible suitable options may be available?'*

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36. The team leader sought internal advice. The team leader considered Ms X was willing and able to care for her sister. They said they had offered supported living and shared lives but these were turned down. They were willing to create a support plan with one-to-one support to give Ms X a break. They said if Miss Y returned to care home A they could fund activities. They asked if they could write and inform Ms X the evidence was that she was willing and able to care for Miss Y and they would offer an assessment of Miss Y's needs.
  37. In mid-September the social worker liaised with the team leader with a view to looking at what other care homes were available in the area. I have seen no evidence that any care homes were considered.
  38. Ms X complained again to the Council in mid-September 2019. She said the needs assessment was wildly inaccurate and they were not involved at all in the production of the support plan. She said Miss Y was not asked about any of the matters covered in the assessment and it appeared to be a rehash of old documents without any input from Miss Y or consideration of Miss Y's views.
  39. In September 2019 the Council completed the safeguarding enquiry about care home A. It found general issues with poor security and paperwork management at the home. There was poor record keeping relating to an injury Miss Y had and in relation to professionals' visits. There were issues around bathing Miss Y. Any risks to Miss Y were removed as she no longer lived there and the Council's Quality and Market Management Team were dealing with the other issues.
  40. The Council responded to Ms X's complaint in late October 2019. It apologised for not conducting an annual review in 2017 and 2018 and for the delay in providing her with a copy of the needs' assessment. It agreed to reallocate Miss Y's case to another community learning disability team and to request they conduct a more thorough review of the assessment and support plan. It said the accommodation panel accepted Miss Y wanted to live with older people in a quiet environment and supported Miss Y's move from care home A. However, it required the team to consider all the available options so an informed choice could be made. It accepted communication between the panel and assessment teams such as the community learning disability teams was not as good as it should have been and its responses should have been clearer.
  41. In November 2019, a social worker from the second community learning disability team visited Miss Y and Ms X to reassess Miss Y's care needs. They assessed Miss Y needed support for between 11.5 and 12 hours a day. Ms X refused to complete a carer's assessment. She considered it intrusive and said she had made it clear she was not willing or able to care for Miss Y and Miss Y was only staying with her temporarily until new accommodation could be found.
  42. In mid-December the social worker visited again to complete the support plan for a move to care home B. The social worker advised they needed to complete a capacity assessment around Miss Y's capacity to move to residential care. This was completed in January 2020 and the social worker decided Miss Y had the capacity to decide to move to residential care. Under 'can the person use or weigh the information to make a decision', they noted Miss Y had experienced living at home with her parents, with her sister and in a residential home. She was able to weigh up the information and say which she preferred. She repeatedly stated she wanted to live with old people and to make new friends in an old people's home.
  43. In March 2020, the accommodation panel agreed Miss Y could move to care home B. A move date of late April 2020 was proposed. However, given the

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outbreak of the COVID-19 pandemic, the social worker asked Ms X if she wanted Miss Y to move during this time given the risks it may expose Miss Y to. They also advised Miss Y would need to spend two weeks in isolation when she moved in. Ms X considered it best for Miss Y to remain with her until the situation became clearer.

44. In February 2021 Ms X contacted the Council for an update on progress with the move to care home B. At the current time Miss Y remains living with Ms X.

### **Findings**

45. In the complaint response to Ms X the Council accepted it had not reviewed Miss Y's care needs in 2017 and 2018. This was fault. Had the Council done so it may have become aware of Ms X's concerns much earlier.
46. The Council was not at fault for wanting to carry out a reassessment of Miss Y's needs when Ms X first requested that Miss Y move to care home B. The Council is responsible for meeting Miss Y's eligible needs and it needed to be satisfied the move was appropriate.
47. When the Council carried out a new needs assessment and produced a support plan it was not person-centred. When the officer met with Miss Y and Ms X the discussion centred around the issues with the care provided at care home A and not Miss Y's care needs. The assessment did not properly consider Miss Y's wishes and feelings and did not accurately reflect all her care needs. This was fault.
48. Miss Y was very clear she wanted to continue to live in residential care. Miss Y had spent four years living in a care home. She knew what to expect and another care home was her preferred option. The Council was not at fault for considering other options but the support plan set out that Miss Y's needs could be met by supported living or residential care. When Miss Y was clear she did not want to consider supported living the Council failed to progress the option of residential care and this was fault.
49. Ms X had identified an alternative care home, care home B, for Miss Y in June 2019. Care home B was significantly more expensive than care home A. The Council accepted care home A no longer suitable for Miss Y. In deciding whether to support the move to care home B the Council was entitled to consider the cost. However, it did not explore whether another care home option may be available which would meet Miss Y's needs at lower cost. Instead, it continued to suggest other options which Miss Y did not want to consider and did not propose any other suitable alternatives which could meet Miss Y's needs and were available. This was fault.
50. After the holiday with Ms X, Miss Y did not want to return to care home A so Ms X agreed she could stay with her. That was Ms X's choice. However, Ms X made it clear this was a temporary arrangement while the move to care home B was arranged.
51. The Council acted appropriately when it offered Ms X a carer's assessment which she refused. Had Ms X agreed to an assessment it would have enabled the Council to consider what additional support it could provide whilst Miss Y lived with her. However, Ms X chose not to pursue it as she was willing to provide a temporary short term stay but not to provide full time permanent care. Ms X was clear throughout she did not want Miss Y to live with her permanently or to be Miss Y's carer on a permanent basis.

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52. Ms X repeatedly expressed she was not willing or able to support Miss Y long term. The Council repeatedly sought evidence of why this was the case. This was fault. Ms X did not have to 'prove' she did not want to care for her sister. She repeatedly asserted it was a temporary arrangement. The support plan identified Miss Y's needs should be met in supported living or residential care. The Council sought to discuss the option of Miss Y living with Ms X as part of the mental capacity assessment when Ms X had made it clear it was not open for debate. The team leader also considered it was in Miss Y's best interest to remain at her sister's. This was fault. It was not for Miss Y to choose whether she wanted to live with her sister but for Ms X to decide whether she was willing to provide the support on a permanent basis and she was not.
53. The Council wanted to involve an advocate as it was concerned Miss Y was not able to give her view. There was no evidence Ms X was not a suitable representative for Miss Y. There was no evidence Ms X was not acting in Miss Y's best interests. When the Council discussed the use of an advocate with Miss Y she did not want one. She was satisfied Ms X represented her views. The insistence on involving an advocate was fault.
54. When the social worker carried out a mental capacity assessment in August 2019 they advised Ms X that Miss Y had capacity to decide where to live. They changed their view following discussion with the team leader and when they completed the MCA form. In particular, they considered Miss Y did not have capacity to weigh information to make a decision. This seems to be because Miss Y did not provide any positive comments about supported living or shared lives or any negative comments about residential care. I am concerned that the Council decided Miss Y did not have capacity because she was unwilling to consider other options than residential care. If the Council considered Miss Y did not have capacity to make a decision about where she should live it should have held a best interest meeting. It did not do so and that was fault. Following a reassessment in January 2020 it later decided Miss Y did have capacity and agreed to support Miss Y's move to care home B.
55. The Council's complaint response did not address all the issues Ms X raised which added to her frustration.
56. Ms X chose to allow Miss Y to stay with her while a new placement was sorted. However, Miss Y has stayed far longer with Ms X than either of them originally anticipated. If not for the Council fault it is likely Miss Y would have moved by Autumn 2019 at the latest and long before the start of the COVID-19 pandemic. This has had a significant impact on Ms X who has had to meet Miss Y's care needs long term even though she did not want to do so, placing her under significant strain. Miss Y has had her care needs met but is not living in a place where she wants to be. She has had reduced contact with other people, a lack of social stimulation and the uncertainty has caused her distress and frustration.

### **Agreed action**

57. Within one month of the final decision on this complaint the Council has agreed to apologise to Miss Y and pay her £300 to acknowledge the frustration and uncertainty caused to her. It has also agreed to apologise to Ms X and pay her £2,000 to acknowledge the frustration caused to Ms X and the additional strain placed on her in caring for Miss Y for significantly longer than she anticipated.

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58. The Council has agreed, as soon as possible, to progress Miss Y's move to care home B. If this is no longer possible it should seek, within three months, to identify a suitable alternative care home placement to meet Miss Y's needs.
59. Within three months of the final decision, the Council has agreed to:
- Review its processes to ensure it reviews the care needs for all adults, at least annually;
  - Remind relevant staff of the need to ensure a person-centred approach to care planning and, in particular, that where an adult refuses a certain type of care, it considers alternatives without delay;
  - Remind relevant staff that a carer is entitled to say they do not wish to care for someone on a long term basis and this should be respected;
  - Consider whether staff need additional training on carrying out mental capacity assessments to ensure these are carried out in line with the law and guidance.

### **Final decision**

60. I have completed my investigation. There was evidence of fault by the Council causing injustice which the Council has agreed to remedy.

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

## The Ombudsman's final decision

Summary: There is no evidence of fault in the way the Council reached its decision that Mrs X had deprived herself of assets in order to avoid care costs.

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## The complaint

1. Mr A (as I shall call him) complains the Council has failed to consider all the relevant information when deciding his mother deliberately deprived herself of assets in order to avoid the costs of care.

## The Ombudsman's role and powers

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

## How I considered this complaint

4. I considered all the information provided by Mr A and the Council. Both Mr A and the Council had the opportunity to comment on an earlier draft of this statement before I reached a final decision.

## What I found

### Relevant law and guidance

5. The Care and Support Statutory Guidance says (Annex E) "*When undertaking or reviewing a financial assessment a local authority may identify circumstances that suggest that a person may have deliberately deprived themselves of assets in order to reduce the level of the contribution towards the cost of their care.*" Deprivation of assets means where a person has intentionally deprived or decreased their overall assets in order to reduce the amount they are charged towards their care. This means that they must have known that they needed care and support and have reduced their assets in order to reduce the contribution they are asked to make towards the cost of that care and support.

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6. The guidance goes on to say that examples of deprivation might include sudden expenditure which is out of character, or the reduction of assets by extravagant living.
  7. The guidance says, “*There may be many reasons for a person depriving themselves of an asset. A local authority should therefore consider the following before deciding whether deprivation for the purpose of avoiding care and support charges has occurred:*

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

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

*For example, it would be unreasonable to decide that a person had disposed of an asset in order to reduce the level of charges for their care and support needs if at the time the disposal took place they were fit and healthy and could not have foreseen the need for care and support.”*

8. The Mental Capacity Act 2005 introduced the “Lasting Power of Attorney (LPA)”. An LPA is a legal document, which allows people to choose one person (or several) to make decisions about their health and welfare and/or their finances and property, for when they become unable to do so for themselves. The ‘attorney’ is the person chosen to make a decision, which has to be in the person’s best interests, on their behalf.

There are two types of LPA:

**Property and Finance LPA** – this gives the attorney(s) the power to make decisions about the person’s financial and property matters, such as selling a house or managing a bank account.

**Health and Welfare LPA** – this gives the attorney(s) the power to make decisions about the person’s health and personal welfare, such as day-to-day care, medical treatment, or where they should live.

To be effective, an attorney must register a LPA with the Office of the Public Guardian when it is made.

### **What happened**

9. Mrs X is an elderly lady who now lives in a flat with one of her sons (Mr B). Her other son, Mr A, has held power of attorney for her property and financial affairs since 2017. The Lasting Power of Attorney document was registered in March 2017. Mrs X now has dementia and a capacity assessment from September 2020 deemed she lacked capacity to manage her own financial affairs.
10. Mrs X has received care services from the Council since January 2017. In May 2017 Mrs X went into a care home for a period of time while her house was converted to enable her to live on the ground floor. The Council’s records show that it sent Mrs X information about the costs of her care explaining that if she had assets over £23,250, she would be liable to pay the full cost of her care. The information leaflet explained about deprivation of assets. It said the Council would collect financial information from Mrs X to determine her contribution towards the cost of her care. It said if a service user disposed of assets the Council was entitled to take account of them as though they were still owned.

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11. In 2018 Mrs X decided to sell the house and buy a flat instead where she would live with her son Mr B. The sale of the property realised £206,000. After Mrs X had purchased a flat, she was left with about £82,000.
  12. Mrs X moved into the flat in November 2018 and began to receive care services there from the Council.
  13. In May 2019 the Council wrote to Mrs X after she submitted a fresh financial assessment. It said it had recalculated her contributions as the financial assessment showed since the sale of her house, she had assets over £23,250. It said there was now an outstanding debt for care charges of £3220 for care services Mrs X had received since she moved into the flat. It said from now on she would be liable for the full cost of her care.
  14. Mr A disputed the charges Mrs X was being asked to pay. He complained to the Council. He said Mrs X had now spent all but £9000 of her capital but the Council had said it considered she had £69,000 of 'notional' capital left. He said his mother was very worried she would not be able to pay for her home care.
  15. In August 2020 a senior officer wrote to Mr A. She said the Council had a statutory duty to meet the needs of people eligible for care and support and the process to determine whether Mrs X had deprived herself of her assets would not affect that. She said it was up to Mr A and Mrs X to provide evidence to the Council that the money had been spent legitimately or the Council would deem the money was still available. She asked what had happened to the large cash withdrawals which had been made from Mrs X's bank account. She asked for evidence of the investments held by Mrs X. She asked for evidence of the balance on any other remaining investments.
  16. In September 2020 a social worker assessed Mrs X's capacity to manage her finances. Mrs X believed she managed her own finances without help. She was unaware her sons had paid all bills for some time. She was assessed as lacking capacity to manage her finances.
  17. In October 2020, after Mr A had sent the Council a number of receipts and invoices for carpets and furnishings, the senior officer wrote to him again saying the notional capital had now been able to be reduced to £52,363. She said Mrs X had not adhered to the requirement to notify the Council promptly of a change in financial circumstances, although she had received care services from the Council since January 2017 and the Council had written to her annually when the financial assessment was reviewed to remind her to do so.
  18. The senior officer concluded, *'it is reasonable for the Council to expect residents to have consideration of the potential of having care needs and to plan how they intend to make provision for these. As Power of Attorney for Property and Finance you have a duty to make decisions on (Mrs X's) behalf and act in her best interest. (Mrs X) was already in receipt of care and support from the Council at the time you became Power of Attorney and, as detailed above, you were advised of the need to contribute towards or pay in full for any care and support provided by the Council.'*
  19. Mr A asked for the Council to investigate his complaint further. He asked how the notional capital sum had been reached. He said the Council appeared to base its decision on the fact that Mrs X had *'foolishly'* spent her capital but asked what evidence there was to show she had done so deliberately to avoid the costs of care.



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20. In April 2021 a manager wrote to Mr A with the Council's final response. She said the notional capital figure had been set out in previous letters but included the proceeds of the sale, *'less evidenced expenditure such as renovation costs, and purchase of a prepayment funeral plan'*.
21. In respect of Mr A's query about the assumption of a deliberate decision by Mrs X to deprive herself of assets to avoid care costs, the manager pointed out that Mrs X had received care services since 2017, Mr A had held power of attorney since then, and a financial factsheet had been sent to them in 2017 which explained about paying for care and support. She concluded, *'My view is that when (Mrs X) sold her property in March 2019 there was a reasonable expectation of the need for care and support for her in the future and that there would be a financial implication for this and that her property may be taken into consideration.'*
22. Mr A complained to the Ombudsman. He said the Council had incorrectly and unfairly determined his mother had intentionally deprived herself of assets to avoid paying for her care. He acknowledges she spent the money, mostly on paying for renovations for the flat and buying new furniture but says this was not done to avoid paying for care. He says although he had power of attorney his mother did not lack capacity to manage her finances for the whole of the time the Council says.
23. The Council says it reached the decision that there had been a deprivation of assets on the grounds that:
- Mrs X had been provided with personal care and support services from the Council since January 2017 and was required to pay a contribution towards the cost;
  - When Mrs X sold her property there was a reasonable expectation of the need for care and support (as she was already in receipt of a service);
  - The Council's records show contacts with Mr A since January 2017 about the funding process;
  - The Council had sent Mrs X fact sheets which included a warning about deprivation of capital assets. The Financial Assessment Form which was signed included a declaration that if a person disposes of capital assets, property or investments, the Council may take account of these resources as if they were still theirs and charge accordingly;
  - The Council was not notified of a change in circumstances, despite annual letters to confirm an increase in the amount Mrs X paid due to benefit uplifts and requesting she notified the Council if anything was incorrect in the financial assessment.

### **Analysis**

24. The Council was entitled to reach a decision about deprivation of assets. It considered all the relevant information before it did so.
25. It is not the role of the Ombudsman to question the merits of a decision which the Council reached properly.
26. Either Mrs X had capacity to manage her finances, or Mr A had Power of Attorney to do so. In either respect there was a responsibility to inform the Council of the change in circumstances.

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## **Final decision**

27. I have completed the investigation as there was no fault in the way the Council reached its decision Mrs X had deprived herself of assets in order to avoid the cost of care.

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

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

Summary: We will not investigate Mr B's complaint about a bill for a care service. This is because the complaint is late and there is insufficient information for us to reach a safe enough conclusion now on whether the Council is at fault by pursuing payment of the charges in question.

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## **The complaint**

1. The complainant, Mr B, has complained on behalf of his aunt, Mrs C, that the Council has pursued payment of a bill for a care service when the care providers had not provided the contracted service and the service fell below the standard required.

## **The Ombudsman's role and powers**

2. The Local Government Act 1974 sets out our powers but also imposes restrictions on what we can investigate.
3. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D, as amended*)

## **How I considered this complaint**

4. I have considered the information Mr B provided. Mr B has had an opportunity to comment on my draft decision.

## **What I found**

5. In September 2019 Mr B wrote to the Council about the bill in question. He explained his concerns about the care service his aunt, Mrs C, had received after she had left hospital earlier that year. Mr B said he had arranged a new care provider in April 2019. He said his aunt's health had then improved significantly and she became much happier and content.
6. The Council replied to Mr B in December 2019. It did not agree to waiving the charges for the service. Mr B pursued his complaint further in January 2020 but the Council failed to reply to it until August 2020. In its response the Council said it had paid the care provider for the service hours it had commissioned. The Council said the case officer involved was no longer working for the authority and it did not believe it would be appropriate to expect Mrs C to recall accurately what

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had happened in 2019. The care provider had also ceased trading. The Council included extracts from its case records in its letter to Mr B. It did not agree to waive the charges.

7. People must bring their complaint to us within twelve months of first becoming aware of the issue they are complaining about. The time limit runs from then and not from the date of the Council's final response to the complaint. Mr B should have complained to us by September 2020 but he did not complain until March 2021 so his complaint is late. As time goes by it becomes increasingly difficult for us to investigate complaints effectively. We have discretion to consider late complaints if there are good reasons. There has been delay by the Council in responding to Mr B's correspondence. But, in any case, there is insufficient information for us to reach a safe enough conclusion now on whether the Council is at fault by pursuing payment of the charges in question.

### **Final decision**

8. We will not investigate this complaint. This is because the complaint is late and there is insufficient information for us to reach a safe enough conclusion now on whether the Council is at fault by pursuing payment of the charges in question.

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

21 June 2021

Agenda Item: 7

## **REPORT OF THE SERVICE DIRECTOR CUSTOMERS GOVERNANCE AND EMPLOYEES AND MONITORING OFFICER**

### **CONSTITUTION REVIEW WORKING GROUP**

#### **Purpose of the Report**

1. To establish a working group of the Committee to carry out a review of the Council's Constitution.

#### **Information**

2. The Full Council, at its meeting on 27 May 2021, tasked the Governance and Ethics Committee to carry out a review of the Constitution to ensure it remains fit for purpose.
3. The Constitution Review Working Group will agree a scope for the review, carry out the review and report back to Governance and Ethics Committee, with agreed proposals being presented to Full Council for approval.
4. The membership of the working group is proposed to be the Chairman and Vice-Chairman of Governance and Ethics Committee, the Business Manager or their nominee from each political Group of the Council and one non-aligned member.

#### **Other Options Considered**

5. None

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

6. To ensure the Constitution remains fit for purpose.

#### **Statutory and Policy Implications**

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

## **RECOMMENDATION/S**

- 1) To approve the establishment of a Constitution Review Working Group with the membership as set out in paragraph 4.
- 2) To receive a report from the working group on its proposed changes to the Constitution to be made by Full Council once the review is complete.

**Marjorie Toward**

**Service Director for Customers, Governance and Employees and Monitoring Officer**

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

Sara Allmond, Advanced Democratic Services Officer

[sara.allmond@nottscc.gov.uk](mailto:sara.allmond@nottscc.gov.uk)

### **Constitutional Comments (HD 28/05/2021)**

8. The proposals within the report fall within the remit of Governance and Ethics Committee subject to the final approval of the Full Council in respect of any changes to the Constitution.

### **Financial Comments (RWK 02/06/2021)**

9. 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.

- Revised Committee System to Full Council – 27 May 2021 (published)

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

All

**23 June 2021**

**Agenda Item: 8**

**REPORT OF THE CHAIRMAN OF THE GOVERNANCE & ETHICS COMMITTEE  
GOVERNANCE & ETHICS COMMITTEE ANNUAL REPORT 2020/21**

**Purpose of the Report**

1. To approve a report to Full Council on the work of the Governance & Ethics Committee in 2020/21.

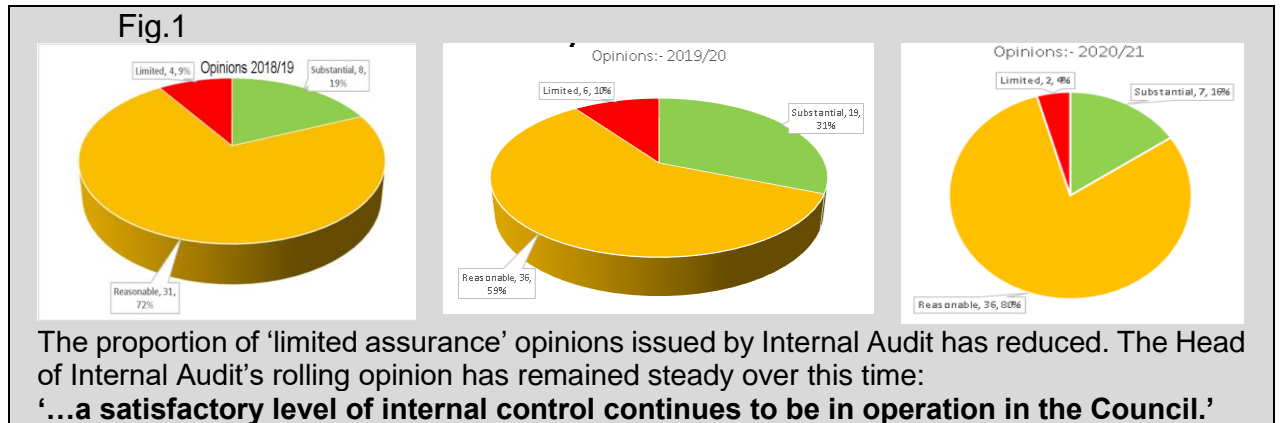
**Information**

2. The Governance & Ethics Committee was established following the County Council elections in May 2017, and it held its first meeting in June 2017. It is comprised of 11 County Councillors.
3. The Committee's terms of reference are set out in the County Council's constitution. It is serviced regularly by professional officers working mostly in the Chief Executive's Department in the key functional areas of finance, internal audit, legal and democratic services, information management and corporate risk management. The Committee's role subsumed that of the former Audit Committee and it now extends further to incorporate wider responsibilities, for example relating to codes of conduct and dealing with alleged breaches of the codes.
4. At its meeting in July 2018, the Committee agreed to implement an annual report on how effectively it has discharged its key roles and responsibilities. This is the Committee's third annual report and it also sets out proposed priorities for the Committee in 2021/22.
5. The work of the Committee was impacted by COVID-19 in 2020/21, but it successfully converted to virtual meetings by July 2020. By the end of March 2021, the Committee had held seven of its usual eight meetings in a full year.

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

6. **Appendix 1** presents a matrix of the key business dealt with by the Committee, mapped against each of its roles and responsibilities set out in the County Council Constitution. There are a number of notable achievements, summarised as follows:
  - a) **Internal control framework:** the Committee has maintained its strong focus on supporting the work of Internal Audit, and it has received regular assurance from the service regarding the effectiveness of the Council's arrangements for governance, risk management and control. The follow-up of Internal Audit's recommendations has been flagged as a potential area of concern, as the implementation rate for Priority 1 recommendations has seen a

decline compared with previous years. The Committee recognised the impact the pandemic has had on services' capacity to meet the agreed implementation dates in all cases, and it relaxed its practice of inviting senior managers to committee meetings to provide verbal updates on progress. This was restored for the second update in January 2021, as the Committee renewed its resolve to drive agreed improvements through to implementation.

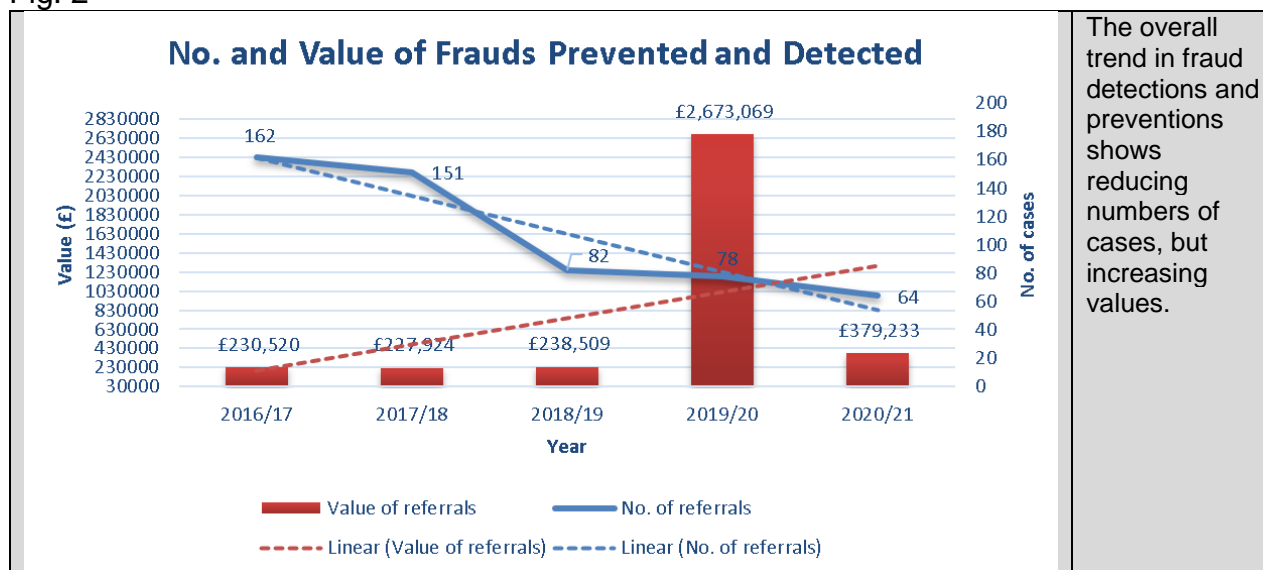


The Committee has been similarly supportive of the work of the Council's external auditors, again receiving updates on progress with the annual audit, and confirming an appropriate response from management to the findings and recommendations reported.

- b) **Assurance mapping:** this initiative developed further in 2020/21, following the Committee's decision to both retain the activity and to expand its scope. Three new areas of governance were added last year, taking its coverage now to eight key aspects of corporate governance. This is providing important intelligence for the Committee in determining where it may require additional assurance in the following year. Work progressed to develop further the content and frequency of assurance feeds to the Committee around the Council's key governance processes, to complement the annual mapping exercise.
- c) **Counter-fraud:** the Committee considered the Annual Fraud Report and a six-monthly update, which continued to evidence that the incidence of fraud in the Council is low. Nonetheless, the Committee reinforced the zero tolerance approach where issues have arisen, and continued to encourage all staff and stakeholders to voice concerns wherever reasonable suspicions arise. The Committee has maintained oversight of the Council's pro-active counter-fraud programme. The annual reports for the Council's Whistleblowing scheme and the use of the Regulation of Investigatory Powers Act 2000 added further insight in this area.



Fig. 2



- d) **Annual Statement of Accounts and Annual Governance Statement:** The Committee received and approved these Statements for 2019/20 in accordance with the statutory timescales. The Committee received regular updates during the year on progress against the Annual Governance Statement’s action plan, and it approved the annual refresh of the Local Code of Corporate Governance.
- e) **Risk Management:** The Committee restored its regular updates on risk management, receiving reports on the movement of corporate risks on a six-monthly basis.
- f) **Standards of conduct and transparency:** The Committee approved the Council’s response to the Local Government Association’s Draft Model Code of Conduct, and considered the final version of the code later in the year. The established process to review councillors’ use of resources and application of their Divisional Funds was retained (incorporating sample testing carried out by Democratic Services). Independent persons have been appointed, received training and attended meetings of the Committee.
- g) **Local Government Ombudsman Reports and Complaints:** The Committee has taken a firm stance to be transparent in its approach to considering issues arising from service users’ complaints about Council services. All decisions of the Ombudsman are scheduled for consideration by Committee at each meeting as the reports are received throughout the year. The relevant senior officers are invited to attend, where appropriate, to advise of actions taken where complaints have been upheld.

7. The Committee has made appropriate use of the range of powers delegated to it under the terms of the Constitution, as summarised below:

<b>Delegated power</b>	<b>Summary of activity</b>
<b>Decision- making</b>	Decisions have been taken at each Committee meeting in relation to the areas of activity within the Committee's remit
<b>Performance review</b>	Periodic updates of the service delivered by Internal Audit In relation to Internal Audit  Self-assessment of the Council's arrangements for cyber security against National Audit Office guidance  Progress against the Annual Governance Statement Action Plan
<b>Review of officers' decisions</b>	Annual scrutiny of decisions taken by officers to waive financial regulations
<b>Consultation responses</b>	Approved the response to a Local Government Association consultation on a draft Model Code of Conduct
<b>Member conduct</b>	Convened a sub-committee to consider and decide on a complaint under the Members' Code of Conduct

### ***Member training and self-assessment***

8. The Committee helped to progress the Member Communication & Engagement Programme, which includes the training and development offer for all County Councillors. An introductory slot to risk management was delivered, to coincide with the restoration of routine reporting to the committee on this topic. Towards the end of the year, there was a particular focus on the proposed induction programme for Members following the elections and for the duration of the 2021-2025 period.




### ***Priorities for 2021/22***

9. First and foremost, an immediate priority for the Committee will be to furnish its refreshed membership with the knowledge it needs to perform its important role in the Council's governance framework. An appropriate training and development plan for its members should be set out, aimed at ensuring all feel suitably skilled and confident to contribute to the Committee's business.

10. The Committee intends to implement a schedule of reviews into significant areas of Council expenditure, to assess value-for-money for residents and service users. It is proposed to start with the following:

Adult Social Care & Public Health:	Day Service provision
Children & Young People:	Workforce agency spend
Children & Young People:	Building maintenance and capital spend for schools, children's homes and young people's centres

11. The future course of the pandemic will have a strong influence on the nature of assurances the Committee will require in 2020/21 and on the activities it will wish to progress. A planned schedule of assurance over the course of the year would provide a basis for delivery and review as the Council works through its recovery and renewal phase.
12. Assurance mapping is a key plank in the Committee's sources of assurance for fulfilment of its remit. The annual report from this activity in 2020/21 makes proposals for its continued use in 2021/22 and beyond. Key themes for suggested development will be:
- Areas of focus - proposing a close alignment with the Council's risk management process
  - Nature of assurance feeds – to complement the annual process with the establishment of continuous assurance feeds within the Council.
13. It is proposed that key priorities for the Committee in 2021/22 should embrace a blend of its core duties as set out in the Council's Constitution, along with training and developmental activities to help maintain a high degree of focus on governance and ethical values in the Council. The following are potential priorities in 2021/22 for Members to discuss:

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

**Other Options Considered**

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

**Reason for Recommendation**

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

## **Statutory and Policy Implications**

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

## **RECOMMENDATION**

- 1) That the Committee agrees the annual report and refers it to Full Council for its consideration.

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

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

Marjorie Toward	Nigel Stevenson
Service Director – Customers, Governance & Employees	Service Director – Finance, Infrastructure & Improvement

### **Constitutional Comments (EKH 04/06/2021)**

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

### **Financial Comments (RWK 02/06/2021)**

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.

- None

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

- All

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

Jul 2020	Sep 2020	Oct 2020	Nov 2020	Jan 2021	Feb 2021	Mar 2021
<b>Council-wide Governance &amp; Ethics</b>						
Local Code of Corporate Governance annual review	Gov & Ethics Cttee annual report	Assurance Mapping Annual Report 2019/20	Committee on Standards in Public Life: Progress with implementing best practice recommendations			
Annual Governance Statement 2019/20		Governance Action Plan update			Governance Action Plan update	
<b>Annual statement of accounts</b>						
Statement of accounts: Accounting policies			Statement of Accounts 2019/20			
<b>Internal control &amp; external audit</b>						
External audit risk assessment	External audit update					External Audit Annual Letter 2019/20
Head of Internal Audit Annual Report 2019/20	Internal audit update and plan	Follow-up of Internal Audit Reports – implementation of agreed actions	Internal audit update and plan			Internal audit update and plan
National Audit Office Cyber Security Guidance – progress update	National Audit Office Guidance: Financial Reporting & Management	Redmond Review update: Oversight of local audit & transparency of LA financial reporting				Follow-up of Internal Audit Reports – implementation of agreed actions
						Redmond Review update: Government response

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

Jul 2020	Sep 2020	Oct 2020	Nov 2020	Jan 2021	Feb 2021	Mar 2021
<b>Financial Regulations and counter-fraud</b>						
Financial regulations waivers 2019/20	Annual Fraud Report 2019/20			Counter Fraud progress report		
				Regulation of Investigatory Powers Act 2000 – annual report		Whistleblowing update
<b>Risk management</b>						
	Corporate Risk Management Update			EU Transition risk register	Corporate Risk Management Update	
<b>Legal, democratic, complaints</b>						
	Local Government Ombudsman decisions	Local Government Ombudsman decisions	Local Government Ombudsman decisions	Local Government Ombudsman decisions	Local Government Ombudsman decisions	Local Government Ombudsman decisions
<b>Conduct standards</b>						
LGA consultation on Draft Model Code of Conduct				LGA consultation on Final Model Code of Conduct		
<b>Alleged breaches of conduct</b>						
					Sub-committee met to decide on a Members' Code of Conduct complaint against a councillor	
<b>Councillors' divisional funds</b>						
	Update on use of Councillors' Divisional Funds					

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

Jul 2020	Sep 2020	Oct 2020	Nov 2020	Jan 2021	Feb 2021	Mar 2021
<b>Statutory independent person's recruitment</b>						
				Appointment of independent persons – endorsement of appointments		
<b>Training &amp; development</b>						
		'Members Hub' update	Member Communication & Engagement Programme - update	Risk management training slot		Councillor induction and development programme 2021-2025





23 June 2021

Agenda Item: 9

**REPORT OF SERVICE DIRECTOR, FINANCE, PROCUREMENT &  
IMPROVEMENT**

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

**Purpose of the Report**

1. To review the Local Code of Corporate Governance for Nottinghamshire County Council, and to seek approval for the proposed Annual Governance Statement 2020/21.

**Information**

2. The Accounts and Audit (England) Regulations 2015 require the Authority to review the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS), prepared in accordance with proper practices in relation to internal control.
3. The focus of the AGS is to assess the extent to which the Council's [Local Code of Corporate Governance](#) has been complied with in 2020/21. The opportunity should also be taken to review and update the content of the Local Code. No changes are proposed at this point, however this should be kept under review as the Council works through its recovery from the COVID-19 pandemic. The quarterly governance update reports to the Governance & Ethics Committee will provide the means for doing that.
4. This AGS assesses governance in place during 2020/21 and is published alongside the annual accounts. The timescales for the accounts and AGS have been pushed back to September 2021 as a result of the Government accepting the findings of the recommendation of the Independent Review of Local Authority Financial Reporting and Audit (the Redmond Review). This may mean updates to the AGS are required prior to its final publication in September. In order to accommodate this, it is proposed that authority to make changes to the statement be delegated to the Chief Executive, in consultation with the Leader of the County Council, and that any significant changes be reported back to Committee following publication.
5. The AGS has been drawn up on the basis of a range of evidence sources, which are described at paragraph 3.3 of the Statement.
6. The draft Statement has been endorsed by the Corporate Leadership Team, and it is attached as **Appendix A** for consideration by the Committee.

## **Other Options Considered**

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

## **Reason for Recommendation**

8. To set out how the Authority has met its governance responsibilities for 2020/21.

## **Statutory and Policy Implications**

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

## **RECOMMENDATION**

- 1) That the Committee approves the Annual Governance Statement 2020/21 and makes any comments or recommendations which it considers ought to be included in the statement.
- 2) That the Committee approves that any updates required to the AGS prior to its final publication in September 2021 may be agreed by the Chief Executive in consultation with the Leader.

**Nigel Stevenson**

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

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

Rob Disney

Group Manager - Assurance

## **Constitutional Comments (EKH 02/06/2021)**

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

## **Financial Comments (RWK 02/06/2021)**

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

## **Background Papers**

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

None

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

All



# **NOTTINGHAMSHIRE COUNTY COUNCIL - ANNUAL GOVERNANCE STATEMENT 2020/21**

## **1. SCOPE OF RESPONSIBILITY**

- 1.1. Nottinghamshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. Public money must be safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Localism Act 2011 has, among other things, established a general power of competence for local authorities.
- 1.2. In discharging this overall responsibility, the County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including the arrangements for the management of risk.
- 1.3. This statement meets the requirements of regulation 4 of the Accounts and Audit Regulations (England) 2011 in relation to the publication of an Annual Governance Statement (AGS).

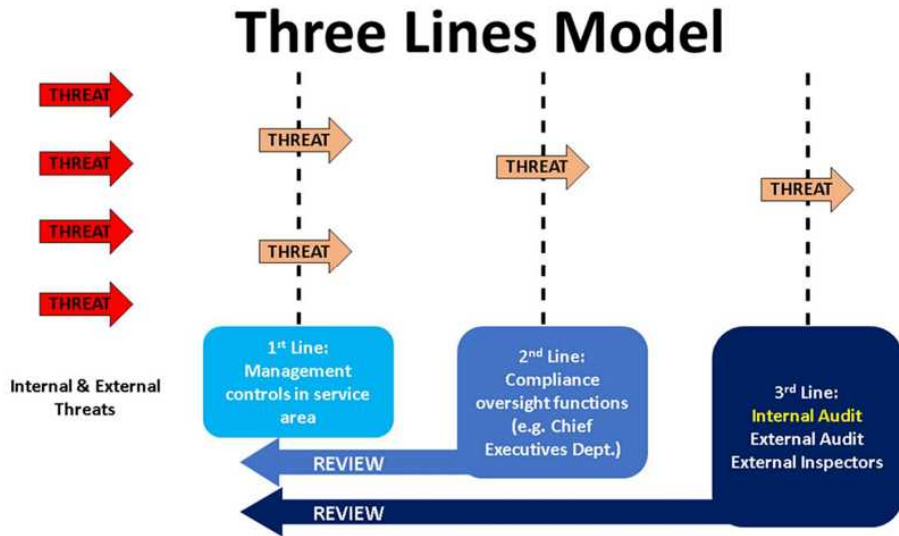
## **2. THE LOCAL CODE OF CORPORATE GOVERNANCE**

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

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

## **3. REVIEW OF EFFECTIVENESS**

- 3.1. The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. This Statement sets out the outcome of the latest review for the financial year 2020/21. The outcomes are set out in terms of the extent to which the Council has applied in practice the seven core principles of good governance.
- 3.2. The Council operates a 'Three Lines Model' to deliver assurance about the effectiveness of its governance arrangements, as depicted in the following chart.



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

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

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

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

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

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

- 3.3. The evidence to assess effectiveness with the Local Code in 2020/21 is drawn from a range of sources across the three lines of defence, as summarised in the boxes opposites.
- 3.4. The quarterly governance update reports to the Corporate Leadership Team and to the Governance & Ethics Committee prompt a review of the significant governance issues facing the Council, along with progress against the AGS Action Plan. In effect, the update reports provide for a quarterly refresh of the AGS, to enable it to be used pro-actively throughout the year as part of the Council's governance framework.
- 3.5. Where any issues of concern are highlighted by the review, these issues are noted below in section 4 of the Statement, along with the key actions planned to address them.

## **NOTTINGHAMSHIRE COUNTY COUNCIL - ANNUAL GOVERNANCE STATEMENT 2020/21**

### ***Impact of COVID-19 pandemic on the AGS***

- 3.6. The finalisation of the AGS for 2019/20 was delayed due to the impact of the COVID-19 pandemic. Timescales for completion of the financial accounts and the accompanying AGS were extended by statute to the end of November 2020, to allow all councils to focus on their response to the national emergency. This relaxation came with the expectation that the AGS should reflect the up-to-date governance position at the time of its publication. Consequently, this latest AGS represents an updated statement for the full financial year, 2020/21.
- 3.7. The timescale for publishing the final accounts and AGS for 2020/21 has also been extended, to the end of September 2021. However, this decision has been taken as a result of the Government accepting the recommendation of the Independent Review of Local Authority Financial Reporting and Audit (the Redmond Review), rather than being due to the ongoing impact of the pandemic.
- 3.8. The Council's response to the COVID-19 pandemic has required a widespread refocusing of its operating model and supporting governance arrangements. The lasting impact of the pandemic on the Council, and its recovery from it, remains unclear, but it will be profound. The quarterly process to refresh this statement will continue in the coming year to prompt regular re-assessments of the Council's governance.

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

- 3.9. The following pages set out a concise assessment of compliance with the Local Code of Corporate Governance.
- 3.10. For each aspect of governance in the Local Code, the assessment is framed in terms of the following:
- The evidence for compliance with the Code in 2020/21
  - Brief details of any improvements and developments during the year
  - Identifying any gaps in compliance or areas in which there are significant challenges
  - The focus in the year ahead, to address gaps, to meet challenges or to continue with current developments

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

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

### Compliance with the Local Code

The policies, procedures and practices set out in the Local Code of Corporate Governance remained in force during 2020/21.

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

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

### Improvements & developments during 2020/21

Planned developments for this aspect of governance have been hampered significantly by the impact of the pandemic. Significant resource and focus had to be concentrated on the Council's implementation of its emergency response, within the bounds of both national and local regulatory frameworks. In the early part of the year this included the priority of establishing the Council's arrangements for holding virtual committee meetings, and towards the end of the year the priority of preparing for Covid-secure local elections. The Council's response to the pandemic also required a significant, corporate effort to establish, monitor and maintain an effective

approach to the redeployment of staffing resources into critical services.

Nonetheless, some progress has been possible with the action plan in this area, for instance with improving the consistency with which Equality Impact Assessments (EIA) are carried out across the Council. Work to establish a programme of management training has been commissioned through the Corporate Equalities Group, working with the self-managed staff support groups. It is now planned to review the entire equalities training offer, including EIAs, to ensure it remains current with recent developments. A dedicated Equalities Officer has been appointed and is progressing this work, alongside the production of new guidance on the timing and necessity for completing EIAs and refreshed training support which will align with the wider equalities learning offer. Advice and guidance continue to be provided to managers across the Council undertaking service reviews or making changes to how work is delivered on content and necessity for EIAs to be completed as part of consultation processes.

A new Committee Structure with changes to some Committees and revised terms of reference were agreed by Full Council at its Annual General Meeting on 27th May 2021.

Member training has been a further area of development over the past year. As the year progressed, attention focussed on preparations for the development and rollout of a comprehensive Member induction and mandatory training programme for implementation after the 2021 elections. The member induction programme was developed by a cross party member working group and approved by Governance and Ethics Committee and is now

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



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

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

being implemented. Feedback received from members to date has been positive.

Following an external Health and Safety audit by British Standards Institute in January 2021 Nottinghamshire County Council received accreditation to ISO45001 for its Health and Safety Management System.

### Gaps and challenges

The principal challenge with this area lies in capacity to progress the actions identified. It should be emphasised, however, that the Council maintains a solid framework in this area and the identified actions represent opportunities to strengthen the arrangements still further.

### Focus for 2021/22

The Corporate Leadership Team is taking part in a series of question and answer sessions, to provide the opportunity for discussion on a range of subjects from health and well-being, how we communicate and what the future of work will look like. The aim of the sessions is to develop the conversation about organisational culture; what it is like to work for Nottinghamshire County Council in 2021, what colleagues value and what they would like to change.

The actions which remain in progress from the 2020/21 Governance Action Plan will be prioritised, focussing on the following:

- Constitution review – the scope for a revised package of work will be approved by Governance and Ethics Committee in June

2021 and a cross party member working group established to progress the work and report back to Governance and Ethics Committee before final approval at Full Council

- Governance and Ethics Committee will also commission a review of the new model Members Code of Conduct and supporting LGA guidance and make recommendations to Full Council on any changes proposed to the existing Council Member Code of Conduct
- Register of interests - outcomes from the review of the current arrangements are expected to be completed by end of 2021/22 and further progress will be reported back in the Autumn.

## B. Ensuring openness and comprehensive stakeholder engagement

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

### Compliance with the Local Code

The Council's strategic plan, 'Your Nottinghamshire, Your Future', was published to run from 2017 through to 2021. Following the local elections in May 2021, a new Council Plan for the next four years is being developed with the new administration.

The Council complied with the requirements of the Transparency Code in 2020/21, and all other requirements of the Local Code for this aspect of governance were maintained during the year.

### Improvements & developments during 2020/21

The Council regularly monitored progress with a number of action plans arising from external reviews conducted the previous year:

- The LGA Peer Challenge – key progress with this plan concerns approval of a revised model for transformation and change, which is now being implemented to drive forward the Council's modelling of sustainable savings plans. An important, underpinning programme of work is to improve our customers' experience through digital development, the need for which was highlighted in the LGA's report.
- The Ofsted inspection of children's services – Children & Young People's Committee has monitored progress against the plan, focussing on the Council's safeguarding response to Covid, alongside a review of the department's self-evaluation of practice and progress against the areas for improvement identified during the inspection.

- Independent Inquiry into Child Sexual Abuse (IICSA) – an update report to the Children & Young People's Committee in September 2020 reported good progress against the action plan.

### Gaps and challenges

The Council has signalled its intention not to formally revisit local government reorganisation, instead focussing its energies on recovering from COVID-19, rebuilding our economy and bringing forward transformative plans for our diverse range of people- and place-related services. In doing so, plans will encompass the Council's aspiration for devolution and for building on the Government's 'Levelling-Up' White Paper, which is due soon. We will want to examine all aspects of public sector reform, through conversations with our partners about working more closely together, aligning our services and looking at structures that might be both beneficial and acceptable to all.

### Focus for 2021/22

Work has commenced to prepare the new Council Plan and the opportunities that presents to engage fully with all our partners and stakeholders over the summer of 2021.

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

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

### Compliance with the Local Code

The Council Plan 'Your Nottinghamshire – Your Future 2017-2021' and its Planning & Performance Management Framework remained in place during 2020/21, but the pandemic required an extraordinary response. Five programmes of work were established to manage and govern the Council's work with its partners over the year, effectively re-setting the Council's priorities for the immediacy of the national emergency:

- Support for vulnerable adults
- Support for vulnerable children and families including schools
- Community Support and Resilience
- Support for Business and the local Economy
- Corporate Resilience

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

### Improvements & developments during 2020/21

The established regime for performance reporting at Committee level was unavoidably disrupted during the first national lockdown, but this was restored in the second half of the year as the schedule of Committee meetings returned. This period also saw the Council establish its Resilience, Recovery & Renewal Committee, along with agreed terms of reference for its areas of responsibility.

The revised model for transformation and change includes the establishment of a Strategic Insight Unit (SIU). The SIU will become a centre for strategic thinking, working across the Council and with our external partners and stakeholders. The Unit will play a lead role going forward in keeping the authority sighted on how its

transformation programme needs to adapt to meet future challenges.

### Gaps and challenges

Pandemic response plans at both the corporate and individual service level were the necessary focus for planning in 2020/21. The established approach to service planning was re-instated for 2021/22, with all plans being prepared by the end of March 2021.

### Focus for 2021/22

Work is underway to prepare the new Council Plan, following the local elections in May 2021. This will set out the vision and strategic objectives for the Council over the next four years.

A comprehensive Covid Recovery Plan will come to Policy Committee in July 2021, along with a new Hybrid Working Policy, which will cover employees and Members.

Alongside this, the opportunity will be taken to review the Planning & Performance Management Framework, to align with the new Council Plan and to embed the work of the SIU.

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

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

### Compliance with the Local Code

The cornerstones of the Local Code remained in place and stood up well to the impact of the pandemic:

- Reporting against corporate plans and transformation programmes was restored as soon as was practicable following the imposition of national lockdown restrictions
- The financial challenge of the pandemic was constantly assessed and regularly reported, alongside consideration of its impact on the Medium-Term Financial Strategy
- The Council's business continuity plans for critical services were thoroughly tested by the pandemic and were largely found to be resilient.

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

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

### Improvements & developments during 2020/21

In response to a key finding of the LGA Peer Challenge in 2019, the Council engaged the services of an external partner to input specialist expertise in redefining the Authority's approach to transformation and change. A two-phase process was followed; a diagnostic approach in the first phase, with the second phase setting out the key themes and transformation journey for the

medium-term. This led to a proposed, new model for transformation and change going forward, which was approved by the Improvement & Change Sub-Committee and is currently being implemented.

Performance reporting to the Corporate Leadership Team adapted well to align with the revised objectives of the Council for the pandemic response. This ensured senior managers received the daily business intelligence required to manage the delivery of critical services. Alongside this, a Financial Resilience Group was stood up for much of the year to ensure a tight focus on the financial impacts of the pandemic.

The Council has also progressed shadow implementation of the CIPFA Financial Management Code, with periodic updates to the Governance & Ethics Committee.

### Gaps and challenges

The predominant challenge is the financial one. Going into the pandemic, the Council had a balanced budget for two years and a strategy to work with its external partner to unlock the savings needed for the following two years of the MTFs. Covid-19 presented a significant challenge to those plans, and its full impact remains uncertain. Much will depend on a number of factors, namely:

- Government funding decisions
- The future progression of the pandemic
- Progress against the national roadmap
- Legacy implications for services as a consequence of Covid-19.

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

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

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

### Focus for 2021/22

To drive through implementation of outstanding actions from 2020/21, which had to be suspended to enable the required focus on the pandemic response. These relate to proposed improvements to performance reporting at a number of levels within the reporting hierarchy, and these will now be reviewed to align with the overarching review of the Planning & Performance Management Framework.

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

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

### Compliance with the Local Code

The policies, procedures and protocols set out in the Local Code of Corporate Governance remained in force during 2020/21.

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

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

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

Through the leadership of these senior officer groups, and with the support and guidance of senior Members and the Policy

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

Committee, the Council's response was successfully refocused around the five programmes of work outlined above.

### Improvements & developments during 2020/21

A 'Workforce Resilience and Recovery Strategy (Sept 2020 – Sept 2021)' was developed and approved by Personnel Committee to provide a route map to transition to a new People Strategy.

In preparation for the local elections in May 2021, a new induction programme for Members was developed by a cross party member working group, approved by Governance and Ethics Committee and implemented in May 2021.

### Gaps and challenges

A further employee survey was undertaken in April 2021. Staff focus groups with members of the Corporate Leadership Team during the past 12 months explored issues in more depth. These clearly highlighted some of the positives employees experienced from the ability to work more flexibly. The pandemic has also led to issues of isolation, concern over the loss of team working and the need to improve the accessibility of wellbeing support for employees. The survey this year also highlighted the need for clear communication and engagement with employees going forward about future ways of working.

### Focus for 2021/22

Development of, and transition to, a new People Strategy to support delivery of the new Council Plan.

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

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

### Compliance with the Local Code

All elements of the established framework set out in the Local Code were in place during 2020/21. The circumstances of the pandemic required this part of the Code to be applied flexibly to align with, and support, the demands of the Council response. Notable examples are:

- The Risk & Emergency Management Board and the four departmental Risk & Emergency Management Groups met much more frequently than usual to support the Corporate Leadership Team in managing the Council's response. The frequency of meetings was stepped up and down as required, and to remain aligned with the pattern in place with partners in the Local Resilience Forum.
- The Internal Audit termly plans were kept under continual review to ensure the input of internal audit was targeted at delivering timely and agile assurance on new and changing processes. This ensured an appropriate balance between proportionate control and speed of service delivery,
- New performance and business intelligence products were put in place to inform the Corporate Leadership Team's decision-making in managing the effectiveness of the Council response.
- Increased vigilance and information-sharing relating to potential fraud threats arising from the pandemic. The Annual Fraud report for 2020/21 sets out the current assessment that, whilst the incidence of fraud remains low, the Council recognises the significant threat level that fraud poses, and it remains proactive in its stance against it
- Close involvement of the Information Governance Team around the Council's partnership working to ensure compliance with the General Data Protection Regulations.

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

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

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

The Council's assurance mapping process continued to develop in 2020/21, with three new aspects of governance being incorporated. The overall assessments reported for each of the eight dimensions of governance now covered by the process are set out below:

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

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

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

The Group Manager – Assurance provided his annual report as Head of internal Audit for 2020/21. This provided 'Reasonable Assurance' about the Council's arrangements for governance, risk management and control.

### **Improvements & developments during 2020/21**

Following closure of the Information Governance Improvement Programme, ongoing monitoring of data protection risks and compliance is dealt with by the Information Governance Board.

Responsibility for corporate risk management was transferred into the Assurance Group of the Chief Executive's Department, to secure closer alignment with wider assurance activities.

The Council currently meets the standard required to maintain its Bacs Approved Bureau status, and an action plan has been formulated to address the recommended improvements raised in the inspection report.

### **Gaps and challenges**

An external review of the Council's risk management approach has identified opportunities to strengthen its arrangements and thereby progress towards becoming a more risk mature organisation.

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

### **Focus for 2021/22**

Agree and implement a refreshed approach to risk management for the Council This will incorporate an updated Risk Management Policy and Strategy and the subsequent programme of training for relevant officers and Members to ensure its successful implementation.

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



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

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

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

The evidence collected from the sources of assurance set out above at 3.2 confirmed that the key policies, procedures and practices identified in the Local Code of Corporate Governance remained in force during 2020/21. The requirements of the Transparency Code were complied with.

The Head of Internal Audit's Annual Report confirms the Internal Audit service remained compliant with the Public Sector Internal Audit Standards in 2020/21, and it has updated its Quality Assurance and Improvement Plan for 2021/22. The service's direct lines of access to all senior Members and officers continued during 2020/21, and it conducted its duties without encumbrance.

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

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

Existing provisions under the Council's Constitution for broad delegations to Corporate Directors were utilised to carry out service-related, operational decisions. These are widened further during times of emergency, to exercise the powers of the County Council. Emergency decisions and any decisions made under the Urgency Procedures set out in the Council's Constitution were taken after discussion with Group Leaders and reported back to the next, appropriate Committee or Council meeting. A summary was reported to Policy Committee.

### **Improvements & developments during 2020/21**

The impact of COVID-19 on the Council's well-established governance framework has been significant, with all Committees cancelled as in person meetings in compliance with Covid requirements and operated virtually in accordance with Covid Act provisions and government guidance. This was successfully implemented for the whole of the Committee system until the provisions expired after the May elections. The Council has responded to the Government's Call for Evidence in relation to Local Authority Meetings in support of a flexible approach allowing for hybrid meetings to take place in future if required.

The Council's assurance mapping process was further expanded for 2020/21, providing for a comprehensive overview of eight aspects of the Council's governance arrangements.

### **Gaps and challenges**

If hybrid meetings are not permitted there may be ongoing challenges in facilitating all meetings face to face.

### **Focus for 2021/22**

Consideration will need to be given to the approach to in-person, virtual and hybrid committee meetings going forward, in compliance with emerging government guidance.

#### 4. SIGNIFICANT GOVERNANCE ISSUES

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

Issue	Comment
<b>Climate change</b>	At its Annual General Meeting on 27/5/2021, the Council declared a Climate Emergency and tasked its new Transport and Environment Committee to drive measures to achieve the Council's commitment to achieving carbon neutrality by 2030. All other committees of the Council are expected to adhere to this principle through the decisions they take. Progress against the commitment will be reported regularly to Full Council.
<b>The transformation agenda</b>	The Council has brought the engagement with its external partner to a conclusion. An Interim Service Director is in post and is working to implement the outputs from the review. Proposals were approved by the Improvement & Change Sub-Committee in November 2020 to establish four cross-cutting transformation programmes, with two underpinning strands of work. The staffing structure for corporate transformation and change has been approved by the Sub-Committee; enabling into this structure is currently in progress. This features the establishment of a Strategic Insight Unit, along with revised business processes, governance arrangements and co-ordination with departmental service improvement activity. The importance of this work has been compounded by the impact of the pandemic on the County's residents and businesses, alongside the impact on the Council's finances. The scope and focus for Transformation and Change is being reshaped around

Issue	Comment
	the Council's emerging resilience, recovery and renewal objectives.
<b>Financial resilience and sustainability</b>	The COVID-19 pandemic has placed significant, unforeseen and additional financial burdens on the Council. The importance of effective management of the most volatile elements of the annual budget is heightened and remains a key area of focus. The Financial Resilience Group reviewed all aspects of the financial impacts over the summer and an updated MTFS was presented to the Finance & Major Contracts Management Committee. The regular review of the financial impacts and the regular Government returns are now established as business as usual and the Financial Resilience Group has been wound down. Maintaining the flow of transparent, financial data for Councillors remains a key priority. The Council will still have a financial gap over the MTFS and Policy Committee in October 2019 set out a new model for transformation (Achieve/Transform/Save) and since then identified a number of key transformation programmes to enable the Council to address this gap leading to future financial sustainability.
<b>Fair Funding &amp; Business Rates Retention</b>	Progress has been delayed again due to the pandemic, and the Council continues to campaign for the promised Fair Funding Review to occur. It is hoped that this work will be undertaken in 2021.
<b>Pressure on core systems of internal control</b>	The findings of Internal Audit over recent Termly Audit Plans are not identifying a concerning number of areas in which only limited assurance can be provided over the effectiveness of internal controls. However, the Group Manager – Assurance has reported to the Governance & Ethics Committee a decline in implementation rates for agreed actions following audits. Understanding the impact of the pandemic on the internal control


Issue	Comment
	framework in the Council is key to achieving an appropriate balance between probity and speed of response.
	<b>Vulnerability to fraud and cyber security</b>
	The Annual Fraud Report was presented to the Governance & Ethics Committee in June 2021. The incidence of internal fraud remains low, but the Council continues to be the target of attacks from external sources, notably in relation to its suppliers' bank details. The Council is keen to maintain a heightened state of vigilance and preparedness to counter all cyber security threats. The Council is also alert to the opportunities that fraudsters seek to exploit from the pandemic situation and is conducting targeted internal audit work in this area.
	<b>Controversial/sensitive decisions</b>
	The risk of challenge and demonstrations at Council meetings, at which potentially controversial and sensitive decisions are to be taken, is recognised. As the Administration Body for the Nottinghamshire Local Government Pension Scheme, the Council continues to be a focus of attention by the Nottingham Extinction Rebellion group on its stance on investments. The Council's stance and approach on this issue remains under active management.
	<b>UK General Data Protection Regulation (GDPR) / Data Protection Act 2018</b>
	The Information Governance Improvement Programme closed in March 2020, having helped the Council make significant improvements in its exposure to reputational and financial risks of breaches in data protection. Ongoing Information Governance risks, their severity and mitigations are regularly considered by the Information Governance Board (IGB). Risks associated with data flows at the end of the UK EU transition period (end Dec 2020) are being actively managed. Incremental improvements will be made to enhance electronic document and records management, exploiting new technologies and progress in this will also be considered by the IGB. The Council submits an

Issue	Comment
	annual Data Security and Protection Toolkit self-assessment to NHS Digital (next submission due June 2021).
	<b>Move to the Cloud and ICT resilience</b>
	The County Council currently stores its software and data within the ICT Data Centre on the County Hall campus. Work continues to provide these services using a 'cloud' based online approach, as part of the plans to use the latest technology to provide more cost-effective ICT Services. The most appropriate ICT systems and applications remain under review, both in light of the response to the pandemic and with a view to the Council's emerging plans for recovery and renewal. The impact of new ways of working for the vast majority of the Council's staff has required an increase in ICT resilience to enable Council staff to work more effectively at home and with the right technology in place. A range of actions have been taken to achieve a stable service, and this will receive continual monitoring and further update reporting to the Finance Committee.
	<b>Post-EU transition implications for the Council</b>
	The Council has maintained a risk register, since the referendum in 2016, to assess the implications for its continued delivery of local services. This has been updated to reflect the position post Brexit and will continue to be updated to ensure the need for additional mitigations is swiftly identified as the UK's revised relationship with the EU settles in.
	<b>Local Government Association Peer Challenge</b>
	The LGA Peer Challenge was conducted in June 2019 and its subsequent report recognised a number of the Council's key attributes that underpin the positive findings of the Review Team. A report to Policy Committee in October 2019 agreed an action plan in response to the report's five recommendations. Progress is being monitored by the appropriate committee for each action.



Issue	Comment
<b>Ofsted inspection of Children's Services</b>	
<p>The inspection endorsed the actions set in train to deliver improvements in discrete aspects of the service, and the Children &amp; Young People's Committee is overseeing implementation. An annual conversation took place between Ofsted and the Children and Families Leadership Team as part of the Ofsted inspection framework in November 2020, at which the Council's safeguarding response to Covid was considered, alongside a review of the department's self-evaluation of practice and progress against the areas for improvement identified during the inspection in October 2019. This was a constructive conversation which recognised the commitment that the Council has displayed to continuing to improve services for vulnerable children and young people. An update report to the Children and Young People's Committee in February 2021 confirmed the progress being made in all improvement areas.</p>	




## 5. ACTION PLAN

- 5.1. The Governance Action Plan is refreshed on a quarterly basis and reported to the Governance & Ethics Committee. The latest update of the Plan is set out below.




Planned Action	Officer responsible	Target date for completion	Progress status
<p><b>1. Progress reporting against key governance action plans:</b> compliance with agreed progress reporting against key action plans for significant aspects of the governance framework.</p>	<p>Group Manager Assurance to monitor and report compliance with agreed progress reporting</p>	<p>Continuous in 2021/22</p>	<p> In progress</p>
<p><b>1a. LGA Peer Review</b>  <b><i>Recommendations 1 &amp; 2 – developing an inclusive vision for Notts and showing leadership of place</i></b>            Plans for recovering from COVID-19 will encompass the Council’s aspiration for devolution and for building on the Government’s ‘Levelling-Up’ White Paper. We will want to examine all aspects of public sector reform, through conversations with our partners about working more closely together, aligning our services and looking at structures that might be both beneficial and acceptable to all.            Work has commenced to prepare for the new Council Plan and the opportunities that presents to engage fully with all our partners and stakeholders.            Senior members and directors continue to play an active role in the Nottingham &amp; Nottinghamshire Economic Prosperity Committee.</p> <p><b><i>Recommendation 3 – reviewing the constitution and operating model</i></b>            Updated procedure rules were agreed by Full Council in December 2019, following consideration by the Governance &amp; Ethics Committee in November 2019 and have been operational since their approval. Work was put on hold during the pandemic and resources redirected to focus on developing and implementing the necessary arrangements for virtual Committee Meetings and broadcasting of meetings. More recently, work has focussed on considering hybrid meeting options. As agreed at the Annual General Meeting (AGM) on May 27th 2021, the Constitution Review will be progressed via Governance and Ethics Committee and a cross party member working group reinstated to progress this work. The AGM also established a new Committee Structure and terms of reference for new and changed Committees for the forthcoming year. Governance and Ethics Committee will also lead work to review the Member Code of Conduct.</p>			



Planned Action	Officer responsible	Target date for completion	Progress status
<p><b><i>Recommendation 4 – modelling sustainable savings plans</i></b>  A significant plank of the Council’s response is the implementation of an improved transformation model, and our priority, strategic programmes for the next phase of our improvement through recovery and renewal from the pandemic. The Improvement &amp; Change Sub-Committee approved proposals in November 2020, a feature of which is the establishment of a Strategic insight Unit to identify continuous opportunity for sustainable transformation and change. The Policy Committee will continue to monitor progress in 2021/22.</p> <p><b><i>Recommendation 5 – developing a corporate and agile approach to change and digital</i></b>  The Improvement &amp; Change Sub-Committee approved the ‘Improving Customer Experience through Digital Developments’ cross-council programme in September 2019, incorporating five key themes for deliverables. Under this programme, the MyNotts App was successfully launched and continues to be developed further. Significant progress has also been made with the adoption of Microsoft Office 365. The new cross-council Improving Residents Access transformation programme will incorporate digital development as a key theme and include this as one of its workstreams.</p>			
<p><b>1b. IICSA</b>  An update report to the Children &amp; Young People’s Committee in September 2020 reported good progress against the action plan.</p>			
<p><b>1c. Ofsted inspection of children’s services</b>  Following the annual conversation that took place between Ofsted and the Children and Families Leadership Team as part of the Ofsted inspection framework in November 2020, a full report of the meeting will be scrutinised by Children and Young People’s Committee in February 2021. This will detail the constructive conversation around the Council’s safeguarding response to Covid, alongside a review of the department’s self-evaluation of practice and progress against the areas for improvement identified during the inspection in October 2019.</p>			
<p><b>1d. Counter-fraud</b>  The Annual Fraud Report 2020/21 was presented to the Governance &amp; Ethics Committee in June 2021, incorporating a refresh of the counter-fraud action plan. A further, six-monthly update to Governance &amp; Ethics Committee will be reported</p>			





Planned Action	Officer responsible	Target date for completion	Progress status
<p><b>1e. Information Governance risks</b>            The Information Governance Board, chaired by the Council's Senior Information Risk Owner (SIRO) and comprising senior representation from each Council Department along with the Data Protection Officer and Caldicott Guardian, meets regularly to keep IG risks under active management.</p>			
<p><b>2. Post-pandemic review:</b> formally review the Council's response to capture and apply learning for the future. This will build on two reports to date to Policy Committee on the impact of COVID-19.</p>	<p>Chief Executive</p>	<p>To be determined as the course of the pandemic permits</p>	<p> In progress</p>
<p>Internal Audit completed its initial review of the organisational response to the emergency, which delivered positive assurance. A follow-up review on the secondary phase of the Council's response has also been carried out and the report is being finalised. The Emergency Planning Team has reported the outcome of its debriefing survey to the Council's Risk, Safety and Emergency Management Board. This considered the Council's management of the emergency through its emergency response framework and through its significant role within the Local Resilience Forum (LRF). A fuller review through the Local Resilience Forum will be conducted in due course.</p>			
<p><b>3. Equality Impact Assessments (EIA)</b> – review the approach with key stakeholders and deliver refresher training workshops for completion of EIAs, along with an online e-learning package.</p>	<p>Service Director – Customers, Governance and Employees</p>	<p>September 2021</p>	<p> In progress</p>
<p>Following a review during 2019/20, a programme of management training, comprising a blend of workshops and online e-learning, was due to commence roll-out towards the end of the year and into 2020/21. Work was being commissioned through Corporate Equalities Group, working with the self-managed staff support groups, to review and progress this. It is now planned to review the entire equalities training offer, including EIAs, to ensure it remains current with recent developments. The new Equalities Officer has further reviewed our EqIA process with a view to producing a new guidance document on the timing and necessity for completing EqIAs and refreshed training support will align with the wider equalities learning offer. It is expected that this EqIA work will be completed and rolled out by September 2021. Advice and guidance continues to be provided to managers</p>			




Planned Action	Officer responsible	Target date for completion	Progress status
across the Council undertaking service reviews or making changes to how work is delivered on content and necessity for EqlAs to be completed as part of consultation processes.			
4. <b>Constitution review:</b> completion of the review of the Constitution, incorporating financial regulations for property transactions.	Group Manager – Legal, Democratic & Complaints	December 2021	 In progress
As above under 1a. <b>LGA Peer Review</b>			
5. <b>Register of Interests</b> – completion of the current review by Legal Services, followed by approval of proposed changes and awareness raising.	Group Manager – Legal, Democratic & Complaints	March 2022	 In progress
Progress has been restricted by demands on relevant officers during the pandemic response and preparations for local elections. Outcomes are expected to be completed by end of 2021/22 and further progress will be reported back in the Autumn.			
6. <b>CIPFA Financial Management Code</b> – shadow implementation during 2020/21, with periodic progress updates to the Governance & Ethics Committee	Group Manager – Finance Strategy & Compliance	The code is applicable from 1/4/2020, with the planned first full year of compliance being 2021/22	 In progress
<p>The Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:</p> <ul style="list-style-type: none"> <li>• financially manage the short, medium and long-term finances of a local authority</li> <li>• manage financial resilience to meet unforeseen demands on services</li> <li>• manage unexpected shocks in their financial circumstances</li> </ul>			





Planned Action	Officer responsible	Target date for completion	Progress status
<p>Unfortunately, there was a delay in publishing local government final accounts data due to the pandemic which caused a delay in publishing the CIPFA Resilience Index data. This data is part of the FM Code assessment and has only recently become available. This data is before the impact of the pandemic upon local government sustainability so of limited use. The intention is to report on our assessment on the FM Code to the Finance Committee before the end of the Summer 2021. In future it is hoped this will form part of the budget process, but this again will depend on the availability of the data.</p>			
<p><b>7. Planning &amp; Performance Management Framework:</b> Review the framework in line with the development of the new Council Plan</p>	<p>Group Manager – Transformation &amp; Change</p>	<p>Autumn 2021</p>	<p> In progress</p>
<p>The opportunity of the new Council Plan is being taken to refresh the Planning &amp; Performance Management Framework. This will bring forward proposals for business intelligence reporting at all levels in the performance hierarchy. This revised action will incorporate a number of others which remained outstanding at the end of 2020/21, namely:</p> <ul style="list-style-type: none"> <li>- The assimilation of finance, performance and transformation reporting to the Corporate Leadership Team</li> <li>- Improvements to performance reporting in specific departments, notably in Place and the Chief Executive’s Department</li> <li>- The co-ordinated use of benchmarking tools – this will be taken forward by the Strategic Insight Unit for consideration as part of its array of intelligence sources to inform its work.</li> </ul>			
<p><b>8. Continuous assurance:</b> introduction of continuous assurance feeds for key corporate processes.</p>	<p>Group Manager – Assurance</p>	<p>October 2020</p>	<p> Completed</p>
<p>Good progress has been made with the development of continuous assurance feeds on corporate processes. Consultations on the format and content of the feed have been held with the Corporate and Extended Leadership Teams. The assurance feeds will now be updated regularly, and they are a key source of intelligence for the 2020/21 year-end assurance reports, notably the Head of internal Audit’s Annual Opinion, the Annual Assurance Mapping report and the Annual Governance Statement.</p>			
<p><b>9. Audit of recovery and renewal planning:</b> carry out an internal audit review of service planning.</p>	<p>Group Manager – Assurance to arrange for completion of an independent review</p>	<p>October 2020</p>	<p></p>

Planned Action	Officer responsible	Target date for completion	Progress status
			In progress
Initial scoping work had commenced prior to the pandemic for a review of service planning, to be conducted by Assurance Lincolnshire through the Council's internal audit collaboration. This was suspended due to the pandemic. Internal Audit's Term 1 Plan for 2021/22 includes the completion of a review of 'Post-Covid19 recovery and renewal plans.'			
10. <b>Transformation Operating Model:</b> agree and implement a revised operating model for transformation in the Council.	Corporate Leadership Team	July 2020 - approval of new model  January 2021 – New transformation model fully operational	 Completed
Having agreed a new model for transformation, improvement and change at its meeting in July 2020, the Improvement & Change Sub-Committee approved further proposals over the autumn to progress the new model. An Interim Service Director for transformation and change was appointed and he is taking the lead in implementing the revised staffing structures approved by the Sub-Committee in November 2020. Key strategic programmes for change have been agreed, and these will be the focus for the Council's transformation over the next few years. The establishment of a Strategic Insight Unit will provide the drive for continued and sustainable change going forward.			
11. <b>Transformation best practice:</b> carry out the National Audit Office self-assessment guidance for best practice in Member scrutiny of transformation.	Group Manager Assurance	June 2021	 In progress
This will now be conducted as a piece of internal audit work, using the self-assessment as a basis for the audit programme. The assignment was included in Internal Audit's Term 3 Plan and should help inform current developments in the Council to design and implement a revised model for transformation and change. The report is currently being finalised.			

Planned Action	Officer responsible	Target date for completion	Progress status
<p><b>12. Social care fraud risk:</b> Continue to monitor implementation of the agreed actions from the internal audit review of the Council's response to social care fraud.</p>	<p>Group Manager – Assurance and Service Directors/Group managers with responsibility for social care services</p>	<p>Periodic updates to the Governance &amp; Ethics Committee through Internal Audit's follow-up procedure</p>	<p> In progress</p>
<p>The latest position against the agreed actions from Internal Audit's previous reports on this issue was presented to the Governance &amp; Ethics Committee in March 2021. The next update is due in September 2021.</p>			
<p><b>13. Risk management:</b> a) Undertake a review of the Council's approach to risk management, including development of an approach to establishing the Council's risk appetite  b) Agree and implement a revised approach to risk management for the Council</p>	<p>Group Manager – Assurance</p>	<p>a) April 2021  b) September 2021</p>	<p> Completed   In progress</p>
<p>An external report on the Council's arrangements for risk management was completed and considered by the Risk, Safety &amp; Emergency Management Board in May 2021. Proposals for a revised approach to implement the findings of the review will now be formulated for consideration by the Board, the Corporate Leadership team and ultimately by the Governance &amp; Ethics Committee for approval.</p>			
<p><b>14. Vacant property management:</b> further progress report to Governance &amp; Ethics Committee on actions to address the risks identified by the internal audit</p>	<p>Corporate Director - Place</p>	<p>Periodic updates to the Governance &amp; Ethics Committee through Internal Audit's</p>	<p> In progress</p>

Planned Action	Officer responsible	Target date for completion	Progress status
		follow-up procedure	
The latest position against the agreed actions from Internal Audit's previous reports on this issue was presented to the Governance & Ethics Committee in March 2021. The next update is due in September 2021.			
15. <b>Data quality in Mosaic:</b> greater priority given to addressing issues highlighted by routine reporting	Corporate Director – Adults Social Care and Health, informed by reports of the Group Manager - Assurance	To commence in the 1 <sup>st</sup> quarter of 2021/22	 Yet to start
This will become a focus for attention from the 1 <sup>st</sup> quarter of 2021/22.			
16. <b>Pension Fund Committee:</b> active management of the Committee's meetings	Service Director – Finance, Infrastructure & Improvement	Ongoing in 2021/22	 In progress
Meetings were held virtually during 2020/21 and will return to being in-person meetings in 2021/22.			
17. <b>IICSA Accountability &amp; Reparations:</b> update the Council's response for the findings and recommendations of IICSA in its Accountability & Reparations Report	Corporate Director Children's & Families & Service Director Finance, Infrastructure & Improvement	To be determined following publication of the IICSA report	 Yet to start
Further updates and guidance from IICSA are awaited.			

Planned Action	Officer responsible	Target date for completion	Progress status
<p><b>18. ICT resilience:</b> keep the resilience of ICT provision, and development of digital working solutions, under frequent review to remain aligned with the Council's operating environment during recovery from the pandemic.</p>	<p>Group Manager - ICT</p>	<p>As part of established reporting to the Finance Committee in 2021/22</p>	<p> In progress</p>
<p>Substantial improvements in the resilience of our ICT systems have been made that has supported the Council in its response to the pandemic. An Improvement &amp; Change Sub-Committee report on 22 March 2021 updated Members on all key activity within ICT, which includes a number of programmes to improve resilience such as the Computer Equipment Replacement Programme, Cloud technology and Wide Area Network improvements. Future update reporting will be to Finance Committee in the new Committee structure.</p>			
<p><b>19. Fair Funding &amp; Business Rates Retention:</b> continue to be active in campaigning for the Fair Funding Review to take place.</p>	<p>Service Director – Finance, Infrastructure &amp; Improvement</p>	<p>Ongoing pending an announcement from Government</p>	<p> In progress</p>
<p>The original plan was for BBR and FFR to be completed by 2020. Unfortunately, successive local government finance settlements have postponed this process, for a number of differing reasons, and therefore implementation into future years. Currently, there is considerable uncertainty as to whether Government has the appetite nor Parliamentary time to pursue this in the original shape when first announced in the Chancellor's Autumn Statement in 2017. The various MHCLG/LGA working groups have not met for over a year and the Local Government Settlement in December 2020 indicated implementation would be subject to future announcements.</p>			

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

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

*The Governance and Ethics Committee reviewed the local code of corporate governance and this statement at their meeting on 21 July 2020. We are aware of the steps that are being and will be taken to address the above significant governance issues and we are satisfied that these are appropriate. We will monitor their implementation during the course of 2020/21 and beyond.*

**Signed:.....**

**LEADER**

**Signed:.....**

**CHIEF EXECUTIVE**

23 June 2021

Agenda Item: 10

## **REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT**

### **ASSURANCE MAPPING ANNUAL REPORT 2020-21**

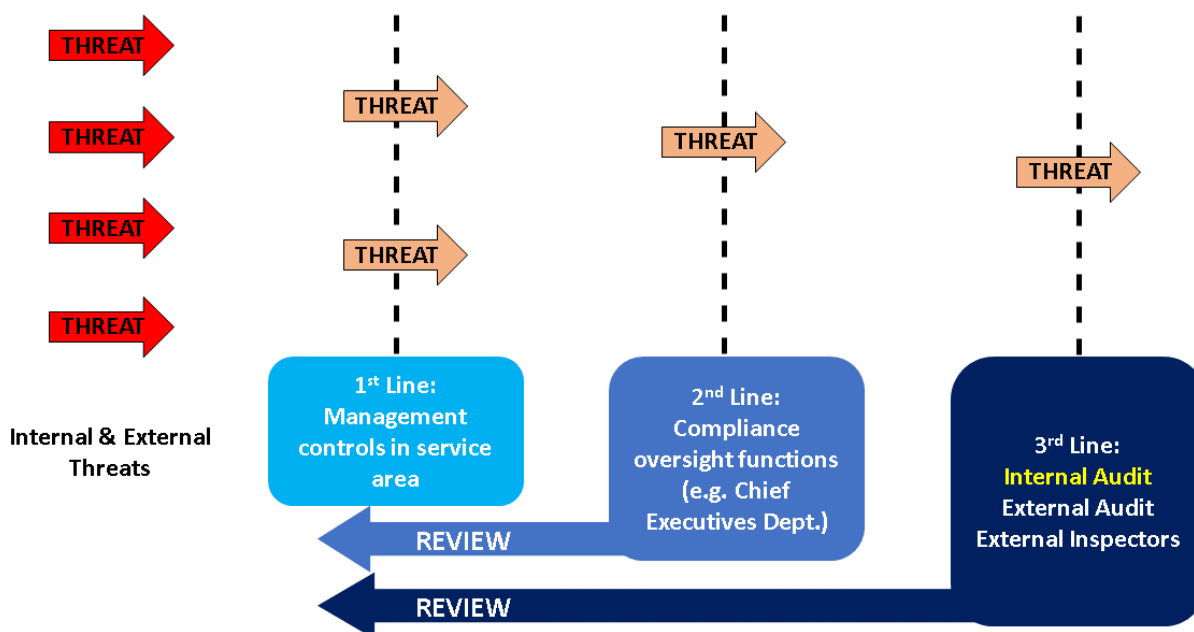
#### **Purpose of the Report**

1. To present the outcomes from the assurance mapping work carried out during 2020-21, and to consider the approach for 2021-22.

#### **Information**

2. This is the third annual report following members' approval of the pilot undertaken in 2018-19. For the benefit of Members new to this process, the aims and benefits of assurance mapping are:
  - To provide annual assurance to the Council (both the Corporate Leadership Team (CLT) and the Governance & Ethics Committee) that effective governance arrangements are in place in the areas that matter most to the Council
  - To provide a sound and comprehensive basis for the Annual Governance Statement (AGS)
  - To identify any overlaps or gaps in assurance from all available sources, allowing improvements to be made in co-ordinating efforts in the coming year
  - To inform the Governance & Ethics Committee's work programme
  - To inform Internal Audit Plans.
3. The remit of the assurance map was expanded to include three new areas for 2020-21, so it now includes the following eight areas:
  - Financial management
  - Risk management
  - People management
  - Commissioning and procurement (new for 2020/21)
  - Performance management
  - Asset management
  - Information governance (new for 2020/21)
  - Transformation and change (new for 2020/21)
4. For each of these areas, Key Lines of Enquiry (KLOEs) were determined and used to map the sources of assurance available to the Council across its Three Lines Model.




# Three Lines Model



5. This third annual report covers the following elements:
  - a) Reporting the evidence gathered from the assurance sources across the three lines model and assessing what assurance can be taken from it about the Council's arrangements for the eight areas of governance.
  - b) Proposing actions to be taken in 2021/22 to address any concerns identified.
  - c) Considering the progress made and consolidation of assurance areas for 2021/22.

## Assurance mapping outcomes in 2020/21

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

- 
Red - The evidence identifies weak assurance and points to significant cause for concern with a number of KLOEs. Urgent action is required.
- 
Amber - The evidence has identified positive assurance, but there are some KLOEs on which action is required as a matter of priority over the coming year.
- 
Green - The evidence provides strong assurance that risks and challenges are under active management. There may be scope for strengthening in some KLOEs.

The following summaries also set out current developments and proposed actions to address the gaps and issues highlighted for each aspect of governance.



## Financial Management – Budgetary Control

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
Strong assurance that budgetary control procedures are complied with	<p>Close in-year, monthly budget monitoring with due focus on volatile budgets - forecast underspend of £12.4m for 2020/21 across departmental budgets</p> <p>Balanced budget agreed for 2021/22</p> <p>Facing significant budget challenges ahead - Medium Term Financial Strategy (MTFS) shows cumulative budget shortfall of £51.4m over next 3 years</p>	Reasonable assurance from Internal Audit on budget forecasting procedures and financial resilience.



<b>Green</b>	<p>Significant budget challenge facing the Council</p> <p>Budgetary control procedures are strong</p>
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### Developments and actions

Relevant actions included in the Annual Governance Statement (AGS) Governance Action Plan:

- Implementation of the Chartered Institute of Public Finance & Accountancy (CIPFA) Financial Management Code
- Continued campaigning for the Fair Funding review to take place

## Financial Management – Financial Compliance

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
Strong assurance that the Council's Financial Regulations are complied with	<p>Provision of timely and effective professional advice to front-line services</p> <p>Monthly monitoring confirms good levels of compliance with core financial procedures, including budget monitoring.</p>	<p>Rolling 12-month reports of the Chief Internal Auditor confirm a reasonable level of internal control is in place</p> <p>Internal audit opinions issued provide positive assurance over internal control</p>



<b>Green</b>	<b>Strong assurance available from all three lines of defence</b>
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### Developments and actions

No developments or additional actions are identified

**Financial Management – Financial Prudence**

<b>1<sup>st</sup> Line</b>	<b>2<sup>nd</sup> Line</b>	<b>3<sup>rd</sup> Line</b>
High degree of assurance of compliance with the Treasury Management Framework and Investment Strategy	Strong cashflow management and bank reconciliation procedures  Above average returns on prudent investments in an increasingly challenging environment  Borrowing managed within the limits of prudential indicators	Positive assurance from Internal Audit of Financial Resilience and Continuous Audit.  CIPFA indicators of financial stress for 2019/20 show the Council as responding prudently to its known financial challenges.



<b>Green</b>	<b>Prudent approach to addressing known financial challenges</b>
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<b>Developments and actions</b>
No developments or additional actions are identified

**Financial Management – Value for Money**

<b>1<sup>st</sup> Line</b>	<b>2<sup>nd</sup> Line</b>	<b>3<sup>rd</sup> Line</b>
Corporate Director assurance statements provide reasonable assurance that service provision is under active and ongoing review	Mixed levels of progress with transformation projects from performance dashboard.  The transformation model and programme are delivering savings but still in a state of transition.	External Auditor provided unqualified VFM conclusion for 2019/20  Transformation projects challenge service delivery and delivery of value for money



<b>Amber</b>	<b>Strong focus on ensuring the transformation model and programme continue to drive improvements in VFM</b>
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<b>Developments and actions</b>
Relevant actions included in the AGS Governance Action Plan: <ul style="list-style-type: none"> <li>• Implement proposed changes to the transformation model and refocus performance management to support its delivery</li> <li>• Development and implementation of continuous assurance feeds to the Corporate Leadership Team and Governance &amp; Ethics Committee.</li> </ul>

<b>Performance Management</b>		
<p style="text-align: center;"><b>1<sup>st</sup> Line</b></p> <p>Reasonable assurance regarding frontline performance management and continuous service review</p>	<p style="text-align: center;"><b>2<sup>nd</sup> Line</b></p> <p>Good progress against key strategic measures reported monthly to Corporate Leadership Team</p> <p>Mixed progress against measures in the Council Plan and Departmental Strategies</p>	<p style="text-align: center;"><b>3<sup>rd</sup> Line</b></p> <p>Positive assurance from Internal Audit Covid phase 1 and 2 response and recovery review</p>
↓	↓	↓
<b>Amber</b>	<b>Framework in place which will be refreshed with the development of the new Council Plan</b>	
<b>Developments and actions</b>		
<p>Relevant actions included in the AGS Governance Action Plan:</p> <ul style="list-style-type: none"> <li>The Council's Planning &amp; Performance Management Framework will be reviewed as part of the development of the new Council Plan 2021-2025.</li> </ul>		

<b>Risk Management</b>		
<p style="text-align: center;"><b>1<sup>st</sup> Line</b></p> <p>Strong focus on operational risk management in 2020/21, to handle the CV19 pandemic and flooding emergencies</p> <p>Risk management strategy and framework in place and reasonable assurance overall on frontline compliance with mitigating actions for the corporate risk register</p>	<p style="text-align: center;"><b>2<sup>nd</sup> Line</b></p> <p>Corporate risk register was brought up to date for the impact of Covid-19</p> <p>Updates on risk management to Governance &amp; Ethics Committee have resumed</p> <p>Proposals for a revised approach to corporate risk management will be brought forward following the external Health Check.</p>	<p style="text-align: center;"><b>3<sup>rd</sup> Line</b></p> <p>Health check by the Council's insurers identifies scope for improvement in corporate risk management arrangements and risk maturity.</p> <p>British Standards Institution (BSI) awarded the Council ISO45001 Safety Certification</p>
↓	↓	↓
<b>Amber</b>	<b>Effective operational risk management response for Covid and flooding emergencies Corporate risk management approach and strategy requires improvement</b>	
<b>Developments and actions</b>		
<p>Relevant actions included in the AGS Governance Action Plan:</p> <ul style="list-style-type: none"> <li>Implement changes to the delivery of corporate risk management, including the establishment of the Council's risk appetite</li> </ul>		

## Asset Management

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
Property Transformation Programme completed, and actions are being implemented	ARC and KPI Reporting Sub-Group established 27 KPI's for reporting – most are on track and remedial actions in pace where needed  Statutory Compliance Testing reported by ARC – minor remedial work required for compliance  New stock condition survey protocol established but only a limited number completed to date	Positive assurance from Internal Audit work in relation to Property Compliance and Facilities Management.  Positive assurance from other external inspectors, such as British Standards Institution and External Audit.



<b>Amber</b>	<b>The Property Transformation Programme has been completed and work continues to embed changes</b>
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### Developments and actions

Complete work on the Strategic Asset Management Plans and Property Asset Management Plans. Continue to develop the use of performance indicators to provide monitoring and oversight.

## People Management – Safe Working Environment

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
Health & Safety policies remain in place  Tools developed to cope with Covid 19 working arrangements	Internal inspections return positive assurance  Reducing number of employer liability claims  Reducing number of incidents overall, but some increase in RIDDOR reportable incidents	BSI inspections only identified minor issues; no enforcements or fines  ISO 45001 British Standard in health and safety achieved



<b>Green</b>	<b>Strong assurance from all three lines</b>
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### Developments and actions

No developments or additional actions are identified.

## People Management – Staffing Capacity & Staffing Affordability

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
<p>Policy and procedure framework in place</p> <p>Reasonable assurance regarding completion of Employee Performance &amp; Development Reviews (EPDRs) but completion rates low during pandemic</p>	<p>Staff turnover rates are manageable</p> <p>CLT dashboards developed for absence management during Covid19, which has reduced</p> <p>Departmental workforce modelling is continuing to be developed to review agency spend</p>	<p>Positive assurance from Internal Audit for workforce on Phase 1 and 2 Covid19 reviews</p> <p>Workforce modelling has been partly implemented in ASCH but delayed due to Covid19</p>



**Amber**

**2020/21 was a challenging year for all the Council's staff. There are clear areas to develop as the Council moves into recovery and renewal**

### Developments and actions

The development of departmental workforce modelling will bring added and important assurance

## People Management – Staff motivation

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
<p>Positive feedback from Corporate Directors' assurance statements regarding staff induction.</p>	<p>Positive employee satisfaction with well-being survey</p> <p>Improvements seen in gender pay gap and diversity</p> <p>Workforce diversity is improving however work continues with disabled employees</p> <p>Covid19 training resources have been provided, mental health first aiders established</p>	<p>Substantial assurance from Internal Audit Covid19 review in relation to Smarter Working and Communication.</p> <p>Disability Confident Employer certification achieved and Disability Confident Leader assessment submitted</p>



**Green**

**Assurance is mostly positive, with no significant issues of concern**

### Developments and actions

Relevant actions included in the AGS Governance Action Plan:

- Equality Impact Assessments – finalise consultation with key stakeholders, review and deliver refreshed training

## Information Management

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
<p>Data security incident &amp; breach management procedure in place</p> <p>Positive assurance from Corporate Directors' Annual Assurance Statements</p> <p>Mandatory Information Governance training is in place</p> <p>Framework of Policies and Standards</p>	<p>Information management is monitored through the Information Governance (IG) Board</p> <p>Regular reports to the IG Board monitor the challenge of cyber security and include action plans.</p> <p>CLT and IG Board monitor data breaches and DPIAs routinely.</p>	<p>Internal Audit activity has provided positive assurance in relation to Information Governance, Internet Controls, &amp; Active Directory.</p> <p>Action plans are being implemented to resubmit Cyber Essentials accreditation.</p>



<b>Amber</b>	<b>Controls are in place, but work continues to implement action plans regarding known areas for continuing improvement</b>
--------------	---

<b>Developments and actions</b>
Ensure Cyber Essentials action plan is completed to support accreditation

## Commissioning & Procurement – Strategy and Resources

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
<p>Procurement Strategy in place to enable consistent approach</p> <p>Tool-kit and guidance available for 5 key areas of contract management</p>	<p>Management oversight by the Commissioning and Programme Boards.</p> <p>CLT receive contract management updates from Procurement which include KPI's.</p> <p>Further work required on links with D2N2, Health commissioning and ASCH tendering.</p>	<p>LGA virtual peer challenge of Inspire was generally positive</p> <p>Limited assurance from Internal Audit on Contract Management and Commissioning, however work is underway to address concerns.</p>



<b>Amber</b>	<b>Strategy and Tool-kit in place with further work on application in progress</b>
--------------	--

<b>Developments and actions</b>
Application of commissioning tool-kit and contract management guidance will generate consistency in approach and deliver enhanced links with partners.

## Commissioning & Procurement – Consistent and Effective

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
Centralised procurement function promotes a consistent approach through guidance and training on toolkits	<p>Commissioning Board engaged in the review of progress and outcomes</p> <p>Contract management practitioners group monitors implementation</p> <p>Spend analysis is undertaken across all departments. Covid 19 has impacted on the pace of change in commissioning</p>	<p>Limited 3<sup>rd</sup> line assurance available</p> <p>East Midlands regional commissioning group quarterly benchmarking</p> <p>External review of ASCH e-digital readiness.</p>



**Amber**

**Rollout of improvements has been hampered by Covid19**

### Developments and actions

Continue to develop and monitor the compliance with application of corporate approach and guidance across all departments.

## Transformation and change

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> Line
<p>Major restructure and revised approach to transformation and change progressed in 2020/21</p> <p>New transformation projects start in 2021/22.</p> <p>Positive assurance from Corporate Directors on engagement with stakeholders</p>	<p>The delivery of current, departmental savings projects is on track.</p> <p>Routine reporting of transformation progress and project delivery.</p>	<p>Internal Audit review compared to NAO guidance provides reasonable assurance</p> <p>Work with the Council's transformation partner resulted in proposals for a new approach to transformation and change, along with core corporate programmes</p>



**Amber**

**2020/21 was a significant year of discovery and transition for the Council's approach to transformation and change. 2021/22 will see a focus on implementation.**

### Developments and actions

Implementation of new structures and approaches to transformation and change to now drive forward the agreed, new programmes.

7. Key conclusions that may be drawn from the evidence presented are:

- As a Council, we are fully aware of the financial challenges we face, and we continue to take appropriate and effective action to meet them.
- Remodelling the approach to transformation has progressed significantly and will bring a different approach to both transformation and performance management.
- The approach to corporate risk management will be revised which will further strengthen our insights and preparedness for future challenges.
- We continue to have strong arrangements in place for the effective management of our people, and this was effective through the pandemic emergency. We will continue to work on key developments to support staff through recovery and renewal.
- We have good arrangements in place in relation to information management and information governance, but remain vigilant to cyber-attack and data breaches.
- Improved commissioning and procurement processes are being rolled out and embedded and the Council actively promotes effective contract management to demonstrate value for money.

### **Use of the outcomes from Assurance Mapping**

8. One of the primary aims of assurance mapping is to provide annual assurance to the Council that effective governance arrangements are in place in the areas that matter most to the Council
9. Beyond this, the assurance assembled through this process can be put to effective use to inform and direct wider governance activity in the Council. The outcomes of this report have been used as set out below:
- a) The Council's Annual Governance Statement (AGS) for 2020/21 – the findings from this year's assurance mapping process have been used as a source of assurance for the statutory AGS.
  - b) Governance & Ethics Committee's work programme – this assurance mapping report provides an important steer for the Committee regarding the areas in which it may wish to seek further assurance in 2021/22.
  - c) Internal Audit Plans – assurance mapping has delivered a clear view of the relative areas of strength and weakness in the governance processes covered by the map. The Team has updated its approach to audit planning and incorporates intelligence gathered from assurance mapping to identify priority needs. The intelligence gathered from this assurance mapping exercise to inform future plans includes:
    - considering performance monitoring in relation to the new Council Plan
    - development of the workforce models across all departments
    - delivery of action plans to ensure information management accreditation
    - implementation of commissioning and contract management across the Council
    - delivery of objectives for transformation projects.



## **Proposals for assurance mapping in 2021/22**

10. Given that this is the third year of incremental change to the coverage of the assurance mapping exercise, it is felt an ideal time to consolidate work on the eight current areas of assurance. We will continue to report on the existing eight areas during 2021/22 and consider any new areas for the subsequent 2022/23 assessment.

### **Other Options Considered**

11. The assurance mapping process might be discontinued. This would deny the Council the benefits of the approach highlighted in this report. The scope of the assurance map might be retained to cover just the eight aspects of governance covered in 2020/21. This would preclude the measured widening of the scope to allow extended benefits to accrue.

### **Reasons for Recommendations**

12. To recognise the benefits that the assurance mapping approach has brought to the Council, along with the improvements that may be made to it. Further, to consolidate the benefits of the approach to the current scope for the 2021/22 assessment.

### **Statutory and Policy Implications**

13. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.
14. The assurance map aims to deliver a comprehensive assessment of the effectiveness of the Council's governance, risk and control framework. This will provide assurance relating to many of the considerations listed above.

## **RECOMMENDATION/S**

- 1) The assurance mapping process is retained in 2021/22
- 2) The scope of the assurance map for 2021/22 is consolidated to focus on the existing eight assurance areas.
- 3) Progress against proposed actions to address the issues identified be reported to Committee as part of quarterly update reports on the AGS.
- 4) Members consider the assurance delivered in the eight aspects of governance covered by the map and determine whether there are additional actions they would like to see implemented.

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

**For any enquiries about this report please contact:**  
Rob Disney, Group Manager – Assurance

**Constitutional Comments (EKH 02/06/2021)**

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

**Financial Comments (RWK 02/06/2021)**

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

**Background Papers and Published Documents**

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

- None

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

- All

# Financial Management Assurance from KLOEs – Budgetary Control

Congruent plans      Effective monitoring & reporting      Corrective actions      Budget pressures  
 In-year forecasting      Income stream maximisation      Overspending minimised      Underspending redirected to pressures

1<sup>st</sup> Line

2<sup>nd</sup> Line


3<sup>rd</sup> Line

**Positive assurance**   
 Corporate Directors' Annual Assurance Statements.

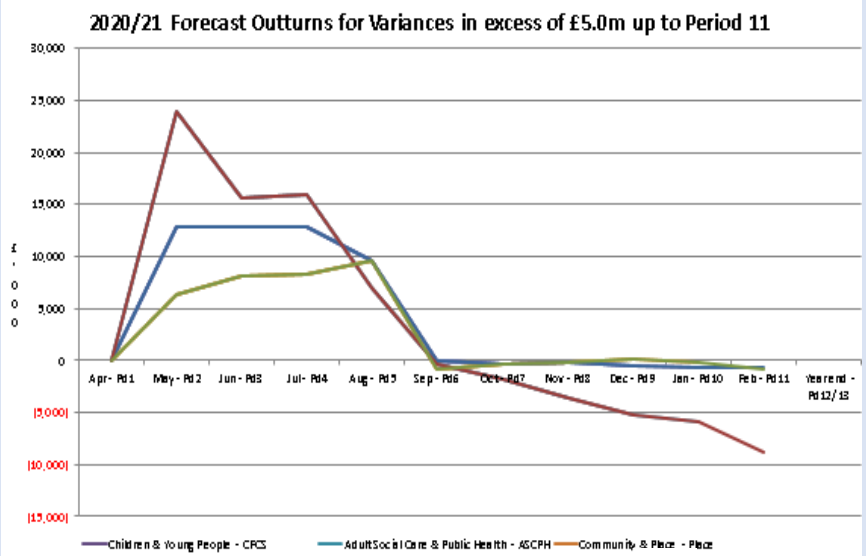
**Positive assurance**   
 Close in-year budget monitoring and reporting – monthly financial monitoring report to the Finance & Major Contracts Management Committee, including a focus on volatile budgets.


**Positive assurance**   
 Internal audit of budget forecasting (Mar 2020) >60% recommendations actioned.

Budgetary control processes carried out.

Monitoring of fluctuations shows in-year forecasting is reasonably reliable.   
 The forecast net underspend across all departments for 2020/21 is £12.4m.


Dept	Assurance Level
ASCH	Substantial
C&F	Reasonable
Place	Substantial
CEX	Substantial



**Mixed Assurance** 

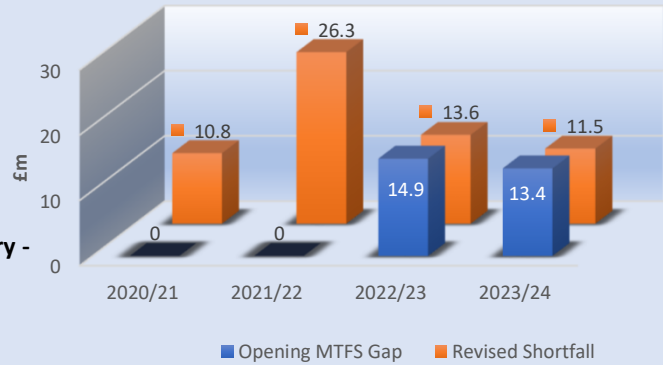
- Covid-19 related Government grants received and factored into forecast financial position.
- The regular review of the financial impacts and the regular Government Delta-2 returns are now established as business as usual
- Anticipated shortfall in funding for the year likely to be £10.8m (to be met from reserves) and over £26m in 2021/22. The new shortfall scenario, next 3 years to 2023/24, is likely to identify a gap of £51.4m:



Internal audit review of Financial resilience – Stage 2 (Sep 2020).

2020/21 Period 11 Summary Capital Programme Position: 

Summary – all Committees	Revised Capital Programme £'000	Actual Expenditure to Period 11 £'000	Forecast Outturn £'000	Expected Variance £'000
<b>Total</b>	<b>119,386</b>	<b>78,805</b>	<b>117,824</b>	<b>(1,562)</b>

**Revised MTFS Summary - Cumulative Funding Shortfall Estimates**



 Opening MTFS Gap     Revised Shortfall

## Financial Management Assurance from KLOEs – Financial Compliance

Compliance with budget holder duties

Financial Regulations compliance

1<sup>st</sup> Line

**Positive assurance** 

Corporate Directors' Annual Assurance Statements.

Compliance with Financial Regulations.

Dept	Assurance Level
ASCH	Reasonable
C&F	Substantial
Place	Substantial
CEX	Substantial

2<sup>nd</sup> Line

**Positive assurance** 

The Chief Executive's Department is comprised of a range of professional staff delivering routine and ad hoc advice to other managers and Councillors. An important focus of this input is to assist the organisation in complying with internal and statutory regulations.

Financial, constitutional and HR-related comments are provided for all committee reports as a matter of routine.

Financial Control Statement - reported monthly within the Chief Executive's Department, to provide a focus on a range of compliance issues. The evidence available from the period 12 report is summarised as follows:

✓ Effective use of accounting procedures - accounting code maintenance

- 53% budget lines <£1,000 – double the amount last year
- % virement lines <£1,000 – 39% average
- % journal transfer values posted to direct pay codes – 0.11% of debit values.
- % journal transfer lines <£100 - 9.7%

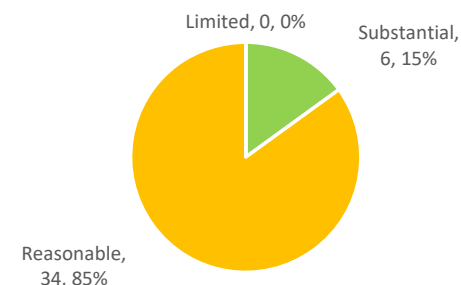
3<sup>rd</sup> Line

**Positive assurance** 

Chief Internal Auditor (Group Manager – Assurance) provides a rolling 12-month view of opinions issued by Internal Audit on the adequacy of the Council's system of internal control, governance and risk.

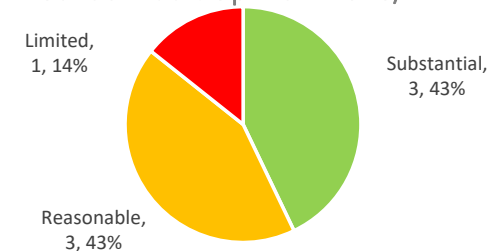
Internal Audit opinions issued in 2020/21 to the end of Term 3:

Opinions:- 2020/21



7 School visits undertaken in 2020/21 - resulted in:

School Audit Opinion: 2020/21



- Compliance with budget forecasting procedure: High level of compliance – as detailed above under 'Budgetary Control'
- Reconciliation of bank and holding accounts: All reconciliations up to date
- Monitoring of accounts payable indicators : 92% paid within terms; Low number and value of open invoices and invoices entered over 30 days
- Monitoring of sales ledger debt: % of total outstanding debt over 6 months old (by value) – 28%
- Bad and doubtful debts monitoring: The number of write-offs per month is low at 42, and the total write-off value for the year is £391,919. This is an average of £37k per month compared to £46k per month in the previous year or £843 per write-off which is not excessive.
- Payroll monitoring: Total value of net pay – monthly payments are relatively consistent around £36m; Low number and value of net pay advances (21 advances totalling £13,537 per month)
- Payovers monitoring: Statutory pay overs (tax, national insurance, statutory maternity pay, etc) are up to date
- VAT issues: No significant issues have arisen
- Capital issues: No significant issues have arisen

## Financial Management Assurance from KLOEs – Financial Prudence

Treasury management framework

Investment strategy

Finance charges minimised

Returns on investments

1<sup>st</sup> Line

2<sup>nd</sup> Line

3<sup>rd</sup> Line

**Positive assurance** 

1<sup>st</sup> Line staff provide assurance that the Council's Treasury Management Framework and Investment Strategy is applied on a daily basis.

Effective cashflow management (March 2021 Committee report). Updates in the capital programme and cashflow forecasts showed that further borrowing would not be required.

Prudent investment activity – outstanding investment balances totalled approximately £44m at the start of the year and approximately £74m at the end of February 2021.

A snapshot of the return on investments at the half yearly position (Sept 2020) was as follows below. Covid-19 has impacted on the return on Investments, as anticipated, so whilst this is low, it is comparative with other Local Authorities (The LIBID for 2020/21 at the end of Sept 2020 was 0.17 and at the year-end was 0.09%):

Table 2: Snapshot return on Investments	Balance	Return
	£m	%
<b>Total</b>	<b>81.75</b>	<b>0.04</b>
<b>Year-end 31<sup>st</sup> March 2021</b>	<b>92.2m</b>	<b>0.03</b>



For comparison, here follows a snapshot of the return on investments at the half yearly position in the previous year (Sept 2019):

Table 2: Snapshot return on Investments	Balance	Return
	£m	%
<b>Total</b>	<b>43.4</b>	<b>0.73</b>

Over the same period the average 7 day LIBID was 0.57%

**Mixed Assurance** 

Whilst PWLB interest rates remain low due to impact of Brexit and Covid-19, the Treasury Management Group continue to monitor PWLB and market rates with a view to borrowing when this becomes necessary and rates favourable.

**Positive Assurance** 

Strong compliance with the Council's Treasury Management Strategy, as reported to the Finance & Major Contracts Monitoring Committee each month.

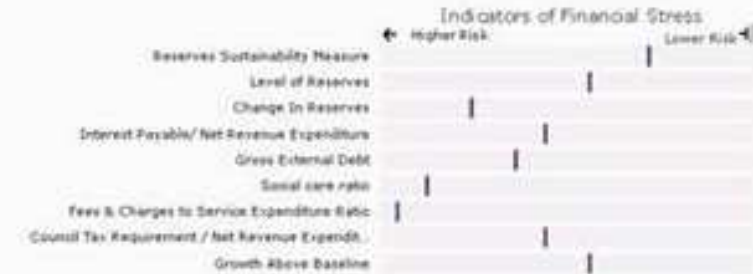
**Mixed assurance** 

This shows Nottinghamshire's position relative to other County Councils

Its use is limited as data relates to the 2019/20 financial year

CIPFA Financial Resilience Index

Results Breakdown



**Positive assurance** 

A procedure was introduced for the Treasury Management team to remotely check and approve the daily cashflow, with any surplus invested. Internal audit continuous assurance measures since April 2020 include confirmation that the daily cashflow is checked and approved. Only one error during the period identified.

Reasonable assurance from the Financial resilience audit.

## Financial Management Assurance from KLOEs – Value for Money

Service provision review

Use of benchmarking

Options for change

Value for money achieved

Transformation programme delivering

1<sup>st</sup> Line

2<sup>nd</sup> Line

3<sup>rd</sup> Line

### Positive assurance

Corporate Directors' Annual Assurance Statements.

Ongoing review of services and use of benchmarking

Dept	Assurance Level
ASCH	Substantial
C&F	Reasonable
Place	Substantial
CEX	Reasonable

Partnerships and collaborations to aid VFM

Dept	Assurance Level
ASCH	Substantial
C&F	Reasonable
Place	Substantial
CEX	Substantial

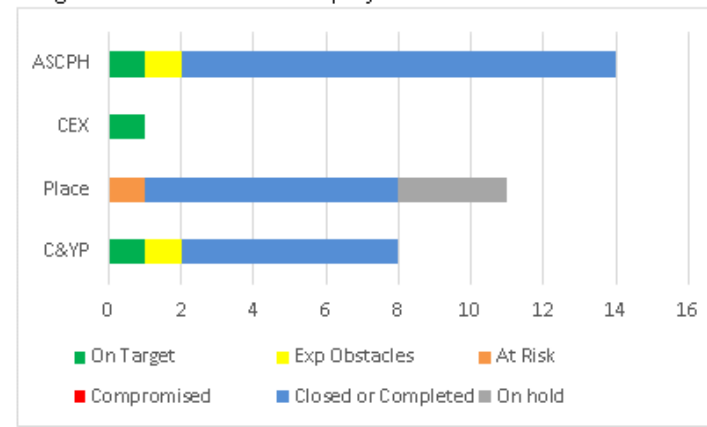


### Mixed assurance

CLT reports – March 2021 set on performance, finance and transformation progress:

Dept	CLT Performance Dashboard Summary	Estimated out-turn at period 11 (Feb 2021) (y/end not finalised)
	% measures on track	Overspend /underspend £'000
ASCPP	50%	-8,852
C&F	54%	-687
Place	100%	-838
CEX	82%	-2,090
Total	72%	-12,467

Progress with transformation projects – March 2021:



### Positive assurance

External audit unqualified opinion - annual letter 2019/20 – Grant Thornton.

### Value for Money conclusion

Unqualified conclusion:- 'We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020'.

The Council applies a stringent monitoring regime and the MTFS is monitored and aligned to the vision of the Council and adjusted where necessary.

Transformation Partner:

- The work carried out by the external transformation partner has been concluded, culminating in a new corporate model for transformation, improvement and change. Progress on its implementation has been reported to the Improvement and Change Sub-Committee and programmes are built upon learning from Covid-19 which align to the MTFS.
- The new model for transformation and change includes a Strategic Insight Unit, a transformation and change bureau and a transformation and change portfolio office



Limited assurance from Internal Audit review of Corporate Commissioning 2019/20, implementation of recommendations remains in progress.

## Performance Management Assurance from KLOEs

Compliance with Planning & Performance Management Framework

Target performance levels to deliver Council Plan

Effective performance management

Accountability for performance

Use of benchmarking

Actual performance levels achieved

Progress of transformation programme

1<sup>st</sup> Line


**Positive Assurance** 

Corporate Directors' Annual Assurance Statements

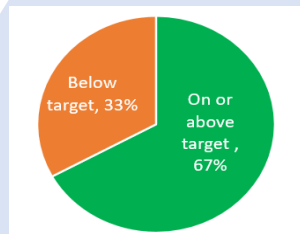
Performance management benchmarking processes


Dept	Assurance Level
ASCH	Substantial
C&F	Reasonable
Place	Substantial
CEX	Reasonable

2<sup>nd</sup> Line

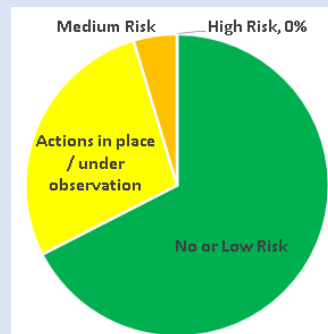
**Positive Assurance** 

Report to Corporate Leadership Team on 43 Key Council-wide service and strategic performance measures. Position at year-end:



**Mixed Assurance** 

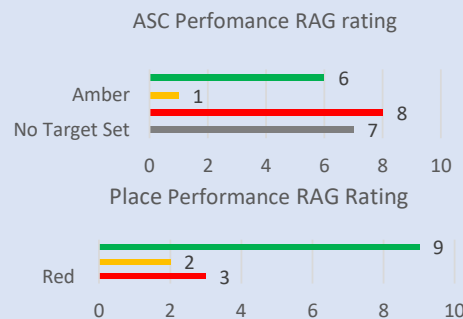
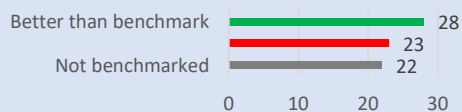
Report to the Improvement & Change Subcommittee on the Council Plan, covering the revised 27 core measures which focus on whether plan commitments are being achieved. As at September 2020:



Quarterly reporting of Adults Social Care department and Place department core data sets to service committees, as at quarter 3, Oct-Dec 20

C&F department performance data is benchmarked against other councils (the national average).

Children & Families Performance as at Q3



There is no consolidated reporting on performance for the Chief Executive department, with reporting being split across various committees. However, relevant performance information has been covered within the Finance, Information and People Management Assurance Maps.

3<sup>rd</sup> Line

The response to Covid-19 had a significant impact on the Council's activity this year

**Positive Assurance** 

Covid-19 phase 1 response & recovery internal audit report overall rating:



**Mixed Assurance** 

Covid-19 phase 2 (draft report) response & recovery internal audit report, overall rating:



## Risk Management Assurance from KLOEs

Risk management strategy & framework	National, regional and local horizon scanning	Established risk appetite	Risk registers maintained
Risk mitigation actions carried out	Risk management informs key decision-making	Exposure to significant risks is minimised	Focus on high priority risks
Prompt actions taken where risks materialise			

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

#### Positive Assurance

- Risk Management Framework continued to operate effectively in 2020/21. RSEMB and RSEMGs met with increasing and variable frequency to meet the demands of the Covid-19 response
- Corporate Emergency Management Team, and RSEMB, also responded to other, significant incidents, notably flooding
- Appropriate insurance cover remained in place during 2020/2021
- Corporate Directors' Annual Assurance Statements, detailing compliance with Corporate Risk Register mitigations

Dept	Assurance Level
ASCH	Substantial
C&F	Reasonable
Place	Substantial
CEX	Reasonable

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

#### Emerging Assurance

- The Corporate Risk Register has been regularly reviewed and an update report presented to the G&E Committee on a six monthly basis.
- 11 Risks have been identified in the Corporate Risk Register. Risk scores have decreased in some areas, particularly in relation to COVID and Brexit related risks as mitigating controls have been introduced and risks have reduced.
- Pilot schemes are in place to determine both corporate and departmental risk appetite.
- RSEMB is to receive further proposals for a refresh of the Council's approach to risk management (following the external Healthcheck), along with suggested training for officers and members.

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

#### Limited Assurance

Health Check report of risk management arrangements completed by the Council's Insurers. Scope to improve our arrangements and overall risk maturity.



#### Positive Assurance

- NCC has been awarded ISO 45001 Safety Certification (this is a higher standard than previously awarded) following a BSI audit which examined the existing management system and focussed in detail on how this had been adapted to safely manage the risks posed by COVID19, the provision of a COVID19 secure workplace and a site visit to the Council's PPE distribution facility.
- Adult Social care has not yet been included this certification process as this is included in the second phase of the process, which is in progress.



## Asset Management Assurance from KLOEs

Asset strategy and management plans

Asset valuations updated

Asset Inventory

Planned and remedial maintenance

Condition Surveys

1<sup>st</sup> Line

2<sup>nd</sup> Line

3<sup>rd</sup> Line

### Positive assurance

- Phase 1 of the Property Services Transformation Programme is complete.
- Corporate Property Strategy 2018-23 continues to operate.
- Corporate Landlord model approved by Policy Committee in October 2020 and is now being applied as “business as usual”.
- Property related entry in the Corporate Risk Register details latest risks and mitigations being applied.
- The ‘Investing in Nottinghamshire - Making the Best Use of Council Premises’ report from 2020, has been followed up by further proposals in a report in February 2021 – ‘Investing in Notts in a COVID environment’.
- The P2 property system maintains the Council’s formal property register, property management and maintenance records.
- Voluntary registration of all Council property assets has been completed with Nottingham District Land Registry to confirm title.

### Positive assurance

- Legal Services have formal processes in place in relation to property acquisition and disposals and maintenance of title and acquisitions and disposals are approved by Committee.
- Governance & Ethics Committee received a positive update on progress with implementing the Internal Audit recommendations on the management of vacant property - these are being followed up by Internal Audit
- Adherence to CIPFA code of practice for asset valuations.
- Statutory Compliance Tasks being reported by Arc. Latest figures (May 2021) show only minor remedial works are required to achieve on-going compliance.
- Arc has established a KPI Reporting Sub-Group and produces a set of 27 KPIs at April 2021. Latest position shows these to be achieving, or close to targets, with proposed remedial action determined where targets are not being met.
- Property Compliance Dashboard, demonstrating statutory requirements, is in place. Dashboard extract showing 98.4% compliance is below:



### Positive assurance

- Property Compliance Internal Audit report February 2019. Recommendations have subsequently been implemented.
- Positive assurance from external inspections, such as BSI and External Audit .
- Stock safety compliance with BSI safety standard OHSAS 18001 was in place until December 2019 and the higher standard ISO 45001 compliance has been achieved.
- Rolling Property Valuations Completed by external valuers.
- Internal Audit report re: Facilities Management – Corporate Building Reoccupation



Limited assurance

Reasonable assurance

**SUBSTANTIAL ASSURANCE**

Risk levels are low

### Emerging Assurance

- Actions are progressing to strengthen oversight and monitoring.
- Developments under way to deliver a more robust case management process.
- Complete the Service Asset Management Plans which feed the Property Asset Management Plan.
- Establish a quality assurance culture within Property Services which will include the auditing of operational processes.

### Mixed Assurance

- Work is in progress on Strategic Asset Management Plans and Property Asset Management Plans, following approval of Transformation Programme.
- Only a limited number of stock condition surveys have been completed, as a newly revised protocol.
- Phase 2 of the Property Services Transformation Programme is now complete and due to report to Policy Committee.

## People Management Assurance from KLOEs – Safe Working Environment

Health and Safety Policies

Committee and Leadership reporting

Health and Safety Executive Reporting

Incident reporting

Compliance Board

External Auditors (BSI)

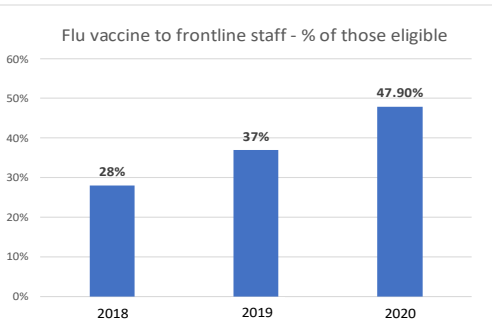
Routine Health and Safety Audits

Safety & Emergency Management Board

### Positive assurance

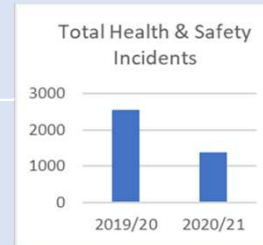
Health & Safety policies and procedures are available on the Intranet. Information is reviewed and updated as necessary.

**Flu vaccine:** offered to eligible frontline staff (with regular face-to-face contact with vulnerable service users), from Sept to Dec 2020:



### Positive assurance

Health and Safety incidents have fallen significantly in comparison to the previous year as result of the shift to working from home.



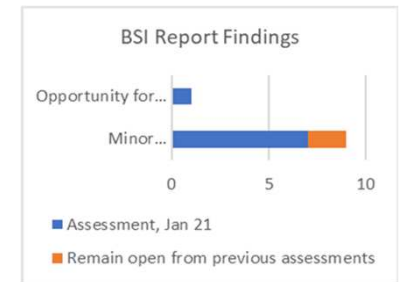
### Positive assurance

**bsi.**

Certificate of Registration

Certification to Occupational health & safety standard ISO 45001 from Feb 2021 to Oct 2022.

BSI inspections identified minor findings, which are being addressed.



Implemented a Risk Assessment Tool to identify and manage risk for all staff and especially those from vulnerable groups in relation to Covid-19.

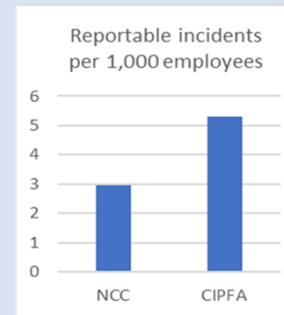
24/7 extension of counselling provision.

Response to Covid-19 risks:

2,242,743	PPE items distributed
8 weeks	Stock of PPE maintained (4 weeks to source supplies plus 4 weeks resilience)
350	Face-fit tests for higher level respiratory PPE
2,866	Responses to home working questionnaire

### Mixed assurance

HSE RIDDOR reportable incidents compare favourably with the CIPFA average. However, incidents have increased from 21 in 2019/20 to 22 in 2020/21.



### Positive assurance

Employer's Liability claims have fallen.

Year	Claims Received	Liability Accepted	Repudiated	Total Cost
2018/19	28	10	18	£306,334
2019/20	20	3	17	£186,869
2020/21	10	0	10	£208,678

No Health & Safety Executive fines or enforcement notices in the year.

## People Management Assurance from KLOEs – Staffing Capacity & Staff Affordability

Workforce Planning

Application of VCDR Process

One – to – One meeting and EDPR delivery

Management Monitoring

Personnel Committee reporting

Human Resources Policies and Procedures

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

**Positive assurance**

Policies and procedures available to all staff in the Personnel Handbook.

Dept	Assurance Level
ASCH	Reasonable
C&F	Reasonable
Place	Substantial
CEX	Reasonable

Corporate Directors' Annual Assurance Statements:  
Undertaking regular and effective EPDRs.

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

**Positive assurance**

Graduate Development Programme continued.

Cohort 1 started 2018	cohort 2 started Sept 2019	cohort 3 started Jan 2021
6	5	6

4 graduates from cohort 1 secured permanent jobs within NCC after completing the scheme. Others not yet completed scheme.

Apprenticeships are increasing towards the public sector target.

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

**Positive assurance**

Internal Audit review of Covid-19 response Phase 1. Opinion on Workforce:



**SUBSTANTIAL ASSURANCE**

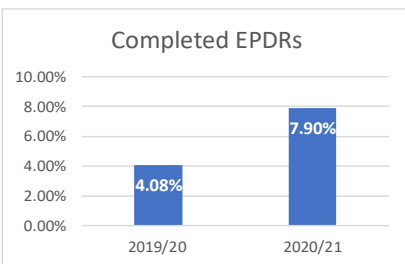
**Positive assurance**

Internal Audit review of Covid-19 response Phase 2. Opinion on Workforce:



**SUBSTANTIAL ASSURANCE**

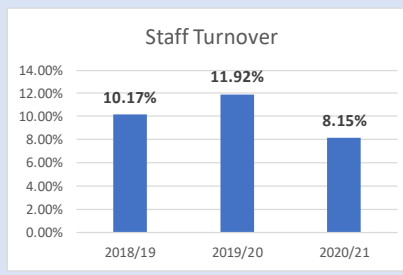
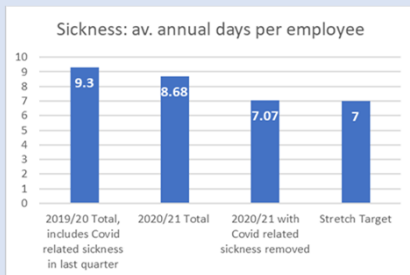
Completion of online EPDRs is low. This may be due to the relatively new commencement of the online system. Also, during Covid-19 they were not an immediate priority. Ideally these should increase in the following year.



- New emergency redeployment process in place. 140 Skills Profile Forms were completed (including team proformas) to enable effective covid response.
- New dashboard developed reporting on daily employee availability.



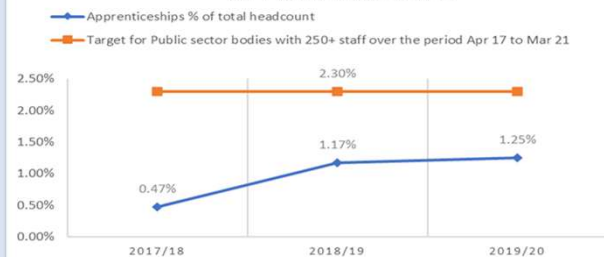
Sickness levels have improved and when Covid-19 related sickness is adjusted for, the stretch target is only narrowly missed.



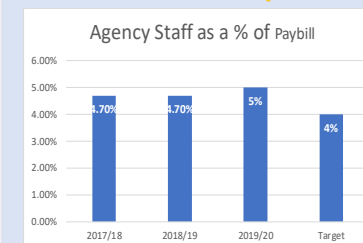
The staff turnover percentage has dropped below the usual fluctuation range for NCC and this a likely reflection of the presence of uncertainty during the pandemic.

Workforce remodelling has been partially implemented in ASCH but has experienced delays due to Covid-19. Further implementation is expected from June 2021.

### APPRENTICESHIPS



**Mixed assurance**



## People Management Assurance from KLOEs – Staff Motivation

Equalities policies and procedures

Routine reporting of key indicators

Staff satisfaction surveys

Workforce diversity statistics

Incident monitoring

Stonewall equality index

1<sup>st</sup> Line

2<sup>nd</sup> Line

3<sup>rd</sup> Line

**Positive assurance** 

Corporate Directors' Annual Assurance Statements:

Effective induction for new staff

Dept	Assurance Level
ASCH	Reasonable
C&F	Reasonable
Place	Substantial
CEX	Substantial

**Positive assurance** 

An additional 6 Mental Health First Aiders, nominated by the Black Workers Network, have been trained.

A Covid-19 Training Resource package was created in March 20, which had been accessed by 1085 employees as at Jul 20.

Over 45,000 training modules have been completed by employees over the course of the pandemic to March 2021

**Positive assurance** 

An employee well-being survey was undertaken in April 2021. 2,248 responses were received, approximately 30% of the Council's workforce. Survey findings were:

Overall, in terms of wellbeing the majority of employees reported feeling satisfied with their health, safety and wellbeing at work, and with the support, supervision and guidance they receive from their manager. It was reassuring to note, also that the majority of employees feel valued as part of a team.

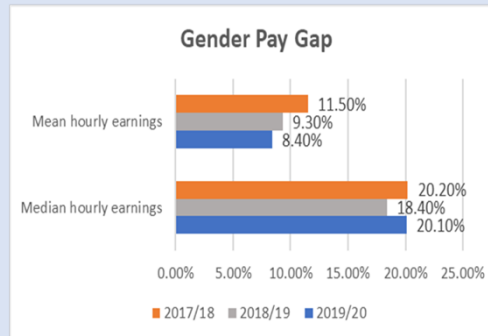
Introduced free financial advice sessions of up to 45 minutes duration for every employee.

The Pay Multiple – the ratio of the Chief Executive's pay to the lowest and median earners – is calculated as at 1<sup>st</sup> Feb each year. There is no national or local target for the multiple, but it is in line with Government recommendations, and has improved:

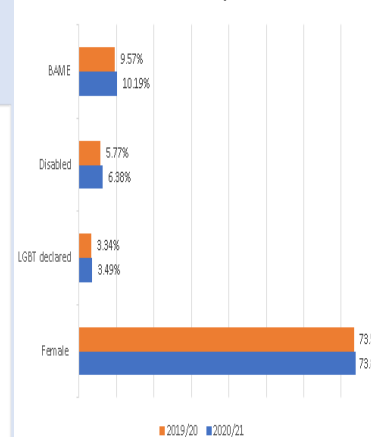


**Mixed assurance** 

The average gender pay gap has narrowed. The median has slightly increased due to decrease in turnover.



**Diversity**



Workforce diversity has generally increased. There are still low disclosure rates for disabled employees. Work is underway to improve.

**Positive assurance** 

Disability Confident Employer certification in April 2019. Submission for Disability Leader status June 2021.



Timewise accreditation as a flexible employer during covid - supports ambitions to remain an employer of choice and move to increased hybrid working.

Internal Audit review of Covid-19 response & recovery Phase 2. Opinions on Smarter Working and Communication.



## Information Management Assurance from KLOEs

Processes are in place to avoid major failure of IM & IG

Incident management processes are in place so that cyberattacks are swiftly detected

A high level of systems availability is maintained

Appropriate training has been given to Members and Staff, to ensure confidentiality and secure records management

Back-ups and Emergency Planning are in place to ensure resilience

Investigations are undertaken where data breaches occur

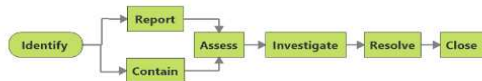
### 1<sup>st</sup> Line

#### Positive Assurance

There is a Data Security Incident & Breach Management Procedure.

##### Incident Management

24. This section outlines the key stages of incident management which are:



Corporate Directors' Annual Assurance Statements: arrangements for keeping sensitive and personal information secure, in compliance with data protection requirements and, where relevant, with Caldicott Guardian principles.



Dept	Assurance Level
ASCH	Reasonable
C&F	Reasonable
Place	Reasonable
CEX	Substantial

There is a framework in place to help the 1<sup>st</sup> line, including Policies & Standards, the IG Board, Social Media Policy etc.

Mandatory Information Governance Training is in place for all staff. In the February reports figures weren't available, but for March-August 2020, 91% of new starters completed the training in target timescales and 88.36% were trained across NCC.

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


#### Positive Assurance

Corporate Risk Management report to G&E Committee shows that no corporate risks have increased since September 2020 (as of February 2021). IG is one of two corporate risks that has been reduced.

Risk	Sep 2020		Feb 2021		After actions
1. Information governance	VH	↓	H	↓	M
8. ICT	H	→	H	↓	L

#### Mixed Assurance

The Information Governance Board, and the relevant teams in the Chief Executive's Department, have a continuing focus on the challenge that cyber security poses to all organisations, across all sectors and are actively working on an action plan.

CLT Performance Data related to data breaches: 

##### CLT Performance Dashboard Summary of Results up to March 2021

Updated Measures	Latest	Target	Previous	Good is...	Risk
Number of self-reported data breaches to ICO (Q4)	0	N/A	0	Low	
Any breach enquiries raised by the ICO (Q4)	0	N/A	3	Low	

IGT Data Protection Impact Assessments (DPIAs) headlines for 2020/21:

- 85 full DPIAs completed 2020/21
- 20 Short-Form DPIAs completed 2020/21
- 145 Summary DPIAs assessed (extrapolation based on 10 months data)
- 22% of summary DPIAs require a full or short-form DPIA.
- 91 full or short-form DPIAs currently in flight – solid reduction in backlog.

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

#### Positive Assurance

Internal Audit review of Information Governance Improvement Programme (February 2019), this included a review from Essex CC. These actions have been cleared:





Internal Audit review of Internet Controls (January 2020):




Internal Audit review of Active Directory (March 2021):



Annual PEN testing for PSN Accreditation 

Data Security & Protection Toolkit standards met, due for resubmission end of June 2021. 

Cyber Essentials failed in 2021, due to change in accreditator and requirements. This will be addressed through a remediation plan in place for resubmission in July 2021. 

## Commissioning & Procurement Assurance from KLOEs – Strategy and Resources

Corporate approach to strategic commissioning developed  
Procurement Strategy Strategic Themes – Best Value, Social Value and Leadership  
Detailed Procurement Plan in progress

Forward procurement planning in place  
Performance updates reported to CLT and Finance and Major Contracts Committee

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

#### **Positive assurance**

Procurement Strategy – approved at Policy Committee – Nov 2019, setting out framework for the procurement of all goods, works and services – creating a consistent approach. Incorporates:

- Cross-cutting programmes undertaking a strategic commissioning view.
- Tools for best practice – Commissioning Tool-kit, and high level 'How to Guide' for senior commissioners.

Toolkit Includes flow charts and contract management guidance is divided into 5 key stages as below:

- Pre-Procurement
- Procurement
- Implementation
- Contract Management
- Exit Management

- Workforce development – training plan for commissioning skills and capability across all levels.
- Category Managers aligned to each department. Providing 2-3 year forward plans and meet with commissioners quarterly to refine plans.
- Single register of contracts across the authority maintained.
- ASCH Commissioning Programme approved by SLT and signed off Jan 2021.
- C&YP – established governance process and use SharePoint to share information.

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

#### **Positive assurance**

Good oversight by Commissioning and Programme Boards.

- Forward procurement plans discussed with Directorate Commissioners and their respective SLTs.
- Focussed session at CLT and dedicated time at ELT
- Monthly Strategic Oversight Group Coproduction - Corporate prevention Group (C&F, CEX and ASCH) involved in corporate transformation work linking into prevention and early intervention strand..
- Delivering major programmes of work approved through Policy Committee.
- Strong support from Legal and Finance Teams.
- Statistical analysis for ASCH commissioning provided internally as supported by the Service Improvement Team, Projects and Programmes Team and Performance Team.



Place – Internal Property Construction and Maintenance Board – meeting monthly – reporting to Finance and Major Contracts Committee. Separate project board overseeing projects commissioned through VIA.



#### **Limited assurance**

- Category managers link in with D2N2 and Nottingham City. More work needs to be done to develop links with Health Commissioners in the CCGs.
- ASCH reporting to Committee and Commissioning Board has been sporadic, due to Covid-19 and commissioning has been rapid moving.
- ASCH planned tender timelines have been impacted by Covid-19



CLT receive a contract management update from the Procurement Group Manager in Sept/Oct each year detailing outcomes and KPIs.

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



#### **Positive Assurance**

Health and Safety ISO 45001:2018 accreditation achieved. Included positive messages regarding procurement Toolkit incorporating strong focus on H&S compliance.

- LGA Virtual Peer Challenge of Inspire and NCC (Feb 2021) – generally positive feedback.

Internal audit of Contract Management 2018 – Limited Assurance. Indicated contract management arrangements varied across departments.

- Actions taken to address concerns.

#### **Mixed Assurance**



Mixed assurance - Participation in external reviews– (ASCH) Mini-audit e-digital readiness to ADASS. Managing of Covid-19 issues ADASS best practice survey, providing benchmarking and areas for improvement.

#### **Emerging Assurance**



Internal Audit of Commissioning – June 2020 – Limited Assurance

- Link between service strategies and actual commissioning plans not always clear..

- Actions to address this link to the work undertaken by transformation partners, Newton Europe, on strategic commissioning which is under way.

## Commissioning & Procurement Assurance from KLOEs – Consistent and Effective

Professional Training  
Performance KPIs and updates

Post-project reviews  
E-learning for Financial Regulations

Standardisation of processes through Toolkit

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

#### Positive assurance

Centralised procurement team to ensure consistency.

- Standardised documents used for whole process.
- Procurement e-tendering portal provides end to end process from advertising contract to evaluation and documentation.
- Development of contract management Toolkit to strengthen contract management processes– provides consistency in the cycle.
- Purchases made through green and red route shopping carts. Only those fully compliant with contract go through green route. Red routed purchases flagged up and Procurement Department have to approve

Contract Management training programme developed and rolled out to ASCH and C&YP. Further sessions planned for Place Dept together with e-learning packages.

- Corporate Procurement are currently developing an e-learning module on compliance with Financial Regulations and legislation.
- Apprenticeship funding has been secured for Corporate Institute of Procurement and Supply (CIPS).

#### Mixed assurance: Outputs and outcomes:

Departmental key contacts report some issues to be addressed:

- Services not always commissioned in line with procurement strategy or through Corporate Procurement so may not adhere to same standards.
- Place – reviews vary depending on type of contract.
- ASCH post-project reviews and quality assurance not so stringent due to Covid-19.
- C&YP – post-project reviews are evidenced in Share-point but tend to be informal or conducted outside the Commissioning Team.

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

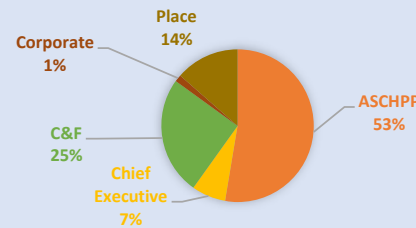
#### Positive Assurance

- Commissioning Board reviews progress and outcomes and can challenge where outcomes not being met.
- Contract management practitioners' group set up in summer 2020 with key contracting leads from each department meeting quarterly to share best practice and support each other on contract management issues.
- The Procurement Centre provide an oversight of green and red routing compliance with waiver numbers. Lower number of waivers rejected in 2020/21 compared to 2019/20 indicates better adherence and forward planning.
- Agreed set of social indicators:

Indicator	Percentage (of total live contracts)	Target
Contracts awarded to local supplier	57%	50%
Contracts awarded to SMEs	59%	50%
Contracts providing local employment opportunities	12%	25%

- Spend analysis reports – overall spend and breakdown by department using raw data from BMS and Mosaic and top provider combined spend across departments - provided to SLT, with cross referenced to contracts register. Top 5 cost elements highlighted.

OVERALL SPEND BY DEPARTMENT 2019/20:  
£539,060,732



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

#### Positive Assurance

External reviews – (ASCH)Mini-audit e-digital readiness to ADASS.

Managing of Covid-19 issues ADASS best practice survey .

Corporate Procurement achieved the runner up award in a Government Office competition for an ASCH project.

The regional commissioning leads group for children's services has been formed to develop strategic networks.

## Transformation Assurance from KLOEs

Transformation Function Established  
Slippage identified and reported

Council-wide coverage  
Risks to Delivery identified and monitored

Savings Opportunities Identified  
Post-Project evaluations

Committee and Leadership reporting  
External and internal assessments

Savings & Improvements reported and achieved

1<sup>st</sup> Line

2<sup>nd</sup> Line

3<sup>rd</sup> Line

### Positive assurance

Corporate Directors' Annual Assurance Statements.

Engagement with stakeholders, for service changes and developments

Dept	Assurance Level
ASCH	Reasonable
C&F	Reasonable
Place	Substantial
CEX	Substantial

- Transformation covers all council departments
- Standard Prince 2 methodology & reports
- Each project has a risk register & 'lessons learned' log

### Work in Progress

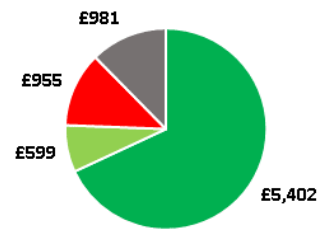
Transformation & Change restructure approved, and posts being filled.

Significant new transformation & change programmes to start in 2021/22.

### Positive assurance

76% of the annual savings target is achieved or on target. (At year end).

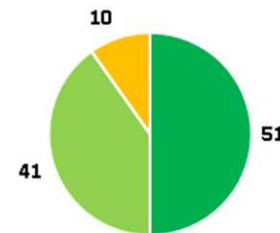
**Council-wide Savings Projects at year-end**



■ Achieved ■ On target ■ At risk ■ Reductions and Slippage

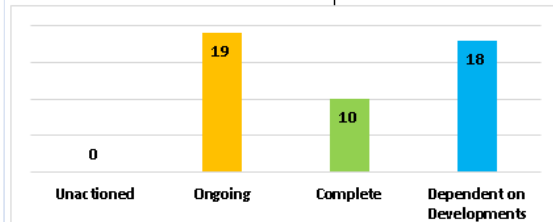
90% of departmental Improvement and Change Portfolios are completed or on target. (At year end).

**Departmental Improvement & Change Portfolios at year-end**



■ Completed ■ On Target ■ Experiencing Obstacles

➤ All 47 criteria had been addressed:



### Positive Assurance

Internal Audit review of National Audit Office Transformation guidance for Audit Committees:



Work with external consultants has been completed and now forms the basis for identifying future transformation programmes, as reported to the Transformation & Change Committee.



23 June 2021

Agenda Item: 11

## **REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT**

### **HEAD OF INTERNAL AUDIT'S ANNUAL REPORT FOR 2020/21**

#### **Purpose of the Report**

1. To inform Members of the Head of Internal Audit's Annual Report for 2020/21 and his opinion on the adequacy of the County Council's arrangements for governance, risk management and control.

#### **Information**

2. The Internal Audit Service worked to the Public Sector Internal Audit Standards (PSIAS) during 2020/21. One requirement of the standards is that the Head of Internal Audit should provide an annual, written report to those charged with governance. The report must:
  - a) deliver an annual internal audit opinion
  - b) conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
  - c) incorporate the opinion, a summary of the work that supports that opinion, and a statement on conformance with PSIAS and the results of the quality assurance and improvement programme.
3. The Annual Report for 2020/21 is set out in **Appendix 1**. Key points to note are the following:
  - a) Internal Audit complied with the Public Sector Internal Audit Standards throughout the year and continued to operate independently
  - b) Internal Audit's work contributed to the objectives of the Council and delivered beneficial impacts for the citizens of Nottinghamshire and the direct users of the County Council's services
  - c) The Group Manager – Assurance has provided his opinion on the arrangements in the Council for governance, risk management and control:

Governance



**REASONABLE ASSURANCE**

- Good evidence supporting the Annual Governance Statement and annual assurance mapping
- Assurance from a number of external inspectors

Risk Management



**REASONABLE ASSURANCE**

- Corporate risk management structure remained in place and was actively in response mode to help steer the Council through the pandemic
- An external review of corporate risk management identified scope to strengthen arrangements

Control



**REASONABLE ASSURANCE**

- Predominantly 'reasonable assurance' delivered from audit assurance work
- Delays with implementing Priority 1 actions

### **Other Options Considered**

4. The Internal Audit Section is working to the Public Sector Internal Audit Standards. This report meets the requirement of the standards to submit an Annual Report by the Head of Internal Audit to the appropriate governance forum. No other option was considered.

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

5. To set out the Head of Internal Audit's Annual Report for 2020/21, providing Members with the opportunity to comment on its content and to make suggestions for future audit coverage.

### **Statutory and Policy Implications**

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

### **Financial Implications**

The Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director for Finance, Infrastructure & Improvement is the designated Section 151 officer within Nottinghamshire County Council. Section 6 of the Accounts and Audit Regulations 2011 requires Local Authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director for Finance, Infrastructure & Improvement and Section 151 Officer.

### **RECOMMENDATION**

- 1) Arising from the content of this report, Members determine whether they wish to see any actions put in place or follow-up reports brought to a future meeting.

**Nigel Stevenson**

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

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

Rob Disney

Group Manager - Assurance

**Constitutional Comments (GR 02/06/2021)**

7. Pursuant to the Nottinghamshire County Council Constitution this committee has the delegated authority to receive this report and make the recommendations contained within it.

**Financial Comments (RWK 02/06/2021)**

8. The financial implications are set out in paragraph 6 of the report which states that the Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director for Finance, Infrastructure & Improvement is the designated Section 151 officer within Nottinghamshire County Council. Section 6 of the Accounts and Audit Regulations 2011 requires Local Authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director for Finance, Infrastructure & Improvement and Section 151 Officer.

**Background Papers and Published Documents**

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

- None

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

- All



# Internal Audit Annual Report 2020/21

Rob Disney – Group Manager, Assurance

## SUMMARY OF INTERNAL AUDIT'S WORK IN 2020/21

- 1) The Authority has a statutory responsibility to undertake an adequate and effective internal audit of the County Council's operations. This responsibility is discharged by the Internal Audit Service which has unrestricted access to all activities undertaken by the County Council.
  
- 2) The work carried out by Internal Audit involves reviewing and reporting on the governance, risk management and control environment established by management to:
  - determine and monitor the achievement of the Authority's objectives
  - identify, assess and appropriately manage the risks to achieving the Authority's objectives
  - facilitate policy and decision making
  - ensure the economical, effective and efficient use of resources
  - ensure compliance with established policies, procedures, laws and regulations
  - safeguard the Authority's assets and interests.
  
- 3) Internal Audit's work is planned to cover these areas and to provide an independent assessment of whether the Authority's systems and procedures are working appropriately. The work of Internal Audit is carried out in compliance with the Public Sector Internal Audit Standards (PSIAS). The essential roles set out in the

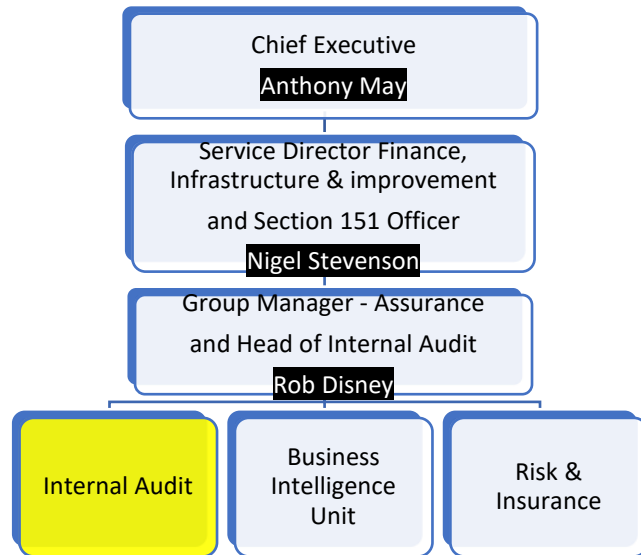
standards for effective internal audit are delivered at this Council as follows:

PSIAS Role	Delivered at NCC by:
<b>Chief Audit Executive (CAE)</b>	Group Manager - Assurance
<b>Senior Management</b>	Corporate Leadership Team
<b>Board</b>	Governance & Ethics Committee

- 4) Throughout 2020/21, Internal Audit continued to operate independently within the organisation. No impairments to its independence arose during the year.
  
- 5) The pandemic presented a challenge of adjustment for all internal audit teams, potentially putting the delivery of planned internal audit work at risk. In recognition of this, the Chartered Institute of Public Finance & Accountancy (CIPFA) issued guidance for Heads of Internal Audit to assess the impact locally, and to determine whether a 'limitation of scope' should be applied to the year-end opinion. My self-assessment against this guidance confirmed that a limitation of scope is not required, as I have sufficient sources of evidence available to me to determine my opinion.

# SUMMARY OF INTERNAL AUDIT'S WORK IN 2020/21

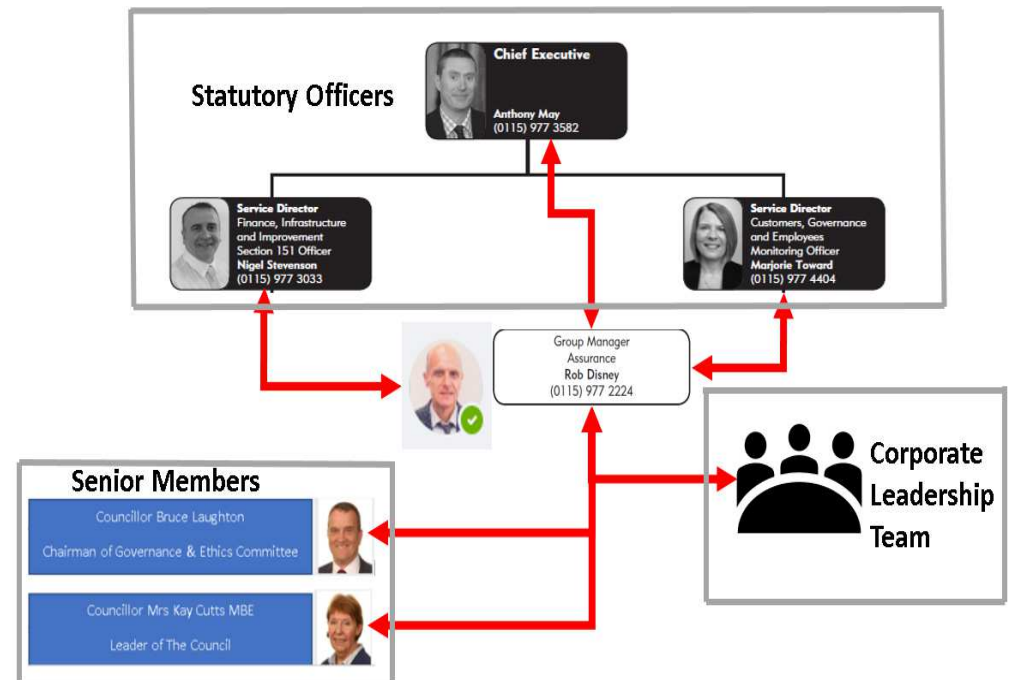
- 6) Internal Audit is positioned within the Assurance Group of the Chief Executive's Department. In my role as Group Manager – Assurance, I report directly to the Service Director – Finance, Infrastructure & Improvement, a member of the Corporate Leadership Team.



- 7) I must recognise that this structure presents a potential impairment to my independence in respect of internal audit reviews of the Risk & Insurance and Business Intelligence services. To address this, fully independent, external providers of internal audit services are engaged to carry out such reviews, when they become due. From 2020/21, this arrangement also applies to audits of corporate risk management, as responsibility for this

activity transferred to my Assurance Group in the summer of 2020.

- 8) The arrangements for the Internal Audit Team's organisational independence remained unchanged and are depicted in the diagram below. I have continued to have direct reporting lines open to me with the principal officers and members of the Council responsible for governance, risk management and control. I anticipate unchanged lines of access to senior members following the local elections in May 2021.



## SUMMARY OF INTERNAL AUDIT'S WORK IN 2020/21

- 9) A wide range of audit work was completed during the year, comprising formal reports and written advice, 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 and initiatives
  - Counter-fraud – including the investigation of suspected fraud
  - Certification audits – generally small jobs to sign off returns and accounts.
- 10) Most of Internal Audit's assurance work results in the issue of an opinion on the internal controls and procedures in place, categorised as follows:
- *Substantial Assurance* – there are no weaknesses or only minor weaknesses
  - *Reasonable Assurance* – most of the arrangements for financial management are effective, but some weaknesses have been identified
  - *Limited Assurance* – there is an unacceptable level of risk which requires the prompt implementation of the recommendations made to correct the weaknesses identified.
- 11) Internal Audit responded flexibly to the impact of the pandemic in 2020/21. Its termly planning approach proved well suited to the need for audit priorities to be kept under timely review. As the Council re-set its organisational objectives to respond to the emergency, Internal Audit flexed its plans to provide timely assurance in support. This approach was especially important for assurance to front-line services, with efforts focussed on helping managers maintain an appropriate balance between speed of response and proportionate control.
- 12) Those inputs were complemented with the more established approach for assurance that the Council's core processes have remained resilient through the pandemic.
- 13) The outcomes from the work in each of three Termly Plans during the year have been reported to the Governance & Ethics Committee, as follows:
- Term 1            September 2020
  - Term 2            March 2021
  - Term 3            June 2021 (as part of this report)
- The key issues arising in these reports are summarised below in the 'annual opinion' section.
- 14) Internal Audit was involved with a limited number of irregularity investigations during the year. Details of this work is incorporated in the Annual Fraud Report for 2020/21, which is the subject of a separate report to the Governance & Ethics Committee in June 2021.



## SUMMARY OF INTERNAL AUDIT'S WORK IN 2020/21

- 15) Internal Audit's ultimate objective is to bring beneficial impacts from its work for the citizens of Nottinghamshire and the direct users of the County Council's services. Arising from its work in 2020/21, the service can point to several positive impacts:



Comprehensive reviews have been carried out of the Council's response to the pandemic. These have delivered positive assurance for the people of Nottinghamshire that the Council has mounted an effective response, having due regard to the speed of delivery and proportionate control. Achieving this balance was also the focus of Internal Audit's input to the roll-out of the Council's Covid Community Fund, the Emergency Assistance Fund and transport operator payments.



For Council Tax payers, helping the organisation to strengthen its stewardship of public funds. Audits of a number of the Council's core systems and procedures (such as budgetary control and financial resilience) have identified opportunities to strengthen further the organisation's grip on its finances, as well as its wider approach to governance. Similarly, the service's key contribution towards promoting a counter-fraud culture in the Council plays an important role in helping minimise losses to fraud.



For the protection of the Nottinghamshire public, our audit of Trading Standards enforcement activity assessed how scarce resources are put to best use

to ensure effective enforcement is carried through and publicised to deter others.



For adults, there has been a similar focus on the use of scarce resources, such as in the reviews of kinships and hospital discharges. Both placed the best interests of vulnerable residents at the heart of the review, helping to assure the arrangements to enable residents to remain living at home and independently for as long as possible.

# ANNUAL OPINION OF THE GROUP MANAGER - ASSURANCE

## Governance



### **Basis for opinion in 2020/21**

- 16) The Annual Governance Statement (AGS) for 2020/21 assesses compliance with the Council’s Local Code of Corporate Governance, which is based on the seven core principles of good governance as recommended in the CIPFA/SOLACE Framework for ‘Delivering good governance in Local Government’ (2016 Edition).
- 17) In support of the AGS, Corporate Directors provided their annual assurance statements for 2020/21, concerning the application of key governance controls in their areas of service. Directors’ assurance levels for 15 aspects of the Local Code of Corporate Governance is set out in the following chart, analysed by department.



- 18) The AGS generates an annual Governance Action Plan, progress against which is tracked quarterly through the year. Updates to the Corporate Leadership Team and to the Governance & Ethics Committee have shown steady progress, despite the challenge of the pandemic response.
- 19) Assurance mapping for eight aspects of corporate governance has been reported to the Governance & Ethics Committee in June 2021. The areas covered by the map in 2020/21, along with the overall rating for each, are the following:

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

# ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

20) The Governance and Ethics Committee received an annual Whistleblower report in March 2021. Few complaints have been received through the policy in the past few years, and a full review of it will be carried out to understand the reasons for that more closely.

21) Other, important sources of assurance were delivered from external inspections during the year, as set out in the following extracts.

Local Government &  
Social Care  
**OMBUDSMAN**

22) The Ombudsman's annual report for the year ending March 2020 provided assurance that the outcomes of complaints received by this Council are closely aligned with what the Ombudsman sees in similar authorities.



23) The Council's Legal Services Team retained the Law Society's legal practice quality mark for practice management and client care.

**bsi.**

Certificate of Registration

24) Following an external health and safety audit by the British Standards Institute in January 2021, the Council

received accreditation to ISO45001 for its Health and Safety Management System.

## Risk Management



### ***Basis for opinion in 2020/21***

25) In support of the Annual Governance Statement, Corporate Directors provided positive levels of assurance that the actions detailed in the Corporate Risk Register to mitigate the identified risks continue to be taken by designated officers. However, there is no routine process in place to evidence that these actions are taken.

Corporate risk register:

Mitigations carried out

Dept	Assurance Level
ASCPH	Green
C&F	Amber
Place	Green
Chief Exec's	Amber

## ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

- 26) As included above at paragraph 18, assurance mapping in 2020/21 provides an amber rating for risk management, meaning that assurance levels are reasonable.
- 27) Key to assurance mapping in 2020/21 was the Zurich Municipal Healthcheck of the Council's risk management approach. This identified scope for improvements to be made, which will help the organisation become more risk mature. The Healthcheck set out ratings for each of six aspects of corporate risk management.



- 28) Internal Audit's risk-based audit approach did not identify any high-level risks in 2020/21 which were either not recognised by the organisation or for which the

mitigating actions in place were fundamentally inadequate.

- 29) The Group Manager – Assurance attends meetings of the Council's Risk, Safety & Emergency Management Board during the year. This provides ongoing assurance that the Council's over-arching framework for risk management continued to be applied. The Board met much more frequently than usual in 2020/21, as demanded by the national emergency, and it provided a strong focus on operational risks arising from the pandemic.
- 30) Routine update reports on risk management to the Governance & Ethics Committee were restored in 2020/21. The most recent report in February 2021 identified that risk levels had mostly remained steady and had reduced in two areas.

# ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

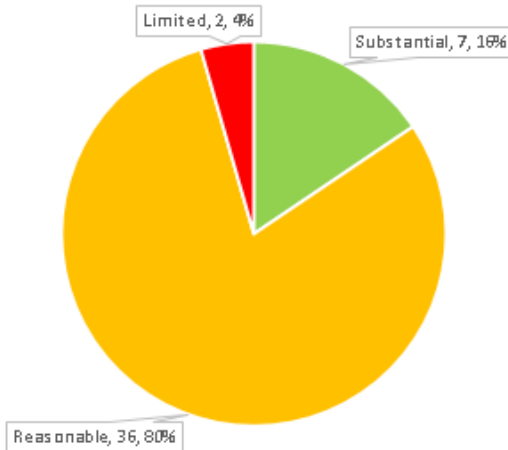
## Control



### Basis for opinion in 2020/21

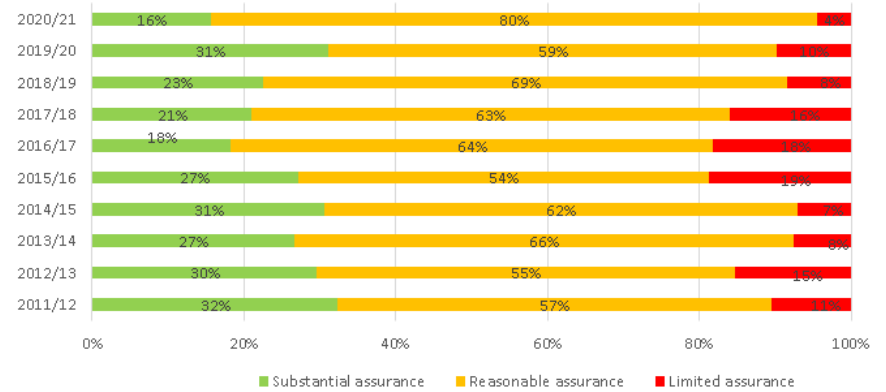
31) Analysis of the opinion-based assurance work shows the following distribution of opinions issued during 2020/21.

Opinions:- 2020/21



32) The trend in the incidence of audit opinions over the past few years is illustrated in the graph below. This shows the positive picture that, in 2020/21, there were few limited assurance opinions issued on Council systems and processes.

Trend in Internal Audit Opinions



33) The Annual Governance Statement for 2020/21 recognises continued pressure on core systems of internal control and, in particular, the impact the pandemic had on capacity to implement agreed recommendations. Implementation rates for Priority 1 actions remained below target.



34) The Council underwent an inspection of its Bacs approved bureau scheme in 2020/21. This confirmed

# ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

that the organisation meets the standard required to maintain its Bacs Approved Bureau status, and an action plan is in place to address the recommendations raised in the report.

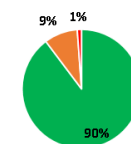
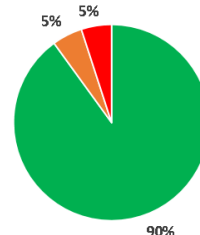
- 35) The Information Governance Board, and the relevant teams in the Chief Executive's Department, have a continuing focus on the challenge that cyber security poses to all organisations, across all sectors.
- 36) The outcome of the annual assurance mapping process (see paragraph 19, above) is also relevant to the assessment of the control framework. In addition to this, Internal Audit continued the development of a feed of continuous assurance about the effectiveness of many of the Council's key, corporate processes, embracing:
- Accounting & budgetary control
  - Procurement
  - Income and debtors
  - Purchasing
  - Payments
  - Payroll
  - Pensions
  - Health and safety
  - Constitutional decisions
  - Information governance

- 37) The following sets out an extract of charts and metrics to illustrate some key assurance indicators for 2020/21.

## Budget Forecasts approved

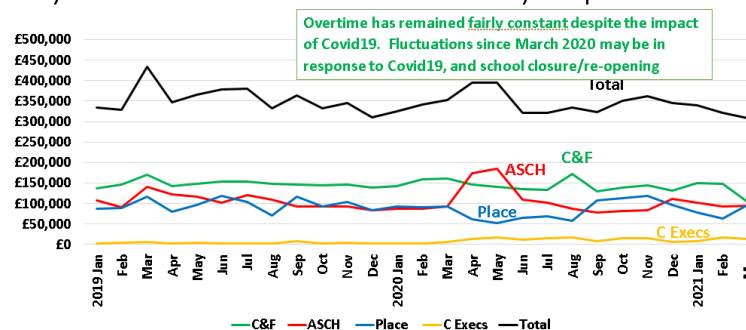
Latest month: Feb 2021

Feb 2020 (for comparison)



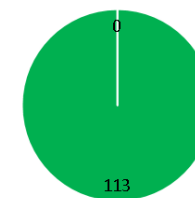
■ Forecasts Approved  
 ■ Forecasts Unapproved  
 ■ Forecast Not Entered (or Rejected)

## Payroll – Overtime – in Total and by Department



No combinations of duties have been violated since full investigations began in July 2020.

- Segregated Duties with no Violations
- Segregated Duties with Violations



Mar 2021

# PERFORMANCE OF THE INTERNAL AUDIT TEAM

## Key Performance Indicators

- 38) Progress against the Section's performance indicators is reported on a termly basis to the Governance & Ethics Committee. A summary of what has been achieved, and what has fallen short, is provided below.

Risk-aware Council	
Completion of Termly Plans	✓ Termly plans were flexed to respond to the changing assurance requirements through the pandemic
Regular progress reporting	✓ Termly reporting in place
Fraud awareness updates	✓ 6-monthly reporting to the Governance & Ethics Committee
Influential Audit Section	
Recommendations agreed	✓ 100% agreement
Engagement with the Transformation agenda	✗ Review of the Council's approach is in progress.
Improved internal control & VFM	
Implementation of agreed actions	✗ Delays with Priority 1 actions highlighted
Quality measures	
Compliance with standards	✓ High degree of compliance
Customer feedback	✓ High levels of satisfaction

## Benchmarking

- 39) As reported last year, the Council no longer takes part in the CIPFA benchmarking club for internal audit, due to the reducing numbers of comparable participants.
- 40) The anticipated progress with the emerging, alternative benchmarking approaches through the following regional and national groups was restricted by the pandemic:
  - the national Chief Auditors' Network
  - the Midland Counties Heads of Internal Audit Group.
- 41) It is hoped that developments will resume in the current year.

## Public Sector Internal Audit Standards (PSIAS)

- 42) The Group Manager – Assurance carries out an annual self-assessment of compliance against the PSIAS. This incorporates the requirements of the Local Government Application Note (LGAN), which provides additional advice and guidance to providers of internal audit services in a local government setting.
- 43) In addition to the self-assessment, the service is subject to an External Quality Assessment (EQA) once every five years. The most recent EQA was carried out in March 2018.
- 44) For 2020/21, the self-assessment has been updated and has been used to form the basis of the annual Quality

## PERFORMANCE OF THE INTERNAL AUDIT TEAM

Assurance and Improvement Programme (QAIP) for the service. The outcome of the assessment provides significant assurance to the Council that the Internal Audit service conducts its work with due professional care. It confirmed the following in respect of the work carried out by the service in 2020/21:

- a) The service applied a systematic, risk-based approach to the assurance work it delivered
- b) Internal Audit staff performed their duties with due regard to the code of ethics set out in the standards
- c) The only impairments to the independence and objectivity of the service during the year are as set out above at paragraph 7.

- 45) Nonetheless, the QAIP has identified some scope for improved compliance, with an action plan to provide a focus for continuous improvement in 2021/22 (see **Annex 1** below). Key themes for further improvement centre around the following:
- Implementing an approach to agile auditing – this embraces several actions to improve the timeliness of assurance delivery, its relevance and the approach to engaging with stakeholders during fieldwork and reporting findings.
  - A review of the Team’s resources against its foreseeable workloads, now that the revised structure for the Team has been in operation for more than 18 months. This will incorporate a review

of approaches and capabilities in the deployment of data analytics and specialist ICT audit.

- Updating our Audit Manual, to keep pace with changes implemented through the pandemic period, and ensuring staff understand and consistently comply with core audit processes.



# REVIEW OF THE STRATEGIC AUDIT PLAN 2019-2021

- 46) In November 2019, Governance & Ethics Committee approved a Strategic Audit Plan for the period 2019 to 2021, along with a commitment to keep this under review on an annual basis.



## Purpose of the Strategic Internal Audit Plan

- The purpose of the Strategy remains valid and unchanged.



## Delivery model

- The Strategy remains to deliver the service through the in-house team, and to continue its outward-looking approach, notably through its collaboration with Assurance Lincolnshire.



## Understanding the Council's assurance needs

- The termly, 4-monthly audit plans will continue, and should prove of particular benefit to maintain the

relevance of Internal Audit's work in the recovery from the pandemic.

- The balance of Internal Audit's work between advisory input and risk-based assurance reviews tipped significantly towards advice during the pandemic response, and this should continue through recovery and renewal to support the Council's transformation agenda. At the same time, opinion-based assurance work will increase through this period, embracing the possibilities offered by a 'continuous assurance' approach.
- The service's pro-active counter-fraud programme is heightening awareness of potential fraud vulnerabilities. Assurance work during the pandemic recovery period will be carried out with a sharpened focus on fraud detection, to provide assurance that the Council has not been the target for attacks.



## Deploying Internal Audit resources

- The service's first internal audit apprentices are now established members of the Team, making valued contributions to the delivery of the service's Plans alongside progress with their professional audit studies. Internal Audit will also continue to exploit opportunities to bring in graduate and other developmental placements to the service, which provides a mutually beneficial opportunity for both the Team and the learner.

## REVIEW OF THE STRATEGIC AUDIT PLAN 2019-2021

- 'Continuous auditing' will be progressed further, building on the impetus given to this approach by the assurance needs of the emergency response.
- The service will review its 'data-enabled audit strategy', to ensure it continues to upgrade and upskill its approach.



### Maintaining quality and VFM

- The service remains committed to progressing its Quality Assurance & Improvement Programme.
- The experience of delivering the internal audit service through home-based staff during the pandemic emergency continues to be reviewed to inform the Team's approach going forward.



### Reviewing and reporting progress

- Internal Audit's reporting schedule to the Corporate Leadership Team and to the Governance & Ethics Committee remains appropriate and timely.

# ANNEX 1: QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

## Update on progress against the 2020/21 QAIP

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at June 2021
19-20 2	Internal Audit is adequately resourced	Difficulties in recruitment	Identify how the resources required to deliver the risk-based audit plan have been assessed	Group Manager - Assurance	From the Term 2 Plan for 2021/22	<b>Under development</b>  To be finalised in 2021/22
19-20 6	Co-ordination of assurance	Identify where assurance can be taken from work undertaken by other assurance providers	Identify in the risk-based assurance plan where reliance is to be placed on other assurance providers	Group Manager - Assurance	From Term 1 Plan for 2021/22	<b>Implemented</b>
19-20 7	Review of Risk Management in the organisation	The assurance mapping process for risk management may be strengthened through the application of Institute of Internal Auditors' (IIA) guidance for the assessment of risk management	Build in the IIA guidance to the assurance mapping process for 2019/20	Group Manager - Assurance	Annual assurance mapping report for 2019/20	<b>Implemented for 2020/21</b>  The Council's insurers, ZM Municipal, carried out a Healthcheck of the Council's risk management arrangements

## ANNEX 1: QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at June 2021
20-21 1	Bringing insight from Internal Audit's work	Continuing to embed a data analytic approach	Refresh of the Team's 'Data-enabled audit strategy'	Team Manager – Internal Audit	September 2020	<b>In progress - strategy to be reviewed by September 2021</b>
20-21 2	ICT specialist audit	Availability of in-house resource	Keep under active review the need to bring in specialist ICT audit capability, as and when required to meet needs identified in termly plans.	Group Manager - Assurance	Throughout 2020/21	Implemented – but see updated action below (21/22 5)
20-21 3	Contribution to transformation	Reduced allocation of resources to Council change programmes	Following the revision of the Council's transformation model in 2020/21, a greater portion of resources to be allocated to internal audit input to the Council's major transformation programmes.	Team Manager Internal Audit	From Term 3, 2020/21	In progress – being implemented in alignment with the Council's progress with establishing its revised model for transformation and change. Anticipated to see Internal Audit engagement with the new programmes from Term 2, 2021/22.
20/21 4	Timely assurance	Scope to deliver more audit assignments to	Continued focus on identifying barriers to timely delivery and	Team Manager Internal Audit	Improved performance outcomes in 2020/21	In progress – the Team is developing its approach to agile audit, learning from the experience of auditing

## ANNEX 1: QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	Progress as at June 2021
		planned timescales	implementing corrective actions			through the pandemic. A number of the new actions below are a feature of this and should help to achieve improvements in the issue of timely assurance.

### New actions for 2021/22 – arising from the Head of Internal Audit’s annual self-assessment

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	(Progress – to be updated for 2021/22)
21/22 1	Alignment with strategies, objectives and risks of the organisation	Audit strategy will expire in 2021	Refresh the Audit Strategy to align with the new Council Plan	Group Manager - Assurance	December 2021	
21/22 2	Adequate resources for the Team	The extent of non-audit duties for the Team increased in 2020/21	Progress options for more permanently resourcing the delivery of: <ul style="list-style-type: none"> <li>- Corporate risk management</li> <li>- Assurance mapping</li> <li>- Continuous assurance</li> <li>- Quarterly governance updates</li> </ul>	Group Manager - Assurance	September 2021	
21/22 3	Effective communication	Potential scope to make audit reports more	Review the format of the standard audit report	Group Manager - Assurance	September 2021	

## ANNEX 1: QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

	Audit Standard	Gap in meeting standard	Action Required	Officer responsible	Timeline	(Progress – to be updated for 2021/22)
		concise and engaging				
21/22 4	Risk-based assurance and risk assessments	Scope to update the risk assessment process	Embed development in 2020/21 of intelligence-based priority assessments for Termly Plans.	Group Manager - Assurance	From Term 2 2021/22	
21/22 5	Skills, knowledge and competence of audit resource	Competence to carry out some ICT audits	Procurement of external provider to carry out an ICT audit risk assessment and to deliver the more complex ICT assignments in the Termly Plans	Group Manager - Assurance	From Term 2 2021/22	
21/22 6	Maintain audit procedures	Audit Manual needs to be updated	Update the Audit Manual for developments in agile auditing approach during 2020/21	Team Manager – Internal Audit	November 2021	
21/22 7	Documentation of findings and supervision	Some inconsistent use of audit automation system	Scope to ensure the consistent use of the audit automation system for all types of assignment, especially for the more agile, advisory pieces of work that were a feature of 2020/21.	Team Manager – Internal Audit	Immediate	

23 June 2021

Agenda Item: 12

**REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND  
IMPROVEMENT**

**STATEMENT OF ACCOUNTS 2020/21 – ACCOUNTING POLICIES**

**Purpose of the Report**

1. To allow Members to review and approve the proposed accounting policies used in creating the Authority's Statement of Accounts for 2020/21.

**Information**

2. The Statement of Accounts includes a section explaining the accounting policies used in producing the main statements for the benefit of the reader. Both the Code of Practice on Local Authority Accounting (The Code) and our External Auditors indicate that these policies should be reviewed and approved by the Governance and Ethics Committee prior to inclusion in the final Statement of Accounts.
3. Other than updating various dates in the 2020/21 Accounting Policies no further changes have been made.
4. The proposed 2020/21 accounting policies can be seen in Appendix A.

**Other Options Considered**

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

## **Reason/s for Recommendations**

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

## **Statutory and Policy Implications**

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

## **RECOMMENDATION/S**

- 1) That Members consider and approve the proposed changes to the Authority's accounting policies.

**Nigel Stevenson**

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

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

Glen Bicknell, Senior Accountant, Financial Strategy and Compliance

### **Constitutional Comments (KK 09/06/2021)**

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

### **Financial Comments (GB 01/06/2021)**

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

## **Background Papers and Published Documents**

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

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

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

- All



# STATEMENT OF ACCOUNTING POLICIES

## 1. General Policies

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require them to be prepared in accordance with proper accounting practices. These practices primarily based on the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which is based on International Financial Reporting Standards (IFRS).

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

## 2. Accruals of Income and Expenditure

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

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

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

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

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

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

#### 4. Events after the Balance Sheet Date

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

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

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

#### 5. Costs of Support Services

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

#### 6. Government Grants and Contributions

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

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

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

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

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

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

## 7. Charges to Revenue for Non-Current Assets

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

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

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

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

## 8. Property, Plant and Equipment (PPE)

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

### Recognition

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

Assets are, however, only recognised when they exceed the de-minimis levels for 2020/21 set out below:

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

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs.

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

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

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

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

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

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

The current land and building values used in the Statement of Accounts are based upon a certificate as at 31 March 2021 issued by Mr N Gamble MRICS, Group Manager – Property Asset Management from the Authority's Place Department on 26 June 2020. 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	40
IT and other equipment	3 – 5
Intangibles	3 – 5
Furniture and Fittings	5 - 15

Where an item of PPE has major components whose costs are at least 20% of the total cost of the item, the components are depreciated separately. A review was carried out for all items over a de-minimis of £0.5 million. For the 2020/21 Statement of Accounts, the Authority has not identified any components to be depreciated separately.

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

### **Accounting for Schools Property, Plant and Equipment**

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

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

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

### **Disposals and Non-current Assets Held for Sale**

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

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

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

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

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

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement. [Page 158 of 238](#)

## 9. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

## 10. Leases

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

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

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

### The Authority as Lessee

#### Finance Leases

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

Lease payments are apportioned between:

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

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

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

#### Operating Leases

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

## The Authority as Lessor

### Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

### Operating Leases

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

## 11. Private Finance Initiatives (PFI) and Similar Contracts

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

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



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

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

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

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

## 12. Heritage Assets

### Tangible and Intangible Heritage Assets

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

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

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

## 13. Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the

Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

## 14. Investment Properties

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

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

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

## 15. Employee Benefits and Pensions

### Benefits Payable During Employment

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

### Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement

termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post-Employment Benefits**

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

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

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

### **The Local Government Pension Scheme (LGPS)**

The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees. In assessing these liabilities at 31 March 2021 for the 2020/21 Statement of Accounts, the actuary made a number of changes in the assumptions underlying the present value of the scheme liabilities. These include changes in the assumed pensions increases and inflation.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

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

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

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

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

### **Discretionary Benefits**

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

## **16. Cash and Cash Equivalents**

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

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

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

## **17. Financial Instruments**

### **Financial Liabilities**

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

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest

charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

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

## **Financial Assets**

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

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

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

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

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

### **Expected Credit Loss Model**

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

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

## **18. Fair Value Measurement**

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

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

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

## **19. Inventories**

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

## **20. Interests in Companies and Other Entities**

The Authority has involvement with a number of entities where interests are not considered to be material. The nature and value of the relationships are disclosed within the single entity

accounts. In line with the Code requirement on group accounts and consolidation, maintained schools within the county are considered to be entities controlled by the Authority. The income, expenditure, assets and liabilities, reserves and cash flows of these schools are recognised within the Authority's single entity accounts rather than group accounts.

## 21. Provisions

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

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

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

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

## 22. Contingent Liabilities

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

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

## 23. Contingent Assets

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

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

No contingent assets have been identified for the Authority at 31 March 2021.

## 24. Reserves

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

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

## **25. Schools**

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

## **26. VAT**

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

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

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

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



23 June 2021

Agenda Item: 13

## **REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT**

### **INFORMING THE AUDIT RISK ASSESSMENT – 2020-21 STATEMENT OF ACCOUNTS**

#### **Purpose of the Report**

1. To inform Members of the External Auditors' requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations as part of their audit of the County Council's accounts for 2020/21 and to allow Members to comment on the response.

#### **Information**

2. As part of the annual approach taken by our External Auditors, Grant Thornton seek responses to matters concerning the Council's approach and reporting on a number of areas, in particular related to themes surrounding fraud, going concern, laws and regulations, together with some areas specific to the accounts such as related parties and estimates used in the accounts. The responses to these questions form part of the overall audit and will inform the approach taken by Grant Thornton to the audit of the Council's Statement of Accounts for 2020/21.
3. The 2020/21 response to this request for information is attached for Members to comment upon.

#### **Other Options Considered**

4. No other options were considered.

#### **Reasons for Recommendation**

5. To update Members and seek their views on progress with the audit risk assessment.

#### **Statutory and Policy Implications**

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

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

## **RECOMMENDATION/S**

- 1) That the Committee considers the 'Informing the Audit Risk Assessment for Nottinghamshire County Council for 2020/21' document from the external auditors and highlights any further actions or information required at this stage.

**Nigel Stevenson**

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

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

Glen Bicknell, Senior Accountant, Financial Strategy and Compliance

### **Constitutional Comments (KK 09/06/2021)**

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

### **Financial Comments (GB 01/06/2021)**

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

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

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

- None

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

- All

# Informing the audit risk assessment for Nottinghamshire County Council 2020/21

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

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## Purpose

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

### Background

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

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

### Communication

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

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

## Purpose

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

## General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?</p>	<p>The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The estimates that have the most significant impact on the accounts relate to non-current asset valuations and the pension liability and these are being reviewed in the light of COVID19 to assess their impact on the financial statements.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Nottinghamshire County Council?</p> <p>Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p>	<p>The Accounting Policies which set out the specific principles, rules and practices applied by the Authority in preparing and presenting the financial statements are approved each year by the Governance and Ethics Committee. It is not proposed that any Accounting Policies will be changed in preparation of the 2020/21 Statement of Accounts.</p>
<p>3. Is there any use of financial instruments, including derivatives?</p>	<p>The main financial instruments used by the Authority include borrowings, PFI finance lease liabilities, trade creditors and trade debtors. The Authority does not have any financial instruments that involve embedded derivatives.</p>
<p>4. Are you aware of any significant transaction outside the normal course of business?</p>	<p>The Authority is not aware of any significant transactions that are outside of the normal course of business.</p> <p style="text-align: center; color: blue;">Page 176 of 238</p>



Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	It is the view of the Authority's internal valuers that the property market remained generally stable throughout 2020/21. However, current insight in relation to the outbreak of COVID19 indicates that many markets can be defined as uncertain in the weeks leading up to the effective valuation date of 31st March 2021. The potential impact of this is yet to be understood in terms of severity and longevity. In this regard, the absence of direct observable market data does not give rise to a general market impairment at this stage. It was confirmed that there were no impairment of specific assets to factor into the revaluation process.
6. Are you aware of any guarantee contracts?	The Authority is not aware of any material financial guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	Any contingent assets or liabilities arising as a result of litigation, claims or assessments are notified annually in the Statement of Accounts following a request by colleagues in Financial Services
8. Other than in house solicitors, can you provide details of those solicitors utilised by Nottinghamshire County Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Authority uses external legal advisors where appropriate for a broad range of advice and assistance with cases and has a tendered framework agreement (the EM Lawshare Framework) which it uses for much of this. The Framework appoints 7 partner firms for a 4 year term which runs from 2018 to 2022. In addition, Legal Services has used additional private sector firms for statutory child protection litigation work which it was unable to contain in-house last year and which is not covered by the above framework. We are not aware of external solicitors working on open litigation (other than child protection as above) or contingencies from prior years save for external advice provided via the Local Government Association in respect of group legal action which are often on a "no win no fee" basis. The Council generally manages work on Judicial Review and Employment cases internally with advice as required from Counsel but where there may be capacity issues this can result in outsourcing through the EM Lawshare Framework.

## General Enquiries of Management

Question	Management response
<p>9. Have any of the Nottinghamshire County Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?</p>	<p>The Authority is not aware of any items of non-compliance with laws and regulations. Where advice on any matters might reveal shortcomings in the Council's practice and procedures, however, these will be identified as part of effective management of the legal case and will be drawn to the attention of the relevant management within service areas to address.</p> <p>The Authority is not aware of any frauds with suppliers. A log of any reported irregularities is maintained but there have not been any notification of fraud in relation to suppliers or service providers.</p> <p>The Authority is not aware of any uncorrected mis-statements that would affect the financial statements.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>Barristers advice is sought as and when required on a variety of matters which it would be too detailed to set out. They range from simple hearings to advice on statutory responsibilities and actual or potential litigation and such advice is used as a mechanism to manage risks and cases effectively.</p>

# Fraud

## Issue

### Matters in relation to fraud

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

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

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

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

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

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

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# Fraud risk assessment

Question	Management response
<p>1. Have Nottinghamshire County Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>The Authority has undertaken an overall assessment of the risk of material misstatement in the financial statements by fraud as being low based on the good inherent records for completion of the financial statements, the current control environment and the management perception of risk based on the assessment of materiality for the Nottinghamshire County Council Financial Statements (NCC) and Nottinghamshire County Pension Fund. (NCPF)</p> <p>An Annual Fraud Risk Assessment has been carried out. This identified common fraud areas and areas for consideration of proactive counter-fraud work during the year ahead. The risk assessment is based on the assessment made by management, the opinions expressed in the Annual Governance Statement and the methods employed by the Head of Internal Audit to review the Governance Arrangements. Fraud has been considered in the risk register update processes and is referred to under specific risk headings – the most obvious one being in relation to the procurement risk, where the risk of supplier fraud is specifically noted.</p> <p>Current fraud risks identified have been assessed as part of the Annual Fraud Risk Assessment and work undertaken to address them has been reported as part of the Annual Fraud Report 2019/20 (and will again be reported as part of the Annual Fraud Report 2020/21) to the Governance and Ethics Committee. The Annual Fraud Risk Assessment is used to drive the coverage of Counter Fraud work, both proactive and reactive as part of the overall Internal Audit Universe and Termly planning processes. We have completed a number of post payment reviews (and continue to do so) in relation to COVID19 payments.</p>

## Fraud risk assessment

Question	Management response
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Internal Audit considers the following classes of accounts to be at most risk of fraud: Cash, Investments, Payroll, Stock, Creditors, Income Collection and Debt Recovery. These areas are considered during the Internal Audit Planning process and as part of the Counter Fraud Risk assessment. The risks to cash, investment and income collection also considers the impact of Cyber fraud from the access to accounts to the processing of banking and payment mandates that can be used to divert funds.</p> <p>Other classes of accounts are considered from disclosure within the financial statements such as related parties, investments, asset valuation etc which are covered within other sections and subject to the established Internal Audit risks assessment processes.</p> <p>Accounting treatment, such as accruals, prepayments and accounting estimates are considered through corporate finance in relation to potential misstatement rather than fraud.</p> <p>PF - Potential fraud through unreported deaths, or payment fraud where payments out of the Fund might be directed to bogus accounts.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Nottinghamshire County Council as a whole or within specific departments since 1 April 2020? As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Yes, such cases have been identified as part of internal audit work and cases have been subject to appropriate action. Cases have been recorded in the Annual Fraud Report. Cases have also been reviewed and actioned by departments: Adults, Social Care &amp; Health and Trading Standards with appropriate input from Senior Managers and Police.</p> <p>Internal Audit have been involved in referrals in relation to a number of cases involving suspected fraud as maintained on the investigations register. All cases have been valued under £100k both individually and collectively and have been either investigated by Internal Audit, the Department or both and some cases have been referred to the Police or Action Fraud. Work has been undertaken and recovery action instigated for deprived asset sales and Direct Payment misuse.</p>

# Fraud risk assessment

Question	Management response
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Nottinghamshire County Council where fraud is more likely to occur?</p>	<p>Please refer to above where the planning process expands into risk areas and work undertaken to identify and mitigate.</p> <p>The general fraud risks considering the environment in which the Council operate are in relation to Procurement, Contract Management, Cyber, Social Care Expenditure, Blue Badge, Concessions and Licence issues.</p> <p>The Fraud Risk assessment in 2020/21 considered each element of these risks and highlights specific risks in relation to:-</p> <ul style="list-style-type: none"> <li>• Procurement Fraud</li> <li>• COVID19 – Procurement, economic and voluntary sector support or grant fraud</li> <li>• Cyber Fraud</li> <li>• Schools – BACS/Cheque/Mandate Risks</li> </ul> <p>Implication for Criminal Finance Act 2017: undertook a risk assessment of areas at highest risk of impact – this identified Income Tax IR35; Direct Payments and Grants as being at risk. Risk assessment or Money Laundering identified External Sales, Income collation, debt recovery and cash handling as being areas of higher risk.</p>

# Fraud risk assessment

Question	Management response
<p>5. What processes do Nottinghamshire County Council have in place to identify and respond to risks of fraud?</p>	<p>The Annual Fraud Risk Assessment carried out by Internal Audit. Risks are scored to identify material and sensitive risks. The Fraud Risk Assessment informs the Counter Fraud Plan which in turn results in completion of the Annual Fraud Report.</p> <p>During 2020/21, Internal Audit has engaged with the following pro-active counter-fraud activities:</p> <ul style="list-style-type: none"> <li>• Promotion of the Council's Counter Fraud and Counter Corruption Strategy in line with the Fraud Response Plan.</li> <li>• E-learning – Fraud Awareness Course was promoted during International Fraud Week</li> <li>• Alerts from intelligence sources National Anti-Fraud Network, CIPFA etc. have been reviewed and disseminated.</li> <li>• Serious &amp; Organised Crime – Home Office – Data sharing has been undertaken with GAIN;</li> <li>• National Fraud Initiative (NFI) data matches have been completed and reports shared with other bodies.</li> <li>• NFI re-check has been completed for mortality data and pensions</li> <li>• Engagement with Local Government Association Procurement Review; CIPFA's development of Local Government Tools and Fighting Fraud and Corruption strategy and CIPFA Survey Workshops in relation to Counter Fraud.</li> <li>• Completion of Annual Fraud Report for 2019/20 (2020/21 Report will completed for June 2021) and reported to the Governance &amp; Ethics Committee.</li> </ul> <p>Risk and Insurance have continued to be engaged with the Association of British Insurers (ABI) to review claims received against a 48 point checklist to screen against fraud risks. This has reduced the number of high risk claims being considered by the Council and prevented fraudulent claims being paid.</p>

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# Fraud risk assessment

Question	Management response
<p>5. What processes do Nottinghamshire County Council have in place to identify and respond to risks of fraud?</p>	<p>The CIPFA Accredited Counter Fraud Specialist has continued to work with the CIPFA Counter Fraud Centre to ensure current practice, risk and knowledge sharing is undertaken. Work has also continued with Action Fraud and GAIN for the completion of data washing exercises.</p> <p>We have also reviewed current local practices against the National Audit Office guidance for audit committees on cyber security with a report taken to the Governance and Ethics Committee in September 2020.</p> <p>Profile Tailor Dynamics (PTD) software is used by the BSC Authorisation &amp; Security Team. This detects any unusual access to the SAP accounting system, including the detection of Segregation of Duties violations. This would help detect if someone accessed two different parts of SAP system. Since July 2020 every month Internal Audit has looked at every potential violation and have so far concluded that there have been no concerns.</p> <p>The system also reports on Security Events. These detect inappropriate accesses to SAP such as the data, or the employee's own personnel details, etc. From an audit point of view we have only been examining the 6 types of Event that we considered most sensitive, every month since July 2020, and from these have concluded there have been no concerns. In addition, the BSC has been examining the full set of events (approximately 70) for a longer period, but none of the events have resulted in any fraudulent access being identified but do help to ensure the security within SAP is developed and maintained to a high degree.</p> <p>A process of continuous assurance is currently under development –The Business Intelligence Unit is to set up systems to routinely capture the data such as that produced by PTD . This will monitor a variety of data that might indicate fraud – or the lack of fraud – such as expense claims, cash float usage, leavers not removed from the payroll, and there are plans to expand it into specific fraud indicators such as disallowed purchase card use, excessive overtime claims, etc.</p> <p>Proactive work on Bank Mandate checks have continued to prevent significant payments being made as a result of attempted fraud.</p> <p style="text-align: center;"><a href="#">Page 184 of 238</a></p>



# Fraud risk assessment

Question	Management response
<p>6. How do you assess the overall control environment for Nottinghamshire County Council, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>The application of internal controls, including segregation of duties, is reviewed annually as part of the processes employed to complete the Annual Governance Statement and supported by Assurance Mapping activities. Weaknesses are captured in the document and the work undertaken by the Head Of Internal Audit to form the Annual Opinion.</p> <p>The PDT processes outlined above in 5 describe processes which are in place in relation to internal controls including segregation of duties and a process of continuous assurance which is currently under development.</p> <p>Management monitor their individual areas on an on-going basis and report to their respective management teams. There is a requirement to report any suspected irregularities to Internal Audit, who will determine how to proceed in individual cases, including reporting to police, investigation by internal audit and investigation by management. The Fraud Response Plan sets out the expectations for all to follow.</p> <p>The risks from internal controls and segregation of duties are reviewed as part of the risk based approach undertaken by internal audit in the completion or its work as part of the Termly Plan which are informed by the Internal Audit Risk assessment and Fraud Risk Assessment. These risk assessments utilise a series of risk criteria and risk scoring to identify high risk locations using aspects such as turnover, cash transactions etc. Risks from processes such as payments and payroll systems are high due to value. A Fraud Risk assessment analyses the key areas of risk for the Council, which is revised annually to inform the counter fraud plan and inform the termly planning process.</p> <p>There are a small amount of cases of employees entering and approving their own overtime, and those that we investigated as part of a Payroll audit in 2018 were not fraudulent – it is usually at locations with limited numbers of staff with BMS access, especially schools, and so they cannot separate the duties. We recommended that the Payroll department get regular reports on these and look into them. In Feb 2021 we confirmed with the Payroll Manager that he ran his first report on these – and intends to issue some communication to schools to ensure this only happens where it is unavoidable, and that an audit trail is kept when it does happen.</p>

# Fraud risk assessment

Question	Management response
7. Are there any areas where there is potential for misreporting?	<p>The governance control processes in place for the completion of the annual governance statement for 2020/21 confirms that control arrangements are in place and have been operated during the course of the year. The governance arrangements are supported by a waiver process where any exceptions to the control function are approved. This process is controlled and reported to the Governance and Ethics Committee on an annual basis. There are no areas that have been identified for the override of controls due to the inappropriate influence.</p> <p>The Head of Internal Audit is not aware of any inappropriate over rides of management controls in the past year.</p> <p>A monthly budget monitoring process is undertaken to ensure that any variances to the budget are identified and reported to both the Corporate Leadership Teams and Finance and Major Contracts Management Committee on a timely basis. All variations are therefore considered by management as part of an open and transparent process.</p> <p>An audit of Budget Forecasting was carried out (March 2020) and more robust processes have since been introduced concerning failure to accurately provide budget forecasts.</p>

## Fraud risk assessment

Question	Management response
<p>8. How do Nottinghamshire County Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>Ethical principles are outlined in the Officers' and Members' Codes of Conduct. Staff are also required to adhere to the personnel handbook which is embedded as part of the induction process and general policies and procedures. The Council's Constitution provides the framework for a comprehensive set of internal controls to prevent fraud. The requirements are set out in further detail within Financial Regulations and these are complemented by more detailed guidance at departmental level.</p> <p>Internal Audit have an annual programme of work which is agreed with the Governance and Ethics Committee and this programme of work provides assurance that these controls are in place, effective and complied with. Awareness has been raised through Team Talk and on the intranet to promote the work undertaken in line with the Fraud Response Plan. The Council has a whistle-blowing policy which reminds staff of the need to report instances of fraud. The Annual Fraud Report sets out how management has responded to fraud cases arising over the previous year. The Council provides information on fraud and collusion to contractors and review compliance with their own practices.</p> <p>Internal Audit has completed an audit of ethics. Issues are reported by the Head of Internal Audit, Monitoring Officer and Line Managers. These are escalated to Head of Internal Audit for consideration of investigation. Internal Audit are engaged in a number of investigations where compliance issues have been identified and departmental action has been taken. None are significant to the Financial Statements. Awareness training is provided through My Learning, Team Talk and Intranet news articles. These have included counter fraud awareness articles to bring the Counter Fraud Response Plan to the attention of officers and staff along with the provision of an e-learning training course.</p>

## Fraud risk assessment

Question	Management response
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>High risk posts are assessed as part of the vacancy management processes and the recruitment needs such as exposure to financial, safeguarding, vulnerable persons risks etc. These are mitigated through enhanced recruitment and management checks as part of the recruitment processes and processes put in place to check for identify fraud along with obtaining additional reference and DBS checks etc.</p> <p>From a fraud perspective the roles that involve payment (raising and collection) are considered a risk due to fraud and or theft. This includes staff involved in corporate roles (BSC payroll, pensions, vendor management, Investment, Pension Fund Management) and also in relation to establishments such as school (Office Administration) and care facilities (Care Home Managers) etc. This extends to debt collection staff with the ability to credit, suspend or cancel debt payments etc.</p> <p>Staff involved in care roles pose a risk in terms of safeguarding and fraud, especially if they have responsibility for commissioning / providing care services or are involved in the management of individuals' funds. This extends to staff involved in protecting assets of vulnerable people and / or dealing with the possession of valuables after death.</p> <p>Staff involved in the procurement and handling of stock and consumables such as Stocks and Stores in relation to maintenance, ICT, catering functions and PPE. This would also extend to staff involved in the use of tangible assets and consumables owned by the council to ensure appropriate use.</p>

## Fraud risk assessment

Question	Management response
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>The Financial Statements identify all the related parties for the Council and the Pension Fund. Central Government – through the framework for grants and funding (Council Tax and Benefit Payments) Relationships in relation to members are identified where they held position with bodies receiving grants.</p> <p>Related transactions related to Arc, Via, Nottinghamshire (Futures), Inspire and LGPS Central for the PF are detailed within notes to the financial statements.</p> <p>Departments are required to identify related parties that they have in operation in addition to the corporate requirements. Related parties in relation to individuals are identified during the financial statements generation and are reviewed prior to declaration.</p> <p>Whilst processes are in place to mitigate against the risk of fraud, where we are made aware of any significant or unusual transactions that would give rise to fraud, these would be investigated as appropriate. This may include:</p> <ul style="list-style-type: none"> <li>• the department</li> <li>• Internal Audit</li> <li>• Police</li> <li>• Action Fraud</li> </ul> <p>No significant, unusual transactions have been entered into during 2020/21.</p>

## Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Governance and Ethics Committee?</p> <p>How does the Governance and Ethics Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>A Fraud Risk Assessment is undertaken which is used to inform the Annual Fraud Plan and work within the Internal Audit Planned activity. Activity in relation to Counter Fraud is reported through the Annual Fraud Report and developments captured as part of the Fraud Plan. The Annual Fraud Report (including a 6 monthly progress report) is considered by the Governance and Ethics Committee each year. The Corporate Leadership Team and the Governance and Ethics Committee are consulted on the Termly Internal Audit Plan (most recently in November 2020).</p> <p>Termly plans incorporate both proactive and reactive counter fraud work and represents the Section's assessment of the key areas that need to be audited in order to satisfy the Authority's statutory responsibility to undertake an adequate and effective internal audit of its accounting records and its system of internal control. Meetings are held on a 6 weekly basis between the Head of Internal Audit and the Chairman of the Governance and Ethics Committee and include a periodic update of work against the termly plan and update on counter fraud activity.</p> <p>Internal Audit termly plans continue to be determined on a risk basis. The consideration of risks involves consultation with senior managers and taking account of external sources of assurance, including the work of external inspectorates. The corporate risk register, assurance mapping process and continuous assurance exercise is also now providing an important flow of intelligence to inform Internal Audit's planning. These considerations have focused on emerging risks from the COVID19 pandemic and how the Internal Audit termly plans can be flexed to accommodate assurance, advisory and follow-up activities in Term 3.</p>

## Fraud risk assessment

Question	Management response
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>The County Council logs concerns it receives centrally on its corporate register. All matters which fall under the Whistleblowing Policy are required to be reported to the Monitoring Officer. During 2020, two matters were reported under the Whistleblowing Policy .</p> <p>The Monitoring Officer compiles an annual report in relation to whistleblowing which was presented to the Governance and Ethics Committee on 31<sup>st</sup> March 2021. The report outlines the actions taken in relation to each of these.</p> <p>When appropriate, the issues raised may include referral to Internal Audit for potential fraudulent activity.</p> <p>The Governance and Ethics Committee have endorsed that actions taken by officers to respond to whistleblowing cases and continued to promote the policy to staff and departments through the Team Talk intranet articles.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>No cases identified, however, any reported cases would be included as above.</p>

# Law and regulations

## Issue

### **Matters in relation to laws and regulations**

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

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

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

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



# Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Nottinghamshire County Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Decision making is undertaken by Committees and other meetings of the County Council based on reports following standardised templates with sections covering financial, constitutional, human rights, equalities implications etc. Each report is checked for compliance prior to publication. In addition, each department and service area is aware of the legal and regulatory framework relevant to their areas and appropriately qualified staff are recruited and trained in relevant procedures and processes. There is oversight by relevant government and other agencies tasked with monitoring standards and compliance. Periodic internal audit inspections of each service area take place. Legal advice is available for any casework or individual queries. The Monitoring Officer sits on the Corporate Leadership Team and attends Policy Committee and Full Council.</p>
<p>2. How is the Governance and Ethics Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Decision making by Committees and other meetings at the Council subject to appropriate advice via standardised committee reports covering relevant issues for consideration. The Annual Governance Statement summarises the processes and procedures in place that govern the arrangements. Internal Audit procedures, legal advisory support from in-house and (where necessary) external advisors on different areas of service delivery. Training and development of staff from both internal and external sources, accreditation with relevant professional bodies, whistle-blowing policy, Financial Regulations, contract procedures, complaints procedures, internal and external investigations, HR procedures, terms and conditions of employment including disciplinary procedures etc.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?</p>	<p>Internal Audit deal with allegations of fraud or criminal behaviour which is reported to the relevant authorities for investigation. Any instances of concern about potential non-compliance with laws and regulations which are raised are carefully considered and appropriate actions taken where considered necessary, such as by making changes to policy or procedure to reflect changes in the law or its interpretation by the Courts.</p> <p>The Council is not aware of any instances where non-compliance has been identified which would have an ongoing impact on the financial statements.</p>

## Impact of laws and regulations

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

# Related Parties

## Issue

### Matters in relation to Related Parties

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

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

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

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

## Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties disclosed in Nottinghamshire County Council's 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and Nottinghamshire County Council</li> <li>whether Nottinghamshire County Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>There have been no changes in the related parties disclosed in the 2020/21 Statement of Accounts.</p>
<p>2. What controls does Nottinghamshire County Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>The Financial Statements identify all the related parties for the Council and the Pension Fund. Central Government – through the framework for grants and funding (Council Tax and Benefit Payments)</p> <p>Relationships in relation to members were identified where they held a position with bodies receiving grants. These are updated on the Authority's website. Officers make an annual declaration.</p> <p>Related transactions related to Arc, Via, Nottinghamshire (Futures), Inspire and LGPS Central (PF) are detailed within notes to the financial statements.</p> <p>Related parties in relation to individuals are identified during the financial statements generation and are reviewed prior to declaration.</p>

## Related Parties

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

# Accounting estimates

## Issue

### Matters in relation to Related Accounting estimates

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

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

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

Specifically do Governance and Ethics Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?[Page 198 of 238](#)

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

## Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	The main classes of transactions that are significant to the financial statements and give rise to the need for accounting estimates are land and building valuations and pension liabilities.
2. How does the Authority's risk management process identify and addresses risks relating to accounting estimates?	In identifying and addressing these accounting risks sufficient knowledge and an appropriate level of professional expertise is required. In both of the main areas of accounting estimates, the Authority uses internal professionally qualified RICS valuers with regard to land and building valuations and professional actuaries, Barnett Waddingham for the pension liability.
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	For land and buildings the appropriateness of assumptions used in valuing the Authority's land and buildings requires judgment and sufficient knowledge of the asset being measured and an appropriate level of professional expertise regarding valuation techniques. For the pension liability, management are guided by the professional advice of the Fund's actuaries in respect of the assumptions used.
4. How do management review the outcomes of previous accounting estimates?	Estimates that have changed significantly year on year are challenged as part of the year- end accounting process. Working papers are set out which aim to explain the reasons for any such variation.
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	No changes were made to the estimation process in 2020/21.  <b>Page 199 of 238</b>

## Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>Where a significant accounting estimate is identified professionally qualified experts are commissioned or internally sourced to provide sufficient advice and guidance to the Authority.</p>
<p>7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>The process for land and buildings is governed by formal Terms of Engagement that reflect the expectations in relation to the relevant outputs / estimates. Valuations are undertaken by designated surveyors and separately approved by a Principal Valuer to ensure compliance and accuracy.</p>
<p>8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>In managements' opinion, there are adequate controls in place over the calculations of these accounting estimates. The robustness of these controls can be assessed with reference to robust analytical review processes undertaken by professionally qualified staff.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	<p>Land and building estimates are considered annually throughout the valuation process culminating with a consolidated Valuation Certificate which indicates the Valuer's opinion of the value of specified properties pertaining to the process and the basis of valuation, any assumptions which have been made or limitations, including those as to accuracy of data and any other significant matters. If the Valuer considers that circumstances render it inappropriate for the valuation to be made wholly in accordance with the Red Book a clear statement of this must be given in the Valuation Certificate, together with reason for such departure, the extent of the departure which the Valuer must be able to justify. For the pension liability. Management use the figures provided by the professionally qualified specialist actuary in respect of the estimate. Detailed information in respect of the assumptions chosen and the sensitivity of the estimate to changes in these assumptions is provided in the relevant note to the accounts.</p>



## Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?</p>	<p>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.</p> <p>PF The statement of accounts includes valuations of Level 2 and Level 3 financial instruments which involve an element of judgement</p>
<p>11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?</p>	<p>It is the view of the Section 151 Officer that the estimates made within the Statement of Accounts are consistent with the Local Authority Accounting Code of Practice and are both prudent and reasonable.</p>
<p>12. How is the Governance and Ethics Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>The Accounting Policies which set out the specific principles , rules and practices applied by the Authority in preparing and presenting the financial statements are approved each year by the Governance and Ethics Committee. The financial statements are presented to Governance and Ethics Committee each year which set out the accounting estimates used.</p>

## Appendix A Accounting Estimates

**Note: this appendix must be included unless Those Charged with Governance consider the PSA significant judgements and estimates management response for each material estimate**

Estimate [Examples]	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	The valuations methods are as defined in the RICS Valuation- Global Standards .These standards are mandated by the IFRS-based Code of Practice on Local Authority Accounting ("the Code") published by CIPFA.	Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. For land and buildings all material assets will be considered in 2020/21.	Professionally qualified RICS valuers are commissioned and sourced internally.	Degree of uncertainty inherent with any revaluation. We employ professional valuers and rely on appropriate level of professional expertise regarding valuation techniques	No
Investment property valuations	As per L&B	Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount <a href="#">Page 202 of 238</a>	As per L&B	As per L&B	No
Depreciation	Each part of an item of PPE with a significant cost in relation to the total cost is depreciated separately.	Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate	As per L&B	Depreciation is calculated on a straight line basis as this reflects consumption of assets and is a reasonable assumption	No

## Appendix A Accounting Estimates

Estimate <b>[Examples]</b>	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund liabilities	The actuarial gains and losses figures are calculated by the actuarial expert. These figures are based on making % adjustments to the closing values of assets/liabilities.	Nottinghamshire County Council responds to queries raised by the administering body.	Nottinghamshire County Council are provided with an actuarial report by the appointed actuaries, Barnett and Waddington.	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No.
Level 2 investments	Level 2 investments are carried in the balance sheet at amortised cost including impairments.	Closing balances on Level 2 investments are reconciled to the opening balances and transactions in the year. Amortisations and impairments are reviewed.	Reviews are undertaken by accountants within Finance.	Most figures comprise actual external transactions. Amortisation schedules are set up and checked to reduce to zero over the timescale. Initial assumptions on set up are reviewed.	No.
Level 3 investments	Level 3 investments are carried in the balance sheet at amortised cost including impairments.	Closing balances on Level 3 investments are reconciled to the opening balances and transactions in the year. Amortisations and	Reviews are undertaken by accountants within Finance.	Most figures comprise actual external transactions. Amortisation schedules are set up and checked to reduce to zero over the timescale. Initial assumptions on set up are reviewed.	No.

## Appendix A Accounting Estimates

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

## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Finance lease liabilities	The Finance Lease models were established and introduced as was required following the adoption of IFRS.	Each Finance Lease model is compared annually to actual transactions	The model was set up by an accountant within the FS&A team.	The Finance Lease models have been set up in accordance with IAS 17 such that the initial liability is equivalent to the asset value and payments are split between interest and liability reduction using a single rate of interest over the life of the finance lease such that the liability reaches zero after the final payment.	No.
PFI Liabilities	The PFI models were established and introduced as was required following the adoption of IFRS.	The outputs of the model are compared annually to actual transactions.	A PFI expert was used in setting up the Council's three PFI models.	The assumptions used in the PFI models are set out in the individual schemes' PFI Model.	No.



23 June 2021

Agenda Item: 14

## **REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT**

### **GRANT THORNTON – EXTERNAL AUDIT PLAN 2020/21**

#### **Purpose of the Report**

1. To inform Members of the External Auditors' Audit Plan for their 2020/21 Audit.

#### **Information**

2. The attached report from our external auditors, Grant Thornton, sets out the proposed Audit Plan for the 2020/21 audit, including their approach, significant risks, fees, key staff and timelines for the audit. The report is presented to Members for their information. John Gregory, Engagement Lead - Grant Thornton) will be in attendance at the meeting to introduce the report and respond to Members' questions.

#### **Other Options Considered**

3. The report is for comment only.

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

4. To provide information to Members on the External Audit Plan 2020/21.

#### **Statutory and Policy Implications**

5. 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.

#### **Financial Implications**

6. The anticipated total fees, excluding the indicative fee for grant claim certification, are £120,124 for Nottinghamshire County Council and £35,293 for the Nottinghamshire Pension Fund. The Ministry for Housing, Communities and Local Government is providing Local Authorities with £15.0m in 2021/22 to meet the rise in cost of external audit fees. A

consultation has been undertaken to seek views on how best to allocate this funding across Authorities, the outcome of which is not yet known.

## **RECOMMENDATION/S**

- 1) That Members receive, and comment upon, the External Auditor’s Audit Plan for 2020/21.

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

**For any enquiries about this report please contact:**  
Glen Bicknell, Senior Finance Business Partner, Financial Strategy and Compliance.

### **Constitutional Comments (09/06/2021 KK)**

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

### **Financial Comments (01/06/2021 GB)**

8. The financial implications are set out in the report.

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

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

- None

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

- All



# Nottinghamshire County Council and Nottinghamshire Pension Fund audit plan

**Year ending 31 March 2021**

Nottinghamshire County Council  
and Pension Fund

23 June 2021



# Contents



## Your key Grant Thornton team members are:

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Section	Page	
Key matters	3	The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.
Introduction and headlines	5	
Significant risks identified	6	
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Materiality	13	
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Risks of significant VFM weaknesses	15	
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Independence and non-audit services	20	
Appendix 1: Revised Auditor Standards and application guidance		Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

# Key matters – Council

## Factors

### Sector wide issues

- The Ministry for Housing, Communities & Local Government (MHCLG) has amended regulations to extend the deadline for publishing audited local authority accounts from 31 July to 30 September for a period of two years. At the end of this period, MHCLG will review whether there is a continued need to have an extended deadline.
- The Chartered Institute of Public Finance and Accountancy (CIPFA) have announced deferral of IFRS 16 for local authorities to 1 April 2022.
- The Financial Reporting Council (FRC) thematic reviews published have identified areas for improvement which are relevant to local government in regard to International Financial Reporting Standard 15 (revenue from contracts with customers), cash flow statements and the financial reporting effects of COVID-19

### Impact of COVID-19 pandemic

- The impact of COVID-19 has been unprecedented on service provision, in particular in key areas such as social care and education
- The gross impact of COVID-19 in 2020/21 has been estimated at £82.9m, but this has been matched by additional government funding streams.
- Several of these COVID-19 measures implemented in 2020/21 in the form of grant funding will need consideration in order to determine whether there is income and expenditure to be recognised in the CIES. This will depend on the nature of funding, and conditions in place over its usage.
- Property markets remain volatile in 2020/21 due to the ongoing impact of the pandemic.

## Our response

- We will work flexibly in partnership with officers to endeavour to deliver to the revised statutory deadlines.
- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Service Director – Finance, Procurement & Improvement.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work. This will specifically consider the impact of COVID-19.
- Our work on grant funding will establish whether new sources of revenue received in the period have been accounted for appropriately on a principal or agent basis, conditions have been met and income is classified correctly.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk in regards to management override of control – refer to page 6
- The Council's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid 19 pandemic. We identified a significant risk in regards to the valuation of properties – refer to page 7

# Key matters – Pension Fund

## Factors

### Sector wide issues

- MHCLG has amended regulations to extend the deadline for publishing audited local authority accounts from 31 July to 30 September for a period of two years. At the end of this period, MHCLG will review whether there is a continued need to have an extended deadline.
- The Scheme Advisory Board (SAB) have considered and published the phase III final report in respect of the 'Good Governance' project in the LGPS and an associated action plan.
- Regulations introduced in 2020 in regard to the cap on public sector exit payments have been revoked by Government.

### Impact of Covid 19 pandemic

- The management of investments is undertaken by individual fund managers, and it is within their remit to actively review portfolios in line with the Investment Strategy in order to maximise return for the Fund. Following the initial shock of the pandemic, investment values bounced back significantly in Q2 and Q3 of 2020/21.

### Other Local issues

- Property markets remain volatile in 2020/21 due to the ongoing impact of the pandemic.
- The fund hold an equal share with eight other LGPS in the pooled investment vehicle LGPS Central which is valued at cost. The allocation of assets to the pool has increased in the period in line with investment strategy
- In March 2021, the Pension Committee approved the continued provision of the pension administration system, Universal Pension Manager by Civica UK

## Our response

- We will work flexibly in partnership with officers to endeavour to deliver to the revised statutory deadlines.
- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Service Director – Finance, Procurement & Improvement.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk in regards to management override of control – refer to page 6 .
- Valuers of the Fund's directly held properties reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid 19 pandemic. We will consider the valuation of investments in the current year for similar matters and determine the impact on our auditor's report if applicable.

# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Nottinghamshire County Council and Nottinghamshire Pension Fund ('the Council') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the *Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Nottinghamshire County Council and Nottinghamshire Pension Fund. We draw your attention to both of these documents.*

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council and Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Governance and Ethics committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Governance and Ethics Committee of your responsibilities. It is the responsibility of the Council and Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council and Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

### County Council

- Management override of controls
- Valuation of land and buildings and investment properties
- Valuation of the net defined benefit pension fund liability

### Pension Fund

- Management override of control; and
- Valuation of Level 3 investments

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £17.8m (PY £17.8m) for the Council, which equates to 1.5% of your prior year gross expenditure and £50m (PY £54m) for the Pension Fund, which equates to 1% of your prior year net assets. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.89m (PY £0.89m) for the Council and £2.5m (PY £2.7m) for the Pension Fund.

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following risks of significant weakness:

- Financial Planning (Medium Term Financial Sustainability)

## Audit logistics

Our interim visit took place in March and April 2021 and our final visit will take place in July to September 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £120,124 (PY: £89,624) for the Council and £35,293 (PY £27,293) for the Pension Fund, subject to delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Fraud in revenue recognition (rebutted)	Authority and Pension Fund	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Nottinghamshire County Council and Nottinghamshire Pension Fund, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore we do not consider this to be a significant risk for Nottinghamshire County Council and Nottinghamshire Pension Fund.</p>	No detailed audit procedures proposed
Management over-ride of controls	Authority and Pension Fund	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Authority faces external scrutiny of its spending and likewise the Fund of its stewardship of funds and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

# Significant risks identified (continued)

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings and investment property	Authority	<p>The Authority revalues its land and buildings on a rolling five year basis, and investment properties on an annual basis.</p> <p>In the intervening years, to ensure the carrying value in the Authority financial statements is not materially different from the current value or fair value at the financial statements date, the Authority carries out a desktop valuation or requests a desktop valuation from its valuation expert to ensure that there is no material difference. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of the Authority's land and buildings and investment properties as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert</li> <li>• write to the valuer to confirm the basis on which the valuation was carried out</li> <li>• test revaluations made during the year to see if they had been input correctly into the Authority's asset register</li> <li>• engage our own valuer to assess the instructions to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation.</li> <li>• evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end</li> </ul>
Valuation of the net defined benefit pension fund liability	Authority	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statement. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;</li> <li>• assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;</li> <li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>• agree the advance payment made to the pension fund during the year to the expected accounting treatment and relevant financial disclosures.</li> <li>• obtain assurances from the auditor of Nottinghamshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>

# Significant risks identified (continued)

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 Investments	Pension Fund	<p>The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2021. We therefore identified valuation of Level 3 investments as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes for valuing Level 3 investments</li> <li>• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met</li> <li>• independently request year-end confirmations from investment managers and/or custodian(s)</li> <li>• for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2021 with reference to known movements in the intervening period and</li> <li>• in the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert</li> <li>• test revaluations made during the year to see if they had been input correctly into the Pension Fund's asset register</li> <li>• where available review investment manager service auditor report on design effectiveness of internal controls.</li> </ul>



# Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

## Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

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

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

Specifically do Governance and Ethics Committee members:

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



# Accounting estimates and related disclosures

## Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council and Pension Fund we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings and investment properties
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Valuation of level 2 and level 3 investments

## The Council's Information systems

In respect of the Council and Pension Fund's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council and Pension Fund uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council and Pension Fund (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



### Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

### Planning enquiries

As part of our planning risk assessment procedures we have made enquiries of management which will be presented to the Governance and Ethics Committee in June 2021 in a separate document named 'Informing the Audit Risk Assessment'. Members of the Committee are required to consider these responses and confirm that they are consistent with their understanding.

### Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540\\_Revised-December-2018\\_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited fund accounts.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report.

# Materiality

## The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the prior year and a proportion of net assets of the Pension Fund for the prior year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £17.8m (PY £17.8m) for the Council, which equates to 1.5% of your gross expenditure for the prior year and £50m (PY £54m) for the Pension Fund, which equates to 1% of your net assets for the prior year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £100k for Senior officer remuneration due to public interest in this area of the accounts.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

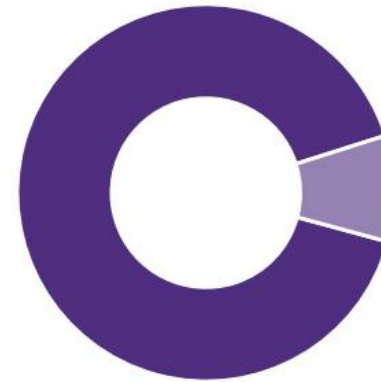
## Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council and Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.89m (PY £0.89m) for the Council and £2.5m (PY £2.7m) for the Pension Fund.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Governance and Ethics Committee to assist it in fulfilling its governance responsibilities.

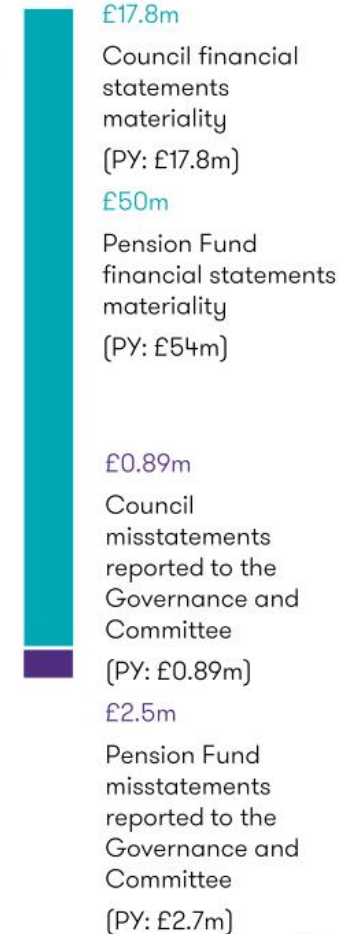
## Prior year gross operating costs/ net assets

£1,187m Council  
£5,040m Pension Fund



■ Prior year gross operating costs and net assets

## Materiality



# Value for Money arrangements

## Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

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

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



### Improving economy, efficiency and effectiveness

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



### Financial Sustainability

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



### Governance

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



# Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

## Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



### Financial Planning (Medium Term Financial Sustainability)

Although the council expects to have sufficient resources in the immediate term (FY2021/22), it has identified a need to deliver significant year on year savings to achieve a balanced budget in the medium term. The council has identified estimated savings requirements of £17.6m in FY22/23, £14.6m in FY23/24 and £15.5m in FY24/25. The COVID-19 pandemic had a gross impact of £82.9m in the year, which has been partly offset by additional government grants. At the same time, there have been significant fluctuations in demands for services and the costs of delivering them, and overall the Council is reporting a £10.2m underspend for the year which will be transferred to reserves. There remain significant uncertainties in the position going forward, both due to the uncertain path of the pandemic and also uncertainty over future funding decisions. And the performance of the wider economy, and the Council's plans for medium term financial sustainability need to remain flexible and be robust.

#### Our responses to this risk:

- 1) To document an understanding of the arrangements the body has in place in respect of financial sustainability
- 2) To make an assessment of those arrangements
- 3) To gather sufficient evidence to support the commentary on the body's arrangements in the Auditor's Annual Report
- 4) To identify any further risks of significant weaknesses in arrangements that weren't identified at the initial planning stage
- 5) To draft the commentary to be included in the Auditor's Annual Report

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

# Audit logistics and team

  
Planning and risk assessment

Interim audit  
March – April 2021

Governance and Ethics Committee  
committee  
23 June 2021

Audit Plan

Year end audit  
July – September 2021

Governance and Ethics  
committee  
September 2021  
  
Audit Findings Report/Draft  
Auditor’s Annual Report (VFM) and  
Audit Opinion



John Gregory, Key Audit Partner

John will be the main point of contact for the Chair, Service Director and Committee members. He will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. John will ensure our audit is tailored specifically to you, and he is responsible for the overall quality of our audit. John will sign your audit opinion.

## Nottinghamshire County Council



Zak Francis, Manager



Ellie West, Audit In-charge

## Nottinghamshire Pension Fund



Jim McLarnon, Senior Manager



Kerry Sharma, Audit In-charge

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## Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.



# Audit fees

In 2018, PSAA awarded a contract of audit for Nottinghamshire County Council and Nottinghamshire Pension Fund to begin with effect from 2018/19. The fee agreed in the contract was £75,624 for the Council and £23,043 for the Pension Fund. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 14, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased fee of £19,000 (25%). This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1..

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. We have engaged an audit expert to improve the level of assurance we require for property valuations estimates, which has been included in our proposed audit fee. Our proposed work and fee for 2020/21, as set out below, is detailed overleaf and has been agreed with the Service Director – Finance, Procurement & Improvement.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Nottinghamshire County Council Audit	£81,624	£89,624	£120,124
Nottinghamshire Pension Fund Audit	£23,043	£27,293	£35,293
Total audit fees (excluding VAT)	£104,667	£117,917	£156,417

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## Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Audit fees – detailed analysis - Council

Scale fee published by PSAA	£75,624
<b>Ongoing increases to scale fee first identified in 2019/20</b>	
Raising the bar/regulatory factors	£4,000
Enhanced audit procedures for Property, Plant and Equipment	£7,500
Enhanced audit procedures for Pensions	£2,500
<b>Audit fee 2019/20</b>	<b>£89,624</b>
<b>New issues for 2020/21</b>	
Additional work on Value for Money (VfM) under new NAO Code	£19,000
Increased audit requirements of revised ISAs 540, 240 and 700	£11,500
<b>Proposed increase to agreed 2019/20 fee</b>	<b>£30,500</b>
<b>Total audit fees (excluding VAT)</b>	<b>£120,124</b>

# Audit fees – detailed analysis – Pension Fund

Scale fee published by PSAA	£23,043
Ongoing increases to scale fee first identified in 2019/20	
Raising the bar/regulatory factors	£2,500
Enhanced audit procedures for Investments	£1,750
<b>Audit fee 2019/20</b>	<b>£27,293</b>
New issues for 2020/21	
Increased audit requirements of revised ISAs 540, 240 and 700	£8,000
Proposed increase to agreed 2019/20 fee	£8,000
<b>Total audit fees (excluding VAT)</b>	<b>£35,293</b>

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council and Pension Fund.

## Other services

See overleaf for other services provided by Grant Thornton identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

# Independence and non-audit services

## Nottinghamshire County Council

Service	Fees £	Threats	Safeguards
<b>Audit related</b>			
Certification of Teachers' Pensions return	4,000	Self Interest	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £4,200 in comparison to the total fee for the audit of £121,124 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review	We have not prepared the form which we review and do not expect material misstatements to the financial statements to arise from this service.
		Management	Changes to the return and the factual accuracy of our report will be agreed with informed management.
<b>Non-audit related</b>			
CFO Insights subscription	10,000	Self-Interest	<p>A £30,000 for a three year subscription to CFO insights (£10,000 per year) was paid by the Council in 2018/19.</p> <p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the audit of £116,295 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p>

# Independence and non-audit services

## Nottinghamshire Pension Fund

Service	Fees £	Threats	Safeguards
Audit related			
IAS19 Assurance letters for Admitted Bodies	7,500	Self-Interest	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £35,293 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

# Appendix 1: Revised Auditor Standards and application guidance

## FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.




	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	✓
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	✓
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	✓
ISA (UK) 230 – Audit Documentation	January 2020	✓
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	✓
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	✓
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	✓

# Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	



# Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



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23 June 2021

Agenda Item: 15

## **REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES**

### **WORK PROGRAMME**

#### **Purpose of the Report**

1. To review the Committee's work programme for 2021-22.

#### **Information**

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the Committee's agenda, the scheduling of the Committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and Committee meeting. Any member of the Committee is able to suggest items for possible inclusion.
3. The attached work programme includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified. The meeting dates and agenda items are subject to review in light of the ongoing COVID-19 period.
4. The work programme is currently being reviewed and a more comprehensive appendix will be prepared for the next meeting.

#### **Other Options Considered**

5. None

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

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

#### **Statutory and Policy Implications**

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

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

## **RECOMMENDATION**

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

**Marjorie Toward**  
**Service Director, Customers, Governance and Employees**

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

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### **Constitutional Comments (EH)**

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

### **Financial Comments (NS)**

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

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

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

- None

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

- All

## GOVERNANCE & ETHICS COMMITTEE - WORK PROGRAMME (AS AT 10 JUNE 2021)

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>Lead Officer</u>	<u>Report Author</u>
<b>23 June 2021</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 (item to be confirmed).	Marie Rowney	Jo Kirkby
Annual Governance Statement 2020-21	To approve the annual statement.	Rob Disney	Rob Disney
Assurance Mapping 2020-21	To consider this annual review of progress.	Rob Disney	Simon Lacey
Head of Internal Audit Annual Report 2020-21	To consider the Head of Internal Audit's latest annual report.	Rob Disney	Rob Disney
Accounting Policies 2020/21	To outline any proposed changes to the accounting policies used for the Authority's Statement of Accounts for 2020/21. For review and approval.	Nigel Stevenson	Glen Bicknell
Statement of Accounts 2020/21 -Informing the Risk Assessment 2020/21	To provide information on the external auditors' requirement for the provision of information regarding the Council's approach to dealing with fraud, litigation, laws and regulations as part of their audit.	Nigel Stevenson	Glen Bicknell
External Audit Plan 2020/21	Grant Thornton reports the plan for carrying out the external audit of the 2020/21 Statement of Accounts.	Nigel Stevenson	Glen Bicknell
Governance and Ethics Committee Annual Report 2020/21	To consider the Committee's annual report.	Nigel Stevenson and Marjorie Toward	Rob Disney
<b>September 2021</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 (item to be confirmed).	Marie Rowney	Jo Kirkby
Approval of the Statement of Accounts 2020/21	To seek approval for the 2020/21 Statement of Accounts	Nigel Stevenson	Glen Bicknell
Annual Fraud Report 2020-21	To consider this annual review of progress.	Rob Disney	Simon Lacey

Annual update on use of resources by Councillors	To consider the annual update	Marjorie Toward	Keith Ford
Update on the Use of the Councillor's Divisional Fund	To consider six monthly update	Marjorie Toward	Keith Ford
Councillor Code of Conduct Review	To consider the findings of the working group	Marjorie Toward	Heather Dickinson
Financial Regulation Waivers 2020/21	To report on the number and value of financial waivers granted through 2020/21	Nigel Stevenson	Kaj Ghattaora

**Add in item on review of virtual meetings, broadcasting and impact on public engagement (viewing figures etc) as agreed at February meeting**