Nottinghamshire County Council

Governance and Ethics Committee

Wednesday, 25 November 2020 at 10:30

https://youtu.be/PCfAeJ3rh-0

AGENDA

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 Keith Ford (Tel. 0115 977 2590) or a colleague in Democratic Services prior to the meeting.

(4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.

(5) This agenda and its associated reports are available to view online via an online calendar - http://www.nottinghamshire.gov.uk/dms/Meetings.aspx

Nottinghamshire County Council

minutes

Meeting	GOVERNANCE AND ETHICS COMMITTEE
Date	Monday 12 October 2020 (commencing at 2.00 pm)

membership
Persons absent are marked with `A'

COUNCILLORS

Bruce Laughton (Chairman)
Kevin Rostance (Vice-Chairman) **A**

Nicki Brooks	Rachel Madden
Steve Carr	Phil Rostance
Kate Foale	Keith Walker
John Handley	Martin Wright
Errol Henry JP	

SUBSTITUTE MEMBERS

Andy Sissons for Kevin Rostance

OFFICERS IN ATTENDANCE

Ainsley Macdonnell	Adult Social Care and Health Department
Phil Dent	Chief Executive's Department
Heather Dickinson	
Rob Disney	
Keith Ford	
Jo Kirkby	
Jeni Sumner	
Marjorie Toward	
Colin Pettigrew	Children & Young People

1. MINUTES

The Minutes of the last meeting held on 7 September 2020, having been previously circulated, were confirmed and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

The following apology for absence was reported:-

Councillor Kevin Rostance – other County Council business.

3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None

4. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN (LGSCO) DECISIONS – FEBRUARY – SEPTEMBER 2020

Jo Kirkby, Team Manager, Complaints and Information introduced the report which informed Members of the latest complaint decisions by the LGSCO.

Colin Pettigrew, Corporate Director, Children & Young People and Ainsley Macdonnell, Service Director – Living Well, Community Services provided updates in relation to the complaints outlined in paragraphs 8-12 of the committee report and responded to Members' queries.

In response to a request from Members, officers agreed to give further consideration to a suggestion that the Committee receive, on a six monthly basis, internal complaints data so that Members can also be aware of any trends and possible training and workload implications for complaints that are not subsequently referred to the LGSCO.

RESOLVED: 2020/035

That further consideration be given to the possibility of sharing internal complaints data with the Committee on a six monthly basis.

5. ASSURANCE MAPPING ANNUAL REPORT 2019-20

Rob Disney, Group Manager – Assurance, introduced the report which presented outcomes from assurance mapping in the previous financial year and offered options for development in the current year.

RESOLVED: 2020/036

1) That the assurance mapping process be retained in 2020-21.

2) That the scope of the assurance map for 2020-21 be widened to embrace Transformation, Commissioning & Procurement and Information Governance.

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

4) That, in relation to the positive assurance delivered in the five aspects of governance covered by the current exercise, no further actions were required.

6. QUARTERLY GOVERNANCE UPDATE

Rob Disney, Group Manager – Assurance, introduced the report which informed Members of progress with the Governance Action Plan 2020-21 and requested Members' feedback on the most significant governance issues currently faced by the Council and whether revised actions were needed to address emerging risks.

RESOLVED: 2020/037

That no further actions or reports were required relating to the governance issues raised in the report.

7. FOLLOW-UP OF INTERNAL AUDIT RECOMMENDATIONS

Rob Disney, Group Manager – Assurance and Phil Dent, Audit Team Leader, introduced the report which outlined progress with the implementation of agreed management actions to address Internal Audit recommendations.

RESOLVED: 2020/038

That no further progress reports from the relevant managers were required.

8. INDEPENDENT REVIEW INTO THE OVERSIGHT OF LOCAL AUDIT AND THE TRANSPARENCY OF LOCAL AUTHORITY FINANCIAL REPORTING

Nigel Stevenson, Service Director, Finance, Infrastructure and Improvement, introduced the report which provided an update on recommendations arising from this review.

RESOLVED: 2020/039

That no further actions were required in relation to the recommendations arising from the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.

9. NEW MEMBERS' INTRANET PAGES 'MEMBERS HUB' – PROGRESS UPDATE

Heather Dickinson, Group Manager Legal and Democratic Services and Jeni Sumner, Business Partner – Customer Services, gave a presentation showcasing the draft contents of the new Members Hub.

With regard to the proposed cross party working group, it was agreed that this would be chaired by the Vice-Chair of the Committee. Councillors John Handley, Errol Henry and Martin Wright all agreed to be involved. Councillor Carr and a representative of the Ashfield Independents Group would also be invited to join.

RESOLVED: 2020/040

1) That the overall approach being taken with the test Members Hub be agreed

2) That a cross party member working group be established to undertake a review of the test Hub and to provide further suggestions for content and feedback on other aspects of the Members Communication and Engagement Programme as necessary.

10. WORK PROGRAMME

RESOLVED: 2020/041

That the work programme be agreed, with no further changes required.

The meeting closed at 3.12 pm.

CHAIRMAN

Nottinghamshire County Council

Report to Governance and Ethics Committee

25 November 2020

Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE AND EMPLOYEES

LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN DECISIONS SEPTEMBER AND OCTOBER 2020

Purpose of the Report

1. To inform the Committee about Local Government & Social Care Ombudsman (LGSCO) decisions relating to the Council since the last report to Committee, and up to 30 October 2020.

Information

2. Members have asked to see the outcome of Ombudsman investigations regularly and promptly after the decision notice has been received. This report therefore gives details of all the decisions received since the last report to this Committee on 12th October 2020.

3. The LGSCO provides a free, independent and impartial service to members of the public. It looks at complaints about Councils and other organisations. It only looks at complaints when they have first been considered by the Council and the complainant remains dissatisfied. The LGSCO cannot question a Council's decision or action solely on the basis that someone does not agree with it. However, if the Ombudsman finds that something has gone wrong, such as poor service, a service failure, delay or bad advice and that a person has suffered as a result, the LGSCO aims to get the Council to put it right by recommending a suitable remedy.

4. The LGSCO publishes its decisions on its website (www.lgo.org.uk/). The decisions are anonymous, but the website can be searched by Council name or subject area.

5. A total of seven decisions relating to the actions of this Council have been made by the Ombudsman in this period. Appendix A to this report summarises the decisions made in each case for ease of reference and Appendix B provides the full details of each decision. No fault has been found in any of these decisions.

6. Following initial enquires into six complaints the LGSCO decided not to continue with any further investigation for the reasons given in Appendix A.

7. A full investigation was undertaken of one complaint which related to a complex Adult Social Care case. The complaint centred around the issue of charging for respite care breaks. The complaint was not upheld.

Statutory and Policy Implications

8. 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

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

Financial Implications

10. There were no financial remedies required.

Implications for Service Users

11. 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

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

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

For any enquiries about this report please contact:

Jo Kirkby Team Manager – Complaints and Information Team

Constitutional Comments (HD (Standing))

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

Financial Comments (RWK 02/11/2020)

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

APPENDIX A

DECISIONS NOT TO INVESTIGATE FURTHER

DATE	LGO REF/ANNEX PAGE No.	PROCEDURE	COMPLAINT SUMMARY	REASON FOR DECISION
16.09.2020	20 003 243 page 1	Corporate	Unsuccessful appeal for a school place	Not enough evidence of fault by the panel, and so cannot question the merits of its decision
25.09.2020	20 004 289 page 3	Corporate	Council failed to provide place for child at preferred school	Unlikely to find fault, would not achieve different outcome to that already obtained.
01.10.2020	20 003 519 page 5	Corporate	Unsuccessful appeal for a school place	Not enough evidence of fault by the panel, and so cannot question the merits of its decision
15.10.2020	20 004 235 page 13	Corporate	Council refusal to accept responsibility for maintaining trees and vegetation on highway boundary with property	Insufficient evidence of fault by the Council. Only the courts can determine private property boundaries.
15.10.2020	20 004 997 page 15	Corporate	Complaint about the Council's response as a statutory consultee on 2 planning applications.	The injustice is speculative as the planning applications have been refused.
16.10.2020	20 004 214 page 17	Corporate	Council sought to prevent son getting the right special educational needs provision in the right setting when it issued an Education Health and Care Plan.	Issues not separable from the content of the Plan, which has been appealed to the Special Educational Needs and Disability Tribunal.

FULL INVESTIGATIONS

DATE	LGO REF ANNEX PAGE No	PROCEDURE	COMPLAINT SUMMARY	DECISION	RECOMMENDATION	FINANCIAL REMEDY
09.10.2020	19 011 280 page 7	Adults	Council at fault for its assessment of contribution towards respite care.	Not upheld: no maladministration.		

16 September 2020

Complaint reference:
20 003 243

Complaint against:
Nottinghamshire County Council

Local Government & Social Care OMBUDSMAN

The Ombudsman's final decision

Summary: The Ombudsman will not investigate Mr X's complaint about an unsuccessful appeal for a school place. This is because there is not enough evidence of fault by the panel, and so we cannot question the merits of its decision.

The complaint

1. The complainant, whom I shall refer to as Mr X, complains about an unsuccessful appeal for a school place.

The Ombudsman's role and powers

2. This complaint involves events that occurred during the Covid-19 pandemic. The Government introduced a range of new and frequently updated rules and guidance during this time. We can consider whether the Council followed the relevant legislation, guidance and our published "Principles of Good Administrative Practice during Covid".
3. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word 'fault' to refer to these. We cannot question whether an independent school admissions appeals panel's decision is right or wrong simply because the complainant disagrees with it. We must consider if there was fault in the way the decision was reached. If we find fault, which calls into question the panel's decision, we may ask for a new appeal hearing. ***(Local Government Act 1974, section 34(3), as amended)***

How I considered this complaint

4. I considered Mr X's complaint to the Ombudsman and information from the Council. I gave Mr X the opportunity to comment on a draft statement before reaching a final decision on his complaint.

What I found

5. Mr X applied for a reception place for his son (Y) starting in September 2020. Because there were more applications than places available at his preferred school (School Z) the Council used its oversubscription criteria to decide which children would be offered a place. The last child offered a place was in the criterion "out of catchment" and lived 0.748 miles from the school. Mr X's son was also considered under this criterion, but because the home address is 0.749 miles form the school, the Council did not offer Y a place. In line with its published

admission arrangements the Council offered Y a place at the next nearest school with spaces.

6. Mr X appealed the decision not to offer Y a place at School Z. Emergency legislation introduced by the Government during the Covid-19 pandemic allows school admission appeals to be heard remotely, by video or teleconference. Mr X's appeal for a place at School Z was heard over the telephone. Mr X's wife, Mrs Y, took part in the appeal.

7. Parents were given the opportunity to send extra information before the hearing. In their written appeal, Mr and Mrs X explained how Mr X was in the army and would be serving overseas. Mrs X often did not return from work until the evening and there would be logistical issues if Y could not attend School Z. The Council's reasons for not offering Y a place at School Z were circulated to Mr X and the panel before the appeal. The Council's written statement explained the difficulties admitting a further child would cause.

8. Independent appeal panels must follow the law when considering an appeal. They need to consider if the school's admission arrangements comply with the law, and if they were properly applied to the appellant's application. They need to decide if admitting a further child would "prejudice the provision of efficient education or the efficient use of resources". If they think it would, they need to consider if an appellant's arguments outweigh the prejudice to the school.

9. The panel decided the school's admission arrangement complied with the law and had been properly applied to Mr X's application. The panel decided admitting further children would cause prejudice. The clerk's notes show Mrs X had the opportunity to present her case.

10. The panel considered Mrs X's arguments. The panel decided the evidence put forward by Mrs X was not strong enough to outweigh the prejudice admitting a further child would cause the school. The clerk's letter to Mr X explained the panel's decision.

11. The Ombudsman is not an appeal body and we cannot criticise decisions taken without fault. The evidence I have seen shows the panel followed the proper process to consider Mr X's appeal. The panel considered the information provided by Mr and Mrs X and the Council. It is for the panel to decide what weight should be given to each piece of evidence. The decision to refuse Mr X's appeal is one the panel was entitled to take.

12. I understand Mr X is disappointed with the panel's decision. But without evidence of fault in the decision-making process, there are no grounds for the Ombudsman to become involved. An investigation is not therefore appropriate.

Final decision

13. The Ombudsman will not investigate Mr X's complaint. This is because there is not enough evidence of fault by the panel and so we cannot question the merits of its decision.

Investigator's decision on behalf of the Ombudsman

25 September 2020

Complaint reference:
20 004 289

Complaint against:
Nottinghamshire County Council

Local Government & Social Care OMBUDSMAN

The Ombudsman's final decision

1. Summary: The Ombudsman will not investigate Mr X's complaint about the Council not allocating him a place at his preferred school for his child. This is because it is unlikely we would find fault and we would not achieve a significantly different outcome that already obtained.

The complaint

2. The complainant, whom I shall call Mr X, says the Council failed to provide him with a place for his child, Z, at his preferred School, Y.

The Ombudsman's role and powers

3. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. 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:

- it is unlikely we could add to any previous investigation by the Council, or
- it is unlikely further investigation will lead to a different outcome. ***(Local Government Act 1974, section 24A(6), as amended)***

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)***

How I considered this complaint

5. I considered the information Mr X provided with his complaint and the Council reply to Mr X which it provided. I considered Mr X's comments on a draft version of this decision.

What I found

6. Mr X says in June 2020 the Council told him his child, Z, was at the top of the waiting list for School Y. He then discovered three other children had been offered a place ahead of him. He says he has been trying for two years to get a place at School Y. He says he cannot afford the cost of transporting Z to their existing school and Z is upset at being at their existing school.

7. The Council says:

a) Mr X applied In September 2018 for an in year place for Z at School Y. It was full. The Council could not allocate a place. Mr X appealed to the Council's schools admissions appeal panel but later withdrew the appeal. Z's name was added to the waiting list.

b) In June 2019, the Council informed Mr X, in line with its policy, the waiting list was closing. Mr X applied again and said the family were moving home.

c) The Council again could not allocate a place at School Y, as it was still full, but offered Z a place at a school within a mile of their new home. Mr X refused this offer.

d) The Council wrote to Mr X again in early June 2020 to inform him the waiting list was closing again. It reminded him to apply by a date at the end of June for a place for September. It says it received Mr X's application after that date in early July. His application was therefore processed after those who had applied before the given date. School Y was full and his application refused.

e) A place became available in early September 2020. It has been offered to Z. Mr X has accepted it.

Analysis

8. We cannot investigate events known to Mr X for more than 12 months without good reasons. Mr X had a right of appeal both in September 2018 and June 2019 which he chose not to use. I do not consider we have good reasons to disapply the 12 month rule.

9. This means we can only consider the events from June 2020 onwards. It is unlikely we would find fault in the way Mr X did not get a place offered in July given he applied late. In addition, our investigation could not achieve more than a place which he has now been granted.

Final decision

10. The Ombudsman will not investigate this complaint. This is because it is unlikely we would find fault and we would not achieve a significantly different outcome that already obtained.

Investigator's decision on behalf of the Ombudsman

01 October 2020

Complaint reference:
20 003 519

Complaint against:
Nottinghamshire County Council

Local Government & Social Care OMBUDSMAN

The Ombudsman's final decision

Summary: The Ombudsman will not investigate Mr X's complaint about an unsuccessful appeal for a school place. This is because there is not enough evidence of fault by the panel, and so we cannot question the merits of its decision.

The complaint

1. The complainant, whom I shall refer to as Mr X, complains about an unsuccessful appeal for a school place.

The Ombudsman's role and powers

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

3. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word 'fault' to refer to these. We cannot question whether an independent school admissions appeals panel's decision is right or wrong simply because the complainant disagrees with it. We must consider if there was fault in the way the decision was reached. If we find fault, which calls into question the panel's decision, we may ask for a new appeal hearing. ***(Local Government Act 1974, section 34(3), as amended)***

How I considered this complaint

4. I considered Mr X's complaint to the Ombudsman and information from the Council. I gave Mr X the opportunity to comment on a draft statement before reaching a final decision on his complaint.

What I found

5. Mr X's wife (Mrs X) applied for a reception place for their daughter (Y) starting in September 2020. Because there were more applications than places available at her preferred school (School Z) the Council used its oversubscription criteria to decide which children it would offer a place. The Council did not offer Y a place at School Z.

6. Mrs X appealed the decision not to offer Y a place at School Z. Emergency legislation introduced by the Government during the Covid-19 pandemic allows school admission appeals to be heard remotely, by video or teleconference. Mrs

X's appeal for a place at School Z was heard over the telephone. Mr X also took part in the appeal.

7. Independent appeal panels must follow the law when considering an appeal. They need to consider if the school's admission arrangements comply with the law, and if they were properly applied to the appellant's application. They need to decide if admitting a further child would "prejudice the provision of efficient education or the efficient use of resources". If they think it would, they need to consider if an appellant's arguments outweigh the prejudice to the school.

8. During the appeal, the Council's representative explained why it had not been possible to offer Y a place. They described the difficulties admitting a further child would cause the school. The panel decided the school's admission arrangement complied with the law and had been properly applied to Mrs X's application. The panel decided admitting further children would cause prejudice to the school. The clerk's notes show Mr and Mrs X had the opportunity to present their case. They explained why they wanted Y to attend School Z and the difficulties it would cause if she attended another school. They explained Y's older sibling attended the partner junior school.

9. The panel considered Mr and Mrs X's arguments. The panel decided the evidence they had put forward was not strong enough to outweigh the prejudice admitting a further child would cause the school. The clerk's letter to Mrs X explained the panel's decision.

10. The Ombudsman is not an appeal body and we cannot criticise decisions taken without fault. The evidence I have seen shows the panel followed the proper process to consider the appeal. The panel considered the information provided by Mr and Mrs X and the Council. It is for the panel to decide what weight should be given to each piece of evidence. The decision to refuse the appeal is one the panel was entitled to take.

11. I understand Mr X is disappointed with the panel's decision. But without evidence of fault in the decision-making process, there are no grounds for the Ombudsman to become involved. An investigation is not therefore appropriate.

Final decision

12. The Ombudsman will not investigate Mr X's complaint. This is because there is not enough evidence of fault by the panel and so we cannot question the merits of its decision.

Investigator's decision on behalf of the Ombudsman

9 October 2020

Complaint reference:
19 011 280

Complaint against:
Nottinghamshire County Council

Local Government & Social Care OMBUDSMAN

The Ombudsman's final decision

Summary: Mrs R says the Council has wrongly required her daughter, Ms C, to pay for respite care breaks and wrongly stated that Ms C does not need her carers while in respite care which has caused them injustice as they cannot afford to pay for the respite care. The Council was not at fault. It carried out financial and needs assessments as required. It was entitled to charge as it did according to the criteria set out in the relevant statutory guidance.

The complaint

1. The complainant, Ms C, is represented by her mother, Mrs R. Mrs R says the Council is at fault for its assessment of Ms C's contribution towards her respite care which, she says, has been made in the face of evidence she has provided that the costs of Ms C's care leave insufficient funds to pay it.
2. Mrs R says this has caused Ms C and herself injustice as Ms C cannot afford the additional fees and Mrs R has had to pay them.

The Ombudsman's role and powers

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

How I considered this complaint

6. I spoke to Mrs R. I wrote an enquiry letter to the Council requesting further information. I considered this information alongside the relevant law and guidance before writing my draft decision.
7. I sent my draft decision to Mrs R and the Council and invited their comments. I then made changes to my draft as a result.

What I found

What should happen

Social care

8. The Care Act 2014 introduced a requirement that local authorities should promote *'wellbeing'* and *'signifies a shift from existing duties on local authorities to provide particular services, to the concept of 'meeting needs'*. 'Meeting needs' recognises that everyone's needs are different. Local authorities must consider how to meet each person's specific needs rather than simply considering what service they will fit into'. ***(Care and Support Statutory Guidance, Ch 1)***

Needs assessment

9. If a council decides a person is eligible for care, it must prepare a care and support plan. This must set out the needs identified in the assessment. It must say whether, and to what extent, the needs meet the eligibility criteria. It must specify the needs the council intends to meet and how it intends to meet them. It must hold annual reviews of its care and support plan. ***(Care Act 2014, ss 24 and 25)***

10. The care and support plan must set out a personal budget which specifies the cost to the local authority of meeting eligible needs, the amount a person must contribute and the amount the council must contribute. ***(Care Act 2014, s 26)***

11. The High Court has confirmed an individual's wishes are not the same as their needs and their wishes are not the paramount consideration. A council must have 'due regard' to an adult's wishes as a starting point, but social workers are entitled to exercise their professional skills and judgement in deciding how to meet eligible needs. ***(R (Davey) v Oxfordshire County Council [2017] EWHC 354 (Admin))***

Carers

12. A council must consider whether to carry out a carer's assessment if it appears the carer has need for support. It must assess the carer's ability and willingness to continue in the caring role. It must also consider the results the carer wishes to achieve in daily life and whether support could contribute to achieving those results ***(Care Act 2014, s10)***

Charging for care

13. Where a local authority has decided to charge for care, it must carry out a financial assessment. ***Care and Support Statutory Guidance 2014, 8.16)***

Charging for care in the home

14. Councils have a discretion to charge for care provided in the home.

15. *'Because a person who receives care and support outside a care home will need to pay their daily living costs such as rent, food and utilities, the charging rules must ensure they have enough money to meet these costs. After charging, a person must be left with the minimum income guarantee (MIG), as set out in the Care and Support (Charging and Assessment of Resources) Regulation 2014. In addition, where a person receives benefits to meet their disability needs that do not meet the eligibility criteria for local authority care and support, the charging arrangements should ensure that they keep enough money to cover the cost of meeting these disability-related costs.*

Charging for short term and temporary care

16. The way charges for residential care are calculated varies depending on the length of stay. Residents are divided into three categories; short-term residents, temporary residents and permanent residents.

- Short-term residents stay for under eight weeks;
- Temporary residents stay for less than 52 weeks; and
- Permanent residents.

17. If it does decide to charge, a council must disregard expenses incurred in maintaining the service user’s home during the stay. ***(Care and Support Statutory Guidance 2014, Annex F)***

18. A local authority can choose whether or not to charge a person where it is arranging to meet needs. In the case of a short-term resident in a care home, the local authority has discretion to assess and charge as if the person were having needs met other than by the provision of accommodation in a care home. ***(Care and Support Statutory Guidance, Annex F.8)***

19. Local authorities may take most of the benefits people receive into account. They need only disregard direct payments, veterans payments and the mobility component of disability living allowance and personal independence payments. . ***(Care and Support Statutory Guidance, Annex C, 14-15)***

20. In financial reviews, councils should disregard any payments service users receive to meet their housing and independent living costs. Attendance allowance, disability living allowance care component and personal independent payments should be disregarded in the financial assessment. (***Care and Support Statutory Guidance 2014, Annex F, 14, 15)***

What happened

Background

21. Ms C is a woman in her 40s with profound and complex disabilities. She is non-verbal and doubly incontinent. She requires 24-hour care, usually from two carers. Her mother, Mrs R, has provided the majority of Ms C’s care throughout her life. Ms C lives at Mrs R’s house where she has a comprehensive care package funded by the NHS continuing healthcare (60%) and the Council (40%).

22. Mrs C says that, because of her complex needs, Ms C must receive certain care every day, where possible. This includes being taken for a walk.

23. Mrs C suffers from high blood pressure and migraines. She does not sleep well as Ms C requires support during the night. She gets very tired which causes her to lose motivation. Mrs R has said she wants to continue in the role of carer for as long as she can but says she requires respite breaks to do so.

24. The Council has twice assessed Mrs R’s needs as a carer. It has recognised that she has a need for respite. It made two one off payments of £150. It has allocated no further budget towards this relief.

25. For over a decade, to provide Mrs R with respite, Ms C has gone into a local respite facility. She receives 70 nights respite care annually.

26. The Council also provides Ms C with funding for 106 hours care per week through direct payments. She does not pay a contribution towards this care. Mrs R has recently dispensed with the services of an agency which provided this care following a safeguarding incident and is now providing all the care herself.

27. In 2009, the Council asked Ms C for a weekly contribution towards her respite care. Mrs R said Ms C could not afford to pay. The Council agreed to waive the charge for an indefinite period. In November 2015, the Council again began to charge Ms C for respite care. Mrs R paid the charges on Ms C's behalf for 10 months before saying she could not afford to do so. She began to reduce her use of the service. The evidence shows that there was concern that, without this respite, Mrs R would not be able to cope with Ms C's care at all. The Council again waived the charges. This waiver period lasted for ten months before the Council again asked for payment.

28. Mrs R paid for some time but found it very hard. In August 2017, Mrs R asked for a financial assessment because, she said, Ms C had outgoings which were not allowed for. She said the money Ms C had left did not cover her outgoings because, among other things:

- She ran the washing machine four times a day because of Ms C's incontinence and had to have heating on full blast when Ms C was at home;
- Even when Ms C went into respite, her home carers had to take her to the day care centre she attends and take her back to the respite home every day and therefore had to be paid.

29. The Council carried out a financial assessment and again requested payment. In March 2018, Mrs R made a formal complaint about the fact that Ms C was required to pay a contribution towards her respite care. She said that Ms C had various expenses while at respite, such as travel to and from day care, admission charges for various activities and so forth, which were not taken into account when calculating Ms C's disposable income.

30. In April 2018, a manager responded saying the charges were correct and in line with charging regulations.

31. In August 2018, a senior manager provided a further response. She did not agree to waive the charges Ms C had incurred so far but said that, because of changes in 'benefits and allowances' it would not charge Ms C for respite received between April and August 2018.

32. She also said that *'I am aware that these expenses are not entirely being met by the Short Breaks unit as you are still contributing towards traveling expenses, food and activities whilst she is at Short Breaks. On discussions with [a manager] she informs me that she has held discussions with [the day care centre] and they have clarified they can meet [Ms C's] needs within the unit. This includes all food, transport and a range of activities that are provided to people who attend the Short Breaks service'*.

33. In autumn 2018, the Council completed a review of the care and support plan. The review found that, because of Ms C's complex needs, many providers of community support and adult care services were unable to support Ms C. One provider was identified who could provide day services five days a week if she attended with her full time carers paid for via direct payments.

34. In November 2018, the Council voted to amend its charging policy to include higher rate attendance allowance, disability living allowance, (care component) and personal independence payments in its financial assessments. It wrote to Ms C explaining the changes and saying she would be charged £41.30 per week.

35. The Council began charging Ms C for respite again in April 2019 in line with the new policy. It charges her £45.87 per week.

36. Mrs R complained to the Council in June 2019. She said Ms C could not afford to pay for the respite care as she continued to pay bills she incurred for her care at home when she was there. She said Ms C was being charged twice.

37. A manager, Officer O, responded in August 2019 saying the Council would not waive respite charges as they were in line with the Council's policy. She said:

a) Ms C did not contribute anything towards her direct payments. Therefore, she was not being charged twice. She could continue to fund the carers who travelled with her when at respite out of her direct payments; and

b) Staff at the respite facility were able to meet Ms C's care needs so there was no need for her carers to travel with her to the respite facility.

38. Mrs C disputed the stage one decision. She said:

a) The respite facility could not provide all the care Ms C provided; and

b) The fact that Ms C did not contribute to the direct payments showed that she could not afford to pay towards her respite care either.

39. Officer O provided the stage 2 response too. She dismissed the complaint saying:

a) After talking to officers concerned, she was satisfied the respite facility could provide the care; and

b) Different criteria were used to assess residential and non-residential care and therefore, there was no inconsistency of approach in the Council charging a contribution towards respite care but not towards direct payments.

40. Mrs R complained to the Ombudsman.

41. In August 2019, the Council reviewed Ms C's care package. In it, it was stated, at p.18 '[*Ms C] also accesses 2:1 support during respite breaks and attends [a] day service during this period when they are open'.*

Was there fault causing injustice?

42. Mrs R complained to the Ombudsman about Officer O's second complaint response in September 2019. I have therefore considered her complaint using the two points set out in paragraph 40 above. These are:

Respite faculty able to provide all care

43. The Council has stated that the respite care facility is able to provide all the care that Ms C requires. Generally, the Ombudsman does not find fault with decisions made by professional officers in possession of the facts as to how a council provides care specified in the care plan. Further, case law is clear that councils can provide care in any way they see fit providing they meet the assessed needs.

44. However, in this case, it is stated explicitly that Ms C visits the day care service during respite. It then sought to withdraw that provision without a review.

45. Mrs R complained in 2018 that Ms C required her full-time carers with her every day at respite and incurred expenses in going out while there. She has stated that these are necessary because they help Ms C with exercise and other functions which have been set out as necessary by medical staff.

46. The Council should have reviewed the care package before deciding that the care home could provide all necessary care. This was fault.

47. Mrs R says the respite facility has, since she made her complaint, told her that it cannot, in fact, provide the care Ms C requires internally. If that is the case, and

Ms C does need to leave the respite facility, then this must be resolved during a further review of her needs and care.

Requirement to pay contribution towards respite care

48. The Council is entitled to charge for respite care. The Care and Support Statutory Guidance is clear that it can charge for respite care as it would for different sorts of care.

COVID 19

49. These events took place before the Covid19 emergency. Mrs C had already dispensed with the services of the full-time carers because of a safeguarding incident before the lockdown. The respite care facility is no longer open because of potential risk. Ms C is in a high-risk category because she has a breathing disorder. The Council says it is looking to find some suitable care for Ms C.

Draft decision

50. Having considered the information gathered, I have reached a decision that the Council was not at fault. I have closed my investigation.

Investigator's decision on behalf of the Ombudsman

15 October 2020

Complaint reference:
20 004 235

Complaint against:
Nottinghamshire County Council

Local Government &
Social Care
OMBUDSMAN

The Ombudsman's final decision

Summary: Miss X complained about the Council's refusal to cut back vegetation and trees on the highway boundary with her property. The Ombudsman should not investigate this complaint. This is because there is insufficient evidence of fault by the Council which would warrant an investigation. Only the courts can determine private property boundaries.

The complaint

1. The complainant, whom I shall call Miss X, complained about the Council refusing to accept responsibility for maintaining trees and vegetation on her boundary with the public highway. She says an officer originally told her the Council would cut back the growth, but his advice was later overruled. She says her home is suffering from the loss of light and her fence has been damaged by branches.

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:

- it is unlikely we would find fault, or
- it is unlikely we could add to any previous investigation by the Council
- there is another body better placed to consider this complaint.

(Local Government Act 1974, section 24A(6), as amended)

How I considered this complaint

3. I have considered all the information which Miss X submitted with her complaint. Miss X has been given an opportunity to comment on a draft copy of my decision.

What I found

4. Miss X lives next to a highway verge which has trees and shrubs planted on the boundary with her property. She says the trees are overgrown and blocking light from her garden. The shrubs and vegetation have caused damaged to her grass and fencing.

5. Miss X reported the problem to the Council and an officer originally told her that the Council would cut back the growth because it was within the highway boundary. Subsequently a more senior officer decided that the trees and vegetation were not highway responsibility because they were on the other side of a dividing ditch.

6. The Council says this is often due to developers leaving a gap between completed property boundaries and the highway edge. The Council says it cannot use public resources to maintain private land unless the vegetation is affecting public highway users.

7. The Ombudsman has no authority to determine property boundaries and we cannot resolve the dispute between Miss X and the highway authority. Only the courts could resolve a boundary dispute between landowners.

Final decision

8. The Ombudsman should not investigate this complaint. This is because there is insufficient evidence of fault by the Council which would warrant an investigation. Only the courts can determine private property boundaries.

Investigator's decision on behalf of the Ombudsman

15 October 2020

Complaint reference:
20 004 997

Complaint against:
Nottinghamshire County Council

Local Government & Social Care OMBUDSMAN

The Ombudsman's final decision

Summary: Mr X complains about the Council's response as a statutory consultee on 2 planning applications. The Ombudsman will not investigate this complaint because the injustice is speculative as the planning applications have been refused.

The complaint

1. The complainant, whom I shall refer to as Mr X, says the Council failed to consider all information before giving what he alleges is a flawed view on 2 planning applications. He says it has failed to raise proper road safety issues.

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:

- the fault has not caused injustice to the person who complained, or
- the injustice is not significant enough to justify our involvement

(Local Government Act 1974, section 24A (6), as amended)

How I considered this complaint

3. I considered the information provided by Mr X, the Council's responses to his complaint and the planning information on the Local Planning Authority website.
4. Mr X commented on the draft version of this decision.

What I found

5. Mr X complains about the Council's response as statutory consultee on 2 planning applications. He says:

- the Council failed to consider resident's views
- failed to make independent observations of road conditions
- failed to have a reasonable standard of duty of care

- relied on flawed data
- failed to provide data requested to support assertions of limited/normal danger to school children
- held a presumption in favour of development rather than protecting residents from road deaths

6. Both planning applications commented on by the Council have been refused by the Local Planning Authority.

7. I understand Mr X says the Council should correct its omissions and errors and give evidence-based advice on the expected re-application by the developer. However, no new application has been submitted therefore any injustice claimed by Mr X is speculative and insufficient to warrant investigation. Mr X may make a complaint to this office he is satisfied with the Council’s comments on any future planning application which are granted permission.

Final decision

8. I will not investigate this complaint because the injustice is insufficient to warrant investigation.

Investigator’s decision on behalf of the Ombudsman

16 October 2020

Complaint reference:
20 004 214

Complaint against:
Nottinghamshire County Council

The Ombudsman's final decision

Summary: The Ombudsman will not investigate this complaint about the Council's actions in issuing an Education Health and Care Plan for Miss X's son. This is because these matters are not separable from the content of the Plan, which Miss X appealed to the Special Educational Needs and Disability Tribunal.

The complaint

1. Miss X complains the Council sought to prevent her son getting the right special educational needs provision in the right setting when it issued an Education Health and Care (EHC) Plan for him.

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. SEND is a tribunal that considers special educational needs. ***(The Special Educational Needs and Disability Tribunal ('SEND'))***
4. The law says we cannot normally investigate a complaint when someone can appeal to a tribunal. However, we may decide to investigate if we consider it would be unreasonable to expect the person to appeal. ***(Local Government Act 1974, section 26(6)(a), as amended)***

How I considered this complaint

5. I read Miss X's complaint and checked the Council's final response to it. I have given Miss X the opportunity to respond to a draft of this decision.

What I found

6. Miss X was unhappy with the Council's actions in issuing an EHC Plan for her son. She says it sought to avoid him getting SEN provision he needed. She appealed the content of the Plan to the SEND Tribunal.

Final decision

7. The Ombudsman will not investigate this complaint. This is because the matters complained of are not separable from the content of the EHC Plan, about which Miss X has exercised her right of appeal to the SEND Tribunal.

Nottinghamshire County Council

Report to Governance and Ethics Committee

25 November 2020

Agenda Item: 5

REPORT OF THE CHAIRMAN OF FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE

STATEMENT OF ACCOUNTS 2019/20

Purpose of the Report

1. To inform the Governance and Ethics Committee of the contents of the external auditors' Audit Findings Report 2019/20.

2. To present the draft Statement of Accounts 2019/20 and for approval of the final Statement of Accounts 2019/20 to be delegated to the Section 151 Officer in consultation with the Chair of the Governance and Ethics Committee.

3. For approval of the letters of representation to be delegated to the Section 151 Officer in consultation with the Chair of the Governance and Ethics Committee.

Accounting Adjustments

4. Since publication of the draft accounts two adjustments have been made to the financial statements, neither of which impact upon the Council's Comprehensive Income and Expenditure Statements, as follows:-

    - Note 29 Fair Value of Assets and Liabilities – the fair value of the Council's Public Works Loans Board (PWLB) and Lender Option Borrower Option (LOBO) borrowings have traditionally been calculated using the PWLB redemption rate. The Local Authority Accounting Code of Practice now requires that new loan rates are used instead. The required adjustment has been made to Note 29 but this does not affect the primary statements.

    - A correction has been processed to reflect an incorrectly posted creditor journal regarding a land transaction. This has reduced the value of creditors in the accounts with an associated reduction in debtors.

5. It should be noted that the financial accounting adjustments that have been made to the accounts do not impact upon the Authority's Management Accounts which were approved by Full Council on Thursday 23 July 2020.

Audit Results

6. The statutory audit of the Statement of Accounts 2019/20 was undertaken by Grant Thornton. The audit was completed satisfactorily and, subject to outstanding queries being resolved to their satisfaction, it is anticipated that the audit report to be issued will include an unqualified opinion on the financial statements. The auditor's final opinion of the Nottinghamshire County Council accounts and the Nottinghamshire Pension Fund accounts will be published on the Council's website by 30 November 2019.

7. Due to the added complexity caused by the COVID19 pandemic the Statement of Accounts 2019/20 are not yet able to be approved at this Committee. It is proposed that approval of the final Statement of Accounts 2019/20 is delegated to the Section 151 Officer in consultation with the Chair of the Governance and Ethics Committee.

8. No material adjustments were identified that required an adjustment to the Council's Comprehensive Income and Expenditure Statement.

9. The audit did not identify any significant weaknesses in internal control and there were no significant difficulties or matters identified during the audit.

10. The auditor anticipates issuing an unqualified value for money conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

11. The external auditors are not able to issue the formal 2019/20 Statement of Accounts notice of completion until the audit work is finalised and the review of the Whole Government Accounts is completed.

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

13. The results of this year's audit are a continued positive reflection of the Council's performance, particularly in the context of the continuing changes and complexities arising from International Financial Reporting Standards and the additional complications brought about by the COVID19 pandemic.

14. As required by The Accounts and Audit (England) Regulations 2015, the Council's S151 Officer will re-certify the accounts following completion of the audit, the Chairman of the Governance and Ethics Committee will sign the Statement of Approval and the S151 Officer and Chairman of the Governance and Ethics Committee will sign the letters of representation.

Statutory and Policy Implications

15. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty,

safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

16. That

a) The contents of the External Audit Report 2019/20 are commented upon.

b) The approval of the Statement of Accounts 2019/20 and approval of the letters of representation is delegated to the Section 151 Officer in consultation with the Chair of the Governance and Ethics Committee.

Councillor Bruce Laughton
Chairman of Governance and Ethics Committee

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

Constitutional Comments (KK 17/11/2020)

17. The proposals in this report are within the remit of the Governance and Ethics Committee.

Background Papers

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

None

Electoral Division(s) and Member(s) Affected

All

Audit findings update - Nottinghamshire County Council and Nottinghamshire County Council Pension Fund

Year ended 31 March 2020

November 2020

Summary of Audit Findings Report

Your key Grant Thornton team members are:

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Introduction

We are presenting Audit Findings Report to the Governance and Ethics Committee at its meeting on 25 November 2020 before giving our audit opinions on the County Council and Pension Fund's accounts.

This document provides a summary with an overview of our conclusions, cross referenced to the full document should members wish to review the full detail.

Overall summary

We propose to issue unqualified opinions on the County Council and Pension Fund's statement of accounts, with both including an Emphasis of Matter in relation to material uncertainty in relation to property valuation due to Covid 19. This is not a qualification but is simply an additional paragraph in our audit opinion which draws the reader's attention to a particular part of the accounts – in this case the disclosure notes which outline this estimation uncertainty. The only significant changes made to the accounts during the audit were disclosure amendments in relation to a creditor and debtor incorrectly posted and re-calculation of the Fair Value of borrowing to comply with Code requirements. We also requested various minor improvements to the disclosure notes in both sets of accounts to increase compliance with the Code.

Summary of final position

This table summarises the final position in relation to the key findings from our audits of the external audits of Nottinghamshire County Council ('the Council') and the Nottinghamshire Pension Fund ('Pension Fund') and the preparation of the Council's and Pension Fund financial statements for the year ended 31 March 2020 for those charged with governance.

Area	Council	Pension Fund	AFR pages
Materiality	No change to planned materiality of £16.8m	No change to planned materiality £40m	8
Significant risks	No significant matters arising. Our audit work has not identified any significant issues in respect of Covid 19, and the main impact has simply been on the time taken to complete the audit	No significant matters arising in relation to valuation of 'hard to value' investments, but some improvements to investment disclosures recommended.	9-13
Key judgements and estimates	No significant findings. The Council have expanded the relevant wording within the Financial Statements in relation to material uncertainty to give the reader a better understanding of the RICS guidance. We will refer to this within our Emphasis of Matter to draw this to the attention of the reader.	No significant findings, but improvements recommended in relation the Fund's processes for gaining its own assurances over investment valuations.	14-16 CC 17 PF
Going concern	Assumption of the Council as going concern is reasonable and we do not need to modify our audit reporting in this respect.	Assumption of the Fund as going concern is reasonable and we do not need to modify our audit reporting in this respect.	18 CC 19 PF
VFM	Having identified significant risks in relation to financial sustainability, our work allowed us to conclude that the Council has adequate arrangements in place.	n/a	22-24
Certificate	We cannot yet certify completion of the audit because we still need to report on the consistency of the Pension Fund Annual Report, once drafted, with the audited accounts. We also need to complete the WGA submission to NAO.	n/a	21
Fees	In addition to the scale fee of £75,624, we have agreed an additional fee of £15,000 to enable us to meet increased regulatory expectations. Fee variations in relation to Covid impact are to be discussed with s151 officer and PSAA.	In addition to the scale fee of £23,043, we have agreed an additional fee of £4,250 to enable us to meet increased regulatory expectations. Fee variations in relation to Covid impact are to be discussed with s151 officer and PSAA. We are also are proposing an additional fee of £6,000 for providing IAS19 assurances to other auditors.	35 CC 36 PF
Recommendations	An action plan containing recommendations for the Council is included within the report	An action plan containing recommendations for the Pension Fund is included within the report	27-29

The Audit Findings for Nottinghamshire County Council and Pension Fund

Year ended 31 March 2020

25 November 2020

Contents

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

Headlines – Nottinghamshire County Council and Pension Fund

This table summarises the key findings and other matters arising from the statutory audit of Nottinghamshire County Council ('the Council') and the Nottinghamshire Pension Fund ('Pension Fund') and the preparation of the Council's and Pension Fund financial statements for the year ended 31 March 2020 for those charged with governance

Covid-19	The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council and the Pension Fund . Council – the administration of grants to businesses, closure of schools and car parks with additional challenges of reopening services under new government guidelines. Both finance teams have also had to consider managing staff sickness, access to systems and team capacity. Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.	We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 20 July 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach for the Council and Pension Fund. Further detail is set out on page 9. Restrictions for non-essential travel have meant both Council, Pension Fund and audit staff have had to work remotely, involving remote accessing of financial systems, video calling and alternative procedures for the physical verification of assets and completeness and accuracy of information produced by the entities. Pension Fund accounts were provided to the team on 8 June 2020 Nottinghamshire County Council accounts were provided to the team on 7 July 2020 Inevitably the remote working has impacted on delivery and additional time and resources have been necessary on both sides to complete the work in accordance with the new extended reporting timetable. In particular Covid 19 has increased the work undertaken in relation to pension liabilities, property and investment valuations due to the uncertainty of valuations. There has also been an increase in the time taken to perform the audit as a direct result of remote working. This has increased the time spent on the audit very significantly. We refer to this later in the section on audit fees.

Headlines – Nottinghamshire County Council

This table summarises the key findings and other matters arising from the statutory audit of Nottinghamshire County Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2020 for those charged with governance

Financial Statements	Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements: • give a true and fair view of the financial position of the Council and their income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.	Our audit work was completed remotely during July-November . Our findings are summarised on pages 9 to 20. We have not identified any adjustments to the financial statements that have required adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B. Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion Appendix E or material changes to the financial statements, subject to the following outstanding matters; • Finalisation of PPE valuation review • Remaining evidence for samples and queries on: Debtors, Creditors • Whole of Government Accounts • Final audit housekeeping steps • Updating our post balance sheet events review, to the date of signing the opinion • Receipt of management representation letter; and • Review of the final set of financial statements. We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation. Our anticipated audit report opinion for the Council will be unqualified including an Emphasis of Matter paragraph, highlighting PPE valuation material uncertainties and Pension valuation material uncertainties. For the avoidance of doubt, an Emphasis of Matter is not a qualification but is an additional paragraph in our opinion which draws the reader's attention to particular disclosures which you have made in the accounts, in this case in relation to valuation uncertainties.

Headlines – Nottinghamshire County Council

This table summarises the key findings and other matters arising from the statutory audit of Nottinghamshire County Council ('the Council') of the Council's financial statements for the year ended 31 March 2020 for those charged with governance

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').	We have completed our risk based review of the Council's value for money arrangements. We have concluded that Nottinghamshire County Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19, We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix E. Our findings are summarised on pages 22 to 24.
Statutory duties	The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We have completed the majority of work under the Code but are unable to issue our completion certificate until we complete the Whole Government Accounts review.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Headlines – Nottinghamshire Pension Fund

This table summarises the key findings and other matters arising from the statutory audit of Nottinghamshire Pension Fund ('Pension Fund') and the preparation of the Pension Fund financial statements for the year ended 31 March 2020 for those charged with governance

Financial Statements	Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Pension Fund's financial statements: • give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.	Our audit work was completed remotely during July-November . Our findings are summarised on pages 9 to 20. We have not identified any adjustments to the financial statements that have required adjustment to the Pension Fund's reported financial position. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B. Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion Appendix E or material changes to the financial statements, subject to the following outstanding matters; - outstanding queries on membership, investments, contributions and benefits - receipt of management representation letter - receipt and review of the Annual Report and - review of the final set of financial statements Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting asset valuation material uncertainties.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Governance and Ethics Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council and Pension Fund's business and is risk based, and in particular included:

- an evaluation of the Council and Pension Fund's internal controls environment, including its IT systems and controls;
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you in March 2020, to reflect our response to the Covid-19 pandemic. Our audit plan addendum reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach.

Conclusion

We have substantially completed our audit of your financial statements and, subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Governance and Ethics Committee meeting on 25 November 2020, as detailed in Appendix E. These outstanding items include:

Council

- Finalisation of PPE valuation review
- Remaining evidence for samples and queries on:

  Debtors, Creditors
- Whole of Government Accounts
- Final audit housekeeping steps
- Updating our post balance sheet events review, to the date of signing the opinion
- Receipt of management representation letter; and
- Review of the final set of financial statements

Pension Fund

- outstanding queries on membership, investments, contributions and benefits
- receipt of management representation letter
- receipt and review of the Annual Report and
- review of the final set of financial statements

Materiality

The concept of 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 levels remain the same as reported in our audit plan. We detail in the table below our assessment of materiality for Nottinghamshire County Council and Nottinghamshire Pension Fund.

Matter	Description	Planned audit response to the Council
1	**Calculation and determination** We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgment in the context of our knowledge of the Council and the Fund, including consideration of factors such as stakeholder expectations, financial stability and reporting requirements for the financial statements. We determine planning materiality in order to: – estimate the tolerable level of misstatement in the financial statements – assist in establishing the scope of our audit engagement and audit tests – calculate sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements	• For the Council, we have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. Materiality at the planning stage of our audit was £16.8m for the Council, which equates to 1.5% of your prior year gross expenditure for the year (cost of services). • For the Pension Fund, we have determined financial statement materiality based on a proportion of the Pension Fund's net assets. Our materiality at the planning stage was £40m which equates to 1% of your actual net assets for the year ended 31 March 2019.
2	**Other factors** An item does not necessarily have to be large to be considered to have a material effect on the financial statements. We design our procedures to detect errors in specific accounts at a lower level of precision which we deem to be relevant to stakeholders.	• For the Council, we have determined a lower specific materiality level of £100K for the table of the remuneration of specific senior officers.
3	**Reassessment of materiality** Our assessment of materiality is kept under review throughout the audit process.	• Materiality calculations remain the same as reported in our audit plan
4	**Matters we will report to the Governance and Ethics 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 Governance and Ethics Committee any unadjusted misstatements of lesser amounts, 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, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £840k. • In the context of the Pension Fund, we proposed at the planning stage that an individual difference could normally be considered to be clearly trivial if it is less than £2.7m • 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.

Significant audit risks

Risks identified in our Audit Plan	Risk Relates To	Auditor commentary
Covid– 19 The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;		We:
• Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation	Council and Pension Fund	• worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported.
• Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation, and the reliability of evidence we can obtain to corroborate management estimates	Council and Pension Fud	• liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council/groups' property valuation expert
• Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and	Council and Pension Fund	• evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
• For instruments classified as fair value through profit and loss there may be a need to review the Level 1-3 classification of the instruments if trading may have reduced to such an extent that. quoted prices are not readily and regularly available and therefore do not represent actual and regularly occurring market transactions.	Council	• evaluated whether sufficient audit evidence could be obtained through remote technology;
• Whilst the nature of the Fund and its funding position (i.e. not in a winding up position or no cessation event) means the going concern basis of preparation remains appropriate management may need to consider whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and	Pension Fund	• evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations ;
• Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.	Pension Fund	• evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment;
We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement	Council and Pension Fund	• discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.
		• engaged the use of auditor experts for asset valuations
		Our audit work has not identified any significant issues in respect of Covid 19, and the main impact has simply been on the time taken to complete the audit..

Significant audit risks

Risks identified in our Audit Plan	Risk Relates To	Auditor commentary
Fraudulent revenue recognition 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.	Council and Pension Fund	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council and the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • 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 Therefore we do not consider this to be a significant risk for Nottinghamshire County Council and Nottinghamshire County Council Pension Fund
Management over-ride of controls 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. . The Authority and Fund faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk for both the Council and Fund, which was one of the most significant assessed risks of material misstatement.	Council and Pension Fund	We have: • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. **Conclusion** Our audit work has not identified any issues in respect of management override of controls.

Significant audit risks

Risks identified in our Audit Plan	Risk Relates To	Auditor commentary
Valuation of Land and Buildings The Authority revalues its land and buildings on a five-yearly basis. In the intervening years, such as 2019/20, to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, the Authority carries out a desktop revaluation 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 (£683 million) and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	Council	We: • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation expert and the scope of their work • Evaluated the competence, capabilities and objectivity of the valuation expert • Wrote to the valuer to confirm the basis on which the valuation was carried out to ensure the requirements of the Code were met • Challenged the information and assumptions used by the valuer to assess completeness and consistency with out understanding • Engaged our own valuer to assess the instructions to the Council's valuer, the valuers report and the assumptions that underpin the valuation • Tested revaluations made during the year to see of they had been input correctly into the Councils asset register • Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end Due to the outbreak of Covid-19, market activity is being impacted in many sectors. The Council's valuers have considered that less weight can be attached to previous market evidence to inform their opinions of value. They have therefore reported to the Council on the basis of 'material valuation uncertainty'. The Council have expanded the relevant wording within the Financial Statements in relation to material uncertainty to give the reader a better understanding of the RICS guidance. We will include this within our Emphasis of Matter to draw this to the attention of the reader. **Conclusion** This work is currently ongoing but our work to date has not identified any significant issues.

Significant audit risks

Risks identified in our Audit Plan	Risk Relates To	Auditor commentary
Valuation of the pension fund net liability 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 statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1bn in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. Some elements of the valuation may also be affected this year by late changes associated with Brexit, leading to increased audit risk. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	Council	The Council uses Barnett Waddingham to provide actuarial valuation to of the Council's assets and liabilities derived from the pension scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.. We have: • updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • tested 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; • undertaken 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; • Agreed the advance payment made to the pension fund for future years to the expected accounting treatment and relevant financial disclosures and • obtained assurances from the auditor of Nottinghamshire County Council 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. **Conclusion** This work is ongoing but our work to date has not identified any significant issues.

Significant audit risks

Risks identified in our Audit Plan	Risk Relates To	Auditor commentary

Valuation of Level 3 (hard to value) Investment Assets

Risks identified in our Audit Plan

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.

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 (£839 m) and the sensitivity of this estimate to changes in key assumptions

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.

Management utilise the services of investment managers and custodians as valuation experts to estimate the fair value as at 31 March 2020.

We therefore identified valuation of Level 3 investments, including property investments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

Risk Relates To

Pension Fund

Auditor commentary

We have:

- gained an understanding of the Fund's process for valuing level 3 investments and evaluated the design of the associated controls;
- reviewed the nature and basis of estimated values and considered what assurance management have had over the year end valuations provided for these types of investments and ensured the requirements pf the code were met
- for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments and agreeing those to the fund managers reports at that date. Reconciled those values to the values at 31 March 2020 with reference to known movements in the intervening period
- for a sample of non-property investments, tested 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. in the absence of available audited accounts, we have evaluated the competence, capabilities and objectivity of the valuation expert
- Tested revaluations made during the year to see if they had been input correctly into the Pension Fund's asset register
- where available reviewed investment manager service auditor reports on design effectiveness of internal controls
- for property investments, reviewed the arrangements under which such investments are valued and the assumptions used.

Outstanding matters

- Awaiting outstanding confirmations for a small sample of investments.

Conclusion

Our audit work in this area is ongoing but there are no significant issues based on our work to date.

Significant findings – key estimates and judgements - Council

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings – Other - £642m	Other land and buildings comprises of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged their Internal Valuer to complete the valuation of properties as at 31 March 2020 on a five yearly cyclical basis. 85% of total assets were revalued during 2019/20. In line with RICS guidance, the Councils valuer disclosed a material uncertainty in the valuation of the Council's land and buildings at 31 March 2020 as a result of Covid-19. The Council has expanded disclosures on this issue in Note 4. The valuation of properties valued by the valuer has resulted in a net decrease of £61.8m. Management have considered the year end value of non-valued properties, and have commissioned their in house valuer to provide a desktop review of the movements to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the properties value. Our work around this assessment is currently ongoing.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuers to confirm the basis on which the valuation was carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • tested revaluations made during the year to see if they had been input correctly into the Council's asset register The Council have expanded the relevant wording within the Financial Statements in relation to material uncertainty to give the reader a better understanding of the RICS guidance. We will include this within our Emphasis of Matter to draw this to the attention of the reader. **Conclusion** Work is still ongoing	**GREEN**

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements - Council

Accounting area	Auditor commentary
Land and Buildings – Other - £642m	We have used Wilkes Head and Eve as our auditor expert to assess the valuer and assumptions made by the valuer – see table below for the work completed and our responses:

Area of review	Wilkes Head and Eve comment	Audit team follow up	Assessment
Valuation approach and reasoning .	The Valuer has made reference to the approaches adopted, the methods applied, and the key inputs used in addition to covering the principle reasons for the conclusions reached within the individual valuation sheets. This is in line with expectations for this element. .	N/A	● GREEN
Commentary on any material uncertainty in relation to the valuation where it is essential to ensure clarity on the part of the valuation user .	The Valuer has included a 'Material Valuation Uncertainty' clause as a result of the current 'Global Pandemic' in relation to Novel Coronavirus (COVID-19). This element has been outlined in line with the legislation to ensure that the client understands that the valuation report has been completed under extraordinary circumstances. The commentary, therefore, is in line with expectations for this element	The inclusion of the 'material valuation uncertainty' is in line with our expectations.	● GREEN
Valuation Frequency	IAS 16 sets out that the valuations of assets should be carried out regularly with the aim of ensuring that the carrying amount does not differ materially from the fair value at the balance sheet date. In this instance we understand that the Valuer has completed valuations for a proportion of the assets within Gf portfolio as at 31 March2020.The Valuer has also identified that all Investment and Surplus assets have been valued as at the valuation date. Therefore, the Valuer has ensured that the carrying amount does not differ material from the fair value at the balance sheet date for all assets valued during this financial period. The approach adopted based on a proportion of the GF operational portfolio and all investment and surplus assets is in line with the legislation and appears reasonable in this instance. In addition, that Valuer has referenced within the valuation certificate that they have completed a full review of the portfolio (i.e. those assets not valued during the financial period) to allow an assessment as to whether the carrying amount of these asset values would differ materially from the value of these assets if they were revalued as at the closing book date. We understand that the Valuer has concluded that the valuation changes are not material / significant for either those not valued or those valued. This approach appears reasonable and is in line with processes adopted by other Authorities. The Valuer has not provided details on how this analysis was completed and resulting conclusions reached. It may be following upon this point to ascertain what sources have been utilised in arriving at these conclusions.	Our work includes review and challenge of the assets not valued. – no issues identified.	● GREEN

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Net pension liability – £1,107m	The Council's [total] net pension liability at 31 March 2020 is £1,107m (PY £1,058m) comprising the Nottinghamshire County Council Pension Fund Local Government scheme and unfunded defined benefit pension scheme obligations in relation to the Teacher's Pension Scheme. The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The Council's actuary disclosed a material uncertainty in the valuation of the Council's pension fund liability at 31 March 2020 as a result of Covid-19 The Council has agreed to amend the accounts to included disclosures on this issue in Note 4.. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy ,discount rates ,salary growth and investment return .Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £48.8m net actuarial loss during 2019/20. .	See below	Green

Auditor commentary:

We have

- Undertaken an assessment of management's expert
- Reviewed and assessed the actuary's roll forward approach taken,
- Used an auditors expert (PWC) to assess the actuary and assumptions made by the actuary

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.35%	2.35%	●
Pension increase rate	1.90%	1.85 – 1.95%	●
Salary growth	2.9%	1% above CPI (1.9%)	●
Life expectancy – Males currently aged 45 / 65	23.8	22.8-24.7	●
Life expectancy – Females currently aged 45 / 65	26	25.2-26.2	●

Reviewed

- the completeness and accuracy of the underlying information used to determine the estimate
- Impact of any changes to valuation method
- Reasonableness of the Council's share of LGPS pension assets.
- Reasonableness of increase in estimate
- Adequacy of disclosure of estimate in the financial statements.

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements – Pension Fund

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Level 3 investments	The Pension Fund has investments in pooled property funds, pooled infrastructure funds and unquoted equity investments that in total are valued on the balance sheet as at 31 March 2020 at £966.4m. These investments are not traded on an open exchange/,market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management has employed expert fund managers who have the necessary experience and technical expertise to ensure the correct valuation of these investments in the year end accounts. The value of the investment has increased by £127.4m, however level 3 investments still only account for 19.8% of the fund.	As outlined in our testing of the valuation of level 3 investments we have; • Assessed management's expert, reviewing their competence, expertise and objectivity where appropriate, • Considered the valuation techniques used against industry practice, and • Reviewed the adequacy of disclosure of estimate in the financial statements	●
Level 2 Investments	The Pension Fund investments in level 2 are totalled on the balance sheet as at 31 March 2020 at £265.6m. The investments are not traded on an open exchange/market and the valuation of the investment is subjective. In order to determine the value, management has employed expert fund managers who have the necessary experience and technical expertise to ensure the correct valuation of these investments in the year end accounts. The value of the investment has increased by £17.2m, level 2 investments include all pooled property investments. Level 2 investments account for 0.05% of the fund..	Similar to our approach for level 3 investments, we have; • Assessed management's expert, reviewing their competence, expertise and objectivity where appropriate, • Considered the valuation techniques used against industry practice, and • Reviewed the adequacy of disclosure of estimate in the financial statements	●

Assessment

- ● We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● We consider management's process and key assumptions to be reasonable

Significant findings – going concern – Council

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Going concern commentary	Auditor commentary
Management's assessment process Management have responded to the questions we set out on going concern in our "Informing the Audit Risk Assessment" document which confirms: • There are no events, of which they are aware, that could cause sufficient material uncertainty to cast significant doubt on the Councils 's ability to continue as a going concern. This extends but is not limited to at least twelve months from the Balance Sheet date. • The Council monitor cash flow on a quarterly basis, including maintaining an up to date forecast position for at least 12 months from the balance sheet date. Whilst we would expect the cash flow to extend up until at least 12 months from the date of the opinion , we have recognised that the pressures of unknowns going forward place pressure on producing a sensible cash flow. However, forward monitoring is completed monthly to ensure that pressures from the pandemic are recognised within the budgets going forward • Excluding the impact of the pension liability, the Authority has a strong balance sheet, with cash and cash equivalents of £54.8 million.	Management's assessment has considered the applicable guidance relating to public sector bodies which presumes in local government is that the going concern assumption does apply unless there is specific evidence to the contrary. Management's assessment has concluded that no material uncertainty in respect of going concern exists. In addition, based on our own review of the Council, we are aware that the Council has set an "approved budget" for 2020/21 and has a longer term financial plan. The going concern assessment includes a cash flow forecast for 12 months from the balance sheet date. The Council have stated that going forward there are numerous unknowns which would prevent them from forecasting further. Standards require the cashflow to be prepared for 12 months from the opinion date, however supplementary monthly budget reports are forecasting over the next 3 years. The cashflow forecast does not indicate any signs of significant financial difficulty that would cause concern. The Service Director – Finance, Infrastructure and Improvement takes overall responsibility for monitoring and reporting financial projections and reserve management. As such we consider that the assessment undertaken by the Authority on going concern is a reasonable and valid one and there are no indications of material uncertainty.
Work performed We have • Reperformed and reviewed the underlying assumptions of the Authority's cash flow forecast • Reviewed other medium term financial planning documents to assess robustness of financial position	**Auditor commentary** • Our audit did not identify any events or conditions which may cast significant doubt on going concern assumption. • Excluding the impact of the pension liability, the Authority has a strong balance sheet, with cash and cash equivalents of £54.8 million. • The Council has mainly PWLB debt £403.5 million plus £95 million non-PWLB debt and there is no requirement to borrow further to meet any immediate liabilities falling due. • The Council set a budget in line with local government requirements for 2020-21. • Management have reported that at the end of Month 4 there is a forecast net underspend of £184k although this masks some significant variances within individual services, including a forecast underspend of £5.1m in Adults Services and a forecast overspend in Children's and Young People of £1.8m. Reinforcement of budget management and a review of the cost pressures is being undertaken particularly in relation to Covid impacts.
Concluding comments	 We propose to issue an unmodified opinion for 2019/20

Significant findings – going concern – Pension Fund

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Going concern commentary	Auditor commentary
Management's assessment process The Chief Financial Officer as s151 officer has a reasonable expectation that the Fund will continue for the foreseeable future. Members concur with this view. For this reason, the Fund continues to adopt the going concern basis in preparing the financial statements. Management have confirmed that: • No decision has been made to wind up the Pension Fund and no events have occurred that would trigger wind up. • They have taken into account all available information about the future, which is at least, but not limited to, twelve months from the date when the financial statements are authorised for issue. • No material uncertainties related to events or conditions that cast significant doubt upon the Pension Fund's ability to continue as a going concern exist that require disclosure	Chapter 6, Annex 6.5 of the CIPFA Code on the "Presentation of Financial Statements for Pension Funds" notes going concern as a particularly important reporting requirement and that para 3.4.2.23 of the Code applies. The CIPFA Code of Practice 2019/20 Code para 3.4.2.23 states "Local authorities that can only be discontinued under statutory prescription shall prepare their financial statement on a going concern basis of accounting; that is, the financial statement shall be prepared on the assumption that the function of the authority will continue in operational existence for the foreseeable future". For defined benefit schemes the Pensions SORP gives further guidance in that even where a defined benefit scheme is significantly underfunded it should continue to be treated as a going concern for accounting purposes unless a decision has been made to wind up the scheme. The LGPS is a statutory scheme which can only be wound up by government and the presumption in local government is that the going concern assumption does apply unless there is specific evidence to the contrary from factors such as an announcement to wind up the administering authority. Management have carried out an assessment respect of the going concern of the pension fund and have included responses in our Informing Audit Risk Assessment. As a result of our work we have identified; • The fund is a statutory pension provider and therefore cannot legally close. • The actuary has set contribution rates for all employers up to 2022/23, this re-affirms that the fund intends to continue as a going concern. • The fund also do daily monitoring of the cash position for treasury and investment management and this has been estimated going forward to cover the 12 months from the balance sheet date. The level of liquid assets held means the risk of cashflow issues is very low. Cash held at 31 March 2020 £151.7m In addition; • our audit did not identify any events or conditions which may cast significant doubt on the going concern assumption, • As at the 2019 actuarial valuation, the fund was assessed as 93% funded an improvement of 6% from the 2016 valuation.. This corresponds to a deficit of £405m • The aim is to achieve 100% over a period of 19 years. • The cashflow forecast shows positive cash balance throughout the period. As such we consider that the preparation of accounts on a going concern basis is a reasonable and valid one and there are no indications of material uncertainty.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	• We have previously discussed the risk of fraud with the Governance and Ethics Committee We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
Matters in relation to related parties	• We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	• Letters of representation has been requested from the Council and the Pension Fund which are included in the Governance and Ethics Committee papers
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to banks, lenders, the pension fund's custodian and investment bodies. This permission was granted and the requests were sent. All but one of the Council and the majority of the Pension Fund requests were returned with positive confirmation. • In relation to the Pension fund's cash holdings, 2 requests were not received so we undertook alternative procedures, including direct verification to bank statements and confirmations to the external counterparty's online investment portals..
Disclosures	• Our review found no material omissions in the Councils financial statements • A number of disclosure amendments were made to the Council and the Pension Fund accounts details can be see at Appendix B
Audit evidence and explanations/significant difficulties	• The vast majority of information and explanations requested from management for the Council and the Pension Fund were provided. • There were some complications in obtaining supporting evidence and transactional and membership data, particularly in respect of the Pension fund, which delayed aspects of wider audit testing.

Other responsibilities under the Code

Issue	Commentary
Other information	• We are required to give an opinion on whether the other information published together with the Councils audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix D
Matters on which we report by exception	We are required to report on a number of matters by exception in a numbers of areas: • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties We have nothing to report on these matters We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until the December 2020 and therefore this report has not yet been produced. We have therefore not given this separate opinion at this time and are unable to certify completion of the audit of the administering authority until this work has been completed.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Due to the delays created by the pandemic the NAO have not yet issued instructions in relation to WGA. Therefore this work is not yet completed .
Certification of the closure of the audit	We are unable to certify the closure of the 2019/20 audit of Nottinghamshire County Council in the audit opinion until work on WGA and the pension fund Annual Report has been completed, as detailed in Appendix D.

Value for Money

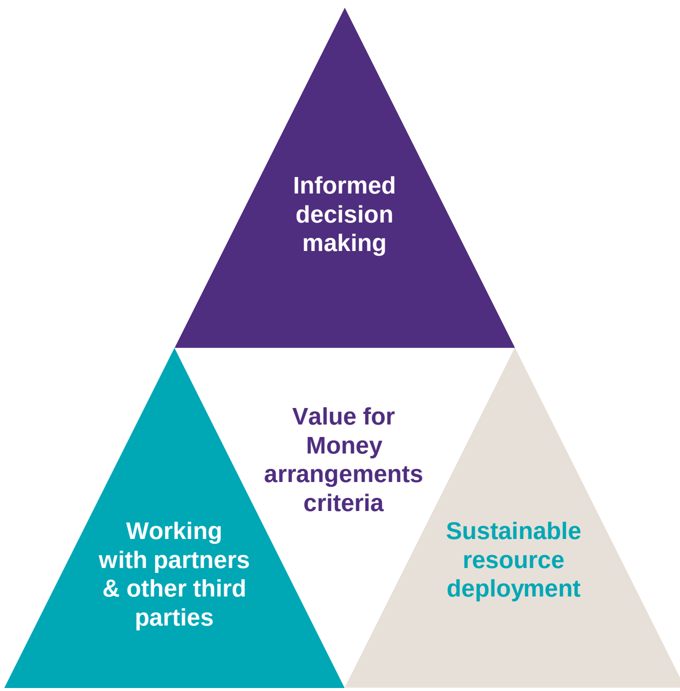
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in March 2020 and identified one significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated this risks to you in our Progress Report dated July 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We have not identified any new VfM risks in relation to Covid-19. We do not consider Covid-19 to be a significant risk given the timing of the pandemic, coming as it did at the very end of the year of audit.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment.

Value for Money

Our work

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- Sustainable Resource Deployment – planning finances effectively to support delivery of strategic priorities and maintain statutory functions.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on page 24.

Overall conclusion

Based on the work we performed to address the significant risk, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

Recommendations for improvement

We have discussed findings arising from our work with management and but have not had to make recommendations for improvement.

Since 31 March 2020 as a result of the impact of the pandemic and the acknowledgement that flexible savings plans require implementation to address continuing pressures, the Council has increased monitoring and reporting to ensure the MTFS meets the pressures that Covid has placed on services and has also prepared for a forecast loss of income.

Changes since 31 March 2020 are not taken into account in reaching our conclusion for 2019/20 as that only covers arrangements in place during the financial year, although we do consider whether events since 31 March 2020 tell us anything about the arrangements which were in place prior to that date.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
Financial Sustainability **(wording as per Audit Plan)** This risk relates to the sub-criteria of Sustainable Resource Deployment. The Council continues to face similar financial pressures to those experienced by others in the Local Government sector. The council's latest financial monitoring report (M09) presented to the Finance and Major Contracts Management Committee indicates a net minor underspend of £35k forecast for the current financial year. However this masks the substantial overspend in Children & young peoples services with a forecast overspend of £9.6m. Furthermore the Council faces significant financial challenges over the medium term to keep its finances in balance. The latest report shows a £28.3m gap for the medium term	The financial year 2019/20 has shown a positive outcome for the Council. As in previous years, budgets have been managed well despite increasing pressures in Children's and Young Peoples services. The financial position of the Council was closely monitored throughout the year, with monthly reports being produced and reported to the Leadership Team and the Finance and Major Contracts Committee. The contribution from reserves reduced from the agreed £5.1m in the original 2019/20 budget to £2.1m. The revised MTFS, which is being monitored monthly to reflect both Non-Covid and Covid pressures proposes to utilise a further £10.8m of reserves over the medium term. However this is a fluid forecast as the pandemic and central funding to support loss of income and service pressures remain unknown. The level of reserves and balances have been reviewed by the Council and are considered to be adequate. However the continued use of reserves to balance budgets which continues into 2020/21 should be approached cautiously and the Council should ensure that the level of reserves remain prudent. Reserves are one off funds so it is recommended that they are limited to supporting one-off expenditure rather than funding on-going costs. The budget set for 2020/21 originally showed a savings requirement of £19.9m. Clearly, savings plans have been severely impact by Covid-19 and. Instead, the Council now needs to ensure it keeps a strong grip on the impact of Covid and other spending pressures. The Council continues to monitor and gain understanding of both Non-Covid and Covid pressures, reviewing overspends and underspends against budgets and continually applying mitigation strategies, not only for the immediate budget but for the Medium Term to ensure the £51.4 shortfall forecast required by 2023/24 is addressed. Strict budgetary control is in place and departments are expected to utilise any underspends to offset unexpected cost pressures.	The Council applies a stringent monitoring regime to ensure issues can be identified and addressed in a timely manner. The MTFS is monitored and aligned to the vision of the Council and adjustments made when necessary. The Council's strong overall reserves position before Covid-19 is enabling it to cope better than some other authorities with the increased pressures now being faced. On the basis of this evidence we have concluded that the Council had appropriate arrangements in place to secure Value for Money through Sustainable Resource Deployment during 2019/20.

Independence and ethics

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 and confirm that we, as a firm, and each covered person, 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.

Details of fees charged are detailed in Appendix D

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council and the Pension Fund. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats. These fees have not been reflected in the accounts because of the timing of the Certification of Teachers Pensions return

Pension Fund

No non-audit services were identified which were charged from the beginning of the financial year to November 2020.

Council

The following audit-related and non audit-related services were identified.

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Teachers Pension Return	4,000	Self-Interest (because this is a recurring fee)	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 £4,000 in comparison to the total fee for the audit of £75,624 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 (because GT provides audit services)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Independence and ethics

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified/, as well as the threats to our independence and safeguards that have been applied to mitigate these threats

	Fees £	Threats identified	Safeguards
Non-audit related			
CFO Insights Subscription	16,000	Self-Interest (because this is a recurring fee)	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 £16,000 in comparison to the total fee for the audit of 75,624 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. These fees have not been reflected in the accounts because of the timing of CFO Insights The CFO insights service provides the Council with access to various data sources, which they decide how to use and make their own decisions about the delivery of services, therefore we do not believe there is an impact on the value for money conclusion.

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors None of the services provided are subject to contingent fees.

Action plan

We have identified a number of recommendations for the Council and the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment		Issue and risk	Recommendations
Medium	**Pension Fund**	• Review of controls assurance provided by the investment managers revealed that numerous smaller investment managers do not produce controls reports or bridging letters, or did provide controls reports but could not provide bridging letters to confirm that controls had not substantially changed between the report dates and the pension fund's year end date of 31st March 2019 • Historically no additional information has been requested by the pension fund to bridge this gap in assurance and gain comfort that effective controls are in place at investment managers used by the Pension Fund • We were able to positively confirm investment and cash balances with these investment managers, so there was no impact on the reported financial disclosures	• As reported in 2018/19. In accordance with best practice we recommend and would expect that where controls reports and 'bridging letters' are not available; the Pension Fund makes annual enquiries with its investment managers to ascertain how controls operate and if there are significant controls weaknesses of which it should be aware. Or alternatively request controls reports from investment managers, particularly those not covered by the Pension Fund's Custodian where triangulation of investment balances is not possible **Management response** […]
Medium	**Pension Fund**	• Membership data is rolled forward by the actuary on an annual basis. There are no challenges or reconciliations undertaken by the fund and the actuary's figures are accepted as correctly reflecting membership. This was of particular importance in 2019/20 for triennial review.	• A reconciliation should be undertaken to gain assurance that membership data is within a reasonable estimate as provided by the actuary. • Challenge should be made if numbers are not within a reasonable tolerance. **Management response** […]

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

We have identified a number of recommendations for the Council and the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment		Issue and risk	Recommendations
Medium	**Pension Fund**	• In some cases working papers provided to support the accounts and allow for sample selection did not agree back the entries within the statements. This delayed and in some cases caused repetition in sample selection.	• Working papers should be reviewed and checked back to statement entries as part of the accounts review prior to submission for audit. All working papers should be referenced to the entry in the accounts to ensure the correct information is provided for audit. **Management response** […]
Medium	**IT System**	We identified a number of control issues in security and access of NCC's SAP system. These weaknesses include • SAP Support staff and vendors with DEBUG access • SAP developers with access to modify the ledgers • Change developer and implementation segregation of duties conflicts • Inadequate password security for SAP • IT security policies not acknowledges by staff	The matters identified relate to IT systems but not specifically the financial reporting process. Our substantive approach to audit has mitigated any risks that would arise from the findings. However the controls around access and segregation are intrinsic to the integrity of the system and should be addressed. Since the IT review management have addressed the findings and removed or locked the majority of suspected accounts with procedures planned to be completed by the end of November. **Management response** […]

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

We have identified a number of recommendations for the Council and the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment		Issue and risk	Recommendations
Medium	**Council**	Reports provided for Payable and Receivable sample selection were transaction listings not a report showing actuals for the year end. This has led to delays in getting breakdowns from the cost centres reported to select samples at a unit level and also samples selected that have been reversed so not representing debts to the Council or monies owed at year end.	A cleaner list of receivable and payables should be developed to ensure the audit sampling is efficient and effective. This is something we can work on together for 2020/21. **Management response** […]
Medium	**Council**	A number of journal mis-postings were identified from testing and although these had in the main been corrected, there is a risk when posting that journal corrections have not been applied to the correct accounts.	The control around the authorisation of both initial journals and corrections should be reviewed to ensure correct cost centres have been identified. **Management response** […]

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Follow up of prior year recommendations

We identified the following issues in the audit of Nottinghamshire County Council and Nottinghamshire Pension Fund's 2018/19 financial statements, which resulted in 9 recommendations being reported in our 2018/19 Audit Findings report. We have followed up on the implementation of our recomme ndations and note 2 are still to be completed

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	We recommended the Pension Fund Systems and Admin team undertake a process to understand and verify the causes of the large volume of manual adjustments and discrepancies in membership data. which necessitate the manual adjustments, specifically, the underlying reasons as to why change forms and notifications were not being processed in a timely manner	The Pension Administration function is undertaking a digital transformation programme which has been approved by Pensions Committee. As part of this programme work is underway to complete a data audit and improvement workstream, rolling out access to a secure Scheme Employers Portal following a successful pilot with Nottinghamshire County Council which enables employers to submit a range of requests and processes. As part of this programme the Administration function will also be rolling out electronic monthly data returns as stipulated by the Pension Regulator.
✓	Amendments to data should be processed in a timely manner to reduce the risk of inaccurate membership data being reported in the financial statements. Controls to check the accuracy of the data on a regular basis should be implemented to allow early identification of errors, including between the Pensions Admin and Pensions Payroll systems	The Pension Administration function is undertaking a digital transformation programme which has been approved by Pensions Committee. As part of this programme work is underway to complete a data audit and improvement workstream, rolling out access to a secure Scheme Employers Portal following a successful pilot with Nottinghamshire County Council which enables employers to submit a range of requests and processes. As part of this programme the Administration function will also be rolling out electronic monthly data returns as stipulated by the Pension Regulator. Work is in progress to reconcile the pension administration and payroll systems.
✓	In the course of obtaining confirmations of year end cash and investment balances, we noted that account names across investment managers were not consistent. Some of the Pension Fund's accounts were under the name "Nottinghamshire County Council", whereas others were under the name "Nottinghamshire County Council Pension Fund".	In most cases the pension fund uses the name Nottinghamshire County Council Pension Fund when making investments. This distinguishes the Pension Fund investments. However, for legal reasons, e.g. for property, the investment must be held by a named legal entity, in which case the name Nottinghamshire County Council must be used
✓	We recommended the Pension Fund independently verifies deaths of pensioners e.g. through death certificates, confirmation from solicitors or other processes such as the government's 'Tell Us Once' notification system.	Death certificates are requested as part of the processing of the death process within the Pension Administration system. The Pensions Office participates in the Tell Us Once Service and NFI mortality checking service.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

We identified the following issues in the audit of Nottinghamshire County Council and Nottinghamshire Pension Fund's 2018/19 financial statements, which resulted in 9 recommendations being reported in our 2018/19 Audit Findings report. We have followed up on the implementation of our recommendations and note 2 are still to be completed

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	We recommended that for completeness purposes new member records should be set up in a timely manner on the UPM Pensions Admin system	In these cases, the Pension Administration Office will request a new starter form from the Scheme Employer, on receipt a pension record is created. It is proposed as part of the digital transformation program to move to monthly returns from Scheme Employers
✓	Disclosures in the accounts could be expanded and enhanced to properly comply with the Code.	We have discussed with management and have worked together to ensure all Code requirements are included.
✓	For completeness purposes, schools bank reconciliations should include the April 2019 tranche payments, to ensure bank balances per the ledger are reconciled to bank statements.	No issues have been noted when undertaking testing during 2019/20
X	In accordance with best practice we recommended and would expect that where controls reports and 'bridging letters' are not available; the Pension Fund makes annual enquiries with its investment managers to ascertain how controls operate and if there are significant controls weaknesses of which it should be aware. Or alternatively request controls reports from investment managers, particularly those not covered by the Pension Fund's Custodian where triangulation of investment balances is not possible	The Pension Fund obtain controls reports and bridging letters for all their major investment managers. Over time as more investments are made through LGPS Central this control will be provided by them. This recommendation is still ongoing
X	We identified that fees and charges within pooled investment funds is netted off against charges in the fair value of the investments,	The fund do not have sufficient information from all of their investments to perform this adjustment. An estimate of the figure is included in note 10. Over time as transparency increases this 'estimate' should become more accurate and the fund should be able to make this adjustment

Assessment

✓ Action completed

X Not yet addressed

Audit adjustments - Council

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000		Impact on total net expenditure £'000
The adjustment in relation to the creditor journal for a Land Transaction purchase had been incorrectly posted. This has led to an overstatement of both payables and receivables.	0	Reduce Payables Reduce Receivables	21.1m 21.1m	0
Overall impact	**£0**		**£0**	**£0**

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Misclassification / Disclosure	Detail	Auditor recommendations	Adjusted?
Disclosure	Note 29. The Fair Value calculation of LOBOs had not been produced in line with the Code, using PWLB redemption rates instead of new loan rates. This resulted in a material overstatement within the disclosure note (but not affecting the primary statements).	The Council have recalculated the Fair Value of LOBO's and have amended the accounts to read £114.7 for the LOBO element, a reduction of £83.7m. The prior year comparators have also been restated.	✓
Disclosure	Note 29. As above the PWLB Fair Value calculation had used the redemption rate and not the new loan rate. This resulted in a material overstatement.	The Council have recalculated the Fair value of PWLB and have amended the accounts to read £439.9m for the PWLB element, a reduction of £185.4m. The prior year comparators have also been restated.	✓

Audit adjustments – Council

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Misclassification / Disclosure	Detail	Auditor recommendations	Adjusted?
Disclosure	Note 29 Financial Instruments. Cash and cash equivalents had been omitted form the note and prepayments had incorrectly been included.	The Council have now included Cash and Cash Equivalents £54.9m in the financial Instruments note and removed £4.2m of PFI prepayments.	✓
Disclosure	Note 4 - Estimation Uncertainty	The note has been amended to include the detail in relation to the RICS valuation material uncertainty paragraph in relation to Covid 19. The uncertainty in relation to pension fund valuation has also been included.	✓
Disclosure	Various minor disclosure amendments	The Council have amended and expanded a number of disclosure notes to enhance readability and internal consistency of the accounts.	✓
Disclosure	In some cases, the descriptions and presentations (eg headings) which the Code requires within the financial statements had not been used.	The 'usable revenue reserves balance' should be called the general fund balance as required by the Code. The Council have not amended for these points as they consider this would mislead the reader. These are not considered material to the financial statements.	X

Audit adjustments – Pension Fund

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There were no audit adjustments to the primary statements for the year ending 31 March 2020.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Disclosure	Various minor Disclosure amendments	The Pension Fund have amended and expanded a number of disclosure notes to enhance readability and internal consistency of the accounts.	✓
Disclosure	Accounts were missing a disclosure on Investments > 5% of the net fund assets.	The Pension Fund have amended the accounts to include a disclosure as per the code requirements. The disclosure shows all investments >5% of the net fund assets.]	✓

Fees – Council

We confirm below the current situation in relation to fees charged for the audit and provision of non-audit services. As noted earlier in this report, the completion of audit work remotely in the context of Covid-19 has meant that we have had to deploy significantly increased resources in order to complete audits, and it is unfortunately likely that we will need to recover part of the cost of this through additional audit fees, which we recognise we had already increased due to the increased regulatory requirements. We anticipate an additional fee of approximately 15% of the previously agreed fee, but we will discuss this with the s151 officer. This would make the total fee £104,200.

Audit fees	Proposed fee	Final fee
Council Audit	75,624	75,624
Fee Variation	15,000	TBC
Total audit fees (excluding VAT)	**£90,624**	**£TBC**

We have provided a reconciliation to the Fees disclosed in the Financial Statements

	£
• fees per financial statements	87,000
Less	
• Prior year Teachers Pension Claim paid in 2019/20	3,500
• Prior year Fee Variation paid in 19/20	7,500
Total Fees per above	76,000

Proposed fee variations will be confirmed with the s151 Officer and are subject to approval by PSAA Ltd

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services – Teachers Pension Return	4,000	TBC
Non- Audit Related Services CFO insights	16,000	16,000
Total non- audit fees (excluding VAT)	**£20,000**	**£20,000**

Fees – Pension Fund

We confirm below the current situation in relation to fees charged for the audit and provision of non-audit services. As noted earlier in this report, the completion of audit work remotely in the context of Covid-19 has meant that we have had to deploy significantly increased resources in order to complete audits, and it is unfortunately likely that we will need to recover part of the cost of this through additional audit fees, which we recognise we had already increased due to the increased regulatory requirements. We anticipate an additional fee of approximately 15% of the previously agreed fee, but we will discuss this with the s151 officer. This would make the total fee £31,400.

Audit fees	Proposed fee	Final fee
Pension Fund	23,043	27,293
Fee Variation	4,250	TBC
Total audit fees (excluding VAT)	**£27,293**	**£TBC**

Audit opinion- Nottinghamshire County Council

We anticipate we will provide the Council with an unmodified audit report

Independent auditor's report to the members of Nottinghamshire County Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nottinghamshire County Council (the 'Authority') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Statement of Accounting Policies and Notes to the Statement of Accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by Covid-19 and Brexit. All the Service Director Finance, Infrastructure and Improvement and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report subject to unprecedented levels of uncertainty, with the full range of possible We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Service Director Finance, Infrastructure, and Improvement's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Service Director Finance, Infrastructure and Improvement, has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Audit opinion

In our evaluation of the Service Director Finance, Infrastructure and Improvement's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and property investments

We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings and the Authority's share of the pension fund's property investments as at 31 March 2020. As, disclosed in note 4 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in both the Authority's property valuer's report and the pension fund's property valuation reports. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement and the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Audit opinion

Responsibilities of the Authority, the Service Director Finance, Infrastructure and Improvement and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 21, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Service Director Finance, Infrastructure, and Improvement. The Service Director Finance, Infrastructure and Improvement is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Service Director Finance, Infrastructure and Improvement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Service Director Finance, Infrastructure and Improvement is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Governance and Ethics Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description

forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Authority

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Audit opinion

We planned our work in accordance with the Code of Audit Practice. Based on our risk

assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We are required to give an opinion on the consistency of the pension fund financial statements of the Authority included in the Pension Fund Annual Report with the pension fund financial statements included in the Statement of Accounts. The Local Government Pension Scheme Regulations 2013 require authorities to publish the Pension Fund Annual Report by 1 December 2020. As the Authority has not prepared the Pension Fund Annual Report at the time of this report we have yet to issue our report on the consistency of the pension fund financial statements. Until we have done so, we are unable to certify that we have completed the audit of the financial statements in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2020. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

John Gregory, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

[Date]

Audit opinion - Nottinghamshire County Council Pension Fund

We anticipate we will provide the Pension Fund with an unmodified audit report

Independent auditor's report to the members of Nottinghamshire County Council on the pension fund financial statements of Nottinghamshire County Council Pension Fund

Opinion

We have audited the financial statements of Nottinghamshire Pension Fund (the 'pension fund') administered by Nottinghamshire County Council (the 'Authority') for the year ended 31 March 2020 which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and of the amount and disposition at that date of the fund's assets and liabilities,
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the pension fund financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Service Director Finance, Infrastructure, and Improvement and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties. However, no audit should be expected to predict the unknowable factors or all possible future implications for a fund associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Service Director Finance, Infrastructure, and Improvement's use of the going concern basis of accounting in the preparation of the pension fund's financial statements is not appropriate; or
- the Service Director Finance, Infrastructure and Improvement has not disclosed in the pension fund's financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for the pension fund for a period of at least twelve months from the date when the pension fund's financial statements are authorised for issue.

Audit opinion

In our evaluation of the Service Director Finance, Infrastructure and Improvement's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the pension fund financial statements shall be prepared on a going concern basis, we considered the risks associated with the fund's operating model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the fund's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the fund will continue in operation.

Emphasis of Matter - effects of Covid-19 on the valuation of property investments

We draw attention to Note 15b of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the pension fund's property investments as at 31 March 2020. As, disclosed in note 15b to the financial statements, Market activity is being impacted in many sectors. The property valuation is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global as the valuers do not consider that they can rely upon previous market evidence to fully inform opinions of value at the valuation date.

Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the pension fund's financial statements and our knowledge of the pension fund the other information published together with the pension fund's financial statements in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the pension fund's financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Audit opinion

Responsibilities of the Authority, the Service Director Finance, Infrastructure and Improvement and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 21, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Service Director Finance, Infrastructure and Improvement. The Service Director Finance, Infrastructure and Improvement is responsible for the preparation of the Statement of Accounts, which includes the pension fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Service Director Finance, Infrastructure and Improvement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund's financial statements, the Service Director Finance, Infrastructure and Improvement is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the pension fund will no longer be provided.

The Governance and Ethics Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

John Gregory, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

[Date]

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NOTTINGHAMSHIRE COUNTY COUNCIL
ANNUAL FINANCIAL REPORT 2019/20

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NARRATIVE REPORT

Introduction

1. The Authority's Statement of Accounts for the year 2019/20 is set out on the following pages. It is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) issued by CIPFA. The statements also comply with appropriate guidance notes issued by CIPFA covering International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the Standing Interpretations Committee (SIC) and IFRS Interpretations Committee (IFRIC) as they apply to Local Authorities.

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

    - Understand the overarching financial position of the Authority and the outturn for 2019/20;
    - Have confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner; and
    - Be assured that the financial position of the Authority is sound and secure.

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

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

4. **Annual Governance Statement**
Alongside the Statement of Accounts the Authority publishes an Annual Governance Statement which sets out the Authority's responsibility for internal control and describes both the purpose of internal control and the internal control environment. The Statement also summarises the Authority's review of the effectiveness of internal control and highlights significant internal control issues and the actions to be taken in order to address these. The 2019/20 Statement was reported to Governance and Ethics Committee in July 2020.

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

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

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

8. **Balance Sheet**

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

9. **Cash Flow Statement**

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

10. **Pension Fund Accounts**

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

11. **Pension Net Assets Statement**

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

COVID-19 Pandemic

12. The COVID-19 pandemic has had a considerable impact on the Authority. A large number of services, resources, functions, plans and programmes have been re- and de-prioritised as the Council has had to respond to a rapidly changing and fluid situation that has included the regular provision of new guidance and legislation.

It is difficult to quantify the impact of COVID-19 at this stage with any certainty, but the financial pressure on the Council is likely to be substantial – even after the Government's emergency COVID-19 funding for local authorities is taken into account.

There is limited impact on the 2019/20 accounts as the pandemic only started to have a notable impact in the last two weeks of March 2020. Where the pandemic has affected items in the accounts, additional notes have been included to set out the impact. The Authority received a £22.3m COVID19 Grant from Central Government before the end of March 2020.

The Authority has established an additional Committee, the COVID-19 Resilience, Recovery and Renewal Committee. This Committee will review the Authority's response, in respect of the Council's recovery from COVID-19, including the Authority's approach to the renewal of the local economy and renewal and reform of local government services, including the future structure of local government in Nottinghamshire.

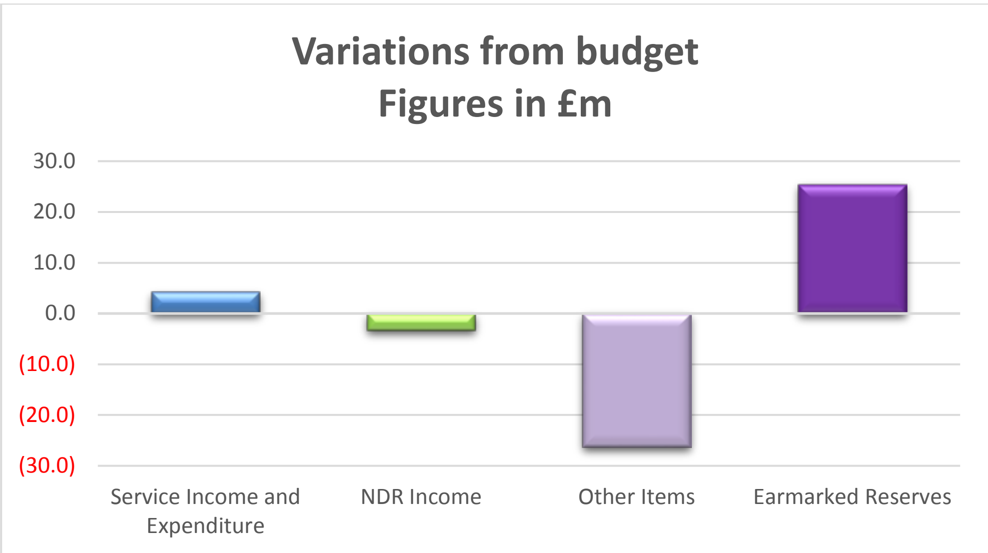
A Financial Resilience Group, consisting of Officers, has also been set up to consider the financial impact arising from the COVID-19 crisis. This Group will focus on reviewing variables such as additional costs, lost income, impact on savings plans, use of reserves and cash flow position as well as additional grant received from the Government in order to assess the impact upon the Medium Term Financial Strategy. Regular reports will be provided to the Corporate Leadership Team and Members to keep them informed about the financial implications of the crisis.

Revenue Expenditure

13. The budget estimated that there would be a £2.1 million contribution from General Fund balances. The final accounts show that the final contribution required was in line with budget.

	Budget £m	Actual £m	Variance from Budget £m
INCOME			
Income raised from taxation:			
Precept Income (Council Tax)	(369.8)	(369.8)	-
Non Domestic Rate Income	(110.6)	(113.9)	(3.3)
Revenue Support Grant	(7.0)	(7.0)	-
	(487.4)	(490.7)	(3.3)
NET EXPENDITURE (inc appropriations)	**489.5**	**492.8**	**3.3**
Contribution to/(from) General Fund Balances	**(2.1)**	**(2.1)**	**0.0**

The main variations to net expenditure were:



14. The Authority's Medium Term Financial Strategy (MTFS) has identified the need for further significant savings. Budget savings of £7.9m million were approved in February 2020 with a further £28.3 million required by 2023/24. All savings are monitored with a status update included in the monthly report to Finance and Major Contracts Management Committee. The large variations relate to COVID-19 grant of £22.3m.

Capital Expenditure and Financing

15. The Authority's capital expenditure in 2019/20 was £119.8 million. The external capital financing costs amounted to £32.4 million, which included interest on PFI schemes.

16. The Authority's borrowings, used to finance the past acquisitions of assets, were £614.1 million at 31 March 2020. This includes long term borrowings, loans to be repaid within one year, deferred liabilities and finance leases related to PFI schemes. The Authority makes use of financial instruments called Lenders' Option Borrowers' Option (LOBOs) which offered attractive borrowing rates of interest as well as greater flexibility. At 31 March 2020 the amount owed on these type of borrowings was £90.0 million.

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

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

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

Trends

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

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

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

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

- The population of Nottinghamshire increased by 5% between the census in 2001 and that in 2011 and currently stands at 823,100. The total population of Nottinghamshire is expected to increase by 64,200 over the next 14 years to 2034 and will then be 887,300. Projections estimate that this is due primarily to an increase in net migration of people from both other areas of the UK and abroad, and an increase in life expectancy.

- The population of Nottinghamshire is slightly older than the national average, with 21% aged 65+ in 2018 compared with 18% in England and this is due to continue over the next 15 years with the number of 65-84 year olds increasing by 28% to reach 191,000 by 2034. As people live longer they are more likely to experience disability and life limiting long-term illnesses.

- The health of the average person in Nottinghamshire has improved greatly over the last fifty years with people now living longer and healthier lives. We are lucky to live in a period when life expectancy at birth has increased to 79.5 years for men and 83.1 years for women and the average Nottinghamshire resident is expected to live in good health until the age of almost 63 which is more than 75% of their lives.

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

- Whilst the average annual earnings of full-time workers in Nottinghamshire at £28,612 are below the UK level of £30,661, house prices, as quoted in the House Price Index, are much more affordable with the average house price in Nottinghamshire in 2019 (December) being £181,000 compared to £252,000 in the UK.

- Final KS4 data for 2019 shows 45.4% of pupils achieved a strong pass (grades 9-5) in both GCSE English and Mathematics which represents a slight fall of 0.2 percentage points from 2018. Nationally over the same period 43.4% of state funded schools achieved this measure which is a 0.1 percentage point fall. Nottinghamshire is placed 54th against all local authorities nationally (a slight fall from 52nd in 2018). Comparisons to statistical neighbours show the average for this measure to be 42.9% (which represents a 0.2 point increase) with Nottinghamshire placed 3rd (a drop of one place from 2018) against all 11 authorities. At the standard pass (grades 9-4) final data shows 67.6% of Nottinghamshire pupils achieved grades 9-4 in both English and mathematics, an increase of 1.0 percentage points on 2018. Nationally there was a slight increase of 0.5 percentage points to 64.9%. Comparisons with all authorities nationally place Nottinghamshire 47th (53rd in 2018). Against statistical neighbours Nottinghamshire shows no change in position and is placed 2nd out of 11 authorities.

- People in Nottinghamshire generally feel safe within their communities with 76% of respondents in the 2019 Residents Survey stating they were satisfied with their local area as a place to live.

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

- Through the Better Broadband for Nottinghamshire programme, the Council has achieved 98.22% superfast coverage of the County (determined by 30Mbps download speed) which is over 1% higher than the national average for superfast coverage and over 3% higher than any of Nottinghamshire's neighbouring counties for superfast coverage. Since 2014, the Better Broadband for Nottinghamshire programme (BBfN) has delivered fibre broadband connections to almost 86,000 premises of which 19,500 are business premises. In the past year, BBfN has continued with phase 3 roll-out delivering 1,823 full fibre connections. An independent socio-economic report on the programme determined that over a 15 year period, the project would generate £302 million for the Nottinghamshire economy, representing a return of £11 for every £1 of public and private investment. The take-up rate for services delivered by the programme is more than 60% - it is through take-up of services that the Council can look to recoup investment through the gainshare mechanism in the contracts. The BBfN rollout is set to continue to deliver digital infrastructure to some of the hardest to reach areas of the county with an additional 2,973 premises targeted in deployment as Nottinghamshire heads closer to 100% superfast coverage.

- Important visitor hubs include Rufford Abbey, the National Civil War Centre in Newark, Sherwood Forest and Holme Pierrepont Country Park. A new visitor centre at Sherwood Forest opened in August 2018 and further historical interpretation facilities to recognise the County's place in the history of the Pilgrim Fathers are also likely. It should be noted that not all of these facilities are owned by NCC and some are run in partnership with other organisations.

Risks and Uncertainties

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

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

Environmental

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

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

People

22. The Authority is the largest employer in the County with a headcount of 5,471 directly employed permanent and temporary staff, as at April 2019.

23. Detailed workforce profile information is produced annually by the Authority and the most recent published information was presented to Personnel Committee on 24 July 2019.

Vision

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

A great place to bring up your family

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

A great place to fulfil your ambition

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

A great place to enjoy your later life

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

A great place to start and grow your business

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

Performance

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

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

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

27. Key highlights from across the priorities in 2019/20 include:

    - Our ambition is to make Nottinghamshire a place where as many people as possible are healthy and happy as they grow older. The use of reablement services continue to enabled greater numbers of service users to retain their independence for as long as possible. During 2017/18, 1,160 service users received START reablement and subsequently required no further Homecare Support. During 2018/19 this figure had increased to 1,335 service users and for 2019/20 it increased again to 1,633 service users.

    - We want Nottinghamshire to be a great place to bring up a family so that children get the best possible start in life. We work in partnership with schools and educators so that more Nottinghamshire pupils (45.4%) achieved a strong pass in both GCSE English and mathematics (grade 9-5) in 2019 compared with the national average (43.4%).

    - All children and young people need to be safe and secure so that they can achieve their full potential. The most recent year-end figures for the average number of days between a child coming into Council care and moving in with their adoptive family indicate a significant improvement, reducing from 444 days to 395 days over a three year period.

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

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

    - The Authority has also identified a number of key challenges and pressures that may affect performance over 2020/21 and will seek to assess and pro-actively manage these through the coming year.

28. The Authority has also identified a number of key challenges and pressures that may affect performance over 2019/20 and will seek to assess and proactively manage these through the coming year.

Summary

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

The COVID-19 pandemic has had a profound impact on all aspects of life in Nottinghamshire, however the Authority will continue to respond to this and other changes and will deliver the savings required to meet the budget requirements.

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

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Service Director - Finance, Infrastructure & Improvement) has responsibility for the administration of those affairs;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and

- Approve the Statement of Accounts.

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

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

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

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code;

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities;

- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;

- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and

- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2020 and of its income and expenditure for the year then ended.

Nigel Stevenson
Service Director (Finance, Infrastructure & Improvement & Section 151 Officer)
07 July 2020

STATEMENT OF APPROVAL OF THE STATEMENT OF ACCOUNTS

The Statement of Accounts were approved by a meeting of the Governance and Ethics Committee on XX XXXX 2020. The Service Director (Finance, Infrastructure & Improvement) is satisfied with the position set out in the Statement of Accounts. As Chairman of the Governance and Ethics Committee, I am satisfied that the approval process for the Statement of Accounts has now been completed satisfactorily and that the Statement of Accounts may now be issued.

Councillor Bruce Laughton
Chairman of the Governance and Ethics Committee
XX XXXX 2020

STATEMENT OF ACCOUNTING POLICIES

1. General Policies

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. 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 2019/20, 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 2019/20 set out below:

Asset Type	De minimus
Land and Buildings	£0
Community Assets	£10,000
Infrastructure Assets	£0
Assets under Construction	£0
Heritage Assets	£10,000
Vehicles, Plant, Furniture and Equipment	£10,000
Other assets	£10,000

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, Community Assets and Assets under Construction – depreciated historical cost
- Heritage Assets - held at valuation or, under certain conditions, historical cost (depreciated where appropriate)
- Operational assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Non-Operational Assets (i.e. not providing service potential to the Authority) – fair value as per the requirements of IFRS13 using the principle of “highest and best use” from a market 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 2020 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:

Asset Type	**Useful Life (In Years)**
Buildings	1 – 50
Vehicles and plant	1 – 20
Infrastructure	40
IT and other equipment	3 – 5
Intangibles	3 – 5
Furniture and Fittings	5 - 15

Where an item of PPE has major components whose costs are at least 20% of the total cost of the item, the components are depreciated separately. A review was carried out for all items over a de-minimis of £0.5 million. For the 2019/20 Statement of Accounts, the Authority has not identified any components to be depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Accounting for Schools Property, Plant and Equipment

The Authority has made detailed judgements regarding the control exercised over schools run in a wide variety of ways to determine whether non-current assets should be held on the Balance Sheet. The treatment of all schools has been considered by analysis predicated on the application of tests inherent within the following IFRS adopted by the CIPFA Code (Module 4 – Non Current Assets) – IAS16 – Property, Plant and Equipment, IAS17 – Leases and IFRIC12 – Service Concession Arrangements. This has resulted in the following treatment:

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

The assets of those Schools that convert to Academy status are derecognised from the Authority's Balance Sheet at nil proceeds. No impairment is recognised by the Authority prior to disposal.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction, rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve and can then be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement).

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

9. Revenue Expenditure Funded from Capital Under Statute (REFfCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

10. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower), where the fair value exceeds the de-minimus limit. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to write down the lease liability. Where material, contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

11. Private Finance Initiatives (PFI) and Similar Contracts

The Authority has entered into a number of Private Finance Initiative contracts. PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Bassetlaw Schools PFI scheme and

East Leake Schools PFI scheme, the liability was written down by initial capital contributions of £9.0 million and £2.9 million respectively.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – charges for ongoing capital maintenance of the Property, Plant and Equipment debited to the relevant scheme.

12. Heritage Assets

Tangible and Intangible Heritage Assets

The Authority's Heritage Assets are held at County Hall or at the Nottinghamshire Archives. Nottinghamshire Archives has a number of architectural drawings and records relating to Rufford Abbey and the Savile of Rufford Estate. These collections are held in support of the primary objective of the Authority's Archives. In addition, the Authority retains a number of important ceremonial regalia and paintings that are also retained for increasing the knowledge, understanding and appreciation of the Authority's history and local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment for Heritage Assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. Where assets are disposed of, the proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

13. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the

Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

14. Investment Properties

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment Properties are measured initially at cost and subsequently at fair value as per the requirements of IFRS13. Fair value is based on the amount at which the asset could be sold in an orderly transaction between knowledgeable market participants at the measurement date. As a non-financial asset, an investment property will be measured at its highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

15. Employee Benefits and Pensions

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The Local Government Pension Scheme, administered by Nottinghamshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children and Young People and Schools line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme (LGPS)

The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees. In assessing these liabilities at 31 March 2020 for the 2019/20 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 2020.

24. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

25. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for Local Authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Local Authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Local Authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Authority as if they were the transactions, cash flows and balances of the Authority.

26. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

27. Accounting for Council Tax and NNDR

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

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

Movement in Reserves Statement 2019/20

	Usable Revenue Reserves Balance £000	Capital Receipts and Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2019	**182,496**	**8,764**	**191,260**	**(437,767)**	**(246,507)**
Movement in Reserves during 2019/20					
Total Comprehensive Income and Expenditure	(63,234)	(1)	(63,235)	11,195	(52,040)
Adjustments between accounting and funding basis under regulations					
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.					
Pensions Costs	47,874	-	47,874	(47,874)	-
Financial Instruments	(47)	-	(47)	47	-
Collection Fund Adjustments (Council Tax and NNDR)	(1,694)	-	(1,694)	1,694	-
Employee Benefits	4,841	-	4,841	(4,841)	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital expenditure	73,318	-	73,318	(73,318)	-
Total Adjustments to Revenue Resources	**124,292**	**-**	**124,292**	**(124,292)**	**-**
Adjustments between Revenue and Capital Resources					
Statutory provision for the financing of capital investment	(9,753)	-	(9,753)	9,753	-
Capital Expenditure Charged in the year to the General Fund	(5,518)	-	(5,518)	5,518	-
Total Adjustments between Revenue and Capital Resources	**(15,271)**	**-**	**(15,271)**	**15,271**	**-**
Adjustments to Capital Resources					
Capital Grants unapplied credited to CI&E	(36,265)	36,265	-	-	-
Application of grants to capital financing transferred to CAA	-	(43,346)	(43,346)	43,346	-
Total Adjustments to Capital Resources	**(36,265)**	**(7,081)**	**(43,346)**	**43,346**	**-**
Increase or (Decrease) in 2019/20	**9,522**	**(7,082)**	**2,440**	**(54,480)**	**(52,040)**
Balance at 31 March 2020	**192,018**	**1,682**	**193,700**	**(492,247)**	**(298,547)**

Movement in Reserves Statement 2018/19

	Usable Revenue Reserves Balance £000	Capital Receipts and Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2018	**188,018**	**3,902**	**191,920**	**(486,294)**	**(294,374)**
Movement in Reserves during 2018/19					
Total Comprehensive Income and Expenditure	(88,757)	1	(88,756)	136,623	47,867
Adjustments between accounting and funding basis under regulations					
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.					
Pensions Costs	65,951	-	65,951	(65,951)	-
Financial Instruments	2,382	-	2,382	(2,382)	-
Collection Fund Adjustments (Council Tax and NNDR)	468	-	468	(468)	-
Employee Benefits	(2,619)	-	(2,619)	2,619	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital expenditure	94,202	-	94,202	(94,202)	-
Total Adjustments to Revenue Resources	**160,384**	**-**	**160,384**	**(160,384)**	**-**
Adjustments between Revenue and Capital Resources					
Statutory provision for the financing of capital investment	(15,248)	-	(15,248)	15,248	-
Capital Expenditure Charged in the year to the General Fund	(6,521)	-	(6,521)	6,521	-
Total Adjustments between Revenue and Capital Resources	**(21,769)**	**-**	**(21,769)**	**21,769**	**-**
Adjustments to Capital Resources					
Capital Grants unapplied credited to CI&E	(55,380)	55,380	-	-	-
Application of grants to capital financing transferred to CAA	-	(50,519)	(50,519)	50,519	-
Total Adjustments to Capital Resources	**(55,380)**	**4,861**	**(50,519)**	**50,519**	**-**
Increase or (Decrease) in 2018/19	**(5,522)**	**4,862**	**(660)**	**48,527**	**47,867**
Balance at 31 March 2019	**182,496**	**8,764**	**191,260**	**(437,767)**	**(246,507)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Note	2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Net Expenditure £000	2019/20 Gross Expenditure £000	2019/20 Income £000	2019/20 Net Expenditure £000
Gross expenditure, gross income and net expenditure of continuing operations							
Children & Young People		153,547	(18,750)	134,797	188,537	(23,788)	164,749
Schools		340,472	(345,393)	(4,921)	338,271	(339,695)	(1,424)
Adult Social Care & Public Health		401,123	(191,853)	209,270	414,431	(202,983)	211,448
Communities & Place		143,242	(21,302)	121,940	156,733	(20,306)	136,427
Policy		49,654	(12,217)	37,437	52,900	(13,595)	39,305
Finance & Major Contracts Management		3,720	(423)	3,297	4,194	(564)	3,630
Governance & Ethics		8,015	(317)	7,698	8,253	(367)	7,886
Personnel		21,025	(4,022)	17,003	21,499	(3,764)	17,735
Cost of Services		**1,120,798**	**(594,277)**	**526,521**	**1,184,818**	**(605,062)**	**579,756**
Other Operating Expenditure							
Loss on Disposal of non-current assets		36,818	-	36,818	11,883	-	11,883
Change in fair value of Assets Held for Sale	17	60	-	60	33	-	33
Other Operating Income and Expenditure		22,873	(107)	22,766	2,793	(22,385)	(19,592)
Total Other Operating Expenditure		**59,751**	**(107)**	**59,644**	**14,709**	**(22,385)**	**(7,676)**
Financing and Investment Income and Expenditure							
Interest Payable	28	37,409	-	37,409	32,423	-	32,423
Net Interest on the defined liability/(asset)	21	27,638	-	27,638	24,772	-	24,772
Interest and Investment Income	28	-	(823)	(823)	-	(1,891)	(1,891)
Income and Expenditure in relation to Investment Properties and changes in their fair value	14	(1,545)	(474)	(2,019)	(8,965)	(596)	(9,561)
Net (Surplus)/Deficit of Trading Undertakings	32	24,988	(22,812)	2,176	22,763	(18,726)	4,037
Insurance Revenue	34	(1,603)	(1,010)	(2,613)	(2,022)	(1,500)	(3,522)
Total Financing and Investment Income and Expenditure		**86,887**	**(25,119)**	**61,768**	**68,971**	**(22,713)**	**46,258**
Taxation and Non-Specific Grant Income							
Recognised Capital Grants and Contributions	26			(55,415)			(36,310)
Income from Council Tax				(351,519)			(371,299)
General Government Grants	26			(39,365)			(28,997)
National Non-Domestic Rates Distribution				(110,835)			(116,769)
New Homes Bonus Scheme				(2,041)			(1,728)
Total Taxation and Non-Specific Grant Income				**(559,175)**			**(555,103)**
(Surplus)/Deficit on Provision of Services				**88,758**			**63,235**
(Surplus)/Deficit on Revaluation of non current assets				(3,891)			886
Remeasurement of the net defined benefit liability	21			(132,793)			(12,904)
Other Comprehensive Income and Expenditure				59			823
Total Comprehensive Income and Expenditure				**(47,867)**			**52,040**

BALANCE SHEET

	Note	31 March 2019 £000	31 March 2019 £000	31 March 2020 £000	31 March 2020 £000
Property, Plant and Equipment (PPE)	10				
Land and Buildings		683,168		642,056	
Vehicles, Plant, Furniture and Equipment		43,616		44,588	
Infrastructure Assets		566,468		584,712	
Community Assets		28		27	
Surplus Assets		53,960		73,135	
Assets Under Construction		14,736	1,361,976	24,679	1,369,197
Heritage Assets	16	420		420	
Investment Properties	14	25,904		56,912	
Intangible Assets	15	4,881		4,721	
Long Term Advances	27	4,078		4,012	
Long Term Investments	27	5,025		5,025	
Long Term Debtors	19	4,384	44,692	4,205	75,295
Total Long Term Assets			**1,406,668**		**1,444,492**
Short Term Investments	27	15,011		-	
Inventories		2,013		1,069	
Short Term Debtors	19	74,974		84,004	
Cash and Cash Equivalents	37	56,308		54,895	
Assets Held for Sale	17	1,145		4,746	
Total Current Assets			**149,451**		**144,714**
Short Term Creditors	22	(118,100)		(139,613)	
Short Term Provisions	23	(3,666)		(1,701)	
Loans to be repaid within 1 year	27, 30	(22,110)		(20,792)	
Other Short Term Liabilities	12, 13, 27, 30	(3,104)	(146,980)	(6,920)	(169,026)
Total Assets less Current Liabilities			**1,409,139**		**1,420,180**
Long Term Provisions	23	(12,857)		(11,843)	
Long Term Borrowing	27, 30	(460,220)		(478,051)	
Long Term Creditors	22	(4,151)		(4,336)	
Other Long Term Liabilities	12, 13, 27, 30	(112,981)		(107,392)	
Deferred Liability	28	(1,007)		(928)	
Capital Grants Receipts in Advance	26	(5,875)		(8,759)	
IAS 19 Pensions Liability	21	(1,058,555)		(1,107,418)	
Total Long Term Liabilities			**(1,655,646)**		**(1,718,727)**
Total Net Assets			**(246,507)**		**(298,547)**
Usable Reserves	33				
Capital Receipts and Grants Unapplied Reserve		8,764		1,682	
Other Earmarked Reserves		105,786		113,046	
General Insurance	34	29,588		34,093	
Schools Statutory Reserves	35	23,051		22,920	
General Fund Balance		24,071	191,260	21,959	193,700
Unusable Reserves	36				
Capital Adjustment Account		414,947		406,901	
Revaluation Reserve		231,952		224,411	
IAS 19 Pensions Reserves	21	(1,071,625)		(1,107,418)	
Financial Instruments Adjustment Account		(2,438)		(2,391)	
Collection Fund Adjustment Account		975		2,669	
Employee Benefits Account		(11,578)	(437,767)	(16,419)	(492,247)
Net Worth / Total Reserves			**(246,507)**		**(298,547)**

CASH FLOW STATEMENT

	Note	2018/19 Restated £000	2019/20 £000
Net (surplus) or deficit on the provision of services		88,758	63,235
Adjust for non-cash movements			
Depreciation and amortisation		(43,226)	(44,556)
Revaluation / Impairment of Property, Plant and Equipment		(3,592)	(18,610)
Donated Assets		22	46
Movement in current assets and liabilities		7,583	(18,251)
Movement in reserves and provisions		(2,224)	2,979
Adjustments in respect of pension charges		(79,021)	(60,944)
Carrying amount of non-current assets sold		(37,792)	(12,482)
Other		5,496	5,554
		(152,754)	**(146,264)**
Adjust for items included in investing or financing activities		55,980	36,865
Net cash flows from operating activities		**(8,016)**	**(46,164)**
Investing activities	39	22,423	62,314
Financing activities	40	(9,646)	(14,737)
Net (increase)/decrease in cash and cash equivalents		**4,761**	**1,413**
Cash and cash equivalents at beginning of period		**61,069**	**56,308**
Cash and cash equivalents at end of period		**56,308**	**54,895**

NOTES TO THE STATEMENT OF ACCOUNTS

1. Prior Period Adjustments

There are no prior period adjustments to report in the 2019/20 accounts.

2. Accounting Standards issued but not yet Adopted

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

From 2021/22, the adoption of IFRS16 Leases will require Local Authorities that are lessees to recognise most leases on their balance sheets as right of use assets with corresponding lease liabilities (there is exemption for low-value and short term leases.) This will involve a change in accounting policy however the quantifiable impact is not known or reasonably estimable at this stage.

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

3. Critical Judgements in Applying Accounting Policies

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

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

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

- The 2019/20 Code of Practice clarifies the requirements for valuing property, plant and equipment (PPE) to ensure valuations are "sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period". To achieve this objective, the Authority has consulted its professional valuers who have affirmed that there is no such material deviation from current value at the Balance Sheet date for those assets not subject to a formal in-year valuation.

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

- The Authority has considered, in line with accounting standards and the Code of Practice on group accounts, all significant relationships with regard to joint arrangements. The review considered all relationships for material interests that have the nature of subsidiaries, associates and jointly controlled entities. This included assessment of control by a single entity, joint control and materiality. There are no material interests and no group accounts. Refer to Note 32 for arrangements the Authority has with related parties.

- Arc Property Services Partnership Ltd is considered to be a joint operation and Via East Midlands Ltd is considered to be a subsidiary. Both arrangements have not been fully consolidated into the Authority's accounts because there are no material differences to the transactions and balances already reflected.

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

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

The items in the Authority's Balance Sheet at 31 March 2020 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

- **Property, Plant and Equipment**

Land and Building assets that are required to be measured at current value are revalued on a 5-year rolling basis by the Authority's internal team of valuers. Each property is assessed and valued on its own merits and the valuation is determined with due regard to any changes or uncertainties which may affect the specific property. Current insight in relation to the outbreak of COVID-19 indicates that many markets can be defined as uncertain at the effective valuation date of 31 March 2020. On 11 March 2020 the World Health Organisation declared the outbreak of COVID-19 as a global pandemic and on 23 March 2020 the British Government imposed a national lockdown. The significance of these dates needs recognition as a caution in the light of their proximity to the valuation date for the property valuations on which these accounts are predicated. Therefore, less weight can be attached to previous market evidence to inform opinions of value as there is an unprecedented set of circumstances on which to base a judgement.

It is estimated that a theoretical 2.5% market drop applied across all properties valued in 2019/20 would equate to an impairment variation of £6.6 million to be expensed through the surplus / deficit on the provision of services. In terms of the materiality threshold set for this Statement of Accounts, such a decrease in market values would reduce the combined value of Property, Plant and Equipment and Investment Property by approximately £16m. This equates to 1.1% of carrying value at the Balance Sheet date.

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

- **Fair Value**

When determining fair value for the measurement and disclosure requirements in relation to the Authority's assets and liabilities, it is likely the Authority will be required to make assumptions and estimations. Where direct observable market data is unavailable, professional judgement is required in order to determine a fair value and the Authority uses relevant experts to ensure that appropriate valuation techniques are employed given full consideration of risk and uncertainty. At the current time, due to the absence of observable market data, it is not possible to accurately predict the longevity and severity of the impact of COVID-19 on the economy. Therefore, it has been difficult to value property assets and as a result values have been based on the situation prior to COVID-19, on the assumption that values will be restored when the real estate market becomes more fluid.

- **Insurance**

The Authority operates a self insurance scheme and has established a provision of £11.0 million to cover known claims and liabilities. The values provided are based upon historic experience and advice from claims advisers. However, the actual payments paid out are subject to agreement and possible legal action. Therefore, the final payments may differ significantly from that provided. A variation of 10% on the amount provided would have an impact of £1.1 million on the provision required.

- **Pensions**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The effects on the net pensions' liability of changes in individual assumptions can be measured and is contained in Note 21.

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

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

5. Post Balance Sheet Events

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

6. Adjustments between Accounting Basis and Funding Basis under Regulations

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

7. Expenditure and Funding Analysis

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

	2019/20		
	Net Expenditure Chargeable to the General Fund £000	Total Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children & Young People	122,741	42,008	164,749
Schools	(2,570)	1,146	(1,424)
Adult Social Care & Public Health	200,766	10,682	211,448
Communities & Place	101,917	34,510	136,427
Policy	36,063	3,242	39,305
Finance & Major Contracts Management	3,097	533	3,630
Governance & Ethics	7,402	484	7,886
Personnel	14,806	2,929	17,735
Cost of Services	**484,222**	**95,534**	**579,756**
Other Income and Expenditure	(493,744)	(22,777)	(516,521)
(Surplus) or Deficit on Provision of Services	**(9,522)**	**72,757**	**63,235**
Opening Usable Revenue Reserves	**182,496**		
Surplus or (Deficit) on Provision of Services	9,522		
Closing Usable Revenue Reserves	**192,018**		

	2018/19		
	Net Expenditure Chargeable to the General Fund £000	Total Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children & Young People	113,068	21,729	134,797
Schools	(5,341)	420	(4,921)
Adult Social Care & Public Health	199,009	10,261	209,270
Communities & Place	99,503	22,437	121,940
Policy	30,045	7,392	37,437
Finance & Major Contracts Management	2,963	334	3,297
Governance & Ethics	7,283	415	7,698
Personnel	14,506	2,497	17,003
Cost of Services	**461,036**	**65,485**	**526,521**
Other Income and Expenditure	(455,514)	17,751	(437,763)
(Surplus) or Deficit on Provision of Services	**5,522**	**83,236**	**88,758**
Opening Usable Revenue Reserves	**188,018**		
Surplus or (Deficit) on Provision of Services	(5,522)		
Closing Usable Revenue Reserves	**182,496**		

2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	**Adjustments for Capital Purposes £000**	**Net change for Employee Adjustments under IAS19 £000**	**Other Differences £000**	**Total Differences £000**
Children & Young People	31,215	10,793	-	42,008
Schools	-	1,146	-	1,146
Adult Social Care & Public Health	3,189	7,493	-	10,682
Communities & Place	33,114	1,394	2	34,510
Policy	1,068	2,174	-	3,242
Finance & Major Contracts Management	-	533	-	533
Governance & Ethics	-	484	-	484
Personnel	223	2,706	-	2,929
Net Cost of Services	**68,809**	**26,723**	**2**	**95,534**
Other Income and Expenditure	(47,026)	25,992	(1,743)	**(22,777)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure surplus or deficit	**21,783**	**52,715**	**(1,741)**	**72,757**

2018/19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	**Adjustments for Capital Purposes £000**	**Net change for Employee Adjustments under IAS19 £000**	**Other Differences £000**	**Total Differences £000**
Children & Young People	16,313	5,416	-	**21,729**
Schools	-	420	-	**420**
Adult Social Care & Public Health	3,655	6,606	-	**10,261**
Communities & Place	21,295	1,156	(14)	**22,437**
Policy	6,388	1,004	-	**7,392**
Finance & Major Contracts Management	-	334	-	**334**
Governance & Ethics	-	415	-	**415**
Personnel	345	2,152	-	**2,497**
Net Cost of Services	**47,996**	**17,503**	**(14)**	**65,485**
Other Income and Expenditure	(30,942)	45,830	2,863	**17,751**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure surplus or deficit	**17,054**	**63,333**	**2,849**	**83,236**

8. Segmental Income

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

	2018/19 £000	2019/20 £000
Children & Young People	(25,084)	(29,815)
Schools	(346,320)	(339,398)
Adult Social Care & Public Health	(235,826)	(256,246)
Communities & Place	(33,316)	(32,706)
Policy	(32,554)	(32,711)
Finance & Major Contracts Management	(1,654)	(1,743)
Governance & Ethics	(508)	(686)
Personnel	(11,864)	(11,773)
Total	**(687,126)**	**(705,078)**

9. Expenditure and Income Analysed by Nature

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

	2018/19 £000	2019/20 £000
Expenditure		
Employee expenses	470,534	472,338
Other operating expenses	677,057	697,348
Depreciation, amortisation & impairment	46,818	63,150
Other Expenditure relating to held for sale & investment properties	(1,959)	(9,527)
Interest Payments	37,409	32,423
Precepts & Levies	284	288
Gains or Losses on disposal of Non Current Assets	36,818	11,883
Total Expenditure	**1,266,961**	**1,267,903**
Income		
Fees, charges & other service income	(190,134)	(198,267)
Interest & Investment Income	(823)	(1,891)
Income from Council Tax, NNDR	(462,354)	(488,068)
Government grants	(524,892)	(516,442)
Total Income	**(1,178,203)**	**(1,204,668)**
(Surplus)/Deficit on Provision of Services	**88,758**	**63,235**

10. Property, Plant and Equipment

Movement in 2019/20

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000	PFI Assets included in Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2019	695,809	88,345	804,293	35	54,417	14,780	1,657,679	51,376
Additions	18,135	8,568	38,384	-	669	19,856	85,612	1,496
Donations	-	46	-	-	-	-	46	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(19,030)	-	-	-	16,467	-	(2,563)	(462)
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(42,777)	-	-	-	2,095	-	(40,682)	922
Derecognition - disposals	(12,364)	(4,531)	(445)	-	-	-	(17,340)	-
Derecognition - other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sales/Investment Property	(586)	-	-	-	(3,219)	-	(3,805)	-
Other Transfers between Asset Categories	6,694	-	-	-	3,219	(9,913)	-	-
Other Movements in cost or valuation	-	(1)	(1)	-	1	-	(1)	-
At 31 March 2020	**645,881**	**92,427**	**842,231**	**35**	**73,649**	**24,723**	**1,678,946**	**53,332**
Accumulated Depreciation and Impairment								
At 1 April 2019	(12,641)	(44,729)	(237,825)	(7)	(457)	(44)	(295,703)	(11,325)
Depreciation charge	(15,401)	(7,452)	(20,139)	(1)	(68)	-	(43,061)	(1,496)
Depreciation written out to the Revaluation Reserve	1,672	-	-	-	6	-	1,678	447
Depreciation written out to the Surplus/Deficit on Provision of Services	22,067	-	-	-	5	-	22,072	420
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	476	4,342	445	-	-	-	5,263	-
Derecognition - other	-	-	-	-	-	-	-	-
Change in category	2	-	-	-	-	-	2	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March 2020	**(3,825)**	**(47,839)**	**(257,519)**	**(8)**	**(514)**	**(44)**	**(309,749)**	**(11,955)**
Net Book Value								
At 31 March 2020	**642,056**	**44,588**	**584,712**	**27**	**73,135**	**24,679**	**1,369,197**	**41,377**
At 31 March 2019	**683,168**	**43,616**	**566,468**	**28**	**53,960**	**14,736**	**1,361,976**	**40,051**

10 .Property, Plant and Equipment (Continued)

Movement in 2018/19

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000	PFI Assets included in Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2018	719,077	83,737	764,629	36	61,129	8,248	1,636,856	47,663
Additions	11,300	11,021	41,243	-	142	6,794	70,500	925
Donations	-	35	-	-	-	-	35	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	10,341	-	-	-	(8,653)	-	1,688	2,788
Revaluation increases/(decreases) recognised in the surplus/deficit on Provision of Services	(5,313)	-	-	-	(459)	-	(5,772)	-
Derecognition - disposals	(37,553)	(6,449)	(1,579)	-	(269)	-	(45,850)	-
Derecognition - other	-	-	-	-	-	(390)	(390)	-
Assets reclassified (to)/from Held for Sales/Investment Property	765	-	-	-	(154)	-	611	-
Other Transfers between Asset Categories	(2,809)	-	-	-	2,681	128	-	-
Other Movements in cost or valuation	1	1	-	(1)	-	-	1	-
At 31 March 2019	**695,809**	**88,345**	**804,293**	**35**	**54,417**	**14,780**	**1,657,679**	**51,376**
Accumulated Depreciation and Impairment								
At 1 April 2018	(2,392)	(43,690)	(220,296)	(7)	(417)	-	(266,802)	(3,682)
Depreciation charge	(15,473)	(6,950)	(19,108)	(1)	(60)	-	(41,592)	(8,227)
Depreciation written out to the Revaluation Reserve	2,197	-	-	-	6	-	2,203	584
Depreciation written out to the Surplus/Deficit on Provision of Services	2,170	-	-	-	10	-	2,180	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	813	5,911	1,579	-	4	-	8,307	-
Derecognition - other	-	-	-	-	-	-	-	-
Change in category	44	-	-	-	-	(44)	-	-
Other movements in depreciation and impairment	-	-	-	1	-	-	1	-
At 31 March 2019	**(12,641)**	**(44,729)**	**(237,825)**	**(7)**	**(457)**	**(44)**	**(295,703)**	**(11,325)**
Net Book Value								
At 31 March 2019	**683,168**	**43,616**	**566,468**	**28**	**53,960**	**14,736**	**1,361,976**	**40,051**
At 31 March 2018	**716,685**	**40,047**	**544,333**	**29**	**60,712**	**8,248**	**1,370,054**	**43,981**

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

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

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

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

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

Revaluation of Property, Plant and Equipment

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

Basis of Measurement	**Op Land & Bldgs £000**	**Surplus Assets £000**	**Other PPE Assets £000**	**Total £000**
Valued at current value as at:				
31/03/2020	549,225	39,073		588,298
31/03/2019	34,881	3,630		38,511
31/03/2018	38,839	19,366		58,205
31/03/2017	11,697	4,366		16,063
31/03/2016	7,414	6,700		14,114
Valued at historic cost			654,006	654,006
Total	**642,056**	**73,135**	**654,006**	**1,369,197**

Fair Value Hierarchy

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

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

2018/19 Comparative

	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Fair Value as at 31/3/19 £000**
Strategic regeneration sites	-	5,503	26,959	**32,462**
Cleared land	-	6,667	8,474	**15,141**
Vacant premises	-	4,677	1,680	**6,357**
	-	**16,847**	**37,113**	**53,960**

Transfers between levels of the Fair Value Hierarchy

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

Significant Observable Inputs - Level 2

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

Significant Unobservable Inputs - Level 3

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

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

Reconciliation of Fair Value Measurements within Level 3

	2019/20
	£000
Opening Balance	**37,113**
Transfers into Level 3	1,965
Transfers out of Level 3	(60)
Total gains (or losses) for the period included in Surplus or Deficit on Provision of Services resulting from changes in Fair Value	14
Unrealised gains / (losses)	15,991
Additions	660
Disposals	-
Other	(35)
Closing Balance	**55,648**

Impairment review

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

The Authority recognised no impairment losses in the CIES during the year (£0.0m 2018/19).

12. Leases

Authority as Lessee

Finance Leases

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

Land & Buildings - Highways Depot

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

	2018/19 £000	2019/20 £000
Other Land & Buildings	2,848	2,817
	2,848	**2,817**

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

	2018/19 £000	2019/20 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	1	1
- non-current	878	878
Finance costs payable in future years	4,661	4,613
Minimum lease payments	**5,540**	**5,492**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Not later than one year	48	48	1	1
Later than one year and not later than five years	241	193	1	1
Later than five years	5,251	5,251	877	876
	5,540	**5,492**	**879**	**878**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/20 £0.0m of contingent rents were payable by the Authority (£0.0m in 2018/19).

Operating Leases

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

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

	2018/19 £000	2019/20 £000
Not later than one year	352	926
Later than one year and not later than five years	913	942
Later than five years	1,146	629
	2,411	**2,497**

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

	2018/19 £000	2019/20 £000
Minimum lease payments	363	1,107
Contingent rents	35	37
	398	**1,144**

Authority as Lessor

Finance Leases

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

Operating Leases

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

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

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

	2018/19	2019/20
	£000	£000
Not later than one year	830	578
Later than one year and not later than five years	959	686
Later than five years	1,499	813
	3,288	**2,077**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/20 £0.1m contingent rents were receivable by the Authority (£0.1m in 2018/19).

13. Private Finance Initiative (PFI)

East Leake Schools

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

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

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

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2020 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service Charge	Lifecycle Replacement	Finance Liability	Interest	Contingent Rent	Total
	£000	£000	£000	£000	£000	£000
Payable within 1 year	583	297	711	746	386	**2,723**
Within 2-5 years	2,391	1,323	3,542	2,205	1,705	**11,166**
Within 6-10 years	1,440	414	3,111	527	1,233	**6,725**
	4,414	**2,034**	**7,364**	**3,478**	**3,324**	**20,614**

Bassetlaw Schools

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

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

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

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

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2020 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service Charge	Lifecycle Replacement	Finance Liability	Interest	Contingent Rent	Total
	£000	£000	£000	£000	£000	£000
Payable within 1 year	6,465	1,961	3,664	7,701	145	**19,936**
Within 2-5 years	27,787	6,518	19,615	26,780	1,304	**82,004**
Within 6-10 years	39,541	13,284	33,902	21,471	(165)	**108,033**
Within 11-15 years	21,001	6,474	23,194	3,815	186	**54,670**
	94,794	**28,237**	**80,375**	**59,767**	**1,470**	**264,643**

Waste Recycling

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

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

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

The Authority makes an agreed payment per tonne of waste which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2020 including an estimate of inflation at 2.5% but excluding any performance or availability deductions, are as follows:

	Service Charge	Lifecycle Replacement	Finance Liability	Interest	Contingent Rent	Total
	£000	£000	£000	£000	£000	£000
Payable within 1 year	19,278	23	2,544	2,332	2,570	**26,747**
Within 2-5 years	82,067	7,089	9,620	9,845	9,487	**118,108**
Within 6-10 years	114,667	1,367	8,227	9,601	19,320	**153,182**
Within 11-15 years	75,910	0	5,303	2,309	14,728	**98,250**
	291,922	**8,479**	**25,694**	**24,087**	**46,105**	**396,287**

14. Investment Properties

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

	2018/19 £000	2019/20 £000
Rental income from Investment Properties	(474)	(596)
Direct operating expenses arising from Investment Properties	169	106
Net (income)/expenditure	**(305)**	**(490)**

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

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

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

	2018/19 £000	2019/20 £000
Balance at start of year	**25,516**	**25,904**
Additions:		
Subsequent expenditure	-	22,143
Disposals	-	(155)
Net gains/(losses) from fair value adjustments	1,714	9,071
Transfers:		
(to)/from PPE	(1,327)	(50)
Other Movements	1	(1)
Balance at end of year	**25,904**	**56,912**

Fair Value Hierarchy

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

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

2018/19 Comparative

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/19 £000
Industrial	-	-	3,596	**3,596**
Land	-	646	18,763	**19,409**
Residential	245	438	-	**683**
Smallholding	-	-	2,216	**2,216**
	245	**1,084**	**24,575**	**25,904**

Transfers between levels of the Fair Value Hierarchy

Assets with a value of £0.1m transferred between levels 1 and 2 of the hierarchy during the year.

Valuation techniques used to determine Fair value

Significant Observable Inputs - Level 2

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

Significant Unobservable Inputs - Level 3

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

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

Reconciliation of Fair Value Measurements within Level 3

	2019/20
	£000
Opening Balance	**24,575**
Transfers into Level 3	182
Transfers out of Level 3	(50)
Total gains (or losses) for the period included in Surplus or Deficit on Provision of Services resulting from changes in Fair Value	9,375
Additions	-
Disposals	-
Closing Balance	**34,082**

15. Intangible Assets

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

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

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

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £1.5 million in 2019/20 (£1.6 million in 2018/19) was charged to the CIES.

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

	2018/19 Purchased Software Licences £000	2019/20 Purchased Software Licences £000
Balance at start of year		
Gross carrying amounts	6,963	7,475
Accumulated amortisation	(2,748)	(2,594)
Net carrying amount at start of year	**4,215**	**4,881**
Purchases	2,301	1,334
Disposals	-	-
Amortisation for the period	(1,635)	(1,495)
Other Movements	-	1
Net carrying amount at end of year	**4,881**	**4,721**
Comprising		
Gross carrying amounts	7,475	8,646
Accumulated amortisation	(2,594)	(3,925)
	4,881	**4,721**

Fully amortised assets with a gross value of £0.2 million were disposed of in year.

16. Heritage Assets

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

	2018/19 £000	2019/20 £000
Balance at 1 April	420	420
Additions	-	-
Revaluations	-	-
Balance at 31 March	**420**	**420**

Further Information on Heritage Assets

Savile of Rufford Abbey estate records

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

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

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

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

Ceremonial Regalia and Art Collection

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

17. Assets Held for Sale

	Current Assets	
	2018/19	2019/20
	£000	£000
Balance at start of year	**738**	**1,145**
Assets newly qualified as Held for Sale:		
Property, Plant and Equipment	1,130	4,159
Revaluation losses	(60)	(33)
Revaluation gains	-	-
Declassified		
Property, Plant and Equipment	(414)	(307)
Assets sold	(249)	(250)
Other Movements	-	32
Balance at end of year	**1,145**	**4,746**

There are no non-current assets held for sale.

18. Capital Expenditure and Financing

	2018/19	2019/20
	£000	£000
Opening Capital Financing Requirement (CFR)	**739,752**	**752,452**
Capital Investment		
Property, Plant and Equipment	74,232	106,310
Intangible Assets	2,301	1,334
Amounts treated as revenue expenditure in accordance with the Code but which are classified as capital expenditure under statute	16,002	15,098
Additions/(Reductions) to PFI finance liability	920	1,477
Sources of finance		
Capital receipts	(681)	-
Government grants and other contributions	(58,246)	(51,691)
Sums set aside from revenue (Inc. MRP)	(14,821)	(12,020)
Repayment of PFI finance liability	(6,948)	(3,251)
Other adjustments	(59)	-
Closing Capital Financing Requirement (CFR)	**752,452**	**809,709**
Movement in year		
Change in underlying need to borrow (unsupported by Government financial assistance)	12,700	57,257
	12,700	**57,257**

The estimated commitments for capital expenditure in future years for schemes that had started and for which a legal contract had been entered into by 31 March 2020 are:

	£000
2020/21	27,134
2021/22	4,416
2022/23	861
2023/24	409
	32,820

The committed projects for 2020/21 are:

	£000
School Projects	17,234
Top Wighay Development	6,315
Better Broadband for Nottinghamshire	489
Other	3,096
	27,134

19. Debtors and Long-Term Debtors

Debtors less than one year	**2018/19 £000**	**2019/20 £000**
Central government bodies	13,481	14,250
Other local authorities	7,775	10,009
NHS bodies	9,893	4,914
Public corporations and trading funds	72	-
Other entities and individuals	49,999	62,044
	81,220	**91,217**
Less impairment allowance for bad and doubtful debts	(6,246)	(7,213)
Total	**74,974**	**84,004**

Long term debtors	**2018/19 £000**	**2019/20 £000**
Adult care property debt	447	549
PFI prepayment	3,913	3,633
Other	24	23
Total	**4,384**	**4,205**

Analysis of allowance for bad and doubtful debt	**2018/19 £000**	**2019/20 £000**
Opening allowance for bad and doubtful debt	**6,099**	**6,246**
Amounts paid	(447)	(3,868)
Amounts written off	(821)	(552)
Allowance adjustment	1,415	5,387
Closing allowance for bad and doubtful debt	**6,246**	**7,213**

20. Pensions – Contributions

Teachers

In 2019/20, the Authority paid £18.2 million to the Teacher's Pension Agency (£15.0 million in 2018/19) in respect of teachers' pension costs, which represents 16.48% of teachers' pensionable pay until August 2019 then increased to 23.68% from September 2019. This is part funded by grant to ease the increased burden on schools budgets.

In addition the Authority is responsible for all pension payments relating to added years it has awarded together with the related inflation increases. In 2019/20, this was £5.5 million (£5.5 million in 2018/19), representing 5.12% of pensionable pay (6.03% in 2018/19). The Authority is allowed to enhance lump sum retirement payments to teachers however, in 2019/20 no payments were made (nil in 2018/19).

Other Employees

During 2019/20, the net cost of pensions and other benefits amounted to £43.5 million (£42.8 million in 2018/19), which represented 22.20% of pensionable pay (22.20% in 2018/19).

The Actuarial report upon which the 2019/20 accounts are based is for a 3 year period commencing 1 April 2017. The report indicated rates that will provide the cost for 100% of pension funding in accordance with IAS19.

This is a combined rate of 15.40% and the value to be contributed is as follows:

	Additional contribution £000
2017/18	13,069
2018/19	13,069
2019/20	13,069

The Authority is responsible for all pension payments relating to historical, discretionary added years benefits it has awarded, together with the related inflation increases. In 2019/20 these amounted to £2.4 million (£2.4 million in 2018/19), representing 1.75% of pensionable pay (1.78% in 2018/19). The Authority also paid £0.9 million into the Pension Fund in 2019/20 (£2.1 million for 2018/19) to fund the non-discretionary additional strain on the the pension fund of early retirements.

21. Pensions – IAS19

The IAS19 position as at 31 March 2020 was a net liability as set out in the table below :

	2018/19 £000	2019/20 £000
Local Government Pension Scheme	(959,802)	(1,031,338)
Teachers Unfunded Defined Benefit Scheme	(98,753)	(76,080)
Total Net Liability	**(1,058,555)**	**(1,107,418)**

Assets have been valued using the market value at 31 March 2020. Liabilities have been valued using the projected unit method which assesses the future liabilities of the fund discounted to their present value. This work was undertaken by Barnett Waddingham LLP, an independent firm of actuaries, based upon the estimated position at 31 March 2020 provided by the Authority during February/March 2020.

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

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

Local Government Pension Scheme

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

	2018/19	2019/20
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- Current service cost	(74,051)	(75,689)
- Past service cost (including curtailments)	(25,464)	(1,685)
- Liabilities (assumed) / extinguished on settlements	16,780	7,084
- Settlement Prices received / (paid)	(7,782)	(4,396)
Other Operating Expenditure		
- Administration Expenses	(715)	(724)
Financing and Investment Income and Expenditure		
- Net interest on the defined (liability) / asset	(25,164)	(22,618)
Net Charge to the Comprehensive Income and Expenditure Statement	**(116,396)**	**(98,028)**
Movement in Reserves		
- Reversal of net charges made for retirement benefits in accordance with IAS19	116,396	98,028
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers contributions payable to the Pension Fund and retirement benefits payable directly to pensioners	46,874	46,197

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

	2018/19	2019/20
	£000	£000
Actuarial gains / (losses)	131,137	(5,812)

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2018/19	2019/20
	£000	£000
At 1 April	**2,707,927**	**2,766,586**
Current service cost	74,051	75,689
Interest cost	68,039	65,515
Change in Financial Assumptions	126,524	(267,415)
Change in Demographic Assumptions	(154,443)	(46,179)
Experience loss/(gain) on Defined Benefit Obligation	-	140,118
Past service costs/(gain)	25,464	1,685
Liabilities extinguished on settlements	(16,780)	(7,084)
Benefits paid	(74,240)	(77,608)
Contributions by scheme participants	12,135	12,262
Unfunded pension payments	(2,091)	(2,036)
at 31 March	**2,766,586**	**2,661,533**

Reconciliation of fair value of the scheme assets:

	2018/19 £000	2019/20 £000
At 1 April	**1,699,639**	**1,806,784**
Interest on assets	42,875	42,897
Return on assets less interest	102,067	(163,966)
Other actuarial gains/(losses)	-	(16,473)
Administration expenses	(715)	(724)
Employer contributions	33,744	32,304
Contributions by scheme participants	12,135	12,262
Estimated benefits paid	(76,331)	(79,644)
Settlement prices received/(paid)	(7,782)	(4,396)
Other Movements*	1,152	1,152
At 31 March	**1,806,784**	**1,630,196**
Opening Net Position	**(1,008,288)**	**(959,802)**
Closing Net Position	**(959,802)**	**(1,031,337)**

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

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2019 for the year to 31 March 2020). The returns on gilts and other bonds are assumed to be gilts yields and corporate bond yields (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilts yields.

Scheme History

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Present value of liabilities	(2,275.7)	(2,831.5)	(2,707.9)	(2,766.5)	(2,661.5)
Fair value of scheme assets	1,436.0	1,694.5	1,699.6	1,806.7	1,630.2
Surplus/(deficit) in the scheme	(839.7)	(1,137.0)	(1,008.3)	(959.8)	(1,031.3)
Cumulative actuarial gain/(loss)	**(319.7)**	**(598.9)**	**(488.2)**	**(494.0)**	**(499.8)**

IAS19 requires the Authority to determine the surplus or deficit of its Pension Fund on an annual basis. In the short-term, changes in the value of investments can lead to a significant variation to the surplus or deficit on the fund which might be expected to show a smoother trend over the longer term. Every three years the Authority reviews its contributions to the fund based upon a detailed actuarial exercise which takes account of existing liabilities and likely investment returns and sets out an approach to meeting 100% of liabilities over a period of time. This takes a longer-term view of the fund position than that required by IAS19 and is expected to be less prone to significant changes in fund value as a result of short-term fluctuations in market values. The Authority does not expect the deficit shown to have a significant impact upon reserves or revenue funding requirements in the short term. The triennial revaluation effective 1 April 2020 showed that the Authority's contributions to the fund would be 18.7% of pensionable pay in each of the next three financial years, and an additional value of:

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

The above amounts have been paid as an agreed up front payment of £21.5m as permitted by the Actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2021 is £43.2 million.

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

	31 March 2019	31 March 2020
Rate of inflation - RPI Increases	3.4%	2.7%
Rate of inflation - CPI Increases	2.4%	1.9%
Rate of increase in salaries	3.9%	2.9%
Rate of increase in pensions	2.4%	1.9%
Discount rate	2.4%	2.4%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	21.6	21.8
Women (years)	24.4	24.4
Longevity at 65 for future pensioners:		
Men (years)	23.3	23.2
Women (years)	26.2	25.8
Estimated return on assets	9.0%	(7.0%)
Proportion of employees opting to take an increased lump sum/reduced pension	50.0%	50.0%

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

	31 March 2019		31 March 2020	
	£000	%	£000	%
Assets				
Equities	1,121,417	62	1,031,518	64
Gilts	58,839	3	53,035	3
Other Bonds	167,418	9	139,926	9
Property	244,493	14	204,806	13
Cash	43,653	2	39,451	2
Inflation-linked pooled fund	65,658	4	58,730	4
Infrastructure	86,980	5	85,572	5
Unit trust	18,326	1	-	-
Total	**1,806,784**	**100**	**1,613,038**	**100**

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

Sensitivity analysis

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	2,610,009	2,661,533	2,714,127
Projected Service Cost	68,257	70,046	71,884
Adjustment to long term Salary Increase	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	2,665,750	2,661,533	2,657,351
Projected Service Cost	70,080	70,046	70,012
Adjustment to pensions Increase and Deferred revaluation	+0.1%	0.0%	(0.1%)
Present Value of Total Obligation	2,710,093	2,661,533	2,613,916
Projected Service Cost	71,856	70,046	68,281
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	2,764,227	2,661,533	2,562,836
Projected Service Cost	72,191	70,046	67,965

Teachers

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

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

	2018/19 £000	2019/20 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- Past service (cost) / gain	-	-
- Gains / (losses) on curtailments	-	-
Financing and Investment Income and Expenditure		
- Interest cost	(2,474)	(2,154)
Net Charge to the Comprehensive Income and Expenditure Statement	**(2,474)**	**(2,154)**

Movement in Reserves	2018/19 £000	2019/20 £000
- Reversal of net charges made for retirement benefits in accordance with IAS19	2,474	2,154
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers contributions payable to the Pension Fund and retirement benefits payable directly to pensioners	6,045	6,111

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

	2018/19 £000	2019/20 £000
Actuarial gains / (losses)	1,656	18,716

Liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2018/19 £000	2019/20 £000
Deficit at 1 April	**103,980**	**98,753**
Interest cost	2,474	2,154
Actuarial (gains) / losses	3,618	(4,847)
Change in demographic assumptions	(5,274)	(2,294)
Experience loss / (gain)	-	(11,575)
Unfunded pension payments	(6,045)	(6,111)
Deficit at 31 March	**98,753**	**76,080**

Scheme History

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Present value of liabilities	(94.8)	(111.1)	(104.0)	(98.8)	(76.0)
Fair value of scheme assets	-	-	-	-	-
Surplus/(deficit) in the scheme	**(94.8)**	**(111.1)**	**(104.0)**	**(98.8)**	**(76.0)**

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

	31 March 2019	31 March 2020
Rate of inflation - RPI Increases	3.5%	2.7%
Rate of inflation - CPI Increases	2.5%	1.9%
Rate of increase in pensions	2.5%	1.9%
Discount rate	2.3%	2.3%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	21.6	21.8
Women (years)	24.4	24.4

22. Creditors and Long-Term Creditors

Creditors less than one year	2018/19 £000	2019/20 £000
Central government bodies	10,017	9,686
Other local authorities	4,826	12,885
NHS bodies	2,659	4,747
Public corporations and trading funds	532	119
Other entities and individuals	100,066	112,176
Total	**118,100**	**139,613**

Long Term Creditors	2018/19 £000	2019/20 £000
Other entities and individuals	4,151	4,336
	4,151	**4,336**

23. General Provisions

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

Short Term Provisions	2018/19 £000	Movement £000	2019/20 £000
General Insurance Claims prior to 1/4/98	463	(29)	434
General Insurance Claims from 1/4/98	725	(61)	664
Corporate Redundancy Provision	1,938	(1,828)	110
NDR provision for backdated appeals	540	(47)	493
Total	**3,666**	**(1,965)**	**1,701**

Long Term Provisions	2018/19 £000	Movement £000	2019/20 £000
General Insurance Claims prior to 1/4/98	4,166	(270)	3,896
General Insurance Claims from 1/4/98	6,532	(556)	5,976
NDR provision for backdated appeals	2,159	(188)	1,971
Total	**12,857**	**(1,014)**	**11,843**

24. Contingent Liabilities

Insurance

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

25. Specific Revenue Grants

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

Committee Segments	2018/19 £000	2019/20 £000
Children & Young People	5,231	5,949
Schools	335,528	332,075
Adult Social Care & Public Health	76,522	81,381
Communities & Place	7,157	6,655
Policy	3,504	71
Governance & Ethics	74	81
Personnel	55	1,229
Finance & Contracts Management	-	22,346
	428,071	**449,787**
Grants		
Dedicated Schools Grant (DFE)	295,676	292,641
Pupil Premium (DFE)	13,690	13,262
Public Health Grant (DOH)	41,109	40,535
Better Care Fund (MHCLG)	28,031	26,484
COVID-19 (MHCLG)	-	22,346
Other Grants	49,565	54,520
	428,071	**449,787**
Analysis of Revenue Receipts in Advance		
Ministry of Housing, Communities & Local Government	320	6,748
Department for Education	235	363
Department of Health & Social Care	126	119
Department for Transport	17	-
Other Grants & Contributions	66	67
	764	**7,297**

26. General Government Grants Income and Taxation

The Authority set the 2019/20 Council Tax for a Band D property at £1,476.06 including the Adult Social Care Precept (£1,419.43 in 2018/19). This was suitably adjusted for other bands of property and a precept was issued to the District Councils to recover the relevant amounts. Any variances in the amounts actually collected by the District Councils on behalf of the Authority will be adjusted in the amounts payable in the following year.

The figure for income from Council Tax includes accruals for the year-end position for the Authority's share of the various District Council Collection Funds. The value of the accrual in 2019/20 increased by £1.5 million (£0.2 million decrease in 2018/19) which is reversed out of the General Fund in the Movement in Reserves Statement and held in the Balance Sheet in the Collection Fund Adjustment Account.

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

Credited to Taxation & Non Specific Grant Income	2018/19	2019/20
	£000	£000
Department for Education	23,773	5,944
Department for Transport	25,781	19,231
Other Grants & Contributions	5,826	11,089
Donations	35	46
Recognised Capital Grants & Contributions	**55,415**	**36,310**

	2018/19	2019/20
	£000	£000
Revenue Support Grant	22,553	6,951
PFI	14,377	14,377
Adult Social Care Support Grant	2,204	6,025
Other Grants & Contributions	231	1,644
General Government Grants	**39,365**	**28,997**

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

Capital Grants Receipts in Advance	2018/19 £000	2019/20 £000
Ministry of Housing, Communities & Local Government	1,032	1,032
Department for Education	9	9
Department for Transport	1,134	376
Other Grants & Contributions	3,700	7,342
Total	**5,875**	**8,759**

27. Financial Instruments Balance

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

	Borrowings		Creditors	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Long term financial liabilities at amortised cost	573,201	585,443	4,151	4,336
Short term financial liabilities at amortised cost	25,214	27,712	108,833	123,908
Total Financial Liabilities	**598,415**	**613,155**	**112,984**	**128,244**

	Investments		Debtors	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Long term financial assets at amortised cost	9,103	9,037	4,384	4,205
Short term financial assets at amortised cost	15,011	-	60,772	64,532
Total Financial Assets	**24,114**	**9,037**	**65,156**	**68,737**

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

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

Financial liabilities at amortised cost

Long term

	2018/19 £000	2019/20 £000
(a) Long Term Borrowing		
Amounts still owed on loans received from external sources to acquire capital assets such as roads, buildings & equipment.		
Long Term Borrowing for repayment after 1 year	460,220	478,051
(b) Other Long Term Liabilities		
Amounts still owed on finance leases taken with external sources to acquire capital assets for PFI Schemes and long term finance leases for repayment after 1 year	112,981	107,392
Total Long Term Borrowing at 31 March	**573,201**	**585,443**

	2018/19 £000	2019/20 £000
(c) Long Term Creditors	4,151	4,336

Short term

	2018/19 £000	2019/20 £000
(d) Borrowing		
Long term borrowing for repayment within 1 year	22,110	20,792
Other long term liabilities related to PFI schemes and long term finance leases for repayment within 1 year	3,104	6,920
Total Borrowing at 31 March	**25,214**	**27,712**

	2018/19 £000	2019/20 £000
(e) Trade Creditors	108,833	123,908

Financial Assets at amortised cost

Long Term Investments

	2018/19 £000	2019/20 £000
(a) Long term Investments		
Long term investments with other local authorities, local authority subsidiary and financial institutions	5,025	5,025

In May 2015 Policy Committee approved the establishment of a joint venture company to deliver highways and fleet management services. Via East Midlands Ltd commenced trading on 1 July 2016 as a joint venture between the Authority and Corserv, a company wholly-owned by Cornwall Council. A report to Policy Committee in November 2018 set out that since VIA's core responsibility is to deliver services in Nottinghamshire then the longer-term governance and ownership should also sit in Nottinghamshire. As such, a proposal to acquire Corserv's shares in VIA East Midlands at a cost of £5.0m was approved.

Long Term Advances	2018/19 £000	2019/20 £000
(b) Long term Advances		
Nottinghamshire County Cricket Club	2,430	2,387
Adult Care Property Debt - Deferred Payment Scheme	1,416	1,357
Other Long Term Advances	232	268
	4,078	**4,012**

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

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

Nottinghamshire County Cricket Club have contacted the Authority about their ability to meet the original conditions of loans due to the uncertain impact the COVID-19 pandemic will have on the Cricket Club's finances. The Authority has therefore agreed to a principal holiday in the latter part of the financial year. However, the full details of the revised loan arrangement is still unclear at the time of producing the accounts due to the ongoing uncertainty of the pandemic, these accounts assume that the principal will be added to the end of the loan.

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

	2018/19	2019/20
	£000	£000
(c) Long Term Debtors	4,384	4,205

Short term

(d) Temporary investments	2018/19	2019/20
	£000	£000
Temporary investments with other local authorities and financial institutions	15,011	-

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

Short term Trade Debtors	2018/19	2019/20
	£000	£000
(e) Trade Debtors (less allowance for bad and doubtful debt)	60,772	64,532

Financial Assets - unquoted equity investment at cost

Economic Development: There are equity holdings amounting to £0.12m (£0.12m in 2018/19) that have been written off to the Comprehensive Income and Expenditure Account to reflect the high risk of the investment. Consequently, their fair value has been assessed as nil on the Balance Sheet.

Interests in Companies - Joint Ventures, Subsidiaries and Divested Organisations

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

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

Via East Midlands Ltd began trading in July 2016. It is a subsidiary of Nottinghamshire County Council following the purchase of residual shares in March 2019. This company is contracted with the Authority for highways services and the predominant place of business is Nottinghamshire. More information is available at the Via website: https://www.viaem.co.uk/

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

28. Financial Instruments Gains/Losses

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

	2018/19			2019/20		
	Financial Liabilities £000	**Financial Assets £000**	**Total £000**	**Financial Liabilities £000**	**Financial Assets £000**	**Total £000**
Interest expense	(37,409)	-	(37,409)	(32,423)	-	(32,423)
Interest payable and similar charges	**(37,409)**	**-**	**(37,409)**	**(32,423)**	**-**	**(32,423)**
Interest income	-	823	823	-	1,891	1,891
Interest and investment income	**-**	**823**	**823**	**-**	**1,891**	**1,891**

The average cost of external borrowing was 4.09% (4.23% in 2018/19).

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

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

The balance outstanding on these deferred liabilities is as follows:

	2018/19 £000	**2019/20 £000**
Loan taken over from District Councils when the responsibility for services was transferred to the Authority on local government reorganisation in 1974.	1,007	928

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

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

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

For long term borrowings and investments, fair values have been calculated by reference to relevant interest rates in force as at 31 March 2019 and 2020 as follows:

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

	2018/19		2019/20	
Financial Liabilities	**Carrying Amount £000**	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
Public Works Loan Board	387,382	534,971	403,532	624,905
External Bonds and Loans	91,183	162,763	91,197	199,628
Finance Leases related to PFI and other schemes	116,085	198,722	114,312	184,483
Salix Loan	3,765	3,684	4,114	3,991
Trade Creditors	108,833	108,833	123,908	123,908
Long Term Creditors	4,151	4,151	4,336	4,336
Total Financial Liabilities	**711,399**	**1,013,124**	**741,399**	**1,141,251**

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

	2018/19		2019/20	
Financial Assets at amortised cost	**Carrying Amount £000**	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
Short Term Investments	15,011	15,011	-	-
Trade Debtors (less credit loss allowance)	60,772	60,772	64,532	64,532
Long Term Investment	5,025	5,025	5,025	5,025
Long Term Advance	4,078	4,127	4,012	4,010
Long Term Debtor	4,384	4,384	4,205	4,205
Total	**89,270**	**89,319**	**77,774**	**77,772**

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

Fair Value Hierarchy

The financial liabilities, loans and receivables have been assessed in reference to the Fair Value Hierarchy as per the requirements of IFRS 13 (see Statement of Accounting Policies for further detail).

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/20 £000
Financial liabilities	-	1,141,251	-	1,141,251
Financial Assets at amortised cost	-	72,747	5,025	77,772

	Level 1 £000	Level 2 £000	Level 3 £000	Fair Value as at 31/3/19 £000
Financial liabilities	-	1,013,124	-	1,013,124
Financial Assets at amortised cost	-	84,294	5,025	89,319

Valuation techniques used to determine Fair Value

Significant Observable Inputs - Level 2

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

Significant Unobservable Inputs - Level 3

The Fair Value has been measured using the investment method, where expected cashflows are discounted to the present value of the net income stream.

Reconciliation of Fair Value Measurements within Level 3

	2018/19 £000	2019/20 £000
Opening Balance	**-**	**5,025**
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Total gains (or losses) for the period included in Surplus or Deficit on Provision of Services resulting from changes in Fair Value	-	-
Additions	5,025	-
Disposals	-	-
Closing Balance	**5,025**	**5,025**

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

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

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

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

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

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

Credit Risk

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

	Amounts at 31/3/20 £000	Historical experience of default	Historical experience adjusted for market conditions at 31/3/20	Estimated maximum exposure to default and uncollecta-bility £000
Deposits with banks and financial institutions	-	-	-	-
Customers	32,324	0.30%	0.30%	97

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

Customers are assessed, taking into account their financial position, past experience and other factors. The Authority's policy is to set aside an impairment allowance for bad and doubtful debts in order to minimise the effect of default. As at 31 March 2020, the Authority had an outstanding balance of short-term debtors of £91.2m (£81.2m in 2018/19) including government grants, receipts in advance and the Authority's share of Council Tax and Business Rates debtors. In line with the Expected Credit Loss Model set out in Accounting Policy 17, an impairment allowance of £7.2m has been calculated (£6.2m in 2018/19). It is not certain that this impairment will be sufficient as the Authority cannot assess with certainty which debts will be collected or not. The economic impact of the COVID-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts. There is no current evidence to suggest that general debtors are increasing due to COVID-19. Debtors will however continue to be monitored regularly and should general debtors rise in 2020/21 the Authority may consider raising the impairment allowance.

The Authority does not generally allow credit for customers, such that £12.0 million (£18.0 million in 2018/19) of the £32.3 million (£34.1 million in 2018/19) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	2,154
Three to six months	2,660
Six months to one year	2,515
More than one year	4,681
	12,010

Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that a significant proportion of borrowings will mature at a time of unfavourable interest rates. Current borrowings are spread over 50 years with a maximum of any one year's maturity around 6.1% of the total. However, since the Authority's future borrowing requirement is fairly sizeable in relation to current debt, the prudential indicator for debt maturity has been set as part of the annual Treasury Management Strategy. The strategy for new loans is to borrow each year close to the lowest rate available and, where economic circumstances make it favourable, early repayment of fixed rate loans will be considered.

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

The maturity analysis of financial liabilities is as follows:

	2018/19		2019/20	
	£000	%	£000	%
Maturity date				
Within 1 year	25,214	4.2	27,712	4.5
1 year and up to 2 years	21,693	3.6	19,976	3.3
2 years and up to 5 years	57,262	9.5	58,533	9.6
5 years and up to 10 years	101,449	17.0	101,437	16.5
10 years and up to 15 years	81,806	13.7	73,506	12.0
15 years and up to 20 years	50,121	8.4	51,121	8.3
20 years and up to 25 years	40,003	6.7	30,003	4.9
25 years and over	220,867	36.9	250,867	40.9
	598,415	**100.0**	**613,155**	**100.0**

	2018/19	2019/20
	£000	£000
Source of Borrowing		
Public Works Loan Board	387,382	403,532
External Bonds and Loans	91,183	91,197
Finance Leases related to PFI and other schemes	116,085	114,312
Salix Loan	3,765	4,114
	598,415	**613,155**

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

Market risk

Interest rate risk

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

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

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

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

The Authority has no variable rate borrowings and minimal variable rate investments. A 1% change in interest rates would therefore have no material impact on the Comprehensive Income and Expenditure Statement. If interest rates had been 1% higher at 31 March 2020, with all other variables held constant, the fair value of fixed rate borrowings would be lower but with no impact on the Comprehensive Income and Expenditure Statement.

Price risk

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

Foreign exchange risk

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

31. Related Parties

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

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

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant part of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government Departments are set out in the subjective analysis in Notes 25 and 26.

Members

Members of the Council have direct control over the Authority's financial and operating policies. The total of Members allowances paid in 2019/20 is shown in Note 48. During 2019/20, there were no works or services commissioned from companies in which Members had an interest (2018/19 - none). Any contracts would have been entered into in full compliance with the Authority's standing orders. Grants totalling £9,063 were paid to five organisations in which five Members had positions on the governing body (2018/19 £1,440,661 to nine organisations, 11 Members). No material grants were made to organisations whose senior management included close members of the families of a Members or Senior Officers. In all instances, the grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members Interests which is open to public inspection and is also available on the Authority's website at this address:
http://www.nottinghamshire.gov.uk/council-and-democracy/councillors/allowances-expenses-conduct

There are 2 Members on the board of Culture, Learning and Libraries (Midlands) trading as "Inspire" and the transactions with the Authority have been examined. There were no material direct grants paid to Inspire.

Senior Employees

In accordance with section 117 of the Local Government Act 1972, senior employees must declare their interest in any organisations which have received grant payments. During 2019/20, £250 in a grant was paid to an organisation where one senior employee declared an interest (in 2018/19 £11,085 was made, two senior employees). There are two senior employees on the board of Via with transactions between Via and the Authority detailed below.

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

The Authority has a pooled budget arrangement with Integrated Community Equipment Loan Service (ICELS). The Authority has also entered into a pooled budget arrangement with NHS bodies called the Better Care Fund (BCF). Balances are detailed in Note 46.

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

Entities Controlled or Significantly Influenced by the Authority

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

SCAPE Group Ltd - See note 27.

Arc Property Partnership Ltd

	Audited 2018/19 £000	Unaudited 2019/20 £000
Revenue	27,940	45,693
Profit / (loss)	(86)	(418)
Total Assets	9,709	12,578
Total Liabilities	(11,727)	(13,854)
Equity and Reserves	(2,018)	(1,276)

The liabilities total includes £7.5m of pension liability (£6.7m 2018/19) not covered in the shareholder agreement split 50:50.

Nottinghamshire County Council had the following transactions with Arc:

	2018/19 £000	2019/20 £000
Purchases of works and services	27,268	46,071
Service Level Agreements	266	(91)
Other	(13)	-
Loan interest	(2)	

Via East Midlands Ltd

	Audited 2018/19 £000	Unaudited 2019/20 £000
Revenue	65,205	67,436
Profit / (loss)	512	752
Total Assets	13,502	12,440
Total Liabilities	(12,663)	(11,188)
Equity and Reserves	839	1,252

Nottinghamshire County Council had the following transactions with Via:

	2018/19 £000	2019/20 £000
Purchases of works and services	65,631	66,955
Service Level Agreements	(860)	(6,959)
Other	10	4

Futures Advice, Skills & Employment Ltd (Futures)

Futures Advice, Skills and Employment Ltd (Futures) is a company owned equally between Nottingham City Council and Nottinghamshire County Council that provides support services to young people in Nottinghamshire.

	Audited 2018/19 £000	Unaudited 2019/20 £000
Revenue	14,300	14,695
Profit / (loss)	(969)	(2,245)
Total Assets	7,257	7,537
Total Liabilities	(19,261)	(25,075)
Equity and Reserves	(12,004)	(17,538)

Nottinghamshire County Council had the following transactions with Futures:

	2018/19 £000	2019/20 £000
Grants given	1,350	-
Purchases of works and services	83	1,415

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

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

The total Authority expenditure with Inspire is £22.0m (£16.6m in 2018/19) and income is £1.1m (£0.3m in 2018/19). More information can be found on the Inspire website https://www.inspireculture.org.uk/

32. Summary Revenue Accounts of Trading Undertakings

	2018/19 Turnover	2018/19 Expend-iture	2018/19 Surplus/ (Deficit)	2019/20 Turnover	2019/20 Expend-iture	2019/20 Surplus/ (Deficit)
	£000	£000	£000	£000	£000	£000
Direct Services *Cleaning, catering, grounds maintenance to external clients and within the Authority*	36,013	37,890	(1,877)	33,104	35,968	(2,864)
County Supplies *A purchasing and supply service to external clients and within the Authority Transferred June 2019 to Hertfordshire County Council*	4,495	5,188	(693)	328	360	(32)
Clayfields Secure Unit *Specialist children's services to the Youth Justice Board and Local Authorities*	5,656	5,262	394	4,483	5,625	(1,142)
Total	46,164	48,340	(2,176)	37,915	41,953	(4,037)

33. Movement on Usable Reserves

	2017/18 £000	Transfers Out £000	Transfers In £000	2018/19 £000	Transfers Out £000	Transfers In £000	2019/20 £000
General Fund Balance	30,870	(6,799)	-	24,071	(2,112)	-	21,959
Schools Statutory Reserves	19,919	-	3,132	23,051	(131)	-	22,920
General Insurance Reserve	21,000	-	8,588	29,588	-	4,505	34,093
Capital Receipts and Grants Unapplied Reserve	3,902	(54,830)	59,692	8,764	(60,882)	53,801	1,682
Corporate Reserves							
Earmarked Reserves	3,353	(2,849)	944	1,448	-	1,756	3,204
Capital Projects Reserve	12,518	(7,617)	397	5,298	(4,391)	2,253	3,160
NDR Pool Reserve	8,126	(2,812)	2,708	8,022	(473)	2,607	10,156
East Leake PFI Schools	3,235	-	93	3,328	(508)	16	2,836
Bassetlaw PFI Schools	665	-	1,240	1,905	(2,312)	502	95
Waste PFI Reserve	25,583	(718)	128	24,993	(981)	131	24,143
Workforce Reserve	8,311	-	436	8,747	(2,597)	-	6,150
IICSA Reserve	2,770	(1,030)	-	1,740	(263)	-	1,477
Strategic Development Fund	2,892	-	-	2,892	(77)	-	2,815
Covid-19 Reserve	-	-	-	-	-	22,346	22,346
Earmarked for Services Reserves							
Trading Activities	1,671	(1,478)	840	1,033	(1,379)	588	242
Departmental Reserves	11,691	(2,647)	638	9,682	(2,062)	1,488	9,108
Revenue Grants	17,138	(5,163)	4,121	16,096	(5,208)	2,822	13,710
Section 256 Grants	18,276	(2,148)	4,474	20,602	(7,226)	228	13,604
Total Other Earmarked Reserves	**116,229**	**(26,462)**	**16,019**	**105,786**	**(27,477)**	**34,737**	**113,046**
Total Usable Reserves	**191,920**	**(88,091)**	**87,431**	**191,260**	**(90,602)**	**93,043**	**193,701**

General Fund Balance comprises reserves available for use by the Authority as a contingency**.**

Schools Statutory Reserves - See note 35

General Insurance Reserve - See note 34

Capital Receipts and Grants Unapplied Reserve - holds capital grant / capital receipt balances that have been received but not yet utilised.

Corporate Reserves

Earmarked Reserves hold year-end underspends where approval has been given to be carried forward and spent in the following year. This reserve also contains reserves previously classified under earmarked for services which are no longer required for their original purpose.

Capital Projects Reserve supports the Medium Term Financial Strategy as well as current and future capital commitments.

NDR Pool Reserve holds the Authority's share of the Non Domestic Rates pool surplus. The pool was established 1 April 2013 when the funding mechanism was introduced with the seven District and Borough Councils. It also holds the Authority's share of growth and renewable energy.

East Leake, Bassetlaw and Waste PFI Reserves are surplus funding amounts set aside during the early years of the PFI contracts. These are contributions from central Government and the Authority will be required in later years to finance the unitary charge.

Workforce Reserve created from merging the corporate redundancy and surplus pensions reserves to provide for a more wide ranging reserve, to cover pay protection, national living wage increases and pension strain as well as covering pension deficit contributions and redundancy.

IICSA Reserve was established to fund future expenditure associated with the Government led inquiry into historic abuse.

Strategic Development Fund was approved in the Budget Report to Council 27 February 2014 to facilitate the Authority's on-going commitment to redefine service delivery.

COVID-19 Reserve holds funding received from Central Government on 27 March 2020 to help alleviate the various financial pressures caused by the pandemic across all service areas.

Earmarked for Services Reserves

Trading Activities reserves comprise accumulated revenue surpluses plus or minus any transfer between those reserves and the General Fund.

Departmental Reserves are amounts set aside to cover expected events where the accounting criteria for the creation of provisions are not met.

Revenue Grants and Section 256 Grants are grants without specific conditions that remain unspent at the year-end are transferred into usable reserves, in accordance with the Code.

34. Insurance Reserve and Account

The Authority operates a self-insurance scheme and covers each kind of risk up to set limits which are reviewed annually. External insurers cover risks in excess of the internally insured amounts. The major areas where significant risks are covered externally are Fire, Liability and Motor. The insurance provision covers known liabilities. Amounts are also set aside in the Insurance Reserve to cover possible insurance claims losses that are not yet known about.

The total of the Insurance Provision and Reserve as at 31 March 1998 has been ring-fenced for liabilities arising up to that date. The balance and the liabilities are being shared by the County and City Council's in the proportion of 23.55% City and 76.45% County.

The amount set aside in the Insurance Provision is detailed in Note 23. The Insurance Reserve is shown below:

General Insurance Reserve	**Note**	**2018/19 £000**	**2019/20 £000**
General Insurance Reserve		**29,588**	**34,093**

Insurance Account		**2018/19 £000**	**2019/20 £000**
Premiums paid		1,867	1,788
Claims made		2,415	2,831
Contribution (from)/to Provision		616	(1,009)
Contribution to Closed Fund from County Council		763	1,147
Miscellaneous charges		24	34
		5,685	4,791
Less charges to Departments	1	(7,060)	(6,978)
Future Liabilities of Nottm City Council Adjustment		(228)	165
Total Expenditure		**(1,603)**	**(2,022)**

	2018/19 £000	**2019/20 £000**
External Premiums	(12)	-
Contribution to Closed Fund from City and County Council	(998)	(1,500)
Total Income	**(1,010)**	**(1,500)**
Net (surplus)/deficit	**(2,613)**	**(3,522)**

Note 1. Classed as expenditure to avoid double counting in the net cost of services.

35. Schools Statutory Reserves

Surplus and deficit balances relating to schools must be carried forward from one financial year to the next in accordance with the requirements of Section 48 of the School Standards and Framework Act 1998. The Schools Statutory Reserves are committed to be spent on schools and are not available to the Authority for general use.

During 2019/20 the overall reserve has decreased by £0.1 million to £22.9 million. Within the total reserve school accumulated balances decreased by £1.3 million to £17.4 million; of this, £2.3 million is to fund capital schemes.

The reserves also includes £5.7 million relating to the non-ISB (Individual Schools Budget) element of the Schools Budget.

Part of the reserves are used to finance a school loan scheme, whereby schools are advanced funding for major capital items and then repay this over a three year period.

School Balances	**2018/19**	**Movement in year**	**2019/20**
	£000	**£000**	**£000**
Balances held by schools	18,742	(1,339)	17,403
Non ISB Balances	4,632	1,077	5,709
School Loan Scheme	(323)	131	(192)
School Statutory Reserves Total	**23,051**	**(131)**	**22,920**

36. Unusable Reserves

	2018/19	**2019/20**
	£000	**£000**
Revaluation Reserve	231,952	224,411
Capital Adjustment Account	414,947	406,901
Financial Instruments Adjustment Account	(2,438)	(2,391)
IAS 19 Pensions Reserve	(1,071,625)	(1,107,418)
Collection Fund Adjustment Account	975	2,669
Employee Benefits Account	(11,578)	(16,419)
Total Unusable Reserves	**(437,767)**	**(492,247)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2018/19	**2019/20**
	£000	**£000**
Balance at 1 April	**244,368**	**231,952**
Upward revaluation of assets	20,888	35,611
Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(16,996)	(36,496)
Surplus/(deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	3,892	(885)
Difference between fair value depreciation and historic cost depreciation	(3,968)	(4,042)
Accumulated gains on assets sold or scrapped	(12,340)	(2,614)
Amount written off to the Capital Adjustment Account	(16,308)	(6,656)
Balance at 31 March	**231,952**	**224,411**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2018/19 £000	2019/20 £000
Balance at 1 April	**416,882**	**414,947**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation on non-current assets	(41,591)	(43,061)
Revaluation and Impairments on PPE	(3,592)	(18,610)
Amortisation of intangible assets	(1,635)	(1,495)
Revenue expenditure funded from capital under statute	(16,392)	(15,098)
Transformation costs funded under Capital Direction	(3,591)	(600)
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(33,146)	(11,883)
	(99,947)	**(90,747)**
Adjusting amounts written out of the Revaluation Reserve	16,308	6,656
Net written out amount of the cost of non-current assets consumed in the year	**(83,639)**	**(84,091)**
Capital financing applied in the year:		
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	35	46
Application of grants to capital financing from the Capital Grants Unapplied Account	58,246	51,691
Statutory provision for the financing of capital investment charged against the General Fund	15,248	9,753
Capital expenditure charged against the General Fund	6,521	5,518
	80,050	**67,008**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,714	9,071
Movement in the fair value of Non Current Assets Held for Sale credited to the Comprehensive Income and Expenditure Statement	(60)	(33)
Other Movements	-	(1)
Balance at 31 March	**414,947**	**406,901**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments.

	2018/19 £000	2019/20 £000
Balance at 1 April	**(56)**	**(2,438)**
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(2,396)	49
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	14	(2)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,382)	47
Balance at 31 March	**(2,438)**	**(2,391)**

IAS19 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2018/19 £000	2019/20 £000
Balance at 1 April	**(1,138,407)**	**(1,071,625)**
Actuarial gains / (losses) on pensions assets and liabilities	132,793	12,904
Other gains / (losses)	(60)	(823)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provisions of Services in the Comprehensive Income and Expenditure Statement	(118,870)	(100,182)
Employer's pensions contributions and direct payments to pensioners payable in the year	52,919	52,308
Balance at 31 March	**(1,071,625)**	**(1,107,418)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2018/19	2019/20
	£000	£000
Balance at 1 April	**1,444**	**975**
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(224)	1,467
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(245)	227
Balance at 31 March	**975**	**2,669**

Employee Benefits Account

The Employee Benefits Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2018/19	2019/20
	£000	£000
Balance at 1 April	**(14,197)**	**(11,578)**
Settlement or cancellation of accrual made at the end of the preceding year	14,197	11,578
Amounts accrued at the end of the current year	(11,578)	(16,419)
Amount by which the officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,619	(4,841)
Balance at 31 March	**(11,578)**	**(16,419)**

37. Cash and Cash Equivalents

The Authority monitors cash balances on a daily basis to make maximum use of the funds available and invests any surplus cash identified. The bank account balance at 31 March will consist of an overdraft with the Authority's main bank, amounts held in call accounts or money market funds and school deposits either with the Authority's main bank or held with other banks.

The analysis of cash and cash equivalents is as follows:

	2018/19		2019/20	
	£000	£000	£000	£000
Amounts held in call accounts and money market funds		45,335		44,207
Main overdraft		(19,209)		(18,688)
School bank accounts:				
Main Authority accounts	25,877		25,245	
Other bank accounts	4,305	30,182	4,131	29,376
		56,308		**54,895**

38. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2018/19 Restated £000	2019/20 £000
Interest received	4,186	(6,939)
Interest paid	36,232	33,974

39. Cash Flow Statement - Investing Activities

	2018/19 Restated £000	2019/20 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	64,388	112,104
Purchase of short and long-term investments	15,000	-
Purchase of shares in a subsidiary	-	5,025
Pensions Deficit Payment	-	-
Other payments for investing activities	283	2,653
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(600)	(600)
Capital Grants and contributions received	(51,469)	(39,149)
Proceeds from short-term and long-term investments	(4,506)	(15,000)
Net other receipts from investing activities	(673)	(2,719)
Net cash flows from investing activities	**22,423**	**62,314**

40. Cash Flow Statement - Financing Activities

	2018/19 Restated £000	2019/20 £000
Cash receipts of short and long-term borrowing	(64,881)	(34,660)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	5,326	3,250
Repayments of short and long-term borrowing	49,909	16,673
Net cash flows from financing activities	**(9,646)**	**(14,737)**

41. Reconciliation of Liabilities Arising from Financing Activities

	2019/20 01-Apr £000	Financing Cash flows £000	Non Cash Acquisition £000	Other £000	2019/20 31-Mar £000
Long term borrowings	460,220	17,831	-	-	478,051
Short term borrowings	22,110	(1,318)	-	-	20,792
Lease liabilities	878	0	-	-	878
On balance sheet PFI liabilities	115,207	(296)	(1,477)	-	113,434
Total liabilities from financing activities	**598,415**	**16,217**	**(1,477)**	**-**	**613,155**

	2018/19 01-Apr £000	Financing Cash flows £000	Non Cash Acquisition £000	Other £000	2018/19 31-Mar £000
Long term borrowings	443,922	16,298	-	-	460,220
Short term borrowings	22,182	(72)	-	-	22,110
Lease liabilities	878	-	-	-	878
On balance sheet PFI liabilities	121,236	(6,732)	703	-	115,207
Total liabilities from financing activities	**588,218**	**9,494**	**703**	**-**	**598,415**

42. Minimum Revenue Provision (MRP)

Regulations require local authorities to calculate a prudent MRP charge each year to provide for the redemption of outstanding debt. Depreciation charged to the Comprehensive Income and Expenditure Statement is reversed out of General Fund balances through the Movement in Reserves Statement and replaced by the calculated MRP charge.

The amount required under the MRP regulations for 2019/20 is £9.8m (£15.2m for 2018/19) of which £3.3m (£6.9m for 2018/19) relates to repayments of the PFI and finance lease liabilities. The amount of depreciation and amortisation charged was £44.6m (£43.2m for 2018/19).

43. Audit Fees

The Authority has been advised of the following fees payable for 2019/20. Fees have been included for an objection now resolved and grant claims.

	2018/19 £000	**2019/20 £000**
External Audit Fees	76	76
Other	18	21
	94	**97**

44. Employee Remuneration

The table below shows the number of staff employed by the Authority whose remuneration, taxable expenses and severance (if applicable) amounted to £50,000 or more in the financial year. The table includes the senior staff separately identified in the subsequent tables.

Pay Band		**Number of Staff**					
		2018/19			**2019/20**		
		Exc Redundancy		**Inc. Redundancy**	**Exc Redundancy**		**Inc. Redundancy**
		Schools	**Non Schools**	**Total**	**Schools**	**Non Schools**	**Total**
£180,000	£184,999	-	-	-	-	1	1
£175,000	£179,999	-	1	1	-	-	-
£170,000	£174,999	-	-	-	-	-	-
£165,000	£169,999	-	-	-	-	-	-
£160,000	£164,999	-	-	-	-	-	-
£155,000	£159,999	-	-	-	-	-	-
£150,000	£154,999	-	-	1	-	-	-
£145,000	£149,999	-	-	-	-	-	-
£140,000	£144,999	-	1	1	-	1	1
£135,000	£139,999	-	-	-	-	-	-
£130,000	£134,999	-	-	-	-	1	1
£125,000	£129,999	-	1	1	-	1	1
£120,000	£124,999	-	-	2	-	-	-
£115,000	£119,999	-	-	-	-	-	-
£110,000	£114,999	-	-	-	-	-	-
£105,000	£109,999	-	1	2	-	-	-
£100,000	£104,999	-	-	-	-	-	-
£95,000	£99,999	-	-	-	-	3	3
£90,000	£94,999	2	6	8	3	6	9
£85,000	£89,999	-	4	4	1	2	3
£80,000	£84,999	2	2	5	-	-	1
£75,000	£79,999	3	-	3	3	2	5
£70,000	£74,999	9	6	16	16	6	22
£65,000	£69,999	30	11	42	27	10	37
£60,000	£64,999	45	13	60	54	17	72
£55,000	£59,999	53	34	88	53	35	88
£50,000	£54,999	95	28	126	92	38	130
		239	**108**	**360**	**249**	**123**	**374**

The tables below show the remuneration of the Authority's Senior Employees as defined by the Accounts and Audit (England) Regulations 2015.

2019/20

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances) £	Expenses £	Compen-sation for Loss of Office £	Employer Pension contri-butions* £	Total Remuneration £
Chief Executive - A May		180,424	1,528	-	40,054	222,006
Corporate Director of CFCS		143,181	-	-	31,786	174,967
Corporate Director of ASC & PH		128,814	737	-	28,597	158,147
Corporate Director of Place (and Deputy CEO)	2	133,814	597	-	29,707	164,118
Service Director (Customers, Governance and Employees)	3	98,216	-	-	21,804	120,020
Director of Public Health		92,759	581	-	20,918	114,258
Service Director (Finance, Infrastructure & Improvement)	1	98,216	462	-	21,804	120,482

*Pension Contributions are estimated at 22.2% to account for the pensions deficit (see note 20), excluding the Director of Public Health (as in NHS scheme).

1. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of Section 151 Officer.

2. The post of Corporate Director Place assumed the Deputy Chief Executive role. Their annualised salary is £128,814 with an additional allowance of £5,000 for the Deputy Chief Executive role.

3. The Service Director for Customers, Governance and Employees has the statutory responsibility of the Monitoring Officer.

2018/19

Post Holder information (Post title and name (where applicable))	Note	Salary (including fees & allowances) £	Expenses £	Compen-sation for Loss of Office £	Employer Pension contri-butions* £	Total Remuneration £
Chief Executive - A May		176,886	1,524	-	39,269	217,679
Corporate Director of CFCS		140,373	-	-	31,163	171,536
Corporate Director of ASC & PH (and Deputy Chief Executive) (to Jan 2019)	4	108,088	-	-	23,974	132,062
Corporate Director of ASC & PH (From Jan 2019)	5	27,159	26	-	6,029	33,214
Communities (and Deputy Chief Executive)	3	127,136	1,297	-	28,253	156,686
Corporate Director of Resources	1	30,953	291	119,050	6,871	157,165
Service Director (Customers, Governance and Employees)	6	93,845	-	-	20,834	114,679
Director of Public Health		89,082	771	-	12,810	102,663
Service Director (Finance, Infrastructure & Improvement)	2	93,845	1,063	-	20,834	115,742

*Pension Contributions are estimated at 22.2% to account for the pensions deficit (see note 20), excluding the Director of Public Health (as in NHS scheme).

Please note within the relevant accounting period there has remained a maximum of 7 senior employees, as defined by the Accounts and Audit (England) Regulations 2015.

1. The Corporate Director of Resources post was deleted from the establishment in July 2018. The post had the statutory responsibility of Monitoring Officer.
2. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of Section 151 Officer.
3. The post of Corporate Director of Place & Communities assumed the Deputy Chief Executive role from Feb 2019. Their annualised salary is £131,288 including an allowance of £5,000 for the Deputy Chief Executive role from 14/01/2019 pro rata.
4. The Corporate Director for Adult Social Care and Public Health left the role in Jan 2019. Their annualised salary was £129,494 which included an allowance of £5,000 for the Deputy Chief Executive role.
5. The new Corporate Director for Adult Social Care and Public Health took up the role in Jan 2019. Their annualised salary is £126,288.
6. The Service Director for Customers, Governance and Employees gained responsibility for the Monitoring Officer post in July 2018. Their annualised salary for the relevant period is £94,335.

The table below includes all exits from the Authority, including school based staff and takes into account the cost of pension contributions that would have been paid had a retiring employee not left the Authority early. It may therefore differ from other published information.

Payment Ranges	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages		Total Cost of Exit Packages £	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	63	27	73	143	136	170	1,024,616	1,189,129
£20,001 - £40,000	4	3	29	30	33	33	936,318	907,994
£40,001 - £60,000	-	2	6	9	6	11	316,232	538,875
£60,001 - £80,000	2	-	7	1	9	1	650,230	66,862
£80,001 - £100,000	1	1	2	-	3	1	266,301	94,271
£100,001 - £150,000	-	2	3	-	3	2	335,203	217,367
£150,001 - £200,000	1	-	1	-	2	-	359,444	-
Over £200,000	-	-	2	-	2	-	712,348	-
	71	**35**	**123**	**183**	**194**	**218**	**4,600,692**	**3,014,498**

45. Deployment of Dedicated Schools Grant

The Authority's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DFE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DFE to fund Academy schools in the Authority's area. The DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2015. The Schools Budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2019/20 are as follows:

Schools Budget Funded by Dedicated Schools Grant

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2019/20 before Academy recoupment			604,330
Academy figure recouped for 2019/20			(312,054)
Total DSG after Academy recoupment for 2019/20			292,276
Brought Forward 2018/19			4,632
Carry Forward to 2020/21 agreed in advance			-
Agreed initial budgeted distribution for	**60,681**	**236,227**	**296,908**

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
In year adjustments	(8,994)	8,682	(312)
Final budgeted distribution for 2019/20	51,687	244,909	296,596
Actual central expenditure	(45,978)	-	(45,978)
Actual ISB deployed to schools	-	(244,909)	(244,909)
Plus Local Authority contribution for 2019/20	-	-	-
Carried forward to 2020/21	**5,709**	**-**	**5,709**

46. Pooled Budgets

Under Section 31 of the Health Act 1999, Nottinghamshire County Council has entered into the following Pooled Budget Arrangements with the partners set out below. The County Council is the host authority for the pooled budget and has responsibility for its financial management. The details are set out below:

Integrated Community Equipment Loan Service (ICELS) - Nottinghamshire

Nottinghamshire County Council (Host)
Nottingham City Council
Nottingham City CCG
Nottinghamshire County CCGs
Bassetlaw CCG

Pooled Budgets Memo Account	**2018/19 £000**	**2019/20 £000**
Net (surplus) / deficit brought forward	**(188)**	**(724)**
Funding provided to the pooled budget:		
Nottinghamshire County Council ASC&PH	(1,779)	(1,365)
Nottinghamshire County Council CYP	(391)	(400)
Nottingham City Council	(1,011)	(1,109)
Bassetlaw CCG	(537)	(615)
Nottinghamshire County CCGs	(3,068)	(3,495)
Nottingham City CCG	(1,173)	(1,355)
Other	(55)	(1)
Total Funding	**(8,014)**	**(8,340)**

Expenditure met from the pooled budget:	**2018/19 £000**	**2019/20 £000**
Partnership Management and Administration Costs	733	829
Contract Management Fee	1,262	1,311
Equipment	5,316	5,983
Minor Adaptations	166	119
Direct Payments	1	-
Total Expenditure	**7,478**	**8,242**
Net (surplus) / deficit carried forward	**(724)**	**(822)**

The current contract began on 1 April 2016 for a period of 5 years with the option to extend for a further 2 years.

Better Care Fund

The Better Care Fund (BCF) was announced by the Government in the June 2013 spending round, to ensure a transformation in integrated health and social care. In 2019/20, the Nottinghamshire Clinical Commissioning Groups contributed the values in the table below towards creation of a BCF pooled budget in Nottinghamshire of £65.7m (£58.9m in 2018/19).

The Spending Reviews from 2015 to 2017 have identified temporary funding for Adult Social Care in the form of the Improved Better Care Fund (iBCF). This element of the BCF is paid directly to Local Authorities.

Assessment of the operation of the BCF pooled fund identified that it does not constitute a joint arrangement and therefore requirements of IFRS11 (Joint Arrangements) are not met.

Pooled Budgets Memo Account	**2018/19 Restated £000**	**2019/20 £000**
Net (surplus) / deficit brought forward	**(3,139)**	**(3,040)**
Funding provided to the pooled budget:		
Nottinghamshire County Council ASC&PH	(6,441)	(10,478)
Bassetlaw CCG	(7,836)	(8,181)
Mansfield & Ashfield CCG	(13,059)	(13,850)
Newark & Sherwood CCG	(8,301)	(8,844)
Nottingham North & East CCGs	(9,588)	(9,991)
Nottingham West CCG	(6,499)	(6,676)
Rushcliffe CCG	(7,234)	(7,718)
iBCF	(21,590)	(26,484)
Total Funding	**(80,548)**	**(92,222)**

Expenditure met from the pooled budget:	**2018/19 £000**	**2019/20 £000**
Nottinghamshire County Council ASC&PH	26,899	31,930
Bassetlaw CCG	4,846	5,043
Mansfield & Ashfield CCG	8,118	8,617
Newark & Sherwood CCG	5,294	5,658
Nottingham North & East CCGs	5,813	6,026
Nottingham West CCG	3,679	3,714
Rushcliffe CCG	4,408	4,750
iBCF (various projects)	21,590	26,484
Total Expenditure	**80,647**	**92,222**
Net (surplus) / deficit carried forward	**(3,040)**	**(3,040)**

47. Termination Benefits

The Authority terminated the contracts of a number of employees in 2019/20, with a net value of £1.2 million (£6.1 million in 2018/19). These figures include accounting entries required by The Code.

48. Members Allowances

The Authority makes payments to Councillors for work undertaken in the course of their duties. The cost during the financial year was £1,595,303 (£1,539,767 in 2018/19). In addition to this, Members were reimbursed a total of £56,991 (£61,739 in 2018/19) for expenses incurred on Authority business.

49. Income from bodies under the Local Authority (Goods and Services) Act 1970

The Authority is empowered by this Act to provide goods and services to other public bodies. The Authority provided the following:

	2018/19		2019/20	
	£000	£000	£000	£000
	Expenditure	Income	Expenditure	Income
Administration and Professional Services				
NHS Trusts	66,767	(66,767)	70,164	(70,164)
Other Authorities	6,580	(6,580)	9,616	(9,616)
Colleges	6	(6)	9	(9)
Maintenance works				
Other Authorities	174	(174)	178	(178)
Colleges	25	(25)	8	(8)
	73,552	**(73,552)**	**79,975**	**(79,975)**

50. Section 137 of the Local Government Act 1972

Local authorities are empowered by Section 137 of the Local Government Act 1972, as amended, to make contributions to certain charitable funds, not for profit bodies providing a public service and mayoral appeals. During 2019/20 these powers were not used.

51. Publicity Work

Local authorities are required to disclose their expenditure on publicity. The definition of publicity includes a number of routine items of expenditure. The Authority's expenditure is summarised below:

	2018/19	2019/20
	£000	£000
Advertising for staff	278	200
Other advertising, including education courses	301	369
Public Relations - salaries and running costs	1,023	971
Other publicity expenditure	352	465
	1,954	**2,005**
As a percentage of gross expenditure (cost of services)	0.17%	0.17%

GLOSSARY OF TERMS

Accruals	The concept that income and expenditure are recognised as they are earned or incurred, not as money happens to be received or paid.
Actuary	An actuary is an expert on pension scheme assets and liabilities. The Local Government Pension Scheme actuary reassesses the rate of employer contributions to the Pension Fund every three years.
Added Years	Additional years of service awarded to increase benefits of employees taking early retirement.
Amortisation	The process of charging asset consumption in relation to Intangible Assets to the Comprehensive Income & Expenditure Statement over a suitable period of time.
Balance Sheet	The accounting statement which sets out the Authority's total net assets and how they were financed.
Budget	The Authority's statement of spending plans and policies for a financial year, expressed in financial terms.
Capital Adjustment Account (CAA)	This account absorbs the timing differences between the consumption of non-current assets and the financing arrangements in respect of their acquisition, creation or enhancement throughout their useful life.
Capital Financing Requirement (CFR)	The Capital Financing Requirement is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.
Capital Grants Receipts in Advance	Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable unless conditions apply to the grant/contribution, in which case the grant/contribution is classified as Capital Grants Receipts in Advance on the Balance Sheet.
CIPFA	Chartered Institute of Public Finance and Accountancy.
Comprehensive Income and Expenditure Statement (CI&ES)	Consolidates all the gains and losses experienced during the financial year.
Community Assets	Assets such as historical structures and artefacts that the Authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal.
COVID-19	Covid-19 refers to the Corona Virus pandemic which hit the UK in March 2020 and is ongoing.
Creditors	Persons or bodies owed monies by the Authority that have not been paid by the end of the financial year.

Debtors	Persons or bodies owing sums to the Authority that have not been paid by the end of the financial year.
Depreciation	A charge to reflect the consumption of benefits in relation to tangible fixed assets.
Expenditure and Funding Analysis (EFA)	A statement to show the net expenditure in the Comprehensive Income & Expenditure Statement highlighting the adjustment between funding and accounting basis.
Earmarked Reserves	Reserves set aside for a specific purpose.
Financial Instruments	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. For instance, financial assets could be bank deposits, loans receivable, shares etc, whilst financial liabilities could be borrowings, financial guarantees etc.
General Fund	The account which absorbs the accumulated balances for the cost of providing services funded from Council Tax and Government Grants.
IAS	International Accounting Standard.
IFRS	International Financial Reporting Standard.
IFRIC	The International Financial Reporting Interpretations Committee provides interpretations of IFRS.
Infrastructure Assets	Assets such as roads and bridges, expenditure on which is recoverable only by continued use of the asset. These assets, by their nature, have no practical prospect of being decommissioned and sold or applied to alternative uses.
Impairments	An impairment or loss of value may arise on an asset upon revaluation. Assets which may be impaired are those in the categories of Property, Plant and Equipment and Intangible Assets.
Intangible Assets	Identifiable assets that lack physical substance and are expected to yield benefits to the Authority and the services it provides, e.g. software.
LASAAC	Partnership between CIPFA (England, Northern Ireland and Wales) and the Local Authority (Scotland) Accounts Advisory Committee.
LOBO	Loans which have a fixed primary period at a relatively beneficial interest rate followed by a higher rate for the remaining period which can be changed by the lender at agreed intervals. The Authority, as a borrower, would be able to opt to repay the loan at agreed intervals if the lender chooses to change the quoted rates.

Leasing	A method of financing capital expenditure in which a rental charge for an asset is paid for a specific period. There are two forms: 'finance leases' which transfer substantially all the risks and rewards of ownership to the lessee and other leases which are known as 'operating leases'
Local Government Pension Scheme (LGPS)	Nottinghamshire County Council is the administrating authority for the LGPS within Nottinghamshire.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to revenue in the year for the repayment of debt (credit liabilities and credit arrangements). An authority may voluntarily set aside amounts in excess of the minimum required.
NDR	Non-Domestic Rates.
PFI	Private Finance Initiative.
PPE	Property, Plant and Equipment.
Precept Income	County Councils obtain part of their income from precepts levied on the District Councils in their area. Precepts, based on the 'Council Tax bases' of the District Councils, are levied on each District's 'collection fund'.
PWLB	Public Works Loans Board.
Provisions	Sums of money set aside to meet specific expenses which are likely or certain to be incurred, but where the amounts cannot be accurately determined or dates on which they will arise. The sums set aside are charged to the appropriate service revenue accounts.
Reserves	Sums of money set aside to cover future eventualities. The sums set aside are charged to the General Fund and not to service revenue accounts.
Revaluation Reserve	Represents the difference between the revalued amount of Property, Plant and Equipment as shown in the accounts and the historic cost.
Revenue Expenditure Financed from Capital Under Statute (REFfCUS)	Legislation permits certain expenditure to be funded by capital resources even though no fixed asset is carried on the Balance Sheet. Examples include works on property not owned by the Authority and grants provided for economic development purposes.

NOTTINGHAMSHIRE COUNTY COUNCIL PENSION FUND

FUND ACCOUNT

	Notes	2018/19 £000	2019/20 £000
Contributions	4		
Employer contributions		(135,001)	(137,261)
Member contributions		(46,216)	(47,906)
		(181,217)	**(185,167)**
Transfers in from other pension funds		(9,473)	(9,655)
Benefits	5		
Pensions		162,268	171,375
Commutation of pensions and lump sum retirement benefits		34,937	35,699
Lump sum death benefits		4,495	5,050
		201,700	**212,124**
Payments to and on account of leavers	6	34,732	13,657
Net (additions)/withdrawals from dealings with members		**45,742**	**30,959**
Administration expenses	7	2,112	2,176
Oversight and governance expenses	8	1,630	1,460
Investment Income	9	(162,772)	(130,410)
Profits & losses on disposal of investments & changes in value		(154,446)	483,224
Taxes on income		850	247
Investment management expenses	10	5,410	4,995
Net Returns on Investments		**(310,958)**	**358,056**
Net (increase)/decrease in net assets available for benefits during the year		**(261,474)**	**392,651**
Opening net assets of the Fund		5,171,589	5,433,063
Closing net assets of the scheme		**5,433,063**	**5,040,412**

Payments to and on account of leavers in 2018/19 includes an amount of £20.2 million in respect of the transfer out of liabilities relating to North Notts College. Excluding this bulk transfer, the net withdrawal from dealings with members was £26.6 million.

NET ASSETS STATEMENT FOR THE YEAR ENDED

	Notes	31 March 2019 £000	31 March 2020 £000
Investment Assets	11 & 15		
Fixed Interest Securities		677,054	384,727
Equities		1,008,561	846,815
Pooled Investment Vehicles		3,107,133	3,145,087
Property		483,262	481,379
Forward Foreign Exchange		(25)	-
Cash deposits		130,653	151,744
Other Investment Balances	13	28,944	28,575
Investment liabilities	13	(3,967)	(5,387)
		5,431,615	**5,032,940**
Current assets	14	11,038	15,760
Current liabilities	14	(9,590)	(8,288)
		1,448	**7,472**
Closing net assets of the scheme		**5,433,063**	**5,040,412**

The actuarial present value of promised retirement benefits, as required by the *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* , is shown at note 2c.

NOTES TO THE ACCOUNTS

1. Accounting Policies

(a) Basis of Preparation

The Pension Fund accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2019/20* (the Code). On issues where there is no clear guidance in the Code, reference has been made under the hierarchy of standards to *Financial Reports of Pension Schemes: a Statement of Recommended Practice 2018* (the Pensions SORP) or to individual International Acccounting Standards (IAS). Disclosures required by IFRS 9 and 15 have been reflected in the accounts where material. Disclosures in the Pension Fund accounts have been limited to those required by the Code. Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2019/20.

The accounts have been prepared on a going concern basis.

The accounts have been prepared amidst the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation on 11 March 2020 as a “Global Pandemic”. This has impacted global financial markets with significant volatility in valuations both before and after year end, and increased the uncertainty of fair value assessments at 31 March 2020.

Market activity is being impacted in many sectors. The property valuation is reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global as the valuers do not consider that they can rely upon previous market evidence to fully inform opinions of value at the valuation date.

Furthermore private assets are based on valuations generally a quarter earlier and do not reflect the market impact of the pandemic, however the extent of this is not measurable at year end. Consequently the assessed valuation range has been increased for 31 March 2020 to reflect the additional uncertainty.

(b) Debtors and Creditors

The accruals concept is applied to these accounts in compliance with the Code.

(c) Investments

Pension fund investments are carried at fair value in accordance with the Code. Fair value is defined as 'the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction'. Where an active market exists, the quoted market price is used. Where there is no active market, fair value is established by using valuation techniques.

Specific details on the valuation methods for particular classes of assets are listed below:

- Equities traded through a stock exchange are valued at the latest quoted price. Where more than one price is quoted the 'bid' price is used.
- Unit Trusts and managed funds are valued at the closing single price or the bid price where applicable. These reflect the market value of the underlying investments.
- Unquoted securities and pooled private equity investments are valued at fair value by the fund managers based on earnings, revenues and comparable valuations in accordance with industry accepted guidelines.
- The market value of fixed interest investments is based on the 'clean price', i.e. excludes income accrued at 31 March but not yet due for payment.
- Property investments are stated at open market value based on a quarterly independent external valuation in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards at the Net Assets Statement date based on lease terms, nature of tenancies, covenant strength, vacancy levels, estimated rental growth and discount rate.

Transaction costs arising on all investment purchases and sales are charged to the Fund Account within ‘Profits & losses on disposal of investments & changes in value’ by adding to purchase costs and netting against sale proceeds, as appropriate, for all investment types. This achieves consistency between asset classes and ensures all transaction costs are charged to the Fund Account. It also ensures that the financial statements faithfully represent the economic substance of the transactions. The economic substance of purchases and sales of all asset types is to generate returns for the Fund to help mitigate the cost to employers of providing pensions. Transaction costs are ancillary to this purpose.

The change in fair value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Forward foreign exchange contracts are "over the counter contracts" under which two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange. These are used to manage the economic exposure to bond markets and hedge against foreign currency movements. These contracts are included at fair value by determining the gain or loss that would arise from closing out the contract at the Net Assets Statement date by entering into an equal and opposite contract at that date. The movements on these contracts during the year are shown in the reconciliation of opening and closing balances of investments at note 11(b).

(d) Investments Income

Income is accounted for on an accruals basis for the following:

- interest on cash deposits and fixed interest securities is accrued on a daily basis
- dividends from equities are accrued when the stock is quoted ex-dividend
- Rental income from operating leases on properties owned by the fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(e) Taxes on Income

UK equity dividends are quoted and accounted for at the net rate. The tax credit, which the Fund is unable to recover, is not recognised (in accordance with the Pensions SORP). Overseas equity dividends are accounted for gross of withholding tax, where this is deducted at source. Partial reclaims of withholding tax, where allowed, are adjusted at the year end by outstanding claims.

(f) Foreign Currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated into sterling at the rate ruling on the date of the transaction. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

(g) Contributions

Normal contributions, both from the members and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from

(h) Benefits Payable

Under the rules of the Scheme, members can receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose whether to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised. Other benefits are accounted for on the date the member leaves the Scheme or on death.

(i) Transfers to and from Other Schemes

Transfer values represent the capital sums either receivable (in respect of members from other pension schemes of previous employers) or payable (to the pension schemes of new employers for members who have left the Scheme). They take account of transfers where the trustees (or administering authority) of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

(j) Other Expenses

Management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT. Nottinghamshire County Council charges the Fund with the costs it incurs in administering the scheme and the Fund. Fees and charges within pooled investment vehicles have the effect of reducing the fair value of those investments. These embedded costs are disclosed at note 10.

(k) Property related income
Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the fund is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. Operation of the fund

(a) General

Nottinghamshire County Council is the Administering Authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire. The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:
- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The LGPS is a statutory scheme administered by individual pension funds. The benefits within the scheme are determined by regulation and are guaranteed by statute. The pension fund exists to help defray the cost of paying the pension benefits. Members make contributions to the Fund as specified in the regulations and employers make contributions as determined by the Fund's actuary as part of the triennial valuation of the Fund. All new employees are brought into the scheme automatically, unless a positive election not to participate is received from the employee.

The Authority administers the pension fund for over 490 participating employers and over 142,000 members. The employers include the County Council, the City Council, District Councils and organisations which used to be part of local government (such as Nottingham Trent University, Colleges, Police civilian staff and Academies). They also include organisations which satisfy the conditions to participate in the LGPS and have been admitted to the Fund by the Authority. In general, these organisations are non-profit making, or are undertaking a service which was, or could be, carried out by a local authority.

The operation of the Fund is set out in a number of published policy statements. Under the Governance Compliance Statement, the functions as administering authority of the Fund are delegated to the Nottinghamshire Pension Fund Committee.

The Funding Strategy Statement sets out the aims and purpose of the Fund and details the responsibilities of the administering authority as regards funding the scheme.

The Investment Strategy Statement sets out more detailed responsibilities relating to the overall investment strategy of the Fund including the proposed asset allocation, restrictions on investment types, the type of investment management used and performance monitoring. It also states the Fund's approach to responsible investment and corporate governance issues.

The Communications Strategy Statement details the overall strategy for involving stakeholders in the Fund. A key part of this strategy is a dedicated Fund website (available at www.nottspf.org.uk).

A separate annual report for the Fund is also produced and this, along with previous years' reports, will be accessible via the pension fund website. The annual report includes the accounts and the published policies as well as information on the performance of the fund.

The accounts of the fund are set out over the following pages. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 requires:

- a fund account showing the changes in net assets available for benefits
- a net assets statement showing the assets available at the year end to meet benefits
- supporting notes.

(b) Contributions and Solvency

With effect from 1 April 2008 The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 were introduced. The principal changes from the 1997 regulations were: the replacement, for future service, of the existing benefits structure (based on a pension of 1/80th of pensionable pay for each year of pensionable service plus an automatic lump sum of three times this amount) by one based on 1/60th of pensionable pay for each year of pensionable service and no automatic lump sum. Under the 2008 scheme, employees were required to make percentage contributions by deduction from earnings at a rate between 5.5% and 7.5% depending on salary.

From 1 April 2014 the new Local Government Pension Scheme was introduced for service accruing after that date. This is a career average revalued earnings (CARE) scheme with an accrual rate of 1/49th of pensionable pay and a retirement age linked to the state retirement age. Employee contribution rates in the new scheme range from 5.5% to 12.5% depending on salary.

Employers are required to make such balancing contributions, determined by the Actuary, as will maintain the fund in a state of solvency, having regard to existing and prospective liabilities.

(c) Actuarial Valuations

As required by the Regulations an Actuarial Valuation of the Fund was carried out as at 31 March 2019. The market value of the Fund's assets at the valuation date was £5,433 million. The Actuary has estimated that the value of the Fund was sufficient to meet 93% of its expected future liabilities in respect of service completed to 31 March 2019. The certified contribution rates are expected to improve this to 100% within a period of 19 years. The full actuarial valuation report is available on the Fund's website at www.nottspf.org.uk.

The Actuarial Valuation was carried out using the projected unit method and the assumptions used within the valuation are shown below.

	31 March 2019
	% pa
Expected investment returns:	
Equities	6.7
Gilts	1.7
Property and Infrastructure	6.1
Discount Rate	4.8
Retail price inflation (RPI)	3.3
Consumer price inflation (CPI)	2.6
Long term pay increases	3.6
Pension Increases	2.6

The 2019 valuation produced an average employer contribution rate of 21.6%. Employer contributions were certified by the actuaries for the years 2020/21 to 2022/23. For the majority of employers, the rate for future service accrual was certified as a percentage of salary with an additional cash amount specified for deficit recovery. The following list shows the contributions payable by the main employers:

Certified employer contributions		**2020/21**	**2021/22**	**2022/23**
Nottinghamshire County Council		18.7%	18.7%	18.7%
	Plus:	£7,424,000	£7,695,000	£7,975,000
Nottingham City Council		17.9%	17.9%	17.9%
	Plus:	£8,544,000	£8,855,000	£9,178,000
Ashfield District Council		18.0%	18.0%	18.0%
	Plus:	£1,546,000	£1,603,000	£1,661,000
Bassetlaw District Council		19.6%	19.6%	19.6%
	Plus:	£919,000	£953,000	£988,000
Broxtowe Borough Council		18.0%	18.0%	18.0%
	Plus:	£264,000	£273,000	£283,000
Gedling Borough Council		18.2%	18.2%	18.2%
	Plus:	£413,000	£428,000	£443,000
Mansfield District Council		19.5%	19.5%	19.5%
	Plus:	£1,789,000	£1,855,000	£1,922,000
Newark and Sherwood District Council		17.5%	17.5%	17.5%
	Plus:	£771,000	£800,000	£829,000
Rushcliffe Borough Council		17.6%	17.6%	17.6%
	Plus:	£950,000	£985,000	£1,021,000

A number of employers have made accelerated payments for their future years deficit recovery amounts.

(d) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits has been calculated by the Fund's actuaries in accordance with IAS 19. To do this, the actuaries rolled forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2016 allowing for the different financial assumptions required under IAS19. The assumptions used for the purposes of the IAS 19 calculations are as follows:

	31 March 2018		**31 March 2019**		**31 March 2020**	
	% pa	**Real % pa**	**% pa**	**Real % pa**	**% pa**	**Real % pa**
RPI Increases	3.3	-	3.4	-	2.7	-
CPI increases	2.3	(1.0)	2.4	(1.0)	1.9	(0.8)
Salary Increases	3.8	0.5	3.9	0.5	2.9	0.2
Pension Increases	2.3	(1.0)	2.4	(1.0)	1.9	(0.8)
Discount Rate	2.6	(0.7)	2.4	(1.0)	2.4	(0.3)
Mortality assumptions:						
Longevity at 65 for current pensioners						
Men (years)				21.6		21.8
Women (years)				24.4		24.4
Longevity at 65 for future pensioners						
Men (years)				23.3		23.2
Women (years)				26.2		25.8
Estimated return on assets				6%		-7%

Members will exchange half of their commutable pension for cash at retirement.

The net liability under IAS 19 is shown below.

	31 March 2018 £000	31 March 2019 £000	31 March 2020 £000
Present value of funded obligation	8,442,517	8,769,711	8,315,005
Fair value of scheme assets	5,132,636	5,406,638	5,009,752
Net Liability	**3,309,881**	**3,363,073**	**3,305,253**

The present value of funded obligation consists of £8,165.1 million in respect of vested obligation and £149.9 million in respect of non-vested obligation.

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

Last year the Government Actuary's Department undertook a scheme level review for England and Wales to assess the impact on the Local Government Pension Scheme in respect of the potential impact on scheme liabilities and service cost and the IAS 19 figures included in the accounts in 2019 and 2020 reflect the estimated impact of the McCloud Judgement. This had the effect of increasing the net liability by £68 million.

These figures are presented only for the purposes of IAS 19. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory puposes under UK pensions legislation.

(e) Investment Strategy

The investment strategy of the Fund is designed to maximise growth within acceptable risk parameters to help meet the future liabilities. The powers of investment are governed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The current investment policy is set out in the Fund's Investment Strategy Statement, a copy of which is available on the pension fund website (www.nottspf.org.uk).

During 2019/20 the Nottinghamshire Pension Fund Committee, was responsible for determining the investment strategy of the Fund and the type of investment management to be used. The Pension Fund Committee consisted of nine elected County Councillors (voting members), three representatives of Nottingham City Council, two representatives of the District Councils, two representatives of the Trade Unions, a representative elected by the other scheduled and admitted bodies and two appointed pensioner representatives (non voting members). Meetings were also attended by an independent adviser and representatives of the Chief Financial Officer.

The investments were managed by officers of the Authority or by organisations specialising in the management of pension fund assets. The Pension Fund Committee was responsible for monitoring performance of the fund and met on a quarterly basis to review the Fund's main investment managers and their performance.

(f) Critical Judgements and Estimations

In applying the accounting policies set out in Note 1 above, the Council has had to make certain critical judgements and estimates about complex transactions or those involving uncertainty about future events. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

Pension Fund Liability - The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 2 d). Actuarial re-valuations are used to set future contribution rates and underpin the fund's most significant investment management policies.

Property Investments - Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.

Level 3 Investments - Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

(g) External Audit

A separate fee is payable to Grant Thornton UK LLP for audit of the pension fund. All fees have been included in the accounts for the period to which they relate. The fee for 2019/20 is £23,043 (£23,043 for 2018/19).

3. Contributors and Pensioners

Members at 31 March 2020	County Council	City Council	District Councils	Other	Total
Contributors	15,879	8,064	3,428	20,685	48,056
Deferred Beneficiaries	24,150	12,507	4,358	14,987	56,002
Pensioners	17,793	7,826	4,938	8,197	38,754
					142,812

Members at 31 March 2019	County Council	City Council	District Councils	Other	Total
Contributors	16,282	7,616	3,224	20,067	47,189
Deferred Beneficiaries	23,878	12,370	4,335	14,045	54,628
Pensioners	17,053	7,465	4,851	7,556	36,925
					138,742

4. Analysis of Contributions

	Employers 2018/19 £000	Employers 2019/20 £000	Members 2018/19 £000	Members 2019/20 £000	Total 2018/19 £000	Total 2019/20 £000
County Council	31,902	31,371	12,131	12,267	44,033	43,638
Scheduled Bodies	94,718	98,961	31,721	33,378	126,439	132,339
Admitted Bodies	8,381	6,929	2,364	2,261	10,745	9,190
	135,001	**137,261**	**46,216**	**47,906**	**181,217**	**185,167**

5. Analysis of Benefits

	2018/19 £000	2019/20 £000
Pensions	162,268	171,375
Commutation and lump sum	34,937	35,699
Lump sum death benefits	4,495	5,050
	201,700	**212,124**
Comprising of:		
County Council	77,848	79,575
Scheduled Bodies	115,236	122,965
Admitted Bodies	8,616	9,584
	201,700	**212,124**

6. Payments to and on account of leavers

	2018/19 £000	2019/20 £000
Refunds to members leaving the fund	452	497
Payments for members joining state scheme	190	162
Group transfers to other funds	-	-
Individual transfers to other funds	34,090	12,998
	34,732	**13,657**

7. Administration Expenses

	2018/19 £000	2019/20 £000
Printing and stationery	14	8
Legal fees	22	16
Other external fees	280	398
Administering Authority Costs	1,796	1,754
	2,112	**2,176**

8. Oversight and Governance Expenses

	2018/19 £000	2019/20 £000
Training and conferences	3	2
Printing and stationery	1	2
Subscriptions and membership fees	29	40
Actuarial fees	34	70
Audit fees	23	23
Legal fees	2	-
Other external fees	1,143	969
Administering Authority Costs	395	354
	1,630	**1,460**

Other external fees includes the Fund's share of the running costs of LGPS Central Ltd.

9. Investment Income

Analysis by type of investment	2018/19 £000	2019/20 £000
Interest from fixed interest securities	(27,553)	(21,980)
Income from index-linked securities	-	-
Dividends from equities	(57,604)	(42,287)
Income from pooled investment vehicles	(52,655)	(35,880)
Income from property pooled vehicles	(5,340)	(6,005)
Net rents from property	(17,646)	(22,011)
Interest on cash deposits	(1,246)	(1,335)
Other	(728)	(912)
	(162,772)	**(130,410)**

Directly held property		
Rental income	(20,068)	(23,989)
Less operating expenses	2,422	1,978
Net rents from property	**(17,646)**	**(22,011)**

The future minimum lease payments receivable by the fund are as follows:

	2018/19 £000	2019/20 £000
Within one year	20,802	23,909
Between one and five years	71,097	82,690
Later than five years	188,470	213,681
Future lease payments due under existing contracts	**280,369**	**320,280**

10. Investment Management Expenses

	2018/19 £000	2019/20 £000
Custody fees	417	299
Investment management fees	4,803	4,614
Other external fees	172	65
Administering Authority Costs	18	17
	5,410	**4,995**

The investment management fees shown above are those fees attributable to external managers and charged directly to the Fund. Additional fees and charges are incurred through pooled investment vehicles. These have the effect of reducing the fair value of the investments. The estimated embedded costs within pooled investment vehicles were £13.3 million in 2019/20 (£13.3 million in 2018/19).

11. Investments

(a) **Investment Analysis**	**31 March 2019 £000**	**31 March 2020 £000**
Fixed Interest Securities		
UK Public Sector	176,070	208,155
UK Other	488,039	176,572
Overseas Other	12,945	-
Equities		
UK	821,987	667,552
Overseas	179,050	174,959
Unlisted	7,524	4,304
Pooled Investment Vehicles		
Unit Trusts	968,072	1,252,280
Other Managed Funds	1,890,700	1,627,204
Pooled Vehicles Invested in Property		
Property Unit Trusts	122,251	116,997
Other Managed Funds	126,110	148,606
Property	483,262	481,379
Forward Foreign Exchange	(25)	-
Cash and Currency	130,653	151,744
Investment Liabilities	-	-
Total Investments	**5,406,638**	**5,009,752**

The original values of investments are based on purchase cost plus transaction costs. If any investments have been held since 1 April 1974 (when the Authority was given the responsibility for the Fund) these are included at the market value as at that date.

	31 March 2019 £000	**31 March 2020 £000**
Market Value	5,406,638	5,009,752
Original Value	4,553,254	4,733,655
Excess/(Deficit) of Market Value over Original Value	**853,384**	**276,097**

(b) Reconciliation of Opening and Closing Values of Investments 2019/20

	Value at 1 April 2019 £000	Purchases at Cost £000	Proceeds of Sales £000	Change in Market Value £000	Value at 31 March 2020 £000
Fixed Interest Securities	677,054	324,838	(639,019)	21,854	384,727
Equities	1,008,561	290,444	(249,355)	(202,835)	846,815
Pooled Investment Vehicles	2,858,772	565,989	(259,910)	(285,367)	2,879,484
Property Pooled Vehicles	248,361	16,164	(1,551)	2,629	265,603
Property	483,262	28,517	(9,350)	(21,050)	481,379
	5,276,010	**1,225,952**	**(1,159,185)**	**(484,769)**	**4,858,008**
Forward Foreign Exchange	(25)	92,166	(93,686)	1,545	-
	5,275,985	**1,318,118**	**(1,252,871)**	**(483,224)**	**4,858,008**
Cash deposits	130,653				151,744
	5,406,638				**5,009,752**

Reconciliation of Opening and Closing Values of Investments 2018/19

	Value at 1 April 2018 £000	Purchases at Cost £000	Proceeds of Sales £000	Change in Market Value £000	Value at 31 March 2019 £000
Fixed Interest Securities	716,004	319,584	(353,860)	(4,674)	677,054
Equities	2,032,516	313,317	(1,443,685)	106,413	1,008,561
Pooled Investment Vehicles	1,554,547	1,496,162	(237,167)	45,230	2,858,772
Property Pooled Vehicles	252,751	45,992	(51,327)	945	248,361
Property	438,470	37,459	-	7,333	483,262
	4,994,288	**2,212,514**	**(2,086,039)**	**155,247**	**5,276,010**
Forward Foreign Exchange	103	121,688	(121,014)	(801)	(25)
	4,994,391	**2,334,202**	**(2,207,053)**	**154,446**	**5,275,985**
Cash deposits	146,032				130,653
	5,140,423				**5,406,638**

For Forward Foreign Exchange contracts, the purchase cost and sale proceeds represent the sterling value of the currency purchases and sales at the settlement dates specified in the contracts.

Transaction costs are included in the cost of purchases and sale proceeds. The costs charged directly to the fund, such as fees, commissions and stamp duty, amounted to £1.8 million in 2019/20 (£3.4 million in 2018/19). In addition, indirect costs are incurred through the bid-offer spread on investments. This amount is not separately provided.

(c) Management Arrangements

The assets of the Fund are managed within five portfolios and a breakdown of these as at the Net Assets Statement date is shown below:

	31 March 2019 £000		31 March 2020 £000	
Core Index	1,361,636	25.2%	1,110,544	22.2%
Schroder Investment Management	1,509,073	27.9%	1,297,411	25.9%
Fixed Interest	690,557	12.8%	681,429	13.6%
Aberdeen Property Investors	499,881	9.2%	610,486	12.2%
Specialist	1,345,491	24.9%	1,309,882	26.1%
Total	**5,406,638**	**100.0%**	**5,009,752**	**100.0%**

A breakdown of material pooled holdings managed by external managers within the Core Index, Fixed Interest and Specialist portfolios is shown below:

	31 March 2019 £000	31 March 2020 £000
Core Index		
Legal & General	1,329,955	1,065,133
Fixed Interest		
LGPS Central	-	283,738
Specialist		
Kames Capital	279,317	265,908
RWC Capital	245,858	177,543
Aberdeen Standard	128,494	44,823
Darwin	74,838	79,444
LGPS Central	-	81,010

The European Property Growth Fund managed by Aberdeen Standard worth £109m at 31/3/20 was transferred to the Aberdeen Property portfolio during the year.

(d) Asset Allocation

The asset allocation of the Fund as at the Net Assets Statement date is shown below:

	31 March 2019 £000		31 March 2020 £000	
UK Fixed Interest	664,109	12.3%	384,727	7.7%
Overseas Fixed Interest	12,945	0.2%	283,738	5.7%
UK Equities	1,314,735	24.3%	1,082,969	21.6%
Overseas Equities:				
US	829,170	15.3%	641,947	12.8%
Europe	447,427	8.3%	362,238	7.2%
Japan	242,487	4.5%	241,134	4.8%
Pacific Basin	143,438	2.7%	120,864	2.4%
Emerging Markets	235,623	4.4%	197,797	3.9%
Global Equities	9,484	0.2%	26,085	0.5%
UK Property	628,945	11.6%	746,251	14.9%
Overseas Property	102,678	1.9%	731	0.0%
Private Equity	188,213	3.5%	218,264	4.4%
Infrastructure	260,281	4.8%	311,677	6.2%
Credit	-	-	52,421	1.0%
Multi-Asset	196,475	3.6%	187,165	3.7%
Forward Foreign Exchange	(25)	-	-	-
Cash	130,653	2.4%	151,744	3.0%
Total	**5,406,638**	**100.0%**	**5,009,752**	**100.0%**

(e) Property

Direct property is shown at open market value (as defined by the International Valuation Standards Committee) as determined by Savills Commercial Limited. The valuation has been provided subject to a material uncertainty clause.

	31 March 2019 £000	31 March 2020 £000
Freehold	451,662	455,029
Leasehold more than 50 years	31,600	26,350
	483,262	**481,379**
Original Value	382,211	410,348

Details of movement on directly owned properties is as follows:-

	31 March 2019 £000	31 March 2020 £000
Opening balance	**438,470**	**483,262**
Additions:		
Purchases	28,983	201
New construction	6,726	27,605
Subsequent expenditure	1,750	711
Disposals	-	(9,000)
Net increase in market value	7,333	(21,400)
Other changes in fair value	-	-
Closing balance	**483,262**	**481,379**

(f) Analysis of Pooled Investment Vehicles

The underlying economic exposure of pooled investment vehicles is shown below:

	31 March 2019 £000	31 March 2020 £000
Global Fixed Interest	-	283,738
UK Equities	617,052	512,668
Overseas Equities:		
US	826,323	640,212
Europe	334,216	249,090
Japan	179,495	181,059
Pacific Basin	143,438	120,864
Emerging Markets	204,012	197,797
Global	9,484	26,085
UK Property	145,683	155,511
Overseas Property	102,678	110,092
Private Equity	180,689	213,961
Infrastructure	167,588	214,424
Credit	-	52,421
Multi-Asset	196,475	187,165
Total	**3,107,133**	**3,145,087**

(g) Private Equity and Infrastructure Funds

The Fund has made commitments to a number of private equity and infrastructure funds. The original commitment amounts are shown below in the fund currencies:

	Currency	Commitment
Private Equity Funds		millions
Wilton Private Equity Fund LLC	USD	13
Pantheon Europe Fund III	EUR	10
East Midlands Regional Venture Capital Fund	GBP	4
Coller International Partners IV	USD	9
Schroders Private Equity Fund of Funds III	EUR	22
DCM Private Equity Fund II	USD	18
Pantheon Europe Fund V	EUR	15
Coller International Partners V	USD	18
Catapult Growth Fund LP	GBP	4
Altius Associates Private Equity Fund	USD	10
Partners Group Secondary 2008	EUR	13
DCM Private Equity Fund III	USD	16
Coller International Partners VI	USD	16
Altius Associates Private Equity Fund II	USD	15
Foresight Nottingham Fund LP	GBP	10
Aberdeen SVG Private Equity	USD	15
DCM Private Equity Fund IV	USD	16
Coller International VII	USD	16
Pantheon Multi-Strategy	EUR	14
Capital Dynamics CPEV 15-16	GBP	10
Capital Dynamics CPEV 16-17	GBP	10
Capital Dynamics CPEV 17-18	GBP	10
YFM Equity Partners 2016 LP	GBP	10
Darwin Leisure Development Fund	GBP	30
Darwin Leisure Property Fund	GBP	20
Capital Dynamics CPEV 17-18	GBP	10
Darwin Bereavement Services Fund	GBP	20
Capital Dynamics CPEP 18-19	GBP	10
YFM Buyout Fund II LP	GBP	15
LGPS Central PE Primary Fund 2018	GBP	10
LGPS Central PE Co-Investments P 2018 LP	GBP	5
Coller International VIII	USD	35
Dorchester Capital Secondaries Offshore V	USD	50
Infrastructure Funds		
Partners Group Global Infrastructure	EUR	12
Altius Real Assets Fund I	USD	15
Hermes GPE Infrastructure Fund LP	GBP	25
AMP Capital Global Infrastructure Fund	USD	32
SL Capital Infrastructure LP	GBP	15
JP Morgan IIF UK 1	USD	22
Green Investment Bank Offshore Wind Fund	GBP	15
MacQuarie European Infrastructure Fund 5 LP	EUR	30
Equitix Fund IV LP	GBP	20
Hermes GPE Infrastructure II LP	GBP	25
Equitix Fund V LP	GBP	10
SL Capital Infrastructure II LP	EUR	20
Capital Dynamics Clean Energy and Infrastructure VIII	GBP	10

These commitments are drawn by the funds over time as investments are made in underlying companies or assets. The undrawn commitments as at 31 March 2020 were £190.4 million (£175.9 million at 31 March 2019). Of the funds above, the following were new commitments made during 2019/20:-

	Currency	Commitment millions
Dorchester Capital Secondaries Offshore V	USD	50
Capital Dynamics Clean Energy and Infrastructure VIII	GBP	10

(h) Analysis of derivatives

Open Forward Foreign Exchange contracts at 31 March 2020

Settlement	**Currency Bought**	**Local Value 000**	**Currency Sold**	**Local Value 000**	**Asset Value £000**	**Liability Value £000**
Up to 3 months	GBP	-	EUR	-	-	-
Up to 3 months	GBP	-	USD	-	-	-
					-	**-**
		Total net forward foreign exchange contracts			**-**	

Open Forward Foreign Exchange contracts at 31 March 2019

Settlement	**Currency Bought**	**Local Value 000**	**Currency Sold**	**Local Value 000**	**Asset Value £000**	**Liability Value £000**
Up to 3 months	GBP	13,310	EUR	(15,400)	5	-
Up to 3 months	GBP	5,857	USD	(7,700)	(30)	-
					(25)	**-**
		Total net forward foreign exchange contracts			**(25)**	

12. Contingent Liabilities

The fund has 38 private equity and infrastructure funds which have undrawn commitments as at 31 March 2020 of £190.4 million (£175.9 million at 31 March 2019).

13. Other Investment Balances and Liabilities

	31 March 2019 £000	**31 March 2020 £000**
Other investment balances		
Outstanding investment transactions	-	-
Investment income	28,944	28,575
	28,944	**28,575**
Investment Liabilities		
Outstanding investment transactions	(146)	-
Investment income	(3,821)	(5,387)
	(3,967)	**(5,387)**

14. Current Assets and Liabilities

	31 March 2019 £000	31 March 2020 £000
Current assets		
Contributions due from employers	9,473	12,065
Other	1,565	3,696
	11,038	**15,760**
Current Liabilities		
Payments in advance	-	-
Sundry creditors	(9,155)	(7,809)
Other	(435)	(479)
	(9,590)	**(8,288)**

15. Financial Instruments and Property Investments

(a) The various financial instruments held by the Fund are valued at fair value. The following tables analyse the fair value of financial assets and liabilities by asset class.

	31 March 2020			
	Financial assets measured at Fair Value through profit and loss £000	Assets at amortised cost £000	Financial liabilities at amortised cost £000	Totals £000
Financial Assets				
Fixed Interest Securities	384,727	-	-	384,727
Equities	846,815	-	-	846,815
Pooled Investment Vehicles	2,879,484	-	-	2,879,484
Property Pooled Vehicles	265,603	-	-	265,603
Forward Foreign Exchange	-	-	-	-
Cash deposits	-	151,744	-	151,744
Other investment balances	-	28,575	-	28,575
Current Assets	-	15,760	-	15,760
	4,376,629	**196,079**	**-**	**4,572,708**
Financial Liabilities				
Investment Liabilities	-	-	(5,387)	(5,387)
Current Liabilities	-	-	(8,288)	(8,288)
	-	**-**	**(13,675)**	**(13,675)**
	4,376,629	**196,079**	**(13,675)**	**4,559,033**

	31 March 2019			
	Financial assets measured at Fair Value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost	Totals
	£000	£000	£000	£000
Financial Assets				
Fixed Interest Securities	677,054	-	-	677,054
Equities	1,008,561	-	-	1,008,561
Pooled Investment Vehicles	2,858,772	-	-	2,858,772
Property Pooled Vehicles	248,361	-	-	248,361
Forward Foreign Exchange	(25)	-	-	(25)
Cash deposits	-	130,653	-	130,653
Other investment balances	-	28,944	-	28,944
Current Assets	-	11,038	-	11,038
	4,792,723	**170,635**	**-**	**4,963,358**
Financial Liabilities				
Investment Liabilities	-	-	(3,967)	(3,967)
Current Liabilities	-	-	(9,590)	(9,590)
	-	**-**	**(13,557)**	**(13,557)**
	4,792,723	**170,635**	**(13,557)**	**4,949,801**

No financial assets were reclassified during the accounting period.

(b) Valuation of financial instruments and Property Investments carried at fair value

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

Level 1 Fair values derived from quoted market price.
- this includes all quoted equity, fixed interest and index linked instruments.

Level 2 Fair values derived from valuation techniques based significantly on observable inputs.
- this includes all pooled property investments.

Level 3 Fair values derived from valuation techniques where at least one significant input is not based on observable market data.
- this includes unlisted shares and investments in private equity funds.
- following guidance from IFRS13 Property is included in level 3

As at 31 March 2020	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial Assets				
Fair value through profit and loss				
Financial instruments	3,625,917	265,603	485,109	4,376,629
Non Financial Assets				
Fair value through profit and loss				
Freehold and leasehold property	-	-	481,379	481,379
Total	**3,625,917**	**265,603**	**966,488**	**4,858,008**
Financial Liabilities				
Liabilities at amortised cost	-	-	-	-
Financial liabilities	(13,675)	-	-	(13,675)
Total	**(13,675)**	**-**	**-**	**(13,675)**
Net	**3,612,242**	**265,603**	**966,488**	**4,844,333**

As at 31 March 2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Fair value through profit and loss				
Financial instruments	4,188,561	248,361	355,801	4,792,723
Non Financial Assets				
Fair value through profit and loss				
Freehold and leasehold property	-	-	483,262	483,262
Total	**4,188,561**	**248,361**	**839,063**	**5,275,985**
Financial Liabilities				
Liabilities at amortised cost	-	-	-	-
Financial liabilities	(13,557)	-	-	(13,557)
Total	**(13,557)**	**-**	**-**	**(13,557)**
Net	**4,175,004**	**248,361**	**839,063**	**5,262,428**

Reconciliation of Fair Value measurements within Level 3

	Freehold and leasehold property £000	Private equity and unlisted shares £000
Market value 1 April 2019	**-**	**355,801**
Transfers into level 3	-	-
Transfers out of level 3	-	
Purchases during the year	28,517	185,713
Sales during the year	(9,350)	(33,821)
Unrealised gains / (losses)	(21,050)	(22,584)
Realised gains / (losses)	-	
Market value 31 March 2020	**481,379**	**485,109**

Sensitivity of assets valued at level 3

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets and increased the uncertainty of fair value assessments at 31 March 2020.

Market activity is being impacted in many sectors and the property valuation is reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global as the valuers do not consider that they can rely upon previous market evidence to fully inform opinions of value at the valuation date.

Private assets are based on valuations generally a quarter earlier and do not reflect the market impact of the pandemic. Consequently the assessed valuation range has been increased for 31 March 2020 to reflect the additional uncertainty.

	Assessed valuation range (+/-)	Value at 31 March 2020 £000	Value on increase £000	Value on decrease £000
Freehold and leasehold property	15%	481,379	553,586	409,172
Private equity and unlisted shares	30%	485,109	630,642	339,576
Total		**966,488**	**1,184,228**	**748,748**

(c) Nature and extent of risks arising from financial instruments

The aims of the Fund are to:

- manage employers' liabilities effectively
- ensure that sufficient resources are available to meet all liabilities as they fall due
- maximise the returns from investments within reasonable risk parameters
- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies.

The key risks to the achievement of these aims, as well as measures to mitigate those risks, are set out in the various Fund policies (available at www.nottspf.org.uk) including:

- Investment Strategy Statement
- Funding Strategy Statement
- Governance Compliance Statement
- Risk Management Strategy and Risk Register

The Risk Register identifies the highest risks as arising from:

- Fund assets are assessed as insufficient to meet long term liabilities
- Standing data and permanent records are not accurate
- Significant variations from assumptions used in the actuarial valuation

Actions have been agreed to mitigate these risks.

The Fund's primary risk is that its assets fall short of its long term liabilities. The Funding Strategy Statement states that the funding objectives are to:

- Set levels of employer contribution that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund
- Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.

The most significant effect on the funding level arises from changes in the discount rate used by the actuaries. The sensitivity analysis below (prepared by the Fund's actuaries) shows the impact of a

Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation (£000)	8,142,920	8,315,005	8,490,900

The Fund deficit at the last triennial valuation was £405 million.

For the first time in 2013/14 there was a net withdrawal from dealings with members. Since then the net withdrawal has been relatively small, and in some years more than offset by deficit contributions, but the clear trend is for this to increase. In 2019/20 the fund again experienced a net withdrawal from dealings with members. Investment income significantly exceeded this withdrawal.

The Fund continues to receive significant investment income and is therefore unlikely to need to sell assets in order to meet pension benefits in the near future. This allows the Fund to implement a long term investment strategy and minimise the impact of short term fluctuations in investment and currency markets. The strategy, and the assumptions that underpin it, are reviewed on a regular basis and cash flows are monitored closely to ensure there is sufficient liquidity to meet forecast cash flows.

The investment strategy is aimed at achieving best returns in line with the requirements of the triennial valuation whilst minimising risk and overall variability in future employers' contribution rates. Specific risks arising from financial instruments include market risk, credit risk and liquidity risk. These risks are managed within the fund through diversification of assets, careful selection of managers and counter parties, and prudent treasury management, The level of risk in the equities block is managed by a balance between passive and active management.

Policies are reviewed regularly to reflect changes in activity and in market conditions. Responsibility for reviewing and revising the policies rests with the Nottinghamshire Pension Fund Committee.

16. Members Additional Voluntary Contributions

The Nottinghamshire Fund provides an additional voluntary contribution (AVC) scheme to enable members to purchase additional benefits. Contributions are paid over to, and invested separately by, the two scheme providers, Prudential and Scottish Widows. The contributions are not included in the Fund's accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The value of the separately invested AVCs is shown below:

	31 March 2019 £000	31 March 2020 £000
Prudential	31,824	32,559
Scottish Widows	3,962	3,275
	35,786	**35,834**

17. Related Party Transactions

Under IAS 24, a party is related to an entity if:

- the party is a member of the key management personnel
- the party is a post-employment benefit plan for the benefit of employees of the entity.

The purpose of related party disclosures is to provide information on transactions and balances that could have an effect on the operations or financial position of an entity. For example, related parties may enter into transactions that unrelated parties would not and transactions between related parties may not be made at the same amounts as between unrelated parties.

Disclosures are required for:

- the nature of the related party relationship
- key management personnel compensation
- information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Nottinghamshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Nottinghamshire and is one of the major employers within the scheme. Information regarding key management personnel is provided within the main accounts of Nottinghamshire County Council. The proportion recharged to the Pension Fund is as follows:-

2019-20 **Post Holder information (Post title and name (where applicable))**	**Note**	**Salary (including fees & allowances)** **£**	**Expenses** **£**	**Compen-sation for Loss of Office** **£**	**Employer Pension contri-butions*** **£**	**Total Remun-eration** **£**
Service Director (Customers, Governance and Employees)	1	14,732	-	-	3,271	18,003
Service Director (Finance, Infrastructure & Improvement)	2	19,643	92	-	4,361	24,096

*Pension Contributions are estimated at 22.2% to account for the pensions deficit

1. The Service Director for Customers, Governance and Employees gained responsibility for the Monitoring Officer post in July 2018.
2. The post of Service Director (Finance, Infrastructure and Improvement) has the statutory responsibility of S151 Officer.

Members and officers of the Council involved in managing the Fund are allowed to be members of the LGPS. All transactions between Nottinghamshire County Council and the Fund and all benefit payments from the Fund are in accordance with the regulations governing the LGPS. There are no transactions therefore that are made on a different basis from those with non-related parties.

LGPS Central Ltd has been established to manage investment assets on behalf of nine LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the Pool.

£1,315,000 has been invested in share capital and £685,000 in a loan to LGPS Central. These are the balances at year end, unchanged from 2018/19. The fund earned £36,000 in interest during the year (£43,000 in 2018/19) and £36,000 was owed to the fund at the end of the year (£43,000 in 2018/19).

LGPS Central Ltd has charged £966,000 in operating and investment management costs during the year (2018/19 £860,000), of which £297,000 (2018/19 £161,000) was outstanding at year end.

Nottinghamshire Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation.

Set up costs in the creation of LGPS Central Ltd were borne by West Midlands Pension Fund and then recharged equally to the administering authorities. A total of £501,760 was refunded to Nottinghamshire Pension Fund by LGPS Central Ltd during 2018/19 reflecting the cost of setting up the enterprise to the end of March 2018.

Over time, LGPS Central Ltd will manage an increasing proportion of the Pension Funds investments. At 31 March 2020 investments worth £398.410 million (31 March 2019 £18.963 million) were invested in LGPS Central Ltd funds.

18. Post Balance Sheet Events

As previously disclosed, the accounts have been prepared amidst the outbreak of the COVID 19 global pandemic. This has impacted global markets and generated significant volatility. The year end valuation of assets may consequently be significantly different from the valuation of assets at any date after 31 March 2020. However this is not considered to be a post balance sheet event that changes the valuation on 31 March 2020.

No post balance sheet events have been identified.

This matter is being dealt with by:
Nigel Stevenson
T 0115 977 3033
E nigel.stevenson@nottscc.gov.uk
W nottinghamshire.gov.uk

Nottinghamshire County Council

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
BIRMINGHAM
B4 6AT

XX November 2020 To be dated same date as audit opinion

Nottinghamshire County Council – Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of Nottinghamshire County Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.

Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP

vi. Except as disclosed in the financial statements:

    a. there are no unrecorded liabilities, actual or contingent
    b. none of the assets of the Council has been assigned, pledged or mortgaged
    c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

Vii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council’s financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council’s needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP

Information Provided

xv. We have provided you with:

   a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
   b. additional information that you have requested from us for the purpose of your audit; and
   c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

xvi. We have communicated to you all deficiencies in internal control of which management is aware.

xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

   a. management;

   b. employees who have significant roles in internal control; or

   c. others where the fraud could have a material effect on the financial statements.

xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was delegated to the Section 151 Officer, in consultation with the Chair of the Governance and Ethics Committee, at its meeting on 25 November 2020.

Yours faithfully,

Signed

Name Councillor Bruce Laughton

Position Chairman of the Governance and Ethics Committee

Date XXth November 2020

Signed

Name Nigel Stevenson

Position Service Director – Finance, Infrastructure and Improvement

Date XXth November 2020

This matter is being dealt with by:
Nigel Stevenson
T 0115 977 3033
E nigel.stevenson@nottscc.gov.uk
W nottinghamshire.gov.uk

Nottinghamshire County Council

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
BIRMINGHAM
B4 6AT

XX November 2020 – to be dated same date as audit opinion

Nottinghamshire County Council Pension Fund – Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of Nottinghamshire County Council Pension Fund (‘the Fund) for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the Fund financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Fund’s financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.

vi. Except as disclosed in the financial statements:

   a. there are no unrecorded liabilities, actual or contingent

b. none of the assets of the Council has been assigned, pledged or mortgaged

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

ix. The financial statements are free of material misstatements, including omissions.

x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xii. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Fund’s financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Fund’s needs We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xiii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Fund financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.

xiv. We have communicated to you all deficiencies in internal control of which management is aware.

xv. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xvii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xviii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xix. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xx. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.

xxi. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.

xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was delegated to the Section 151 Officer, in consultation with the Chair of the governance and Ethics Committee, at its meeting on 25 November 2020.

Yours faithfully,

Signed

Name Councillor Bruce Laughton

Position Chairman of the Governance and Ethics Committee

Date XXth November 2020

Signed

Name Nigel Stevenson

Position Service Director – Finance, Infrastructure and Improvement

Date XXth November 2020

Nottinghamshire County Council

Report to Governance & Ethics Committee

25 November 2020

Agenda Item: 6

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

INTERNAL AUDIT 2020-21 TERM 3 PLAN

Purpose of the Report

1. To consult with Members on the Internal Audit Plan for Term 3 of 2020/21. The report also updates on progress with the current Term 2 work, for which a fuller report on outcomes will be presented in March 2021.

Information

Internal Audit's work in Term 2 2020/21 to date

2. Term 2 audit activities are currently in progress, and the Plan continues to be impacted by the Covid19 pandemic as front-line services maintain a focus on response and recovery. As a result, Internal Audit continues to bring a flexible approach, providing advisory and consultancy input wherever required to help managers maintain an appropriate balance between speed of response and proportionate control. Alongside this, we have now recommenced assurance reviews within front-line services, and these are planned to continue in Term 3.

3. The Team's staffing resources benefitted significantly from the placement of one of the Council's Graduate Trainees in the Assurance Group. The graduate concerned produced excellent work for both Internal Audit and the Performance, Intelligence & Policy Team, and he has now secured a permanent position within the Council. We hope to secure a replacement graduate in the new year, as we are confident that this will again prove beneficial both for the Assurance Group and for a new trainee; the benefits of the placement were recognised by all parties.

4. Internal Audit has also taken on a temporary recruit under the Change 100 Programme. This is a programme created by the Leonard Cheshire charity, with which the Council is actively engaged. It comprises paid work placements and mentoring for disabled students and recent graduates. Our current recruit is with the Internal Audit Team until the end of December 2020 and is currently undertaking a planned internal audit from the Term 2 Plan, under the close supervision of an experienced member of the Team.

5. Members were introduced to our two Internal Audit Apprentices at the meeting in September 2020, and their training is progressing well. All of these developments are bringing a fresh and positive impetus for the Team, but we acknowledge that we continue to learn in terms of the time contingency required. The challenge of conducting training remotely adds to this, but it is being met.

6. Our collaboration with Assurance Lincolnshire stalled in some respects during the first wave of the pandemic, as our partners focussed necessarily on inputs to their own organisations. The respective Heads of Internal Audit maintained a helpful dialogue, linking in also to the regional and national groups. All parties are now ready to reinvigorate the collaboration, and this will progress in Term 3.

7. Whilst full details of the Term 2 work will be presented in March 2020, the following provides a summary of key areas of progress to date:

Assurance reviews	Assurance mapping – annual report completed, with reasonable assurance across the five areas of governance in the map for 2019/20 Action tracking – a mixed picture was presented, due to the impact of Covid-19 on teams' capacity to make progress in some areas to schedules agreed pre-pandemic Financial resilience – 'reasonable assurance' opinion issued Continuous assurance – substantial progress made with establishing continuous feeds of assurance over core systems. More details on this will be brought to Committee in the new year, and will make a significant contribution to the Head of Internal Audit's annual opinion for 2020/21
Advisory	Food and Essentials Fund – advice on the expected controls for the assessment of applications Business Support Centre Payment Process – advice on processes for reconciliation of feeder systems Disability Adaptions – advice on payment controls
Counter-fraud	International Fraud Awareness Week 15-21 November 2020 – dissemination of fraud awareness material via Team Talk and the intranet. National and local fraud alerts – screening and distributing to relevant sections National Fraud Initiative – compilation of data matches and submission of data for the 2020-21 national exercise
Risk management	Work continues to update the corporate risk register and develop a new risk management methodology

Proposed Internal Audit Plan for Term 3 2020-2021

8. Internal Audit termly plans continue to be determined on a risk basis, as required by the Public Sector Internal Audit Standards. 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.

9. The Term 3 plan represents the Section's assessment of the key areas that need to be audited in order to satisfy the Authority's statutory responsibility to undertake an adequate and effective internal audit of its accounting records and its system of internal control. The Section's aim is to complete enough work to express an overall, annual opinion on the adequacy and effectiveness of the Authority's internal control systems.

10. An Audit Risk Assessment is also used to identify priorities for audit coverage. Each area of activity in the Council is assessed in terms of the follois assessed in terms of the flowing factors

    - Value and volume of transactions involved with the activity
    - The known level of internbal control in place (from previous audits)
    - The exposure to fraud risk
    - The relative complexity of the activity
    - Whether the activity is stable or subject to change
    - How sensitive the activity is fro the Counicl among its key stakeholders
    - The number of sites where the activity is carried out.

    Using an established system of scoring and weighting the the above factors, the Needs Assessment arrives at a high/medium/low risk-rating fro each area of activity.

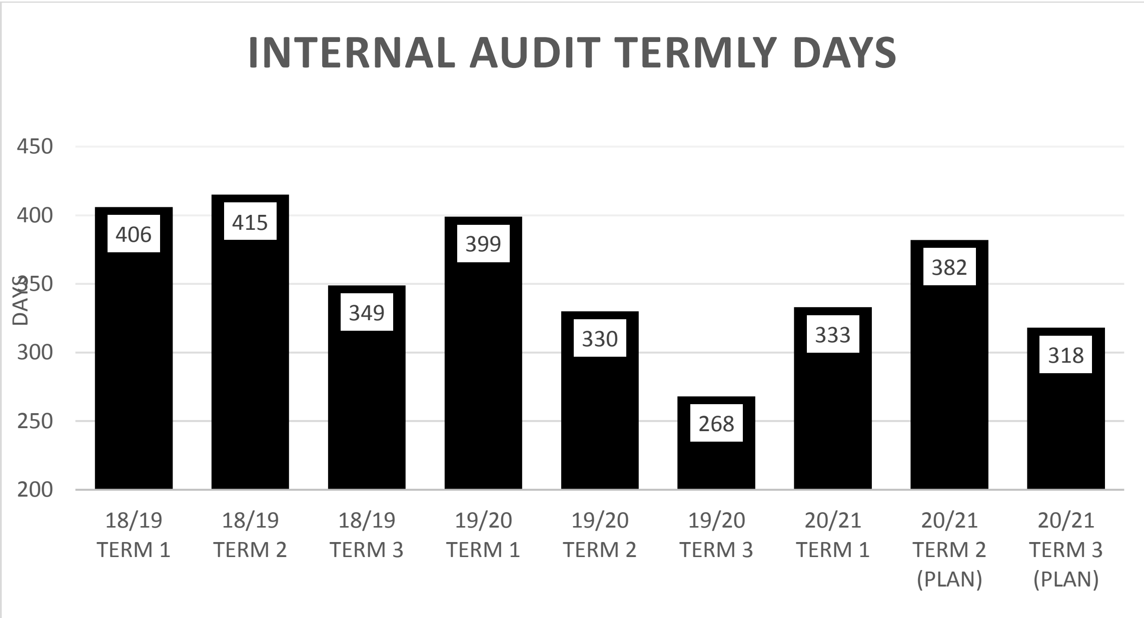
11. The Term 3 plan has also been compiled in recognition that front-line services continue to prioritise the delivery of response and recovery activities and may have limited capacity to accommodate assurance activities. Given the ongoing emergency, the work developed over the summer on assurance mapping and continuous assurance will prove key planks of intelligence for the Head of Internal Audit in being able to arrive at an overall, annual opinion for 2020/21.

12. Members will recall a request at a previous meeting of the Committee to consider an audit of the Council's public consultation procedures. This has been risk-assessed as a 'medium' priority, using the approach outlined in paragraph 10. All bar one of the jobs set out in Appendix 1 are assessed as 'high' priority, therefore it is not proposed to accommodate a review of public consultation procedures as part of the Term 3 plan. However, this will be re-considered for the 2021/22 Term 1 Plan as part the assessment of priorities for the period April – July 2021.

13. ***Appendix 1*** sets out details of the proposed coverage by Internal Audit for Term 3, and it is summarised in the following table.

Department	Days	Number of Audits			
		High Priority	Med Priority	Other	Total
Council-wide	214	10	0	0	10
Children & Families	29	3	0	0	3
Adult Social Care & Health	25	2	0	0	2
Place	23	2	0	0	2
Chief Executive's	27	2	0	0	2
Total	318	19	0	0	19
External Clients (Notts Fire & Rescue Service)	48				
Grand Total	366				

14. The chart below shows the trend in the number of actual days delivered in recent terms, excluding the work for external clients.



Other Options Considered

15. The Internal Audit Team is working to the Public Sector Internal Audit Standards during 2020/21. This report meets the requirement of the Standards to produce a risk-based plan and to report the outcomes of Internal Audit's work. No other option was considered.

Reason/s for Recommendation/s

16. To set out the report of the Group Manager – Assurance to propose the planned coverage of Internal Audit's work in Term 3 of 2020/21, providing Members with the opportunity to make suggestions for its content.

Statistical and Policy Implications

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

Individual audits completed and in the proposed Termly Plan may potentially have a positive impact on many of the above considerations.

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

RECOMMENDATION/S

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.

2) That the planned coverage of Internal Audit's work in Term 3 be progressed to help deliver assurance to the Committee in priority areas.

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

For any enquiries about this report please contact:
Rob Disney
Group Manager - Assurance

Constitutional Comments (KK – 03/11/2020)

18. The proposals in this report are within the remit of the Governance and Ethics Committee.

Financial Comments (RWK – 05/11/2020)

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

Internal Audit Plan: 2020-21 - Term 3							APPENDIX 1
Area of activity	**Priority Level** (if risk assessed)	**Job count**	**Days planned and nature of audit coverage**				**Likely scope**
			Assurance	Advice/ Consultancy	Counter-Fraud	Certification	
Council-wide areas							
Continuous audit assurance (continued)	H	1		30			Continue the development of continuous assurance, to provide routine assurance that core processes are operating as intended, or identify areas for management attention.
Overview of Council's second phase of response to Covid-19 (continued)	H	1	15				Following review of the Council's initial response to Covid-19, a further overview of the second phase of the response, as recovery and the new normal is anticipated.
Post-Covid19 recovery and renewal plans	H	1	10				Redirect resources from an intended review of Service Planning to a review of the arrangements for post-Covid19 recovery and renewal plans as agreed with CLT.
Post-Covid19 transformational projects (continued)	H	1		10			Post-Covid19, there is likely to become a new batch of transformation projects to become engaged in .As agreed, advisory input on specific projects that have a particularly significant impact on the control environment, or those inviting a gateway review. This will follow on from a self assessment against NAO Guidance.
Updating corporate and departmental risk registers (continued)	H	1		25			A report is being prepared for consideration by CLT which would change how strategic risk is managed by the Council. The likely scope of an audit would embrace this, in light of current standards and frameworks, including from the Institute of Internal Auditors.
Alternative Service Delivery Models (ASDM) governance review (continued)	H	1	20				Review the membership and operation of ADSM's and Companies operated by the Council in light of findings from the PIR in relation to Robin Hood Energy
Ethnicity data	H	1		15			Review the capture and use of ethnicity data in line with NHS guidance for Covid19
PPE stock control	H	1		10			Review stock control processes in place to protect the stock of PPE maintained by the Council.
Fighting Fraud and Corruption Locally (FFCL) - Counter Fraud - NFI Reporting - Fraud Progress Report	H	0			5		Undertake and assessment of the Council's Counter fraud arrangements using the latest Fighting Fraud and Corruption Locally Strategy. Identify areas for subsequent counter fraud activity as a result of the assessment and completion of Fraud Progress Report.
Pro-active counter-fraud – *NFI 2018-20 - Review of Matches and 2020-21 submissions* (continued)		0			5		Review and report on the completion of Recommended matches by the Key Contacts within departments for Cabinet Office
Fraud alerts (continued)		0			1		Review and dissemination of fraud alerts from national counter-fraud agencies

Area of activity	Priority Level (if risk assessed)	Job count	Days planned and nature of audit coverage				Likely scope
			Assurance	Advice/ Consultancy	Counter-Fraud	Certification	
Financial irregularities - investigations and lessons learned		0			0		Responding to being informed about possible or suspected financial irregularities. Advising the client and others as necessary.
Action tracking of agreed audit recommendations	H	1	20				Regular action tracking of all outstanding agreed recommendations, and six-monthly reporting to the G&E Committee
Assurance mapping & Statutory Officer updates	H	1	30				Consultation on assurance mapping for 2020/21 and drafting of new Key Lines Of Enquiry (KLOE) areas for subsequent reporting
Governance & Ethics Committee		0		10			Preparation of reports in accordance with the Governance and Ethics Committee annual work plan and attendance at meetings
Client management		0		4			Planning and termly progress reports to Corporate Leadership Team
Advice		0		4			Advice to client on financial and other controls, on request
Sub-Totals			95	108	11	0	
Grand Total		10	214				
Children and Families							
External Placements (continued)	H	1	7				Review the operating model; commissioning; placement agreements and contract management; health and education contributions; budgetary control. Take account of any supplier relief enacted during the initial Covid19 phase owing to non-operational contracts.
Through Care - Permanence (continued)	H	1	7				Financial controls over Adoption financial support, Special Guardianship Orders and Child Arrangement Orders
Payments Team Processes (continued)	H	1	7				Departmental payment processes practiced by the C&F payments Team - covers the other audits in the C&F audit plan.
Advice - including an appraisal of Futures		0		4			Advice to client on financial and other controls, on request. Regarding an appraisal of Futures, which involves C&F and Place, this will take account of its inherent complexities, including due to Board structures and the Teckal exemption.
Client management		0		4			Planning with, and termly progress reports to, Senior Leadership Team.
Sub-Totals			21	8	0	0	
Grand Total		3	29				
Adult Social Care and Health							
Hospital discharges (continued)	H	1		7			In the light of Covid-19, to review how decisions are made to determine packages of support, and the funding implications flowing from these decisions. The focus will be upon the application of the new national hospital guidance.

Area of activity	Priority Level (if risk assessed)	Job count	Days planned and nature of audit coverage				Likely scope
			Assurance	Advice/ Consultancy	Counter-Fraud	Certification	
Safeguarding (continued)	H	1	9				Covid-19 has increased the risk that people will be subject to a breach of human rights, abuse or neglect. Our likely areas of focus will be on governance, monitoring and reporting. We will also consider and validate any other assurance available from external and internal sources.
Audit meetings with ACFS - financial irregularities		0			1		Regular liaison to address concerns of misuse of direct payments, and other possible financial abuse involving service users
Client management		0		4			Planning with, and termly progress reports to, Senior Leadership Team.
Advice		0		4			Advice to client on financial and other controls, on request
Sub-Totals			9	15	1	0	
Grand Total		2	25				
Place							
Transport and Travel Services - Covid-19 claims and payments (continued)	H	1	10				Review revised control arrangements to manage Covid-19 claims and payments
Facilities management - reorganisation of offices (issue draft report)	H	1	5				Continue the work commenced in relation to facilities management and review the scope to incorporate developments required due to covid19
Client management		0		4			Planning with, and termly progress reports to, Senior Leadership Team.
Advice		0		4			Advice to client on financial and other controls, on request
Sub-Totals			15	8	0	0	
Grand Total		2	23				
Chief Executive's							
Active Directory (re-start)	M	0	5				Review internal controls in place to ensure that the robustness of the directory is maintained.
Cloud computing / Data Centre	H	0		5			Review controls in place for contracting cloud services, contract monitoring arrangements and for continued service delivery and security. This will include the residual data centre provision at County Hall; in particular the physical and environmental control requirements.
LGPS Central - Governance	H	1		4			Advisory work on the control environment and assurance provided through the LGPS AAF reporting process.
Provider Payments - Post Payment Assurance	H	1	5				Assurance that revised payment processes to expedite payment to providers have been made in accordance with revised control processes and that revised payment processes have been curtailed where appropriate.
Client management				4			Planning with, and progress reports to, Senior Leadership Team.
Advice				4			Advice to client on financial and other controls, on request
Sub-Totals			10	17	0	0	
Grand Total		2	27				

Area of activity	Priority Level (if risk assessed)	Job count	Days planned and nature of audit coverage				Likely scope
			Assurance	Advice/ Consultancy	Counter-Fraud	Certification	
Council - Sub-Totals			*150*	*156*	*12*	*0*	
Council - Grand Total		*19*	*318*				

Nottinghamshire County Council

Report to Governance and Ethics Committee

25 November 2020

Agenda Item: 7

REPORT OF THE MONITORING OFFICER

COMMITTEE ON STANDARDS IN PUBLIC LIFE – PROGRESS WITH IMPLEMENTATION OF BEST PRACTICE RECOMMENDATIONS

Purpose of the Report

1. To seek approval to the update response to the Committee on Standards in Public Life (CoSPL) regarding progress with implementation of the best practice recommendations of the Committee.

Information

2. In May 2018, this Committee considered the consultation document on local government ethical standards issued by the CoSPL and agreed a response. In May 2019, it considered the CoSPL's report. The CoSPL considered that high standards of conduct in local government were needed to protect the integrity of decision-making, maintain public confidence and safeguard local democracy. They were concerned about a risk to standards under the current arrangements, as a result of the current rules around declaring interests, gifts and hospitality and the increasing complexity of local government decision-making. They made 26 main recommendations and 15 best practice recommendations.

3. One of the main recommendations was for the Local Government Association to draft a new Model Code of Conduct for use by Authorities. Members will recall that in July this year, Committee considered a response to the consultation made by the Local Government Association (LGA) to the draft Model Code of Conduct which it had prepared. Further review of the draft is ongoing by the LGA and they are hoping that a final version will be available around the end of the calendar year.

4. Members will also recall that a number of the main recommendations required a response from the Government and that is still awaited.

5. In the meantime, the CoSPL has written to Local Authorities asking to be updated on each Council's progress with implementation of their Best Practice recommendations. The document attached at Appendix 1 sets out each of the Best Practice recommendations and the Council's proposed response. The suggestion by officers is that many of the issues raised in those recommendations would be best addressed within the new Model Code rather than by authorities at an individual level. As a result, the response indicates that the Council proposes

waiting until the new Model Code has been finalised and published before deciding whether it needs to take any further action.

6. The Council's three Independent Persons will be invited to this meeting of the Committee so that they can be present to hear the debate and offer their views to assist members in reaching their decision.

7. Members are asked to consider the proposed response in Appendix 1 and unless any amendments are proposed, to approve its submission to the CoSPL by the deadline of 30 November 2020. The Council's response will be published by CoSPL on its website, together with all other responses received.

Other Options Considered

8. The Council could choose not to respond to the CoSPL but there has been a specific request from its Chairman for Authorities to provide an update on progress and therefore it is considered necessary to do so.

Reason/s for Recommendation/s

9. To provide a response to the CoSPL on behalf of the County Council.

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.

RECOMMENDATION/S

It is recommended that:

1) Members approve the update response to the Committee on Standards in Public Life regarding progress with implementing its Best Practice Recommendations, and

2) A further report is brought to Committee after publication of the revised Model Code of Conduct outlining the next steps for implementation of the Model Code in Nottinghamshire and to consider whether any further changes to the Council's Code of Conduct are required.

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

For any enquiries about this report please contact:
Heather Dickinson, Group Manager, Legal, Democratic and Information Governance
heather.dickinson@nottscc.gov.uk

Constitutional Comments (LW 12/11/2020)

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

Financial Comments (RWK 12/11/2020)

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.

- The Local Government Ethical Standards Review is published https://www.gov.uk/government/publications/local-government-ethical-standards-report

Electoral Division(s) and Member(s) Affected

- All

CSPL local government ethical standards 15 best practice recommendations

Name of local authority:

Nottinghamshire County Council (NCC)

1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Progress:

This is currently not included in NCC's Councillors' Code of Conduct. It is in the LGA draft Model Code of Conduct and NCC are likely to adopt that provision. We consider that examples of best practice should be included in the Code. It is considered that there should be a separate provision to cover discrimination. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.

2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors.

Progress:

This is not included in NCC's Councillors' Code of Conduct. It is something that NCC feels should be covered in the LGA draft Model Code of Conduct. There should also be a benchmark in the Model Code so that trivial things are excluded unless there is persistent minor behaviour. There should also be a standard sanction for not complying with Standards Investigations. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.

3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Progress:

NCC reviews its Code of Conduct, but not on an annual basis. It may be better to require "regular review" as an annual review is perhaps too onerous a requirement. NCC considers that it will be best to leave it to individual authorities to decide who to consult with as they are more aware of who would *be appropriate. This could be written into the draft LGA Model Code. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.*

4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Progress:

NCC's Code of Conduct is readily accessible to Councillors on the Councillors section of the intranet and on the Council website for the public. This requirement should be included in the LGA draft Model Code. We believe that it isn't necessary to have copies of the Code on Council premises, but hard copies should be available in an accessible form when requested. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.

5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Progress:

NCC has a Protocol in relation to Gifts and Hospitality together with a register. Format of register was updated last year and is a word document. This requirement for a register, updated quarterly and published in an accessible format should be referenced in the draft LGA Model Code in the section regarding Gifts and Hospitality. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.

6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Progress:

There is no public interest test within the NCC Code at present. However, in the procedure for handling complaints under the Code there is reference to proportionality in how complaints are handled. The Council's response to the draft LGA Model Code suggested that a benchmark or threshold public interest test should be included to enable such filtering and proportionate handling of each allegation. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.

7: Local authorities should have access to at least two Independent Persons.

Progress:

NCC currently has three Independent Persons.

8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Progress:

NCC's procedure currently states that the IP will be consulted on any matter that is referred to the Governance & Ethics Sub-Committee. Also, the Governance & Ethics Sub-Committee must take the IP's views into account before making a decision on an allegation that is subject to investigation and formal hearing. Additionally, the Member who is the subject of a complaint may consult the IP in respect of the complaint. Nothing is included about IPs being consulted about whether to undertake a formal investigation or being given the option to comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious or trivial. It is agreed that the IP should be consulted if the Monitoring Officer is minded to commence an investigation. However, the Council's view is that Monitoring Officers need to be afforded the discretion to resolve issues quickly and simply in line with their best judgement as the responsible officer for handling such complaints. Therefore, it should be for individual Monitoring Officers to assess whether they require additional support from IPs when reaching such decisions and the need for that may differ from authority to authority. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.

9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Progress:

All findings of the Governance & Ethics Sub-Committee are to be reported on the NCC's website. This requirement should be included in the draft LGA Model Code. The amount of detail to be reported appears excessive. What would be better is just to give brief details of the allegation, the decision and the sanction.

It would be sensible for the Model Code to include a suggested template for reporting to ensure consistency across Councils. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.

10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Progress:

There is guidance on how to make a complaint on NCC's website and the process. There is limited information about timescales and outcomes. The Council believes that it is difficult to have estimated timescales because each individual matter is unique, and some will be more complex than others. Also, progress will depend on people's availability. There could, however, be a requirement that the initial consideration of a complaint should start within a particular period of time. NCC will consider if any further action is required after the final LGA Model Code of Conduct is published.

11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.

Progress:

Not applicable to upper tier authorities.

12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Progress:

Not applicable to upper tier authorities.

13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Progress:

NCC will consider if any further action is required after the final LGA Model Code of Conduct is published. Any review will consider whether additional arrangements to deal with conflicts of interest are needed, such as mutual arrangements with the Monitoring Officer from another authority to carry out any investigation if there was a conflict of interest.

14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.

Progress:

This recommendation appears to go beyond the requirements of the Model Code of Conduct and stray into broader governance issues which is a matter for each authority. It should be a matter for individual authorities to determine appropriate reporting arrangements and regard must be had to the fact that each body is a separate legal entity with its own governance arrangements and in some cases reporting requirements under the Companies Act or Charity legislation. Issues of commercial sensitivity and confidentiality must also be taken into account when designing any relevant arrangements.

15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

Progress:

NCC does hold such meetings with political group leaders but the topics discussed cover a broader range of issues than just standards issues.

Nottinghamshire County Council

Report to Governance and Ethics Committee

25 November 2020

Agenda Item: 8

REPORT OF SERVICE DIRECTOR - CUSTOMERS, GOVERNANCE AND EMPLOYEES

MEMBER COMMUNICATION AND ENGAGEMENT PROGRAMME – PROGRESS UPDATE

Purpose of the Report

1. To present an update to members on the progress made to date across the programme with a particular focus on the actions relating to training and development.

Information

2. An update report on the Activity Plan relating to the Members Communication and Engagement Programme was considered at a meeting of this Committee on December 17th 2019. A further update focussing on the proposals for a Members Hub was brought to Committee at its meeting in October 2020.

3. As previously mentioned, unfortunately during the COVID-19 lockdown, the focus of Democratic Services support had to be placed on the development and implementation of virtual Committee meetings and Education Admission Appeals. This work was and continues to be, resource intensive and as a consequence the planned member development training sessions for spring/summer period were not able to proceed to ensure that important democratic processes could continue.

4. More recently, it has been possible to refocus some capacity on the work of the Activity Plan and this report is to update members on the elements around Training and Development for members. There were 6 specific elements to this section and progress with each of the elements can be summarised as follows:

No.	Activity	Status	Comments
4.1	Initial internal programme of training and development	Completed /in delivery	Independent Persons (18/9/2019) Personal Safety (281/2020) ICT devices (Spring/Summer 2020) Unconscious Bias (November 2020) Social Media (December 2020/January 2021)

4.2	Launch members' learning and development landing page on My Learning, My Career Portal	On Target	Landing Page available. Initial design and concept ready for feedback through member working group along with ideas for further content.
4.3	Explore and develop options for external training within available budgets.	In discovery	Unconscious bias training by LGA. Member reference group to consider member needs, available courses (e.g. LGA, EMC and LGiU) and approach to allocation of budgets for training and report back.
4.4	Launch blended programme of training and development, tools and techniques	In discovery	New programme to be launched alongside induction for new members after May 2021 election.
4.5	Develop and roll out comprehensive member induction and mandatory training programme for implementation after May 2021 County Council elections	On Target	See initial draft programme attached at Appendix 1 to be reviewed in more detail by member working group.
4.6	Rolling programme of events, workshops, guidance, toolkits, online, interactive and face to face training and development opportunities to meet members' needs within available budgets.	On Target	Links to items 4.3 and 4.4 and depends on identified needs and courses available within budgets

5. In the short term, training for members on equalities and unconscious bias has been arranged for a number of sessions in November. In addition, training on use of social media (including references to the relevant LGA guidance) and how that links to ethical conduct and standards is being explored to ensure that members have the latest advice and guidance relevant to their roles.

6. Attached at Appendix 1 is an enhanced induction and training programme to support all members, following the County Council elections next year. It is hoped that all members will take advantage of the induction programme events so that they have the benefit of the latest

information about their roles, the Council and how it functions and how to manage their relationship with their constituents, officers and other stakeholders.

7. In addition, there will be a number of standard mandatory training topics to ensure that all Councillors are equipped with up to date knowledge and awareness of important issues to assist them in undertaking their roles in a modern and effective way.

8. Allied to these will be role based training focussed on members appointed to specific roles where additional training will be available in order to upskill members in respect of the demands and expectations of those roles.

9. As regards the longer term picture, officers are keen to work with the member working group established by the Committee in October to consider elements of the programme. It is envisaged that this will help to identify additional training needs and cost-effective training opportunities which may be available for members as individual learning and/or group training capable of being delivered effectively online.

10. In order to give this work some further impetus it is suggested that the Member Working Group:
    a. review a range of training opportunities for inclusion in a more developed programme,
    b. consider the nature of soft skills training which members would prefer, and
    c. “road test” access to a variety of options through the online Portal to which all members have access (and which was briefly demonstrated as part of the Members Hub at the last meeting of this Committee).

11. In respect of the latter point, the proposal for the members training Portal is for there to be a dedicated “landing page” on the Council’s intranet site which will provide a single point of access for all information for members, including member training and development. This will enable access to a pre-planned programme of events specifically tailored to the needs of Nottinghamshire members. This will most likely be a combination of both online and face to face learning, and the portal will give further suggestions and access to a wide range of other online training modules, which members can browse and engage with at their leisure and according to their personal needs and preferences.

Reasons for Recommendation

12. To update members on progress to date with activities falling within part 4 of the Activity Plan agreed by members in December 2019.

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.

Finance Implications

14. There are no financial implications at this stage and identified training needs and access to relevant training opportunities will have to be contained within current budget provision which currently amounts to £5000 in total for all members training needs.

Human Resources Implications

15. Work on tailoring the learning portal access and appropriate content to members needs will be carried out in conjunction with colleagues in the Workforce Planning and Organisational Development Team.

Implications for Service Users

16. The aim of the Member Training and Development Programme is to provide improved engagement with and access to available training and development opportunities for elected members throughout their time in office, through a single, easy to access portal for Members. Feedback from the member working group will inform the design and content of the learning Portal to ensure fitness for purpose for members' use.

RECOMMENDATION

a) That members approve the overall approach being taken towards improving member training and development;
b) That members provide feedback on the initial draft induction and training programme attached at Appendix 1 and any further suggestions for content;
c) That the member working group undertake further detailed work on the induction and training programme, consideration of a survey of members' needs, best use of and access to available training budgets, and design, accessibility and content for the learning portal and report back to a future meeting of this Committee early next year;

Marjorie Toward
Service Director - Customers, Governance and Employees

For any enquiries about this report please contact:
Heather Dickinson, Group Manager Legal, Democratic and information Governance,
Tel: 0115 9774835

Constitutional Comments (HD – 30/9/2020)

23. The proposals within this report are within the remit of the Governance and Ethics Committee.

Financial Comments (RWK 12/11/2020)

24. There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

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

- Members Communication and Engagement Programme Update – Report to Governance and Ethics Committee 17 December 2019 (Published)

Electoral Division(s) and Member(s) Affected

- All

Proposed Training Topics for Induction and General training

Subject	Type of training	Mandatory/Recommended/ Optional	Induction Programme or General Training
Social Media training for Councillors	Virtual Group	Mandatory	Induction/Periodic General
Equalities and Unconscious bias	Virtual Group	Mandatory	Induction/Periodic General
Ethical Standards and Code of Conduct	Virtual Group	Mandatory	Induction/ Periodic General
Safety and Security for members	Virtual Group	Mandatory	Induction/Periodic General
Information Security and Information Governance	Virtual Group	Mandatory for new members and Recommended for all members	Induction/Period General
Corporate Parenting and Children's Safeguarding	Virtual Group	Mandatory	Induction
Adult Social Care and Health and Adults safeguarding	Virtual Group	Recommended	Induction
Modern Slavery	Virtual Group	Recommended	Induction
Signing Acceptance of Office, Photographs and issue of ID Cards	Guided 1-2-1	Mandatory	Induction
Welcome and Introduction to Council from Chief Executive and Chief Officers	Virtual Group	Recommended	Induction
Familiarisation with Council Services – meet representatives of key Council services	Market Place event	Recommended	Induction, open to all
County Hall Office Tour/familiarisation and Health and Safety procedures	Guided 1-2-1	Mandatory	Induction
ICT Briefing: • Effective use of ICT equipment • Acceptable Use • Overview of Information Security, Information Governance and Data Protection	Guided 1-2-1	Mandatory for all members prior to issue of ICT equipment	Induction/periodic refresher
Issue of ICT Equipment and Telephony	Guided 1-2-1	Mandatory for all members	Induction
Planning and Licensing Committee	Face to face/virtual 1-2-1	Mandatory for Planning Committee members	Induction for all new and returning members
Pension Fund Committee	Face to Face/virtual 1-2-1	Mandatory for Pension Fund Committee members	Induction for all new and returning members

Pension Board	Face to Face/virtual 1-2-1	Mandatory for Pension Board members	Induction for all new and returning members
Health and Wellbeing Board	Face to face – virtual 1-2-1	Recommended for all HWB members	Induction for all new and returning members
Health Scrutiny Committee	Face to face – virtual 1-2-1	Recommended for all HSC members	Induction for all new and returning members
Police and Crime Panel	Face to face – virtual 1-2-1	Recommended for all PCP members	Induction for all new and returning members
Recruitment and Selection Training	Virtual Group	Mandatory	Members of Senior Staffing Sub-Committee and any other members involved in staffing recruitment
Councillor roles and responsibilities: • Councillor and Officer roles • Council Structure, decision making and procedure rules • Relationships with officers • Membership of outside bodies • Members Code of Conduct, and protocols on use of resources, CDF etc • Queries and Complaints • Constituency Issues	Virtual groups	Mandatory for new members but open to all	Induction
Virtual Committee Meetings – training on effective participation in virtual meetings including general etiquette and links to procedure rules	Virtual Group	Mandatory for new members	Induction
Local Government Finances and Audit • Local government financing • Setting the Council's budget • Financial regulations and Procurement Rules	Virtual Group	Recommended for new members but open to all	Induction

• Role of Audit • Timelines for key financial and audit decisions through the year			
Emergency Planning and Local Resilience Forum – roles and responsibilities of local ward members at County level in the event of national or local emergencies	Virtual Group	Recommended for all members	Induction
Key Council contracts/companies – briefing on Via (highways), Inspire (Libraries) , Arc (Property) and Veolia (waste PFI) contracts	Virtual group	Recommended for all members	Induction
Communities and Place Department • Service Overview and Key contacts • Key projects	Virtual Group	Recommended for new members	Induction
Adult Social Care and Public Health Department • Service Overview and Key contacts • Key projects	Virtual Group	Recommended for new members	Induction
Children and Young People's Department • Service Overview and Key contacts • Key projects	Virtual Group	Recommended for new members	Induction
Chief Executive's Department • Service Overview and Key contacts • Key projects	Virtual Group	Recommended for new members	Induction
Various free training aimed at Councillors e.g. LGA, East Midlands Councils etc	External – first come first served	Optional for members wishing to build their skills	General
LGIU/ East Midlands Councils fee based training	External	Optional but subject to budgetary limits per annum to be limited by group numbers and according to need/experience.	General
My Learning My Career, learning portal online learning	Online	Recommended for all members	General self-directed learning via free online training resources

Proposed Training Topics for role specific training

Subject	Type of training	Mandatory/Discretionary	Relevant Roles
Handling the media and media interviews	Virtual Group	Optional	Leader, Deputy Leader, Committee Chairs and group Leaders
Civic roles and Chairing Council Meetings • Civic roles and support, annual events and protocols/etiquette • Conduct of Council meetings and Council procedure rules	1-2-1	Mandatory	Chairman and Vice Chairman of the Council
Effective chairing of Meetings: • Pre-agenda meetings • Declarations of Interest • Committee Rules of Procedure • Handling Amendments to Motions • Effective timekeeping during meetings • Public speaking (where relevant) • Support arrangements			All Committee Chairmen and Vice Chairmen
Committee Service areas • Meeting for each Committee Chair as regards their Committee's areas of responsibility covering: • Key service areas and officer leads • Current key projects • Officer delegations and preferred reporting arrangements • Arrangements for briefings • Arrangement for pre-agenda meetings	1-2-1	Mandatory for new Committee Chairs, Recommended for all Committee Chairs	All Committee Chairmen and Vice Chairmen
Committee briefings: • Key service areas and officer leads • Current key projects	1-2-1	Optional	Offered by Chief Officers for opposition

• Arrangements for briefings			spokesperson on each Committee
LGA Leadership Essentials for finance	External	Optional	Leader and Finance Committee Chair
LGA Leadership Essentials for Children's services	External	Optional	Chair of Children's Committee
LGA Leadership Essentials for Adult Social care	External	Optional	Chair of Adults Committee
Group relationships, support and conduct: • Role of group leader and group support • Managing group relationships with key officers	1-2-1	Mandatory	Group Leaders
LGA Effective Opposition programme	External	Optional	Opposition group Leaders
Governance and Ethics Committee • To outline the roe of members in the Audit and assurance process • To outline the role of Governance and Ethics Sub-Committee when considering formal reports relating to member conduct investigations	Virtual Group	Mandatory	All members of Governance and Ethics Committee

Nottinghamshire County Council

Report to Governance and Ethics Committee

25 November 2020

Agenda Item: 9

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES

WORK PROGRAMME

Purpose of the Report

1. To review the Committee's work programme for 2020-21.

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.

Other Options Considered

4. None

Reason/s for Recommendation/s

5. To assist the Committee in preparing and managing its work programme.

Statutory and Policy Implications

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

RECOMMENDATION

1) That Committee considers whether any changes are required to the work programme.

Marjorie Toward
Service Director, Customers, Governance and Employees

For any enquiries about this report please contact:
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Constitutional Comments (EH)

7. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (NS)

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

Background Papers and Published Documents

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

- None

Electoral Division(s) and Member(s) Affected

- All

GOVERNANCE & ETHICS COMMITTEE - WORK PROGRAMME (AS AT 12 NOVEMBER 2020)

Report Title	Brief summary of agenda item	Lead Officer	Report Author
6 January 2021			
Counter Fraud Update	To consider an update on actions taken to address potential fraud.	Nigel Stevenson	Rob Disney
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
1 February 2021			
Corporate Risk Management Update	To consider the latest update on this issue.	Rob Disney	Simon Lacey
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
31 March 2021			
Use of Councillor’s Divisional Fund	To consider the latest six monthly monitoring report.	Marjorie Toward	Keith Ford
Internal Audit 2020-21 Plan – Term 2 and 2021-22 Plan Term 1	To consider progress in the latest monitoring term and proposed actions in 2021-22 Plan Term 1.	Rob Disney	Simon Lacey
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
Internal Audit Recommendations: Action Tracking	To consider progress against previously agreed internal audit recommendations.	Rob Disney	Simon Lacey
23 June 2021			
Annual Governance Statement 2020-21	To approve the annual statement.	Rob Disney	Simon Lacey
Update on Local Government and Social	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

Care Ombudsman Decisions			
Assurance Mapping 2020-21	To consider this annual review of progress.	Rob Disney	Simon Lacey
Annual Fraud Report 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	Simon Lacey