

# Public Document Pack



**Nottingham  
City Council**

## **Nottingham City Council Audit Committee**

**Date:** Friday, 30 June 2023

**Time:** 10.30 am

**Place:** Ground Floor Committee Room - Loxley House, Station Street, Nottingham,  
NG2 3NG

**Councillors are requested to attend the above meeting to transact the following business**

**Director for Legal and Governance**

**Governance Officer:** James Lavender

**Direct Dial:** 0115 8764643

- 1 Appointment of Vice Chair**
- 2 Apologies**
- 3 Declarations of Interests**
- 4 Minutes** 3 - 8  
To confirm the minutes of the meeting held on 31 March 2023
- 5 Dates of 2023-24 meetings**  
To agree to meet at 10:30am on the following Fridays:  

<u>2023</u>	<u>2024</u>
28 July	23 February
29 September	26 April
24 November	
- 6 Financial Controls Assessment** To Follow  
Report of the Corporate Director for Finance and Resources
- 7 Regular monitoring of previous years' statement of accounts and finance improvement plan** Verbal Update  
Report of the Corporate Director for Finance and Resources
- 8 HR and EDI Annual Assurance** 9 - 30  
Report of the Corporate Director for Finance and Resources

<b>9</b>	<b>Together for Nottingham Theme 2 - Asset Management</b> Report of the Corporate Director for Growth and City Development	31 - 40
<b>10</b>	<b>Together for Nottingham Theme 3 - Companies Update</b> Report of the Corporate Director for Finance and Resources	41 - 44
<b>11</b>	<b>Exemption from Contract Procedure Rules quarter four 2022/23</b> Report of the Corporate Director for Finance and Resources	45 - 48
<b>12</b>	<b>Audit Committee Annual Work Programme</b> Report of the Corporate Director for Finance and Resources	49 - 56
<b>13</b>	<b>Recommendation Tracker</b> For noting and discussion	57 - 60
<b>14</b>	<b>Exclusion of the Public</b> To consider excluding the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	
<b>15</b>	<b>Exempt minutes</b> Exempt minutes of the meeting held on 31 March 2023 for consideration	61 - 64
<b>16</b>	<b>Financial Controls Assessment - Exempt Appendices</b>	To Follow
<b>17</b>	<b>Recommendation Tracker - Exempt Items</b> For noting and discussion	65 - 68

If you need any advice on declaring an interest in any item on the agenda, please contact the Governance Officer shown above, if possible before the day of the meeting

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## Nottingham City Council

### Audit Committee

**Minutes of the meeting held at Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 31 March 2023 from 10.30 am - 12.15 pm**

#### Membership

##### Present

Councillor AJ Matsiko (Vice Chair)  
Councillor Graham Chapman  
Councillor Michael Edwards  
Councillor Jane Lakey  
Councillor Nayab Patel  
Councillor Andrew Rule

##### Absent

Councillor Sajid Mohammed (Chair)  
Councillor Ethan Radford

#### Colleagues, partners and others in attendance:

Debbie Bowring	- Corporate Risk and Assurance Manager
James Lavender	- Governance Officer
Helen Lillington	- Grant Thornton External Auditors
Naomi Matthews	- Team Leader, Data Protection
Rob McCutcheon	- Team Leader, Corporate Safety Advice
Steve Oakley	- Acting Director of Commissioning and Procurement
Shail Shah	- Head of Audit and Risk
Jean Stevenson	- Interim Team Leader, Technical Finance
Malcolm Townroe	- Director of Legal and Governance
Laura Wilson	- Senior Governance Officer

#### 72 Apologies for absence

Councillor Sajid Mohammed – illness  
Councillor Ethan Radford – personal reasons

#### 73 Declarations of interest

None.

#### 74 Minutes

The minutes of the meeting(s) held on 28 October and 22 February 2023 were confirmed as correct records and signed by the Chair.

A discussion on Minute 71 of the 24 February 2023 meeting took place in the exempt minutes item of the meeting.

## **75 Regular monitoring of previous years' statements of accounts**

Helen Lillington, the External Auditor from Grant Thornton on behalf of Nottingham City Council (NCC), delivered a verbal update regarding progress on the audit of the Council's financial accounts.

During the discussion and in response to questions from the Committee, the following points were raised:

- a) upon request by the Improvement and Assurance Board (IAB), the accounts for 2019/20, 2020/21 and 2021/22 are to be fully audited by the end of September 2023. Ernst and Young, as commissioned by the Council, will write a report examining the management override controls;
- b) regular monitoring of previous' years statement of accounts will be a standing item for future meetings;
- c) the auditors are not aware of any changes to the scope of the report from Ernst and Young regarding the management override of controls;
- d) the accounts from Robin Hood Energy are complete;
- e) the checking of the accounts involves checking all financial transactions, reviewing the financial controls in place and analysing sample transactions to see if the correct control plan procedures are followed;
- f) the deadline of the Ernst and Young report is in two weeks' time.

**Resolved to make this item a standing verbal update for future committee meetings.**

## **76 Exemption from Contract Procedure Rules Quarter Three 2022/23**

Steve Oakley, Head of Contracting and Procurement, presented the report detailing the exemptions from Contract Procedure Rules that had been approved during Quarter 2 of 2022/23, and the actions being taken to ensure that exemptions only occur when there is a sound rationale for doing so. He highlighted the following information:

- a) this is the fifth report presented to this Committee since the Contract Procedure Rules changed;
- b) the number of exemptions continues to decline, with an average of eight exemptions per quarter;
- c) there will always be some requests for exemption from Contract Procedure Rules as not all contracts can be let through a formal tendering or quotation process for various reasons, for example, where there is only one supplier for technical reasons, such as Microsoft being used for IT purposes;

- d) the three exemptions requested in Quarter 3 are the lowest for this financial year. Of the approved requests, two are unavoidable with no alternative option to the exemption for various reasons. The other exemption may have been avoidable if plans had been discussed with the Procurement Team at an earlier stage;
- e) the three approved exemptions total £0.338m, with an average of £0.112m;
- f) the new procurement rules require Officers to get three quotes from different sources before considering the exemptions procedure;
- g) the procurement pipeline has been shared with Directors and further work is underway to get procurement pipelines by division and service. This will support in planning procurement opportunities with departments and aim to reduce the late requests for procurement support;
- h) the Compliant Purchasing Team continue to work with the Category Managers to ensure any request that is not following best practice is added to the longer term Category plan or alternative compliant purchasing options implemented.

During the discussion and in response to questions from the Committee, the following points were raised:

- i) communication will be aimed at Officers to ensure that they will not be submitting money for grants without coming to the Council's Finance Team first. The team will help to submit bids, for example, recent homelessness and domestic violence grant bids;
- j) the procurement pipeline, contract advice and other advice is provided via the "Doing Business with Nottingham City Council" page on the Council's website;
- k) as the operating model goes live, the team will be doing upfront work about what the market conditions are for certain types of business before undertaking procurement work.

**Resolved to note the number of exemptions from Contract Procedure Rules during quarter three of 2022/23, and the actions being taken to ensure that contacts were awarded in line with Contract Procedure Rules, and exemptions only occurred where there was a sound rationale for approving that exemption.**

## **77 Contract Management and Procurement Audits Update**

Steve Oakley, Head of Contracting and Procurement, presented the report detailing the progress of actions arising from the Council's Contract Management and Procurement Dispensation audits and review. He highlighted the following information:

- a) a new Director of Commercial, Procurement and Contract Management has started with the Council. They have developed the new Commercial Strategy alongside supporting the implementation of the new Operating Model for Commercial, Procurement and Contract Management. The new Operating

Model will support commercial decision-making so that all decisions are robustly considered and implemented in a way that gets the best value possible, but also ensures probity;

- b) Full Council approved the funding for the new structure which includes 15 additional posts;
- c) new appointments include a Change Lead for Commercial, Procurement and Contract Management and a Procurement Officer to support the implementation of the new Operating Model;
- d) over £400,000 in savings will be made over the next four years;
- e) the procurement training pack available on the Council's online Learning Zone informs staff about the Council's procurement process;
- f) mandatory contract management training will be published by the end of March. This is aimed at all officers who procure services on behalf of the Council;
- g) some officers have completed the Commercial Colleges Contract Management Training at Foundation Level, and others are undertaking the Practitioner Level;
- h) policies for the Delivery Model Assessment and Strategic Contract Management will be developed;
- i) the current Procurement Strategy will be reviewed and a new strategy for 2024 to 2028 will be drafted;
- j) policies for the Delivery Model Assessment and Strategic Contract Management will be developed to ensure the all decisions provide best value;
- k) the Contract Procedure Rules will be reviewed to reflect best practice identified in the Operating Model;
- l) the National Procurement Strategy will measure procurement performance against similar local authorities and core cities.

**Resolved to:**

- 1. note the actions already completed and the impact of these actions;**
- 2. agree actions planned and being implemented, noting the planned impact of these actions.**

**78 Annual Report of health and safety within the council**

Rob McCutcheon, Team Leader for Corporate Safety Advice, presented the report detailing the health and safety figures within the Council regarding number of accidents reported and training delivered. He highlighted the following information:

- a) 100% of colleagues and building managers within the Community, Environment and Residents' Services, Finance and Resources, and Growth and City Development Directorates have completed the mandatory health and safety training;
- b) the Health and Safety Executive (HSE) takes a robust approach in holding local authorities responsible for the management of asbestos within the buildings they own;
- c) no incidents of asbestos exposure were recorded in the last year;
- d) the Corporate Safety Advice Team audited a number of Council services. Existing high risks identified are due to a lack of up-to-date documentation. There are no new high risk activities recorded. The medium and small risks identified are due to documentation needing updating;
- e) the HSE have not been involved with any incidents at the Council;
- f) the number of accidents and violent incidents reported by Council staff has dropped to pre-COVID levels, however the number of investigations into accidents and violent incidents remains high;
- g) the Corporate Health, Safety and Welfare Panel works with trade unions to identify incidents and take action to stop them from happening again;
- h) there is a new system in place for recording incidents;
- i) work is taking place with Nottingham City Homes (NCH) to ensure their health and safety procedures align with the Council's for when the Council take over the service;
- j) the corporate landlord function will provide a consistent approach to health and safety practice as well as accident and compliance statistics.

During the discussion and in response to questions from the Committee, the following points were raised:

- k) statistics and trends within the Council's annual health and safety report will be circulated to the Committee;
- l) violent incidents include verbal violence/abuse. The reporting of such incidents depends on the local organisation's processes for what constitutes as violence;
- m) thresholds for physical or verbal violence can be reported in future.

**Resolved to:**

- 1. request that the Head of Resilience contact all Corporate Directors to ensure the following:**

- a. **their directorate colleagues can demonstrate up to date training in the mandatory health and safety courses, and, where appropriate, asbestos management, by Friday 7 July 2023 and;**
  - b. **all outstanding Accident/Violence/Audit recommendations are completed and recorded on the corporate system by Friday 7 July 2023;**
2. **note the absence of any HSE intervention in the council in the past three years;**
3. **include statistics and trends within future reports.**

## **79 Corporate Risk and Assurance Register Update**

Shail Shah, Head of Audit and Risk, and Debbie Bowring, Corporate Risk and Assurance Manager, presented the report detailing the risk reporting process and rating current corporate risks.

**Resolved to note the Corporate Risk and Assurance Register and if appropriate, identify any risks for further review.**

## **80 Exclusion of the public**

The Committee decided to exclude the public from the meeting during consideration of the remaining agenda items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

## **81 Corporate Risk and Assurance Register update exempt appendices**

The information contained within the exempt appendix was discussed, details of which are set out in the exempt minutes.

## **82 Information Compliance and Information Security Annual Assurance Report**

Naomi Matthews, Data Protection Officer, presented the report, which provided independent assurance to the Committee of the adequacy of the information compliance framework and the internal control environment, details of which are set out in the exempt minutes.

## **83 Exempt minutes**

The minutes of the meetings held on 28 October and 22 February 2023 were confirmed as correct records and signed by the Chair.



**Audit Committee – 30 June 2023**

<b>Title of paper:</b>	Financial Controls Assessment	
<b>Director(s)/ Corporate Director(s):</b>	Ross Brown – Corporate Director of Finance & Resources	<b>Wards affected:</b> All
<b>Report author(s) and contact details:</b>	Ross Brown – Corporate Director of Finance & Resources	
<b>Other colleagues who have provided input:</b>	Malcolm Townroe – Director of Legal and Governance Shail Shah – Head of Internal Audit and Risk Annabel Scholes – Interim Director of Finance	
<b>Does this report contain any information that is exempt from publication?</b> Yes – the appendices referred to in this report are exempt from publication under paragraph numbers 3 and 5 of Schedule 12A to the Local Government Act 1972 because they contain information relating to the financial and business affairs of third parties and the authority holding the information. They also include information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. It is not in the public interest to disclose this information because full disclosure at this stage may impact on further activity that still needs to be undertaken. It is not in the public interest to disclose the legal advice because advice to the Authority would attract legal professional privilege and is, at this stage, subject to further review.		
<b>Recommendation(s):</b>		
<b>1</b>	The Audit Committee is asked to note the outcomes of the controls review specifically the findings of the Controls Assessment underpin a conclusion that NCC is operating with a considerably weakened control environment which is not fit for purpose in allowing a Local Authority to enact effective financial stewardship	
<b>2</b>	The Audit Committee is asked to note the immediate next steps that the council has taken to address the findings.	
<b>3</b>	The Audit Committee will receive future updates on the remediation work through the Finance Improvement Plan reporting.	

**1. Reasons for recommendations**

1.1. This report is being brought to the Audit Committee its terms of reference include objectives to:

- 1) monitor progress in addressing risk-related issues reported to the committee; and
- 2) consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

**2. Purpose****Control Environment**

2.1 The Control Environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across an organisation. Senior management lead on the importance of internal control, including expected standards of conduct as detailed in paragraph 2.3.

- 2.2 Internal controls can consist of policies, procedures, and technical safeguards that protect local authority assets by preventing and detecting errors and inappropriate actions. Effective internal controls are essential to assuring the accomplishment of goals and objectives. Effective controls provide reliable financial reporting for management decisions and ensure compliance with applicable laws and regulations.

### **Statutory responsibilities**

- 2.3 All Councils are required by legislation (s151 Local Government Act 1972 and s113 Local Government Finance Act 1988) to appoint a professionally qualified and experienced person to make arrangements for the proper administration of their financial affairs and exercise the role and duties of the Responsible Financial Officer. The responsibilities of the s151 Officer include:
- ensuring compliance with all statutory requirements for accounting and internal audit;
  - managing the financial affairs of the Council in all its dealings and transactions;
  - securing the proper stewardship of Council and Members responsibilities;
  - reporting under S114 powers to the Executive, the District Auditor and all Members of an authority if there is, or is likely to be any item of unlawful expenditure or an unbalanced budget;
  - having a personal duty of care to local tax payers in managing Council resources on their behalf; and
  - providing professional and technical advice to Councillors on the scope of powers and authority to make decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

## **3. Background**

### **Context**

- 3.1. Nottingham City Council developed a recovery and improvement plan as part of its response to the 2020 Non-Statutory Review. To achieve the recovery indicated, the plan was split into workstreams including the Medium-Term Financial Strategy. Following work to gain assurance on elements of financial management it became clear that NCC had, over a number of years, breached the ring-fencing requirement for the Housing Revenue Account, which was unlawful. As a result, the Chief Finance Officer was required to issue a S114 notice to all councillors.
- 3.2. In 2022, as a consequence of the Council's failure to maintain this ring-fence, the Corporate Director of Finance & Resources commissioned an external review because of continued concerns surrounding the Council's compliance with accounting controls around ring-fencing. The review was also instigated to provide Grant Thornton, the council's external auditor, with assurances with regard to the risk of management overriding controls. EY (Ernst & Young) were engaged to undertake this review, in respect of 6 ring-fenced areas, that would identify policies, procedures, financial records and data and carry out testing on a sample of historical transactions with a view to commenting on the operation of the controls in place and the overall control environment.

- 3.3. Since the EY work was commissioned, as referenced above, the Council has been issued with 2 instructions from the IAB that directly read across to this piece of work:
- Early resolution of all outstanding matters relating to 2019/20, 2020/21 and 2021/22 audit of accounts; and
  - Deliver the Financial Improvement Plan (FIP) covering the key elements identified by the IAB to provide assurance in respect of finance and accounting.
- 3.4. The Council has recognised the fundamental weakness in the control environment the EY report sets out and accepts that a significant amount of work is needed, over a prolonged period, to address the shortcomings highlighted explicitly in the findings. The response to such challenges will need to be an organisational response, led by finance to radically change the current approach in these areas and beyond.
- 3.5. The Finance Improvement Plan (FIP) incorporates the findings and recommendations so that the Council has grip of the required change through a single (albeit multifaceted) programme and governance framework.
- 3.6. As much as the findings quite rightly focus on the system and process failings, the cultural and organisational limitations should not be lost as it is a significant contributing factor in the matters raised. Rectification of the issues is much more than simply putting in new procedures.

#### **4. Executive summary of the Financial Controls Assessment and findings**

- 4.1. The financial controls assessment is a good-practice exercise going through the authority's accounts to obtain further assurances, in this case specific to grants and ring-fenced funds.
- 4.2. The review focused on compliance with accounting controls around ring-fencing for the below areas:
- Dedicated Schools Grant (all four blocks)
  - Better Care Fund – including Disable Facilities Grants
  - Licensing income
  - Parking, Traffic Regulation and bus lane enforcement income
  - Transforming Cities Grant
  - Selective Licensing
- 4.3. The results of the transactional testing have concluded that for the period 2019 to 2022, there are a number of very serious concerns identified. EY observed a weak control environment, ineffective systems, associated management information and a culture which is not focused upon compliance.
- 4.4. Specific areas of concern are summarised below:
- i. Issues with ineffective audit trail**
- An ineffective audit trail to support transactions, with extensive records either incomplete, onerous to draw from systems or in many cases, missing. Of the issues identified, 50% of them could be attributable to lack of, or inappropriate, evidence.

**ii. A high incidence of issues across the sample such as transaction classification and approvals**

A high incidence of issues across the Agreed Upon Procedures (AUP) sample with a wide range of causes from transactions classification, application of accounting policy, and transaction timing through to more substantive control weaknesses in transaction recording, approvals, and error. Across all samples, 60% were identified to have issues, with 50% of these issues attributable to an identified transaction error or control short-falling.

**iii. Limited preventative and detective controls**

Ineffective means to reconcile and identify process error, resulting in limited preventative and detective controls. This is further compounded by limited means to extract relevant management information from systems to help inform management of control breaches.

**iv. A culture where policy adherence and knowledge is weak**

A culture where policy adherence along with process and control knowledge is weak. This was evidenced both in relation to adherence with NCC's own policies, particularly procurement, and in relation to grant policies and permissibility.

**v. A high risk of controls being circumnavigated through management override**

A high risk of controls being circumnavigated through management override. It is recognised that there may be range of reasons for why controls are overridden by management that may include both active decisions by management to override driven by a broad range of reasons including expediency, efficiency or self-interest, along with unintentional override which then is not flagged by a system. However, such risks are at the core of an ineffective control environment and hinders the ability of NCC to effective proper financial stewardship.

4.5. Summary of key generic issues identified:

- Evidence
  - inability to find documents, Procurement particularly
  - no purchase order or goods received note – prior to invoice
  - document retention
  - eligibility for charging employees to ringfenced account
- Approvals
  - no evidence of approvals
  - Approver able to authorise above their set limits

4.6. EY have RAG rated the overall risk as high (Red) in the 6 in-scope areas. Whilst EY have identified a high risk of management override of controls, there is **no** suggestion of any fraudulent transactions in relation to the sampled transactions. Further information is provided within the exempt **Appendix A** included elsewhere on this agenda.

4.7. EY concerns are of a very serious nature and may result in the external auditor requesting further assurances.

4.8. Colleagues from EY will be available at the audit committee to answer questions during both the public and confidential agenda items.

### Conclusions from key observations

4.9. The findings of the financial controls assessment underpin a conclusion that NCC is operating with a considerably weakened control environment which is not fit for purpose in allowing a Local Authority to enact effective financial stewardship.

4.10. In particular, the following conclusions are drawn from the observations and output of the assessment:

<b>Interim Controls</b>	The <b>current state of controls in operation require urgent intervention to avoid the risk of inappropriate financial activity.</b> This should initially focus on establishing interim controls along with an organisation wide health check to determine how prevalent issues identified as part of this process exist elsewhere within NCC.
<b>Link between poor compliance culture and ineffective systems</b>	Whilst the observations identify clear risk and evidence of management override, this doesn't suggest that the responsibility for the weakened controls environment sits solely with management. Rather, <b>ineffective systems and processes, that in many cases are inefficient and lack sufficient agility and automation, contribute to a culture where compliance is not valued nor seen as a priority</b>
<b>Implementation of IT systems</b>	NCC needs to ensure that lessons are learnt, especially with regards to future IT systems that will need to be adopted and implemented to support the Council's operation. In particular, this references <b>the need to ensure that the control environment is core to NCC's systems, along with ensuring that the appropriate skills and capabilities are utilised during the design and implementation.</b>
<b>A focus on skills and capabilities to improve the culture of compliance</b>	Key to NCC transforming <b>its control environment is the need for a shift in culture within the organisation.</b> Steps need to be taken to improve skills and capabilities that support effective financial management and thereby establish a culture where compliance is valued, and controls are recognised for the outcomes they seek to achieve.
<b>Longer Term Transformation</b>	Whilst urgent action is required to establish grip on NCC's financial activities, it also <b>needs to be recognised that the scale of change required to establish an effective control environment is a transformative process and will take a number of years to fully implement.</b>

## 5. Establishing Grip: Controls Remediation

- 5.1. The original commission of the controls review and subsequent swift response to the findings, demonstrates the effective leadership the council has put in place to ensure the council can deliver its improvement journey.

### Controls Remediation

- 5.2. In response to the seriousness of the findings, the control weaknesses have been mapped to the existing finance improvement plan and an assessment of capacity to deliver at pace completed. A remediation project has been scoped and commissioned to deliver a 12-week focused controls remediation response which will work alongside NCC's FIP resources. The project commenced 12 June 2023 with the full commission included in the confidential report which forms part of the audit committee agenda.
- 5.3. The following principles have been adopted to ensure there is synergy with the transformative focus being delivered within the FIP and empower officers from NCC to take ownership of control improvements going forward.

- Ensuring that the objectives and targets for both process design and key control design are validated against the FIP, to ensure work is additive and duplication avoided.
- Identifying Business Process Owners, and key Finance roles responsible for implementing and monitoring controls, strengthening job role and functions developed through the FIP programme.
- That a collaborative approach is adopted with the FIP programme leads, and regular touchpoints to ensure shared awareness and amplification of the respective work programmes within Finance, and with the service.

- 5.4. Phase 1 of the remediation work will ensure the council has the essential basics in place, although it is anticipated further investment in systems will be required to provide the most effective control environment where the system will deliver record actions and the supporting evidence required for each financial transaction.

- 5.5. The approach is to work through the steps identified below:

- Step 1 – Rapid intervention on identified issues within six areas in scope
- Step 2 – NCC and Group Wide Controls Health Check
- Step 3 – Implement newly scoped controls across the group
- Step 4 – Establishing Grip Report

- 5.6. There will be a series of themes which each of these steps will consider and are summarised below. Within each theme below, the identified requirements are shown, which will be developed further throughout phase 1 and 2 of the remediation work. The full commission is shown within the confidential **Appendix B**.

#### i. **Accounts Receivable: Grant Receive to Record**

*From when a grant is issued to the organisation, recorded and the grant reclaim process.*

- Review of existing process map and identification of missing or enhanced controls.
- Training plan for rollout of revised process and recently developed grant register.

- ii. Accounts Payable: Purchase to Pay**  
*Agreeing a contract with a supplier, receiving an invoice, and then settling the invoice.*

  - Desktop exercise to review the Process Map developed within the FIP.
  - Control failures identified through the AUP exercise validated as closed, or controls added to remediate issue
  
- iii. Reporting: Record to Report**  
*How transactions are recorded on the system and subsequently reported.*

  - New process map required for record to report process including full mapping of existing system interfaces and required controls.
  - Control failures identified through the AUP exercise each validated as closed, or controls added to remediate issue.
  
- iv. Procurement Process**  
*From issuing an invitation to tender, contracting through to setup and payment of suppliers.*

  - Validation of existent of extent of Contract Register.
  - Creation (or validation of existing) Process Map
  - Design of exception reports and detective controls.
  
- v. System Reporting**  
*Thresholds and Flags*

  - Evaluation of newly design system reports for completeness, quality and insight provided.
  - Review of FIP Fusion updates.
  
- vi. Services: Recharges**  
*Corporate recharging policy and reconciliation*

  - Review of planned interventions on recharges.
  - Recommendation on how implementation could be accelerated
  
- vii. HR and Expense Processes**  
*Approving and recording staff expense charging*

  - Review of existing process maps and expense policy.
  - Determination of appropriate risks and controls.
  - Implementation of identified controls.
  
- viii. Segregation of certain financial activities**  
*Ring Fenced Accounts*

  - Review of Ring-fenced account failures documented in AUP and Gap Analysis.
  - Implementation of identified controls.
  
- ix. Goods Receipting**  
*Accruing for goods receipted*

  - Review of existing Good Receipting Note account to identify core control failures, extent of exception reporting and
  - Development of process map and application of relevant Controls.

**x. Systems Access**

*Temporary authorisation and subsequent revocation*

- Develop systems access protocol and policy.
- Implement policy in conjunction with ability on key systems to support.

5.7. Throughout the remediation work there will be weekly review meetings and decisions proposed to the Corporate Director Finance and Resources to ensure the control environment is improved at pace. Subject to any additional findings identified through Phase 1 of the remediations work, the improvements to the control environment are expected to provide the assurances required by the S151 officer to discharge their responsibilities as explained in paragraph 2.3.

**6. Financial Implications**

6.1. This report highlights the weaknesses that have both historically and currently exist in the financial control environment, infrastructure, and culture of the organisation. These weaknesses limit the council's ability to effectively discharge its legislative responsibilities.

6.2. As stated in the Local Government Act 1972, the Council is required to make arrangements for the proper administration of their financial affairs and shall secure one of their officers with the responsibility for the administration of those affairs.

6.3. As detailed earlier in the report, the S151 officer has a Financial Improvement Plan in place which has been refreshed to demonstrate how CIPFA's Excellence in Finance model will be implemented over the lifetime of the plan, giving the council the assurance, it requires in relation to this statutory duty.

6.4. It is important to note that this report highlight the fundamental gaps that continue to exist in the control environment, which were not fully understood at the time the initial FIP was developed, therefore additional resources maybe requested.

6.5. Existing resource allocations have been reprioritised to enable the remediation work to be commissioned. System development costs are dependent on third party support through the EMSS partnership so lead times and costs are unclear at the time of writing this report and are unlikely to be contained within existing budgets.

6.6. Further discussions with the council's external auditor will establish the impact on our financial statements and how the preparation of the 2019/20 – 2021/22 accounts are progressed. These accounts are due for pre-audit publication by the end of September 2023 in line with the IAB instructions. A three-way discussion has been held with the external auditor, Grant Thornton (GT), EY and the council to enable GT to consider the final steps required with the accounts prior to audit.

Annabel Scholes, Interim Director of Finance



## **7. Legal Comments**

- 7.1. Legal advice is contained in the exempt appendices.

Malcolm R. Townroe – Director of Legal and Governance and Monitoring Officer, 22 June 2023.

## **8. Commercial and Procurement Comments**

- 8.1. EY's findings in relation to procurement and contract management shortcomings are acknowledged and will be addressed as the new procurement and contract management target operating model and Purchase to Pay is implemented, along with the role of the new Commercial Oversight Board. On page 13 of the report, the activities are applied to NCC and group companies. The implementation of the Companies Governance Handbook needs to be considered alongside the recommendations in the EY report as there are significant overlaps.

## **9. Risk Management Considerations:**

- 9.1. The weakened control environment poses significant risk in our processes and should be reflected in our risk registers.

## **10. HR and EDI Considerations:**

- 10.1. The report highlights issues in relation to organisational culture and a need to focus on skills and capabilities to move that culture to one where compliance is valued, and controls are recognised for the outcomes they seek to achieve.
- 10.2. Colleagues will need support to ensure they are fully aware of how revised systems and processes should operate. Once that has happened there will need to be a strong focus on accountability to ensure compliance, and appropriate action will need to be taken where that does not happen.

Richard Henderson – Director of HR and EDI, 22 June 2023

- 11. Background papers other than published works or those disclosing exempt or confidential information - None**

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**Audit Committee – 30 June 2023**

<b>Title of paper:</b>	HR Annual Assurance Report	
<b>Director(s)/ Corporate Director(s):</b>	Ross Brown, Corporate Director for Finance and Resources Richard Henderson, Director of HR and EDI	<b>Wards affected:</b> All
<b>Author</b>	Titu Hayre Bennett, Head of Transformation	
<b>Other colleagues who have provided input:</b>		
<b>Does this report contain any information that is exempt from publication?</b> No		
<b>Recommendation(s):</b>		
1.	For the committee to take assurance in the HR activity as outlined in the attached slides	

**1. Reasons for recommendations**

1.1 As above

**2. Background**

2.1 The attached presentation sets out progress made in NCC in relation to culture change, EDI, sickness absence management, case work management, pensions administration, employee wellbeing and pay.

**3. Background papers other than published works or those disclosing exempt or confidential information**

3.1 None

**4. Published documents referred to in compiling this report**

4.1 Together for Nottingham Plan



# HR & EDI Audit Committee Report

Richard Henderson/Titu Hayre Bennett - 30<sup>th</sup> June 2023

# Recommendations

The Committee are asked to note:

- ▶ the work that is being done within the division to deliver on the Together for Nottingham Plan and IAB requirements
- ▶ the work being done within the division to ensure the Council's statutory and non-statutory obligations relating to people management and Equality, Diversity and Inclusion are being met and/or progressed.

# Together For Nottingham

- ▶ A new approach to **Individual Performance Reviews** has been implemented and into its second year.
- ▶ **Year 1 figures:**
  - 738 managers out of 817 (90%) set objectives for their staff
  - 4,334 employees out of c.5,800 (75%) had objectives set/recorded centrally
  - 21,000 objectives set in total
  - 5 objectives on average per employee
  - 50% of End of Year Reviews are now complete with another 13% in progress.
- ▶ An extensive **Leadership Development Programme** has been designed and delivered.
  - **87%** of managers have fully completed the Leading & Managing Together programme.
  - High 'value' response - the most frequent score being **4 (very valuable) out of 5**, at a cost of c.£150pp.
  - A high percentage, **71% of participants**, said their skills, knowledge and confidence had increased.
  - Phase 2 of the programme will focus on **embedding behaviour change** and producing results.

# Together For Nottingham

- ▶ A new Colleague Workforce Development programme has been launched. In 2022/23:
  - **1,822 attendees at workshops.**
  - **4,950 colleagues completed 21,000 e-learning modules.**
  - **83% colleagues completed their Best Value eLearning**
  - Further modules to be released as part of phase 2 will include digital skills, managing workplace projects, collaboration/partnership working.
  
- ▶ The number of colleagues completing **mandatory learning** has increased over the last four years, from **4103 (71%)** in 2019/20 to **5596 (96%)** in 2022/23.

	2019/20	2020/21	2021/22	2022/23
Colleagues engaged in mandatory	4130 (71%)	3996 (69%)	5105 (88%)	5596 (96%)



# Together For Nottingham

A range of specific **Talent Development** has also been delivered.

▶ **Accelerated Development Programme**

- Total of **66** people are enrolled/completed, with further cohorts planned for 2024.

▶ **Change Academy**

- **25** colleagues to date have been recruited to the programme to support organisational transformation projects. Trained in Business Analysis and Project Management skills.

▶ **Nottingham Leaders Transformation Programme**

- City wide leadership programme involving partners from Police, Fire and Health.
- **29** NCC colleagues from 2 cohorts have graduated to date. Cohort 3 to be delivered from September 2023.

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## **Councillor Development Programme**

- ▶ Delivered for 2022/23 with **163** participations in development across a variety of interventions designed to support them in their role. Up from **155** in 2021/22. Participation in councillor development has increased year on year since 2019.
- ▶ Comprehensive 6 week induction of new councillors post election in May 2023
  - Welcome Event at Council House for all 55 councillors
  - 14 further sessions over the 6 week period

# Equality, Diversity and Inclusion

## The Equality Act 2010

- ▶ The Equality Act 2010 is the legal framework which protects people against discrimination, harassment and victimisation in employment, and as users of private and public services based on nine protected characteristics. NCC has specific obligations under the Equality Act 2010, as both an employer and as a public authority.
- ▶ In January 2023, Nottingham City Council passed its motion to consider Care Experience as a protected characteristic. Next step is to implement the Care Leavers action plan and equality impact assess our objectives and policies to determine the impact of changes on people with care experience.

# Equality, Diversity and Inclusion

## Equality, Diversity & Inclusion Strategy

- ▶ We have recently evaluated our current EDI Strategy and carried out various consultation/engagement exercises with our citizens and key stakeholders. In addition, we have completed an employee survey along with a bench marking exercise against other Councils including the Core City Councils.
- ▶ An external EDI audit was commissioned in Autumn 2022 to assist us in identifying how we could overcome challenges as identified via evaluation of the EDI strategy 2020-23. A specialist agency - Inclusive Employers completed the analysis with full recommendations.
- ▶ Next steps are for CLT to consider the key findings and recommendations for the new EDI Strategy which is due to launch in Autumn 2023.

# Equality, Diversity and Inclusion

## Compliance with the Public Sector Equality Duty (PSED)

- ▶ NCC uses Equality Impact Assessments (EIAs) to ensure compliance with the PSED. Over the last 12 months, NCC has strengthened its approach to Equality Impact Assessments (EIAs) through its EIA improvement project. Training has been provided to Councillors and senior leaders and we continue to deliver monthly EIA workshops to managers across the organisation.
- ▶ The Equality and Employability Team continue to provide quality assurance on EIAs to ensure a lawful approach has been taken throughout the EIA decision-making process.

# Equality, Diversity and Inclusion

## Duty to publish information to demonstrate compliance with the PSED

- ▶ There is a specific duty under the PSED to calculate and publish our gender pay gap information. We report this information every year on the direct gov website. We also ensure there is relevant communication shared with stakeholders within NCC to instil good practice on addressing any actions for improvements.
- ▶ There is also a specific duty for public authorities to annually publish information that demonstrates compliance with the general equality duty. There are no explicit stipulations about what information must be included. Currently, NCC publishes gender, ethnicity and disability pay gap data, equality impact assessments (which contain a range of evidence) on the NCC website and the workforce profile on the open data platform.

# Equality, Diversity & Inclusion

## Inclusive Initiatives

NCC continue to work towards the following charters and frameworks:

- ▶ Disability confident employer - achieved 'Leader' Status in 2022
- ▶ Race at Work Charter
- ▶ BSL Charter
- ▶ Stonewall Equality Index - achieved 'Silver Award' in 2023
- ▶ A range of development and change initiatives

For each initiative, there is an action plan which details how we are delivering against the commitments we have made and allows us to monitor progress.

# Casework

- ▶ HR teams continue to provide technical support and guidance to managers
- ▶ In early 2020 casework numbers were c170 per year and whilst dropping for a period in 2021 began to rise slightly.
- ▶ EoY 2022/2023 the number of cases stood at 193
- ▶ Casework resolution averages at the end of Q4 were:
  - I. Disciplinary 46 days
  - II. Grievances 83 days
  - III. HDBV 21 days
  - IV. Performance Management 19 days
  - V. Probation 32 days
- HR Casework is discussed regularly with HoS and Directors and there is a route of escalation in place where cases are not being progressed at the necessary pace
- Casework Data is discussed regularly in meetings with HoS and Directors and is presented to Divisional Leadership Team Meetings as well as at Quarterly JCNC Meetings with the Trade Unions
- Policy decisions continue to be discussed and agreed at Central Panel, Chaired by the Director of HR & EDI
- Work is currently underway to review a Casework system inherited by the recent transfer of Nottingham City Homes, but this is at an early stage.

# Policy Review and Casework Improvement

- ▶ The Performance Management Policy and Code of Conduct have been reviewed and agreed together with supporting Guidance
- ▶ HR Teams have been re-inducted via a series of workshops and are now supporting a roll-out to the wider organisation. E-Learning is mandatory for Managers and this is being monitored by the Development & Change team.
- ▶ The Disciplinary Policy and associated guidance has been reviewed. Subject to final negotiation discussions with the trade unions, it is anticipated that this will be finalised by the end of July and will be scheduled for approval at Central Panel.
- ▶ Amendments will bring consistency of application and clarity to support a reduction of disproportionate impact on colleagues with protected characteristics
- ▶ A comprehensive roll-out of the revised policy and guidance will then begin with the HR team and managers across the organisation, with additional training to support.
- ▶ A positive outcome of the review is the offer of specialised training for a group (yet to be identified) of Investigating Officers across the various Directorates of the organisation.
- ▶ The Grievance and Absence Management policies are being planned out to progress at pace.



# Sickness Absence - Sickness data

**Fig 2 Absence causes by FTE Days lost 2021/22 and 2022/23**

Absence Reason 2021-22	FTE Days Lost	%
Stress/Depression, Mental Health	20,266	29.4%
Other Musculo-Skeletal Problems	10,070	14.6%
Covid 19	10,067	14.6%
Back And Neck Problems	4,133	6.0%
Chest & Respiratory	3,622	5.3%
Gastro-Stomach, Digestion	3,278	4.8%
Cough, Cold & Flu	2,950	4.3%
Genito-Urinary/Gynaecological	2,094	3.0%
Neurological	2,031	2.9%
Cancer – All Forms	1,915	2.8%
Heart, Blood Pressure & Circulation	1,848	2.7%
Eye, Ear, Nose & Mouth/Dental & Throat	1,807	2.6%
Viral Infection-Not Cold And Flu	1,690	2.5%
Not Disclosed	1,318	1.9%
Pregnancy Related	761	1.1%
Liver/Kidney Disorders/Conditions	635	0.9%
Skin-Burns, Rashes, Cuts, Injury	437	0.6%
<b>Total</b>	<b>68,923</b>	<b>100.0%</b>

Absence Reason 2022-23	FTE Days Lost	%
Stress/Depression, Mental Health	16849.28	29%
Other Musculo-Skeletal Problems	7920.51	14%
Covid 19	4426.37	8%
Back And Neck Problems	3794.8	7%
Chest & Respiratory	3259.82	6%
Cough, Cold & Flu	3163.54	5%
Gastro-Stomach, Digestion	3013.76	5%
Neurological	2847.91	5%
Cancer - All Forms	2460.82	4%
Heart, Blood Pressure & Circulation	2078.73	4%
Viral Infection-Not Cold And Flu	1401.2	2%
Genito-Urinary/Gynaecological	1243.4	2%
Eye, Ear, Nose & Mouth/Dental & Throat	1181.31	2%
Pregnancy Related	1030.56	2%
Skin-Burns, Rashes, Cuts, Injury	792.03	1%
Not Disclosed	774.65	1%
Liver/Kidney Disorders/Conditions	547.28	1%
Nottingham Only-Stress	458.39	1%
Nottingham Only-Mental Health	424.23	1%
<b>Total</b>	<b>57696.59</b>	<b>100%</b>

# Sickness Absence

- ▶ Analysis of corporate sickness rates shows that in 2021-22 cough, cold and flu became the primary cause after COVID 19.
- ▶ In 2022-23, cough cold and flu became the primary cause of absence (see Fig 1, 2021-22 and 2022-23)
- ▶ Looking at FTE days lost (see Fig 2, 2021-22, 2022-23), the highest number of days absence are stress, depression and mental health
- ▶ Colleagues on long term sick (30 days plus) should be manager referred to the Occupational Health service, where they will be assessed by an OH nurse or triaged to an OH physician, psychotherapist or physiotherapist as appropriate.
- ▶ Early intervention is key in managing and reducing the duration of many causations of sickness.
- ▶ This situation will continue to be monitored and discussed at DLTs as part of wider sickness absence reporting

# Employee Wellbeing

- ▶ A corporate offer of provision to support Employee health and wellbeing including an in house OH service are in place.
- ▶ Services provided include an EAP, Wellbeing Initiatives such as MHFAs, OHA (nurse led) and OHP (physician led) appointments to support with a range of HR processes; access to physiotherapy and HSE required health surveillance; specialist advice on complex cases and bespoke initiatives (eg to address sickness in teams)
- ▶ Training and Development has included relaunch of Mental Health Awareness workshop for managers and colleagues; Mental Health First Aid training; Menopause Connect sessions launched (3 so far)
- ▶ Corporate contracts for OHPs, Physiotherapy provision and the EAP are being renewed - procurement exercise ongoing
- ▶ **Medical information (Special category data):** systems and processes are in place to ensure the appropriate security and handling of this information.
- ▶ Previous audits have found that appropriate measures and good practice are in place to ensure that obligations of article 9 of GDPR regs are being met

	20/21	21/22	22/23
Wellbeing ( with psychotherapist )	193	208	126
Physio	157	273	323
Workstation assessments	35	65	54
Health surveillance (statutory requirements)	155	149	386

# Transactional HR & Payroll services - provided by EMSS

- ▶ EMSS is constituted under Joint Committee arrangements to process payroll/HR and accounts payable and accounts receivable transactions for Leicestershire County Council and Nottingham City Council.
- ▶ Nottingham City Council Internal Audit (NCCIA) is the designated Internal Audit provider for EMSS. Ensures service complies with Public Sector Internal Audit Standards (PSIAS) and Account and Audit Regulations 2015 and associated regulations.
- ▶
- ▶ NCC Internal audit support LCC and NCC in undertaking audit activity across East Midlands Shared Service. Reports and outcomes are shared with the Joint Committee

# Pensions Administration

- ▶ Pensions administration for LGPS, TP and NHS schemes for NCC (inc former NCH, NCH Telecare and NRB), EMC, schools and x2 academies undertaking a range of statutory duties. Non-compliance could result in fines from the Regulator
- ▶ Performance data is reported on a monthly basis to the HR management team to provide assurances or red flags around compliance.
- ▶ Team is subject to internal and external audit (last full audit June 2017) and will respond to queries to support audits as required.
- ▶ Team manager is responsible for ensuring any changes to pensions legislation and/or pensions regulations are acted on and adhered to
- ▶ Implementation of a seeded solution in Fusion for Pensions in Nov '22 is having a significant impact on Year End reporting for 2022/23. Risk of non-compliance has been escalated to NCC senior management and will be flagged to NPF's Pensions Committee

# Pay

- ▶ Proposals for revisions to the Council's Pay Policy and funding provision, as approved by ACOS and Exec Board respectively, are currently the subject of consultation and negotiation with the Council's recognised trade unions, with a view to securing a collective agreement.
- ▶ The trade unions will be putting these proposals to their membership, through a formal ballot during July, with implementation anticipated during September/October 2023, with payments backdated to 01 July 2023.
- ▶ The proposed revisions will expand grades below 'E' from 2 points to 3 points, and all other grades from 2 to 4 points.
- ▶ The revisions will also reintroduce an additional increment to all GLPC and SLMG/Leadership grades, providing a circa 25% pay headroom uplift within each grade.
- ▶ Further work is planned in Q3 to review: -
  - ▶ The application of the GLPC Job Evaluation scheme and grading for senior professional/technical roles
  - ▶ Pay benchmarking for senior/leadership pay
  - ▶ The payment of enhanced overtime rates from 37 hours onwards and
  - ▶ The payment of allowances through payroll elements

# Pay...cont

- ▶ The quarterly Pay Governance Board, which has been on hold since the Pandemic and, more lately due to implementation of Oracle Fusion, will be brought back online in Q2 2023.
- ▶ Oracle Fusion Reports, that support pay policy governance activity, have now been developed and re-established on the new system and will provide the necessary datasets to enable the Board to discharge it's functions.
- ▶ The key functions of the Board are to monitor the operation of the Council's Pay Policy and ensure principles of the Council's Pay Policy are being adhered to. The Board makes decisions on discretionary payment elements and makes recommendations on the Pay Policy and it's application.
- ▶ Pay Governance Board quarterly datasets include an overview of basic pay, market supplements, additional payments, discretionary payments, allowances, overtime and agency spend.

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**Audit Committee – 30 June 2023**

<b>Title of paper:</b>	Together for Nottingham Theme Two – Asset Management	
<b>Director(s)/ Corporate Director(s):</b>	Sajeeda Rose, Corporate Director for City Growth and Development Nicki Jenkins, Director of Economic Development and Property	<b>Wards affected:</b> All
<b>Report author(s) and contact details:</b>	Nicki Jenkins, Director of Economic Development and Property Nicki.jenkins@nottinghamcity.gov.uk	
<b>Other colleagues who have provided input:</b>		
<b>Does this report contain any information that is exempt from publication?</b> No		
<b>Recommendation(s):</b>		
<b>1.</b>	For the committee to take assurance in the governance and control measures in place to manage the risks identified, particularly in relation to pace within the programme.	

**1. Reasons for recommendations**

- 1.1 This paper sets out for Audit Committee Members the progress made on implementing Theme Two of the Together for Nottingham Plan and the associated asset rationalisation programme.

**2. Background**

- 2.1 The Together for Nottingham Plan, which sets out the Council's plan for recovery and improvement was refreshed in October 2022. That document contained a refreshed theme two, which described the Council's approach to ensuring that sufficient capital receipts are generated, using asset rationalisation to meet the current commitments within the capital programme, reduce levels of debt and fund the transformation programme.
- 2.2 In order to achieve this we needed to a) accelerate the sale of those currently declared surplus and on the existing asset rationalisation programme, b) increase number of assets for disposal onto the programme and c) provide assurance on the way in which we sell our assets.

Progress to Date – Capital Receipts

- 2.3 Following the establishment of a robust, risk adjusted forecast for capital receipts, which was based upon those assets that had already been identified for disposal and the timescale expected until completion, the total capital receipts achieved to date is £56.24mm, with £25.1m secured in 2022/23. The last financial year did see a reduction of the forecast in year due to delays in the sale of two high value assets following the economic shock experienced in the autumn.

**Table 1 – Capital receipts achieved against forecast**

Year	Forecast in April	Amount Secured
2020/21	£11.9m	£12.9m
2021/22	£7.9m	£17.8m
2022/23	£33.3m*	£25.1m
2023/24	£13.96m	£0.44m
<b>Total</b>		<b>£56.24m</b>

\* Forecast at the end of the year £25.053m

- 2.4 The forecast for future years is detailed in Table 2 and includes the total pipeline forecast (less costs), and a forecast that is adjusted for risk, based upon the stage the asset currently sits at within the disposal process. It is the risk adjusted figure, which is used as the target and as a basis for the capital programme.

**Table 2 – Capital receipts forecast**

	Total Pipeline (less costs)	Risk Adjusted (less costs)
<b>2022/23</b>	-25.053	-22.402
<b>2023/24</b>	-28.453	-13.963
<b>2024/25</b>	-15.351	-7.357
<b>2025/26</b>	- 0.000	-8.283
<b>Total</b>	<b>-68.857</b>	<b>-52.005</b>

- 2.5 The total amount in the pipeline is currently £69m over the next three years. Due to the pace required, focus to date has been on the identification and delivery of assets that can be sold quickly to achieve an immediate capital receipt, rather than increasing the pipeline for future years.
- 2.6 In order to now develop the pipeline for future years, a number of actions are now being taken forward, these include the following:
- Ongoing work to review smaller income generating assets.
  - Review of High Value Assets commenced, initial review and recommendations expected in July.
  - Work underway to understand future operating models for services, confirm full asset list and identify surplus assets.
  - Review of office estate.

Progress to Date – Assets Action plan

- 2.6 The refreshed Together for Nottingham plan identified three core projects for delivery

under the assets theme,

1. Asset Disposal
2. Corporate Landlord
3. Community Assets

- 2.7 Detailed progress against which can be found in appendix 1. To date progress has been positive, however the overall plan is still rated as amber, which is due to the need to now develop a pipeline in line with the timescales of the MTFP.

#### Asset Disposal

- 2.8 The overall purpose of this project is to ensure there is a robust forecast of capital receipts to inform planning for the capital programme, ensuring the subsequent delivery of capital receipts and that appropriate assurance is in place throughout the decision making process.
- 2.9 Of the five remaining open actions identified within the plan, one has been closed and the remaining are all in progress and the project is therefore rated as amber.
- 2.10 As outlined above, over the last two years we have succeeded in delivering £56m capital receipts. Due to a delay in selling two of the high value assets due to complete in year, priority was given to maximising in year capital receipts and slowing down on the ongoing review of the portfolio. This has now recommenced with the focus both on the commercial and operational estate with a view to developing a longer-term pipeline of sales over the lifetime of the MTFP.

#### Corporate Landlord

- 2.11 The Corporate Landlord project recognised that an improved model for property management across the Council was needed to ensure that benefits were maximised and the Council continued to hold an estate that met its needs.
- 2.12 Of the four open actions, all have now been completed. The vision for Corporate Landlord has been agreed by CLT, the first phase of implementation completed by bringing together Property, Facilities Management and Building Services into one centralised function and further services, assets and resources for transfer identified. A detailed implementation plan for the transition is now in development.

#### Community Assets

- 2.14 The Council has a number of properties that are let to community groups for minimal rent, often where this is the case without formal agreements, which creates increased risk to the Council. This project aimed to change the approach to community asset leases to ensure values are maintained, community assets are fully utilised and community organisations are clear in terms of roles and responsibilities.
- 2.15 Of the three actions, all have now been completed, with the Community Asset Policy now approved and in implementation.

#### Risk Management

- 2.19 Delivery of the asset management theme, follows a traditional risk management

approach, with a risk register rated on severity, which is reviewed and updated on a monthly basis. The current risk log is attached in appendix 2.

2.20 There are a number of high rated risks identified, the mitigations for which are also incorporated into the theme action plan, which is also monitored on a monthly basis, reports are also taken into the Asset Rationalisation Board.

3. **Background papers other than published works or those disclosing exempt or confidential information**

3.1 None

4. **Published documents referred to in compiling this report**

4.1 Together for Nottingham Plan



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## Appendix 1 – Asset Management Theme Action Progress

Workstream	Action / Milestone	Timescale	Position at 1/06/23
Asset Disposal	Undertake 150 asset reviews and present outcomes and recommendations for decision	Dec 2022	Closed - 60 asset reviews were undertaken up until Oct 22. However, the decision was taken to put further reviews on hold to enable resources to be focused on maximising in year capital receipts. This work will commence from June 2023 and merge with the action below.
	To review potential long terms disposal opportunities within the commercial portfolio	Sept 2023	Open – The start of this work was delayed due to reasons outlined above, however a review of all assets over £1m within the commercial portfolio has now been commissioned and is due to report in late July. Work will continue to review smaller income producing assets on a month-by-month basis.
	Ongoing engagement with service areas to identify further assets that are identified as surplus as a result of transformation programme and budget savings.	Sept 2023	Open - Initial review of high energy using properties undertaken with a view to reducing revenue costs. Operational asset review to be commissioned as part of Corporate Landlord implementation programme. And full asset review also underway to identified further surplus properties.
	Further 400 asset reviews to be completed and presented with recommendations for decision	Dec 2023	Open - 60 asset reviews completed to date. Following a temporary pause, both the commercial and operational portfolios are in the process of being reviewed.
	Commencement of recruitment to Property team vacancies within the new structure	Oct 2022	Closed - Recruitment commenced in September and repeated in March using different methodology but both have yielded limited success. Interim resource has been secured and alternatives to service delivery are currently being investigated.

<b>Workstream</b>	<b>Action / Milestone</b>	<b>Timescale</b>	<b>Position at 1/06/23</b>
Corporate Landlord			The main barrier to recruitment identified is pay, therefore market supplements are also being investigated.
	Lift and shift Building Services and Facilities Management into the Corporate Landlord	Nov 2022	Closed - Lift and shift of Building Services and FM now completed.
	Development of Corporate Landlord vision for the wider Council, including the identification of further assets and functions to bring into its scope alongside the development of an accompanying Business Case.	Nov 2022	Closed - Vision for future structure of Corporate Landlord developed, including assets and functions in scope. Business case and vision agreed by CLT in January.
	Commence recruitment into Property leadership roles	Dec 2022	Closed - Recruitment took place in January but with limited success. Interim capacity secured for 12 months.
Community Assets Review	Approval and adoption of Community Asset Policy	Jan 2022	Closed – Policy adopted in February Executive Board.
	Undertake consultation process on the Community Asset Policy.	Nov 2022	Closed - Consultation completed, feedback incorporated into policy for decision.
	Ensuring appropriate arrangements are in place for existing community tenants	Apr 2023	Closed – Community Asset Policy now in implementation.



## Appendix 2 – Assets Theme Risk Register

Key Risks – Asset Management Theme				
Key Risk	Risk Description	Severity	Action	Owner
The Council's generation of capital receipts does not reach the levels or timescales required	The Council is unable to balance its financial needs and this may impact on the ability of the Council to deliver services.  Impact on reputation/ trust	Red	Ongoing review of forecast to provide accurate basis upon which to prioritise capital programme.  Expansion of the pipeline of disposals to generate capital receipts through a full asset review of the commercial and operational portfolio.  Prioritisation and ongoing monitoring of high value disposals.	Nicki Jenkins
Team capacity to deliver the asset rationalisation programme	Team capacity to deliver business as usual due to large staff turnover impacts on ability to deliver the work programme.	High	Tight prioritisation of assets moving forward for disposal.  Increased interim capacity secured.  New property structure to deliver increased capacity to the team for disposals  Securing additional legal capacity to support disposals.	Nicki Jenkins
In generating receipts the Council creates larger long term revenue pressures on its base budget or does not consider the impact of investment properties and yield	The Council budget is not sustainable in the longer term and may affect the ability to deliver services.	Amber	Asset review process and review of investment properties to take into consideration revenue impacts of potential sales and to ensure this is included as part of the information when decisions to sell are made.  Prioritisation of assets to dispose, which have low revenue pressures.  Monitoring cumulative impact of decisions made on revenue.  Some provision within property budgets to cover revenue loss. Existing performance of property holdings will be reviewed to ensure that their efficiency is maximised (for example around voids, debt collection, rent reviews etc), to ascertain how far any loss can be contained.	Nicki Jenkins

**Key Risks – Asset Management Theme**

<b>Key Risk</b>	<b>Risk Description</b>	<b>Severity</b>	<b>Action</b>	<b>Owner</b>
			If further mitigation is required after this then that will be picked up in realistic income assessments within the MTFS.	
Disposal of operational assets is dependent on decisions taken within services.	Decisions can often be elongated and complex.	Red	Operational asset group established to monitor/co-ordinate progress. Strategic asset management team works proactively with services. Increased capacity within the Strategic Asset Management function through property restructure process.	Nicki Jenkins
Market conditions impact on the sale of assets	Decreased value due to market saturation/ decreased appetite for office space/ assets following the pandemic and reluctance to return to the workplace. Decreased value due to view of council negotiating position by market (as vulnerable/ dependent on sales)	Red	Ensure market conditions are considered when undertaking valuations/ forecasting income. Have a clear strategy for disposals that reflects market activity and adapt approach as required to respond to need	Nicki Jenkins

**Audit Committee – 30 June 2023**

<b>Title of paper:</b>	Progress report – delivering IAB instructions relating to TfN Theme Three	
<b>Director(s)/ Corporate Director(s):</b>	Ross Brown, Corporate Director for Finance and Resources Michael Hainge, Director for Commercial, Procurement and Contract Management	<b>Wards affected:</b> All
<b>Report author(s) and contact details:</b>	Michael.Hainge@nottinghamcity.gov.uk	
<b>Other colleagues who have provided input:</b>		
<b>Does this report contain any information that is exempt from publication?</b> No		
<b>Recommendation(s):</b>		
1.	To note the report	
2.		
3.		
4.		

**1. Reasons for recommendations**

1.1 To note the progress being made

**2. Background**

2.1 Implementing the IAB instructions relating to Theme three of the TfN plan are fundamental to providing appropriate levels of control, assurance and oversight to companies owned by NCC. This report provides a high-level update on progress to date.

**3. Background papers other than published works or those disclosing exempt or confidential information**

3.1 None

**4. Published documents referred to in compiling this report**

Companies Governance Handbook

**5. Progress against delivering IAB instructions related to TfN Theme three**

The IAB requirements and progress updates are as follows:

**5.1 Finalise the Strategic Plans of local authority companies expeditiously**

- In line with the Companies Governance Handbook Strategic Reviews must be carried out at a frequency determined by the Commercial Director
- The Head of Companies and Commercial Oversight is planning the Strategic Reviews and will identify resources necessary to do so (including external resource if necessary) and optimise timing around the Business planning process
- This will be completed by the 31<sup>st</sup> of March 2024 deadline

## **5.2 Integrate Shareholder Unit good practice in all company activity**

- The Companies Governance Handbook was agreed in November 2022 and the obligations placed on the Council Owned Entities were a new requirement at that time
- Out of 42 requirements across six companies, only four requirements will be outstanding at the 30<sup>th</sup> of June deadline.
- These four requirements are in progress and will be completed shortly after the deadline.

## **5.3 Implement agreed companies' governance requirements, in alignment with the LLG Code of Practice**

- The policy and process for board appointments has, however, been agreed by the Executive and is being implemented
- Councillor board members and the Chairs of each board have been informed of the new arrangements
- A recruitment process is underway and aims to report to the July meeting of Companies Governance Executive Committee with recommendations for appointment to the boards

## **5.4 Take decisions on the Council's future interests in all subsidiaries / non subsidiary companies and other commercial ventures**

- We have included a wider range of organisations in scope to include those that the council have representation at board level, as a trustee or to which grant funding is provided
- Recommendations for each of the 40 entities fit into one of five definitions (see below)
- The recommendations will be taken to Companies Governance Executive Committee for approval in July

<b>Definition</b>	<b>Meaning</b>
<b>Full Handbook</b>	All aspects of the handbook are applied. Recommended for companies where NCC has controlling interest
<b>Informed and Involved</b>	Companies where NCC may not have ownership, or has a minority ownership, but appoints representatives. As a minimum company financial, risk and performance information should be received and collated and monitored. Notices of Board decisions to be recorded and voting decisions of NCC

	representatives. NCC to assess directors' competencies and conflicts before nominating.
<b>Informed</b>	No ownership, or representatives, but a strong association eg provision of grants. Notices of board decisions to be collated and monitored, quarterly monitoring of financial performance.
<b>Monitor liquidation</b>	NCC nominated contact to engage with liquidators and escalate information within NCC as required
<b>Plan Closure</b>	Dormant non trading entities which NCC owns to be closed and removed from the register. NCC to appoint directors, applying conflicts and competency assessment

### 5.5 Carry out an internal evaluation of the shareholder unit effectiveness

- The Companies Governance Handbook sets out the criteria that will be used to carry out the evaluation
- Given the unstable staffing in place – only one permanent member of staff out of five – the evaluation may wish to include recommendations to stabilise and regularise staffing
- The evaluation will be carried out by the 30<sup>th</sup> September deadline



**Audit Committee – 30 June 2023**

<b>Title of paper:</b>	Exemption from Contract Procedure Rules quarter four 2022/23	
<b>Director(s)/ Corporate Director(s):</b>	Ross Brown Corporate Director of Finance and Resources	<b>Wards affected:</b> All
<b>Report author(s) and contact details:</b>	Steve Oakley, Head of Procurement steve.oakley@nottinghamcity.gov.uk	
<b>Other colleagues who have provided input:</b>		
<b>Does this report contain any information that is exempt from publication?</b> No		
<b>Recommendation(s):</b>		
<b>1.</b>	To note the number of exemptions from Contract Procedure Rules during quarter four of 2022/23, the full financial year 2023/24 and the exemptions since October 2021	
<b>2.</b>	To note the actions that continue to be taken to ensure that contracts are awarded in line with Contract Procedure Rules and that exemptions only occur where there is a sound rationale for approving the exemption	

**1. Reasons for recommendations**

- 1.1 As part of the new Constitution all exemptions from Contract Procedure rules need to be reported to Audit Committee on a quarterly basis, Article 18.79. This report outlines all exemptions requested during the period from October to December 2022.
- 1.2 The original audit report identified actions needed across Nottingham City Council to address poor compliance with the old Financial Regulations and Contract Procedure Rules. This report also provides an update on actions taken and planned to improve compliance with the new Constitution and in particular Contract Procedure rules.

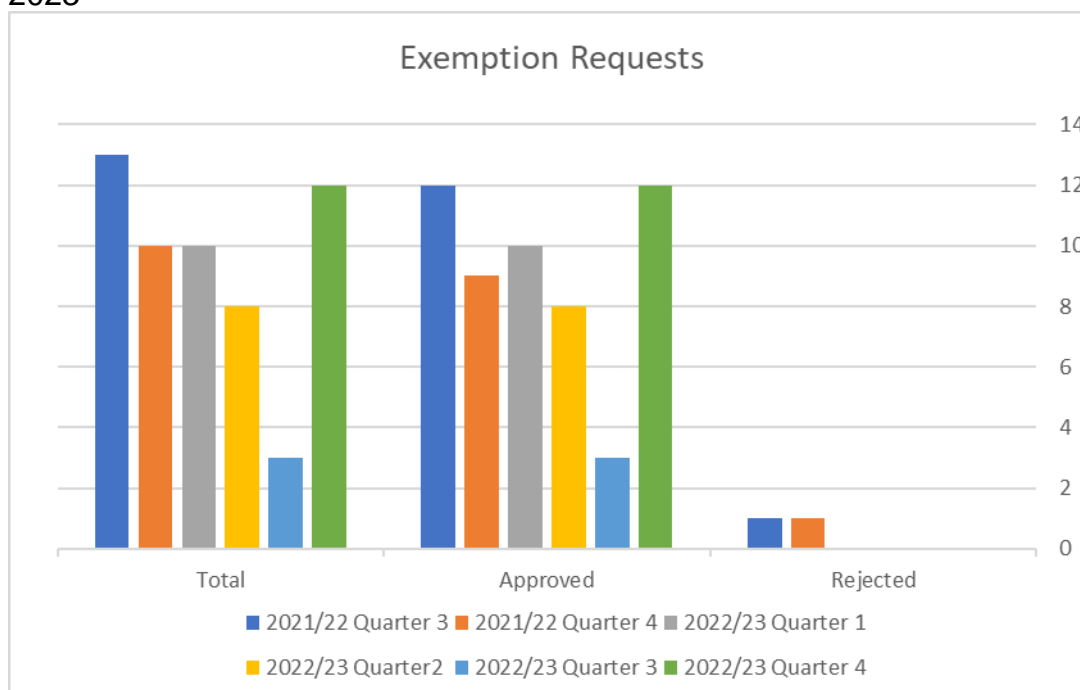
**2. Background**

- 2.1 An audit of Procurement Dispensations was undertaken in 2021 and identified significant non-compliance with Financial Regulations and Contract Procedure Rules which resulted in higher than would be expected requests for Dispensation from Financial Regulations.
- 2.2 With the development of a revised Constitution it was agreed to change the Contract Procedure Rules and include the need for a formal record of all exemptions to be taken separately to seeking approval for spend. Article 18 Contract Procedure Rules includes an exemption form that is completed whenever an exemption from Article 18 is requested. These forms are reviewed by the Head of Procurement prior to seeking the approval of the Corporate Director of Finance and Resources. Once approved these are collated by the Head Procurement to ensure a comprehensive record of all exemptions is maintained.

- 2.3 There will always be some requests for exemption from Contract Procedure Rules as not all contracts can be let through a formal tendering or quotation process for various reasons. An example is where there is only one supplier for technical reasons.
- 2.4 Article 18.79 requires a report to Audit Committee on a quarterly basis of all exemptions from Article 18. This report provides the sixth quarterly report since the new Constitution was implemented in October 2021.
- 2.5 The following table outlines the number of exemptions requested and approved during the period from October 2021 to March 2023. Appendix 1 lists the three exemption requests with the reasons for the decision taken during quarter 4 of 2022/23.

	Total	Approved	Rejected
2021/22 Quarter 3	13	12	1
2021/22 Quarter 4	10	9	1
2022/23 Quarter 1	10	10	0
2022/23 Quarter 2	8	8	0
2022/23 Quarter 3	3	3	0
2022/23 Quarter 4	12	12	0

- 2.6 The chart below shows the exemption requests to date from October 2021 to March 2023



- 2.7 All requests were unavoidable with no alternative option to the exemption for various reasons.
- 2.8 The twelve approved exemptions total £4.495m with an average of £0.375m



- 2.9 Procurement continues to work with departments to ensure exemptions only come forward when there is no alternative. Wherever possible alternative solutions are found that do not require an exemption.
- 2.10 Approved exemption requests are higher this quarter than the three previous quarters related to year end work. Although on average over the full 18 months the number is significantly lower than the dispensation requests in 2020 and 2021. The original audit work had shown on average 16 dispensations/exemptions per quarter in 2020 and 2021 against the 12 this quarter and an average of 9.1 per quarter since the new constitution was launched in October 2021.
- 2.11 It is important to note that this month eight of the twelve would have been allowed under Public Contract Regulations 2015 (PCRs) for technical reasons, but needed an exemption from NCCs Contract Procedure Rules. The remaining four were all below PCR threshold and there were good reasons for each to be awarded following an exemption.

**Key actions undertaken this quarter**

- 2.12 Commercial Oversight Board set up for officer scrutiny of all commercial activity, procurement, commissioning and contract management. Exemptions will be discussed at the board from May.
- 2.13 New Commercial, Procurement and Contract Management handbook launched on the Intranet. Contract Management Training developed and live on the Learning Zone.

**3. Background papers other than published works or those disclosing exempt or confidential information**

3.1

**4. Published documents referred to in compiling this report**

- 4.1 Exemption from Contract Procedure Rules quarter three 2021/22
- 4.2 Exemption from Contract Procedure Rules quarter four 2021/22
- 4.3 Exemption from Contract Procedure Rules quarter one 2022/23
- 4.4 Exemption from Contract Procedure Rules quarter two 2022/23
- 4.5 Exemption from Contract Procedure Rules quarter three 2022/23
- 4.6 Exemption from Contract Procedure Rules quarter four 2022/23

Title of Exemption	Division	Directorate	Supplier	Date Signed	Outcome	Value	Avoidable	Rationale for exemption/ Procurement Reason for Supporting
Eastglade phase 1&2 following insolvency	Regeneration and Housing Delivery	Growth and City Development	Lovell Partnerships	16/01/2023	Approved	£1,754,000	N	Direct Award below threshold and urgent work needed to secure site
Highways Statutory Undertakings Utilities	Highways	CERS	Various	23/01/2023	Approved	£900,000	N	Direct Award sole supplier under regulation 32, only relevant utility supplier can do work on their asset.
ITSO Membership	Public Transport	Growth and City Development	ITSO	24/01/2023	Approved	£100,000	N	Direct Award sole supplier under regulation 32, membership scheme
Wollaton Hall Festival 2023	Events	CERS	dhp Family	25/01/2023	Approved	£59,000	N	Direct Award below threshold, work being done to put in place longer term contract
District Heating Services and Works	Carbon Reduction, Energy and Sustainability	CERS	Thorne and Fairfield	01/02/2023	Approved	£865,805	N	Direct Award below threshold, tender underway for long term contract for 2024
Statutory Duty Safe Accomodation and SMD	Community Protection	CERS	Juno Women's Aid	01/02/2023	Approved	£237,478	N	Direct Award below threshold, tender underway for long term contract for 2025
Online technical indexes	ICT	Finance and Resources	HIS Markit	02/03/2023	Approved	£90,000	N	Direct Award sole supplier below threshold, no other supplier can provide service
Supply of merchandise and programmes for touring acts	TRCH	CERS	Various	02/03/2023	Approved	£140,000	N	Direct Award sole supplier under regulation 32, supplier is determined by the promoter
Advertising of events at TRCH on local public transport	TRCH	CERS	Adverta	02/03/2023	Approved	£50,533	N	Direct Award sole supplier under regulation 32, supplier determined by the owner of the advertising space
Infection, Prevention and Control	Public Health	Peoples	Ciycare	16/02/2023	Approved	£129,000	N	Direct Award below threshold of additional work to existing supplier, tender due for 2024/25
Road Safety Data Processing	Traffic and Safety	Growth and City Development	VIA East Midlands	10/03/2023	Approved	£140,000	N	Direct Award sole supplier under regulation 32, only one supplier can provide this data
Leaving Care App	Children's Integrated Services	Peoples	FocusGov	15/03/2023	Approved	£29,600	N	Direct Award sole supplier below threshold, no other supplier can provide service

**Audit Committee – 30 June 2023**

<b>Title of paper:</b>	Audit Committee Annual Work Programme	
<b>Director(s)/ Corporate Director(s):</b>	Ross Brown, Corporate Director for Finance & Resources	<b>Wards affected:</b> All
<b>Report author(s) and contact details:</b>	Shail Shah Head of Audit and Risk 0115 8764245 <a href="mailto:shail.shah@nottinghamcity.gov.uk">shail.shah@nottinghamcity.gov.uk</a>	
<b>Other colleagues who have provided input:</b>		
<b>Does this report contain any information that is exempt from publication?</b>		
No		
<b>Recommendation(s):</b>		
<b>1.</b>	Note the role and functions of the Audit Committee as set out in the Constitution.	
<b>2.</b>	To consider the assurance that the Annual Work Programme set out in Appendix 1 provides to support the Audit Committee in meeting its objectives, role and functions within the Council's Constitution and best practice set out in CIPFA guidance.	
<b>3.</b>	To seek changes to the assurance items in the work programme as necessary.	
<b>4.</b>	To seek further assurance should any matter of significance to the Audit Committee's objectives arise during the year.	

**1. Reasons for recommendations**

- 1.1 The role and functions of a local authority audit committee are set out in CIPFA guidance which has recently been updated (CIPFA Position Statement 2022).

**2. Background**

- 2.1 Audit Committee is accountable to full council for providing an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.
- 2.2 The Audit Committee Work Programme (Appendix 1) is designed to ensure that the outcomes expected of an effective audit committee are achieved.

**3. Background papers other than published works or those disclosing exempt or confidential information**

- 3.1 None

**4. Published documents referred to in compiling this report**

- 4.1 CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022  
4.2 CIPFA - Audit Committees: Practical Guidance for Local Authorities and Police 2022

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## Audit Committee Proposed Work Programme for 2023-24

The schedule of meetings set out below is proposed but the committee reserve the right to review and amend the work programme content and meeting dates throughout the year.

### Key to activity

Governance risks around high level financial strategy and reserves
Governance risks connected to asset realisation
Governance of Capital programme and projects
Value for Money and Delivering Objectives
Governance of linked incorporated bodies
Core functions arising from statutory obligations and guidance
Annual Assurance reports

Date	Item	Committee Objective	Director	Author
tbc	External Audit Report 2019-20	Consider the outcome of the External Audit and assurance on management response to issues identified		A Smith
	Statement of Accounts 2019-20 & Final AGS 2019-20	Consider any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council	R Brown	tbc
	External Audit Report 2020-21	Consider the outcome of the External Audit and assurance on management response to issues identified		A Smith
	Statement of Accounts 2020-21 & Final AGS 2020-21	Consider any concerns arising from the financial statements or from the governance statement that need to be brought to the attention of the Council	R Brown	tbc
	External Audit Report 2021-22	Consider the outcome of the External Audit and assurance on management response to issues identified		A Smith
	Statement of Accounts 2021-22 & Final AGS 2021-22	Consider any concerns arising from the financial statements or from the governance statement that need to be brought to the attention of the Council	R Brown	tbc
	Financial Accounts Training	Audit Committee Performance		S Kausar
<b>Jun 2023</b>	Regular monitoring of previous years'	Assurance that appropriate arrangements are in place	R Brown	S Kausar

<b>Date</b>	<b>Item</b>	<b>Committee Objective</b>	<b>Director</b>	<b>Author</b>
	statements of accounts and finance improvement plan	to regarding progress on the completion and audit of the Council's financial accounts including financial improvement plan		
	Management Override of Controls	Assurance on operation of key financial controls by external assurance provider (EY)	R Brown	A Scholes S Kausar J Stevenson
	Companies Update (TfN Theme 3)	Assurance on progress, benefit realisation, controls, associated risks and their management to ensure that the Council has in place appropriate arrangements to manage risks connected to its investments in companies	R Brown	M Hainge
	HR & EDI Annual Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed	R Henderson	T Hayre-Bennett
	TfN workstream lead Theme 2 (Asset Management)	Assurance on progress, benefit realisation, controls, associated risks and their management	S Rose	N Jenkins
	Exemption from Contract Procedure Rules Q4	Oversight of procurement dispensations and assurance on their future procurement process	R Brown	S Oakley
<b>Jul 2023</b>	Draft Statement of Accounts 2022-23 & Interim AGS 2022-23	Consider any concerns arising from the financial statements or from the governance statement that need to be brought to the attention of the Council	R Brown	S Kausar
	Regular monitoring of previous years' statements of accounts and finance improvement plan	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts including financial improvement plan	R Brown	S Kausar
	Treasury Management Annual Report	Assurance on management of Treasury Management risks in accordance with Council policy	R Brown	J Stevenson
	IA Annual Report & Opinion including Counter Fraud Strategy	Consider arrangements for Internal Audit, reports on the effectiveness of internal	R Brown	S Shah

<b>Date</b>	<b>Item</b>	<b>Committee Objective</b>	<b>Director</b>	<b>Author</b>
		controls supporting the Head of Audit & Risk's opinion, and seek assurance on the implementation of agreed actions		
	TfN workstream lead Theme 5 (Constitution (Governance and Decision Making))	Assurance on progress, benefit realisation, controls, associated risks and their management	M Townroe	B Brown
<b>Sep 2023</b>	Audit Committee Annual Report	Audit Committee Performance		Cllr S Gardiner
	Regular monitoring of previous years' statements of accounts and finance improvement plan	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts including financial improvement plan	R Brown	S Kausar
	Customer Experience / Complaints & Ombudsman Annual Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed	L Lee	D O'Melia
	EMSS Annual Report	Assurance that the Council has in place appropriate arrangements to manage risks connected to its joint service arrangements	L Littlefair	
	TfN workstream lead Theme 6 (Organisation & Culture)	Assurance on progress, benefit realisation, controls, associated risks and their management	M Barrett R Henderson	T Hayre-Bennett
	Exemption from Contract Procedure Rules Q1	Oversight of procurement dispensations and assurance on their future procurement process	R Brown	S Oakley
<b>Nov 2023</b>	Council Plan & Corporate Performance Assurance & TfN workstream lead Theme 8 (Council Plan)	Assurance on progress, benefit realisation, controls, associated risks and their management	M Barrett I O'Donovan	J Rhodes
	Companies Governance Sub-Committee Update (TfN Theme 3)	Assurance on progress, benefit realisation, controls, associated risks and their management to ensure that the Council has in place appropriate arrangements to manage risks connected to its investments in companies	R Brown	M Hainge

<b>Date</b>	<b>Item</b>	<b>Committee Objective</b>	<b>Director</b>	<b>Author</b>
	Treasury Management Half Year Report	Assurance on management of Treasury Management risks in accordance with Council policy	R Brown	J Stevenson
	Corporate Risk & Assurance Register	Assurance that appropriate arrangements are in place to manage risk	R Brown	S Shah
	Regular monitoring of previous years' statements of accounts and finance improvement plan	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts including financial improvement plan	R Brown	S Kausar
	Internal Audit Update including Limited Assurance audits and High Priority Recommendations	Consider reports on the effectiveness of internal controls supporting the Head of Audit & Risk's opinion and seek assurance on the implementation of agreed actions	R Brown	S Shah
	Service Report on Progress following Limited Assurance IA Report - (Procurement Dispensations & Contract Management)	Assurance on improvements planned and made and how these will be sustained	tbc	
	Exemption from Contract Procedure Rules Q2	Oversight of procurement dispensations and assurance on their future procurement process	R Brown	S Oakley
<b>Feb 2024</b>	Together for Nottingham Plan update & Theme 1 (MTFS)	Assurance on progress, benefit realisation, controls, associated risks and their management	R Brown	S Kausar
	Treasury Mgt Strategy & Capital Strategy (TfN Theme 4)	Assurance on setting Council policies to best manage Treasury Management & Capital risks	R Brown	J Stevenson
	AGS Process 2023-24	Assurance on arrangements for a review of the Council's governance	R Brown	S Shah
	Regular monitoring of previous years' statements of accounts and finance improvement plan	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts including financial improvement plan	R Brown	S Kausar



<b>Date</b>	<b>Item</b>	<b>Committee Objective</b>	<b>Director</b>	<b>Author</b>
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified		A Smith
	Internal Audit Update including Limited Assurance audits and High Priority Recommendations	Consider reports on the effectiveness of internal controls supporting the Head of Audit & Risk's opinion and seek assurance on the implementation of agreed actions	R Brown	S Shah
	Review of Accounting Policies 2023/24	Assurance that appropriate arrangements are made to comply with statutory guidance	R Brown	tbc
	Exemption from Contract Procedure Rules Q3	Oversight of procurement dispensations and assurance on their future procurement process	R Brown	S Oakley
<b>Apr 2024</b>	TfN workstream leads Theme 7 (Service Design and Delivery)	Assurance on progress, benefit realisation, controls, associated risks and their management	C Underwood I O'Donovan	R Grice
	Regular monitoring of previous years' statements of accounts and finance improvement plan	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts including financial improvement plan	R Brown	S Kausar
	Annual Information Security & Information Governance Compliance Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	M Townroe	S Salmon N Matthews
	Health & Safety Annual Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	M Townroe	P Millward
	Procurement Exemptions	Oversight of procurement exemptions and assurance on their future procurement process	R Brown	S Oakley

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## Audit Committee Recommendation Tracker 2022/23

### 1 Purpose

This document will collate and track progress of all recommendations made by the Audit Committee to the Executive and Senior Managers throughout the year, and to log the responses to the recommendations. The explanation of terms used can be found in section 3.

### 2 Audit Committee Recommendations to the Executive and Senior Managers

Reference number	Title of agenda item	Recommendation	Date referred	Progress status	Response and next steps	Key contacts
221125-47-a	Minutes confirmation	A rolling log of actions is created, kept up to date and reported to every meeting of the Committee	25/11/22	Responded to	This document to be updated – retrospective application to follow.	Nancy Barnard
221125-50-1	External Audit - update	A copy of the Value for Money report to Committee members in advance of the February meeting	25/11/22	Accepted	Document circulated to the Committee.	Andrew Smith
221125-50-2	External Audit - update	Provide the Chair of the Audit Committee with a copy of External Auditor's letter to the Chief Executive about concerns over the approach to the review of management override of controls	25/11/22	Accepted	Document provided to Chair.	Andrew Smith
221125-50-3 221125-54-1	External Audit – update	Amend the Work Plan with additional item for February - how the Council is responding to	25/11/22	Responded to	Report at 24 February 2023 Audit Committee.	Richard Henderson

	Work plan	recruitment challenges and managing risks associated with this, with detail of how many posts in Finance and IT teams are a) filled with interim staff and b) unfilled				
221125-51-2	Treasury Management 2022/23 half-yearly report	Future treasury management reports include information on debt servicing costs and the debt redemption profile.	25/11/22	Responded to	Maturity structure of the debt is in the Treasury Management Strategy (Para 5.1.4) – (this meeting). Interest payable budget for next year is in the introductory report for the Treasury & Capital Strategies going to Executive Board - the figure is available to members. The team has been reminded of the requirement to include these in the annual and half-year reports.	Jean Stevenson
221125-53-1	Additional meeting	hold an additional meeting on 31 March 2023 at 10:30am	25/11/22	Approved	Meeting scheduled.	Nancy Barnard
230224-59	Minutes	Committee Members requested an amendment to Minute 52, to reflect their concern about	24/02/23	Responded to	Responded to at same meeting.	Ross Brown

		checks and balances on the commercial director for business cases, and that Audit Committee - 24.02.23 2 this would be a matter of interest for the Committee going forward				
230224-70-3	Corporate Recruitment Challenges and NCC response	Request the following information from the Organisational HR Manager: a. Data on long-term sickness and its impact on key services in the Council; b. Data on the cost of the Engage recruitment portal IT system now being replaced by the Oracle Recruitment Cloud (ORC).	24/02/23	Awaiting consideration	Information circulated to the Committee on 22 June 2023. Further information on Engage requested.	Daljit Singh Nijran
230331-75	Regular monitoring of previous years' statements of accounts	Resolved to make this item a standing verbal update for future committee meetings.	31/03/23	Approved	This is now a standing item until all previous' years statements of accounts are accounted for.	Shabana Kausar
230331-78-3	Annual Report of Health and Safety within the Council	Include statistics and trends within future reports.	31/03/23	23/02/24 – Awaiting consideration	To be reported to 23 February 2024 Audit Committee.	Paul Millward

### 3 Explanation of terms used

Recommendation reference number - each recommendation added to this tracker will be assigned a unique reference number eg 220511-3-1, where 220511 represents the date of the meeting, -3 is the minute number, and -1 is the recommendation number.

Progress status - this column indicates individual progress status for each recommendation and will present 1 of 3 options:

- Responded to/Accepted/Approved - Green
- Awaiting Consideration – Amber
- Rejected - Red

Response and next steps - this column will include details on why a specific recommendation was accepted or rejected, and where appropriate, will indicate what the next steps are for the officers or councillors.

### 4 Future meeting dates and reporting deadlines

Date of meeting (10:30am)	Deadline for draft reports (10:00am)	Chair's Briefing (2:00pm, *11:00am)	Deadline for final reports (5.00pm)
28/07/23	06/07/23	12/07/23	18/07/23
29/09/23	07/09/23	13/09/23	19/09/23
24/11/23	02/11/23	08/11/23	14/11/23
23/02/24	01/02/24	07/02/24	13/02/24
26/04/24	04/04/24	10/04/24	16/04/24

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