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Nottingham
City Council

Nottingham City Council Audit Committee

Date: Friday, 24 November 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 | Apologies | |
| 2 | Declarations of interest | |
| 3 | Minutes
To confirm the minutes of the meeting held on 29 September 2023 | 3 - 12 |
| 4 | Work Programme
For discussion and noting | 13 - 20 |
| 5 | Recommendation Tracker
For discussion and noting | 21 - 26 |
| 6 | Statements of Accounts Progress Update
Report of the Corporate Director for Finance and Resources | 27 - 44 |
| 7 | Financial Improvement Plan Update
Report of the Corporate Director for Finance and Resources | 45 - 74 |
| 8 | External Audit Update | Verbal
Update |
| 9 | Treasury Management 2023/24 Half Yearly Update
Report of the Corporate Director for Finance and Resources | 75 - 96 |
| 10 | IAB Instructions: Corporate Planning
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12	Contract Management and Procurement Audit Reports update Report of the Corporate Director for Finance and Resources	105 - 110
13	Complaints Annual Assurance Report 2022/23 Report of the Corporate Director for Finance and Resources	111 - 176
14	Corporate Risk and Assurance Register Update Report of the Corporate Director for Finance and Resources	177 - 180
15	Exclusion of the public 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.	
16	Corporate Risk and Assurance Register Update - Exempt Appendices Report of the Corporate Director for Finance and Resources	181 - 222

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 29 September 2023 from 10.30 am - 12.05 pm

Membership

Present

Councillor Samuel Gardiner (Chair)
Councillor Sulcan Mahmood (Vice Chair)
Councillor AJ Matsiko
Councillor Michael Edwards
Councillor Andrew Rule
Councillor Naim Salim

Absent

Councillor Graham Chapman
Councillor Adele Williams

Colleagues, partners and others in attendance:

Ross Brown	- Corporate Director for Finance and Resources
Titu Hayre-Bennett	- Head of HR and Organisational Development
Shabana Kausar	- Director of Finance
James Lavender	- Governance Officer
Lucy Lee	- Director of Customer Services
Ceri Morgan	- Programme Manager – EMSS and Oracle
Simon Parsons	- Audit Manager
John Slater	- Group Governance and Audit Assurance Manager
Andrew Smith	- External Auditor, Grant Thornton

32 Apologies

Councillor Graham Chapman – personal
Councillor Adele Williams – personal

33 Declarations of interest

None.

34 Minutes

The minutes of the meeting held on 28 July 2023 were confirmed as an accurate record and signed by the Chair.

35 Statement of Accounts Progress Update

Shabana Kausar, Director of Finance, presented the report which updated the Committee about the progress the Council is making with its statement of accounts relating from 2019/20 to 2022/23. The following information was highlighted:

- (a) the Improvement and Assurance Board (IAB) has issued a directive that the outstanding issues with all accounts from 2019/20 to 2021/22 should be resolved by 30 September 2023;
- (b) good progress has been made with the draft accounts for 2019/20 and 2020/21. The draft accounts for 2019/20 were delivered to Grant Thornton in July and the updates to the draft accounts for 2020/21 are approaching completions;
- (c) upon review of the 2019/20 draft accounts Grant Thornton raised new queries around the Council's external property valuations. This incorrect valuation of these assets has resulted an adjustment to the 2018/19 opening balances;
- (d) the clarification of Grant Thornton's queries impacted on the progress on the accounts for three weeks, and has compromised the Finance Team's ability to produce a draft Statement of Accounts for 2021/22 by 30 September 2023, as per the IAB's instructions;

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

- (e) there is a degree of reliance on external valuers to complete and report revised valuations;
- (f) adjustments to accounts are being completed in parallel across financial years and mostly relate to fixed assets, plant and equipment;
- (g) the Committee are assured that mid-October is an achievable deadline for the completion of the draft 2021/22 accounts, subject to no new queries being raised.

Resolved to note the report.

36 Financial Improvement Plan Update

Councillor Audra Wynter, Portfolio Holder for Finance and HR, Ross Brown, Corporate Director for Finance and Resources, and Shabana Kausar, Director of Finance, presented the report on the Council's Financial Improvement Plan (FIP) activity undertaken to the end of August 2023 and the planned activities to the end of October 2023. The following information was highlighted:

- (a) since the last report to the Committee, progress has been made on the following key activities:
 - the finalising of the statutory accounts for 2019/20 – 2021/22;
 - internal recharges and reallocations of policy;
 - the development of the Financial Accountabilities Framework;
 - Establishment Control;
 - FIP actions mapped on the EY remediation project;

- (b) the Council now has its draft 2019/20 Statutory Accounts ready for external audit certification and will have draft set of accounts for 2020/21 ready for audit by September in line with the IAB instructions (please read Minute 35 for further details);
- (c) a draft recharge framework document containing guidance on the definitions of a recharge, reallocation and apportionment has been produced. A master document has also been produced to ensure that each recharge or reallocation has a clear rationale, includes overheads only where appropriate, is agreed by both parties and correctly coded;
- (d) the draft Financial Accountabilities Framework will act as a guide for officers to the key roles and responsibilities that support excellent financial management within the Council, helping officers in understanding their roles and how they support others. It is based on the widely used RACI (Responsible, Accountable, Consulted and Informed) methodology;
- (e) PwC LLP work for the Establishment Control project chaired by the Director of HR and EDI is due to complete at the end of September. The project is a key activity in supporting delivery of the HR improvement Plan and aligns to the FIP;
- (f) PwC LLP have been commissioned for a 12-week period to support the Council to get to a single version of the truth in relation to their staffing baseline. This is critical to understand the true baseline position for transformation. This work focuses on three key areas:
 - a reconciliation of the establishment baseline across all Council service areas to get a single version of the truth;
 - simplifying and communicating processes that are associated with changes to establishment to enable changes to happen in a more timely and accurate manner;
 - developing and rolling out a dashboard to support Budget Holders with establishment reporting and monitoring;
- (a) work is ongoing to ensure that data going into the Oracle Fusion system is accurate;
- (b) at the end of August 2023, all 39 remediation activities identified for the Financial Controls Remediation Project have agreed controls in place. 38% have been fully implemented including training and monitoring by the first week of September with 62% in process of being implemented over September and expected to be fully implemented by the end of the first week of October;
- (c) Additional activities in Appendix 1a are included and implemented since last reported in July;

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

- (j) there is a detailed communications strategy for each of the implemented actions for the FIP to instruct officers in these processes;
- (k) all remediation activities of the Financial Controls Remediation Project will be implemented by the next progress report in November;
- (l) EY's work with the Finance Team ends today. 'Health check' Key Performance Indicators (KPIs) have been designed by EY to be embedded within our processes. Post-implementation activity has also been agreed with guidance from EY;
- (m) the capacity of the Finance Team to manage finance controls is always a risk. The key to maintaining a high standard for the financial control environment is to how best to administer and report within the capacity that the Council's Finance Team possesses including through automated processes;
- (n) the overseeing of the system of the new controls will be led by the Finance Team. These are the basic controls and long-term and permanent solutions will be sought to improve the financial control environment;
- (o) no money has been misallocated. The financial controls improvement activity is not for identifying fraud or mismanagement; it is for strengthening the Council's own financial processes and adhering to best practice;
- (p) there is no related increase for the Council, to the cost of the use of Oracle Fusion which is shared with Leicestershire County Council through the East Midlands Shared Service (EMSS);
- (q) there should be no reason as to why deadlines within the FIP should not be met. Officers are working very hard to meet the IAB's requirements and meet the objectives of the financial control environment. The Council faces challenges in its finances partly due to general context of local government finance.

Resolved to note the report.

37 External Audit Update

Andrew Smith, External Auditor for Grant Thornton, delivered an update to the Committee on the work undertaken by Grant Thornton on the council's accounts. The following information was highlighted:

- (a) the audit of the draft 2019/20 accounts will close in the next couple of months subject to receiving land and building valuations and reperforming some work completed by EY. Grant Thornton have requested working papers of EY but are yet to receive them. This issue has been escalated to the Corporate Director for Finance and Resources and Director of Finance;
- (b) there are proposals currently being consulted on by the Government to put in place a backstop for old audits, which means that historic audits must be completed by a specific date. This may affect the 2021/22 and 2022/23

financial accounts, but the dates for when this backstop takes effect have not yet been confirmed. If these proposals proceed, they may impact on the opening balance sheet for 2023/24 and the level of audit work required for the 2023/24 audit and therefore also on its cost;

- (c) Councillors are reminded of the external audit report brought to the meeting in February setting out significant weaknesses in value for money including in respect of the Council's financial sustainability. Concerns remain high based on events in year including the projected overspend on period 2 monitoring and subsequent expenditure controls. The concerns will be raised with the Chief Executive;

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

- (d) Corporate Director for Finance and Resources and Director of Finance confirmed that they are happy that EY should share this information and that representations had been made to EY;
- (e) there will be no direct penalties or sanctions for organisations that do not have their accounts fully audited by the time they reach the backstop. However, there would be a cost arising from the extra work entailed in the 2023/24 audit of financial statements;
- (f) there is a predicted £26 million in year overspend for 2023/24. The Financial Intervention Package is aimed to reduce expenditure and some reductions in pressures have resulted. The Council continues to experience demand led pressures particularly in the costs of adult and children social care (ACSC) and homelessness;
- (g) most authorities are facing problems of demand led pressures with ACSC and homelessness. Arrangements are in place in some local authorities to control or offset those pressures;
- (h) the Council have put in a number of transformation programmes focussing on preventative measures. Transformation is lagging a little in terms of desired progress;
- (i) the Council's financial resilience, its ability to cope in year, is more limited. The ability to fund pressures through reserves has been depleted;
- (j) the direction of travel for all local authorities responsible for social services lead to reductions in terms of services of what local authorities can deliver.

Resolved to note the update.

38 Internal Audit Progress Update Q2 2023/24

Ross Brown, Corporate Director for Finance and Resources and Simon Parsons, Audit Manager, presented the report which enables the Audit Committee to gain

assurances and determine the focus for any interventions necessary. The following information was highlighted:

- (a) the opinion of the Head of Audit and Risk has been deferred;
- (b) the report provides a summary of the outturn for the year. The key systems covered do not show overall improvements in level of assurance compared to last year;
- (c) Payroll / HR remains an area of particular concern – a further report on No Assurance areas follows this report;
- (d) there is an unresolved lack of capacity due to uncompetitive pay grades, staff turnover, recruitment restrictions and long-term sickness within the Council's Internal Audit Team, which has limited the resources to provide assurances during 2022/23;
- (e) the report shows some improvements in areas as a result of the Audit Team's recommendations;

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

- (a) the Audit Team is currently discussing arrangements for audit of former Nottingham City Homes services with colleagues within the Housing division the committee will receive an update on this at the next meeting;
- (b) by working with colleagues to make sure the Audit Team's recommendations are implemented along with new systems, Council services and systems can be moved from Limited Assurances to Moderate, or even Significant Assurance;
- (c) there are examples of improvement plans in progress in areas of Limited or No Assurance (see Minute 39);
- (d) there is a further Internal Audit Progress update due to Committee in February 2024;
- (e) several Limited Assurance reports relate to the operation of financial controls by the Council using Oracle Fusion, however through the Financial Improvement Plan (FIP), improvements that are sustainable within existing capacity are being considered with EMSS in order to strengthen the financial controls environment;
- (f) the Oracle Fusion software can pick up in period payment duplications, but this system cannot check retrospective payments. The Council's Internal Audit Team can flag up any potential risk of fraud or duplication, data is examined to identify duplicate payments, however, this identifies potential of duplication and some payments can be similar amounts or the same service but are not necessarily duplicate payments, these require further review;

- (g) the financial controls environment would be improved by enforcing a policy of 'No purchase order, no pay' as a preventative control for duplication. Dashboards will be introduced for better oversight for purchase orders.

Resolved to:

- (1) note the outturn in respect of the 2022/23 Internal Audit Plan;**
- (2) note the progress reported in respect of high priority recommendations and determine any focus for intervention if considered necessary;**
- (3) note the areas marked as Limited and No Assurance and determine, if necessary, any interventions required;**
- (4) approve the 2023/24 Internal Audit Plan and note the progress to date.**

39 Internal Audit Report - No Assurance

Councillor Audra Wynter, Portfolio Holder for Finance and HR, Ross Brown, Corporate Director for Finance and Simon Parsons, Audit Manager, presented the report which outlines two areas, Appointeeships and HR/Payroll, which had received no assurance when internally audited. The following information was highlighted:

Simon Parsons provided an overview of the report on Appointeeships. The following information was highlighted:

- (a) the level of assurance provided by this report was No Assurance which is the lowest level of assurance;
- (b) the Appointeeships team used to sit within the Nottingham Revenues and Benefits (NRB) Ltd and transferred to Customer division in April 2023;
- (c) the Appointeeships team look after DWP benefits on behalf of individuals who cannot manage their financial affairs themselves under arrangements agreed with DWP;
- (d) Internal Audit reviewed the service following a data matching methodology after the Director of Adult Health and Social Care raised concerns around the monies recorded in the system, and how they were accounted for, including a particular concern regarding the balances of individuals who had passed away;
- (e) the review determined that the computer system in use was not fit for purpose as it could not provide a full record of income, charges, money paid out and balances;
- (f) as a consequence, monitoring was not effective and DWP benefits may have been overpaid because balances above DWP thresholds may not have been notified to DWP;

- (g) the Appointeeships team have limited powers to identify balances controlled by families or other parties relevant to DWP benefits and as a result are not always able to establish when DWP thresholds are reached;
- (h) the citizens funds were swept from the Council's income account straight into the Council's General Fund bank account rather than into separately identified sub-accounts. The money has not been misused, but there is a risk as it is more difficult to account for it;
- (i) Internal Audit will follow up the report later in 2023/24;

Lucy Lee, the Director of Customer Services, provided the following comments:

- (j) a number of actions have been developed to provide assurance on Appointeeship;
- (k) both Appointeeship and Deputyship services have come under the remit of Customer Services and they are being combined to provide better value;
- (l) the monies for individuals were kept in a ringfenced way. They should have been kept in individual accounts, but the digital system used by Customer Services did not allow for this. The Caspa system used for Deputyships does allow for individual accounts and will be used for Appointeeships;
- (m) a manual record is kept for Appointeeship accounts;
- (n) a search agency has been commissioned to find next of kin relating to deceased persons accounts. 15 have been found, whilst 16 have been unable to identify next of kin and money will be transferred to Crown Estate. The remaining 201 accounts are being searched for;
- (o) 12 cases above the DWP threshold have been identified. There are genuine reasons in each case and continuous monitoring is ongoing;

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

- (p) the implementation of the Caspa system will be delivered before the next audit update due at the Audit Committee meeting on 23 February 2024;
- (q) the original source of concerns about Appointeeships was the Deputyship team following a review of Deputyship accounts. The Appointeeship service was formerly managed by NRB. Whilst it was effectively managed, there was a lack of scrutiny within the company;
- (r) a full review of the Appointeeships service is being carried out as part of the team being brought within the Customer Services division;
- (s) the wider lessons from this should be that where the Council operates similar services, processes and systems should be aligned and teams grouped together to provide better value for residents, efficiency and transparency;

Simon Parsons provided an overview of the report on HR and Payroll. The following information was highlighted:

- (t) the level of assurance provided by this report was No Assurance which is the lowest level of assurance. The report comments on central ownership and accountability together with the overview and monitoring of policy, activity and controls within payroll;
- (u) Internal Audit have the same expectation of robust internal control and monitoring within central HR as within Finance, but the audit found weaknesses;
- (v) whilst there are systems in place to enable the Council to meet the Transfer of Undertakings Protection of Employment rights (TUPE) requirements for when external services are transferred into Council control, for example, the transfer of Nottingham City Homes staff into the Council. The necessary checks regarding inward TUPE transfers were not being undertaken;
- (w) there is evidence that pay progression due for some staff was not correctly automated leading to underpayment;
- (x) specific payments and employment checks require retained evidence the document management system appears no longer used and storage of such documentation is inadequate;
- (y) there are a number of data quality/integrity issues affecting the Oracle Fusion system reports;

Titu Hayre-Bennett, Head of HR and Organisational Development, and Ceri Morgan, Programme Manager for EMSS and Oracle, provided the following comments:

- (z) the HR Team understand the areas of concerns and a clear HR Improvement Plan has been developed;
- (aa) the Pay and Governance Board has been reinstated this week;
- (bb) issues around establishment control are being worked on by PwC;
- (cc) financial controls with regard to the housing service are being finalised;
- (dd) payroll controls are in place;
- (ee) challenges with HR payroll include the use of overtime contracts and people on two separate contracts;
- (ff) work with EMSS continues to new implement new systems of financial control;
- (gg) every current assignment has been reviewed as part of September update to pay tables;

(hh) there is a secondary check on pay variances which the new system can pick up. This was previously a manual process;

(ii) errors increased with self-service implementation during the pandemic;

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

(jj) the Council has around 7000 employees, so the HR Improvement Plan is vital for maintaining standards;

(kk) the Portfolio Holder confirmed that she was assured that the deadlines outlined within the HR Improvement Plan were realistic and achievable, subject to any issues which may arise.

Resolved to:

(1) note the findings of the two Internal Audit Reports;

(2) request a further follow up report in February on Appointeeship;

(3) request a further update report in February on HR & Payroll.

40 Audit Committee Annual Report

The Chair presented the Audit Committee Annual Report for 2022/23 which outlines the work undertaken by the Committee during the year, how the Committee has fulfilled its designated role within the Council's Constitution and how its work relates to its core responsibilities. It will be presented to a future meeting of Full Council. The role of the Committee should focus on where the corporate pressures are and review them.

Resolved to approve the Audit Committee Annual Report 2022/23.

41 Work Programme

The Committee noted the Work Programme.

42 Recommendation Tracker

James Lavender, Governance Officer, updated the Committee on actions completed in the tracker since the publication of the agenda for this meeting.

The Chair recommended implementing an assurance recording mechanism.

The Committee noted the Recommendation Tracker.

Audit Committee 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
	External Audit Report 2020-21	Consider the outcome of the External Audit and assurance on management response to issues identified.		A Smith
	External Audit Report 2021-22	Consider the outcome of the External Audit and assurance on management response to issues identified.		A Smith
	Financial Accounts Training	Audit Committee Performance	R Brown	S Kausar
Jun 2023	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
	Financial Controls Assessment	Assurance on operation of key financial controls by external assurance provider (EY).	R Brown	A Scholes S Kausar J Stevenson

Date	Item	Committee Objective	Director	Author
	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
Jul 2023	Statements of accounts progress update	Assurance that appropriate arrangements are in place regarding progress on the completion and audit of the Council's financial accounts.	R Brown	S Kausar
	Finance improvement plan update	Assurance that appropriate arrangements are in place and satisfactory progress on the financial improvement plan.	R Brown	S Kausar
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Treasury Management Annual Report	Assurance on management of Treasury Management risks in	R Brown R Brown	S Kausar S Kausar

Date	Item	Committee Objective	Director	Author
	Annual Investment Strategy 2023/24 Revision	accordance with Council policy.		
	IAB instructions: Governance	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	R Brown	M Townroe
Sep 2023	Statements of accounts progress update	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts.	R Brown	S Kausar
	Comprehensive finance improvement plan update	Assurance that appropriate arrangements are in place and satisfactory progress on the financial improvement plan.	R Brown	S Kausar
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	IA Progress Update including IA plan update, and High Priority Recommendations	Consider arrangements for Internal Audit, 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 Parsons J Slater
	IA No Assurance Reports	Highlighted Internal Audit Reports where the lowest assurance rating has been given	R Brown	S Parsons
	Service Response - (HR & Payroll)	Assurance on improvements planned and made and how these will be sustained.	R Henderson	T Hayre-Bennet
	Service Response - (Appointeeship)		C Underwood	S Storey / L Lee
	Audit Committee Annual Report	Audit Committee Performance		Cllr S Gardiner

Date	Item	Committee Objective	Director	Author
Nov 2023	Statements of accounts progress update	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts.	R Brown	G Hammons
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Financial Improvement Plan Update	Assurance that appropriate arrangements are in place and satisfactory progress on the financial improvement plan and that these are informed by a Financial Management Code assessment.	R Brown	S Kausar
	Corporate Risk & Assurance Register	Assurance that appropriate arrangements are in place to manage risk.	R Brown	S Shah
	Treasury Management Half Year Report	Assurance on management of Treasury Management risks in accordance with Council policy.	R Brown	G Hammons
	IAB Instructions: Corporate Planning	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	M Barrett C Parr	J Rhodes
	IAB Instructions: Companies	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	R Brown	N McArthur
	Service Report on Progress following Limited Assurance IA Report - (Procurement	Assurance on improvements planned and made and how these will be sustained.	R Brown	S Oakley

Date	Item	Committee Objective	Director	Author
	Dispensations & Contract Management)			
	Customer Experience / Complaints & Ombudsman Annual Assurance (to note)	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	L Lee	D O'Melia
Feb 2024	IAB instructions: Theme 2 Finance	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	R Brown	S Kausar
	Treasury Mgt Strategy & Capital Strategy	Assurance on setting Council policies to best manage Treasury Management & Capital risks.	R Brown	G Hammons
	IAB instructions: Theme 6 Workforce, Culture & Performance Outcomes	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	M Barrett L Mann	T Hayre-Bennett
	Final Statement of Accounts 2019-20	Final outcomes of the accounts for 2019/20 and considerations within those accounts.	R Brown	S Kausar
	External Audit Report including 2019/20 Audit Findings Report and a Combined 2019/20, 2020/21, 2021/22 and 2022/23 VFM report	Consider the outcome of the External Audit and assurance on management response to issues identified.		A Smith
	Draft Statement of Accounts 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
	AGS Process 2023-24	Assurance on arrangements for a review of the Council's governance.	R Brown	S Shah

Date	Item	Committee Objective	Director	Author
	Regular monitoring of previous years' statements of accounts	Assurance that appropriate arrangements are in place to regarding progress on the completion and audit of the Council's financial accounts.	R Brown	S Kausar
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Comprehensive finance improvement plan update	Assurance that appropriate arrangements are in place and satisfactory progress on the 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
	EMSS Annual Report (to note)	Assurance that the Council has in place appropriate arrangements to manage risks connected to its joint service arrangements.	L Littlefair	
	Review of Accounting Policies 2023/24	Assurance that appropriate arrangements are made to comply with statutory guidance.	R Brown	S Kausar
Apr 2024	IAB instructions: Theme 3 Transformation	Assurance on progress, benefit realisation, controls, associated risks and management of IAB instructions under this theme.	C Underwood C Parr	R Grice
	Regular monitoring of previous years' statements of accounts	Assurance that appropriate arrangements are in place to regarding	R Brown	S Kausar

Date	Item	Committee Objective	Director	Author
		progress on the completion and audit of the Council's financial accounts.		
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Comprehensive finance improvement plan update	Assurance that appropriate arrangements are in place and satisfactory progress on the 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 Annual Report	Oversight of procurement exemptions and assurance on their future procurement process.	R Brown	S Oakley

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Audit Committee Recommendation Tracker 2023/24

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	Responded to	Information circulated to the Committee on 22 June 2023. Further information on Engage requested. Information from Engage circulated to the Committee on 26 September 2023.	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	26/04/24 – Awaiting consideration	To be reported to 26 April 2024 Audit Committee.	Paul Millward

230630-6-3	Financial Controls Assessment	Audit Committee to receive future updates on the remediation work through the FIP reporting.	30/06/23	Responded to	This will be built into the Regular monitoring of previous' years statement of accounts item.	Ross Brown/ Shabana Kausar
230630-6-5 & 6	Financial Controls Assessment	Audit Committee to establish a financial controls sub-group / new panels.	30/06/23	Awaiting Consideration	Consideration of what resources may be available to prioritise to such groups. Name and the remit of such a sub-group needs to be established by the Committee and the lead officer for the Committee.	Audit Committee/ Shabana Kausar
230630-6-7	Financial Controls Assessment	Undertake a CIPFA Self-Assessment on the Audit Committee.	30/06/23	Awaiting Consideration	Audit & Scrutiny Officer to support this activity.	Audit Committee / Nancy Barnard
230630-8-2	HR and EDI Annual Assurance	Circulate the EDI Strategy Audit Report by Inclusive Employers Limited amongst the Audit Committee.	30/06/23	Awaiting Consideration	Document circulated to the Committee on 26 September 2023. Further actions to be taken up by the Corporate Scrutiny Committee.	Titu Hayre-Bennett/ James Lavender
230630-9	Together for Nottingham Theme 2 - Asset Management	Two examples of business cases of the sale of assets to be provided to the Committee.	30/06/23	Responded to	Two examples were circulated to Members of the Committee via email	Beverley Gouveia/ James Lavender

230728-21-2	Statement of Accounts Progress Update	To receive the external auditor opinion on the financial statements for 2019/20 at the Committee meeting on 24 November 2023 if available;	28/07/23	Awaiting Consideration	Scheduled for meeting on 24 th November Reports still in the process of being finalised.	Shabana Kausar/ Andrew Smith
230728-24-1	Treasury Management 2022/23 Annual Report	The Treasury Team to examine the levels of supported and/or unsupported debt levels of competitor local authorities.	28/07/23	Awaiting Consideration	Reply received by the Chair and the Committee.	Shabana Kausar/Jean Stevenson
230728-24-1	Treasury Management 2022/23 Annual Report	The Treasury Team to provide clarification on the Council's overseas investments.	28/07/23	Awaiting Consideration	Reply received by the Chair and the Committee.	Shabana Kausar/Jean Stevenson
230728-25-2	Annual Investment Strategy 2023/24 Revision	The Treasury Team to provide details of a risk assessment undertaken upon the overseas investments.	28/07/23	Awaiting Consideration.	Reply received by the Chair and the Committee.	Shabana Kausar/Jean Stevenson
230728-27	Audit Committee Work Programme	An item or discussion on procurements and how the Real Living Wage would filter down through suppliers.	28/07/23	Awaiting Consideration	Audit & Scrutiny Officer to support this activity.	Shail Shah/ John Slater

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)	Deadline for final reports (5.00pm)
23/02/24	01/02/24	07/02/24	13/02/24
26/04/24	04/04/24	10/04/24	16/04/24

Audit Committee – 24 November 2023

Title of paper:	Statement of Accounts Progress Update	
Director(s)/ Corporate Director(s):	Ross Brown, Corporate Director of Finance and Resources and Section 151 Officer Shabana Kausar, Director of Finance and Deputy S151 Officer	Wards affected: All
Report author(s) and contact details:	Glenn Hammons, Interim Finance Lead – Technical Finance	
Other colleagues who have provided input:	Malcolm McBean, Interim Closedown Accountant Richard Pearson, Senior Accountant Sam Hawrylak, Senior Accountant	
Does this report contain any information that is exempt from publication? No		
Recommendation(s):		
1.	To note the current position with the Statement of Accounts for the years 2019/20 through to 2022/23	

1. Reasons for recommendations

- 1.1 As the Audit Committee is responsible for approving the audited accounts, this report looks to provide a formal update on the progress the Council is making with its statement of accounts relating to 2019/20 to 2022/23.

2. Background (including outcomes of consultation)

- 2.1 As previously reported, most recently to the September meeting of the Committee, the Council experienced delays with the audit of its 2019/20 accounts due to issues with property valuations for specialist assets and with subsidiary company figures required for group accounts. It currently has three sets of accounts that should have already been published with audit opinions. The Improvement and Assurance Board (IAB) has issued a directive that the outstanding issues with these accounts should be resolved by 30 September 2023.
- 2.2 The Council's 2018/19 Statement of Accounts were approved by the Audit Committee on 26 March 2021 for which Grant Thornton issued their audit opinion on the same day enabling the accounts to be formally published. These accounts were due to be published by 30 September 2019 but were delayed due to a conclusion being reached with regards to the value for money reported at the same meeting.
- 2.3 Grant Thornton originally commenced audit work on 2019/20's accounts in 2020 after work on the 2018/19 Statements concluded, but they decided to withdraw in early 2021 to allow the Council to amend the draft for a number of emerging issues including the need to obtain valuations for specialist assets and to finalise figures for a former subsidiary company which was in administration.

3. Accounts Progress

- 3.1 The Council have recruited additional temporary staffing resources to support the Technical Finance team with the production of accounts, with the additional team members joining through June 2023. At the end of September 2023, a number of the temporary staff supporting the production of accounts left the Council when their contracts expired. These staff have been replaced with new resources.
- 3.2 Revisions were made to the 2019/20 accounts to incorporate the revised valuation information for specialist assets, to amend group accounts, to adjust for issues with the Housing Revenue Account and to address other issues identified during the audit.
- 3.3 Appendix 1 provides a detail progress against each year whilst the table below provides a summary overview of both the expected position to end of November 2023 and current position as at the 8 November 2023 in resolving audit queries with regards to accounting years 2019/20 to 2022/23.

Table1: Expected Progress of Resolving Audit Queries to end of November 2023

Financial Year	Audit Queries	Progress as at 8 November 2023	Expected Progress to end of November 2023
2019/20	All requests received to early November have been responded to by the Council. Revised draft accounts submitted to Grant Thornton on 8 November 2023 incorporating all identified changes at that time.	100%	100%
2020/21	Audit not yet commenced. Revised draft accounts in production. Expected to be completed by late November.	95%	100%
2021/22	Audit not yet commenced. Draft accounts for publication were expected to be ready by 30 September 2023 but are now anticipated to be ready in early January.	35%	50%
2022/23	Audit not yet commenced. Draft accounts are expected to be ready by mid-February 2024.	20%	25%

3.4 Additional Audit queries since submission of 2019/20 Draft Accounts on 5 July 2023

- 3.4.1 Due to NHS audit work and other commitments, Grant Thornton were unavailable to resource the Council's 2019/20 audit work until mid-August 2023. Upon their review of the updated 2019/20 draft accounts (which reflected resolution of all outstanding queries by the Council), new queries were raised.

- 3.4.2 As reported to the September Audit Committee the majority of these new queries required a response from the Council's external property valuers. The issues related to incorrect floor areas being used for some of the Council's specialist assets. The resolution required a prior period adjustment to the 2018/19 Property, Plant and Equipment (PPE) valuation figures and was agreed with Grant Thornton. Responses to all queries were provided to Grant Thornton in October and the required changes have been made to the 2019/20 draft accounts.
- 3.4.3 In late September Grant Thornton also requested further information about the internal controls assessment undertaken by EY. The output of the EY work recommended a number of improvements to the control environment. These were reported to Audit Committee in June 2023. Due to commercial confidentiality reasons Grant Thornton are unable to fully use the output of the EY work to make their own assessment of the Council's control environment which is required to inform their audit opinion. As such, Grant Thornton are to test a sample of 18 transactions across 3 financial years (2019/20, 2020/21 and 2021/22). The Council provided this information to Grant Thornton in two tranches in mid/late October.
- 3.4.4 The Council has responded to all queries from Grant Thornton on the 2019/20 draft accounts and provided a further draft Statement of Accounts 2019/20 on 8 November reflecting all known agreed changes, since the last draft provided on 5 July 2023. However, these still need to be considered by Grant Thornton's internal review and assurance processes before an audit opinion can be provided. There is a risk further queries maybe raised during the review and assurance process.

3.5 Additional Audit Queries Impact on Timetable

- 3.5.1 As reported to Audit Committee in September the volume of additional queries, clarification questions and the resulting changes to the 2019/20 draft accounts have been greater than anticipated. This has compromised the team's ability and impacted delivery of activities against the original timetable which was aiming to receive an audit opinion on the draft Statement of Accounts for 2019/20 and produce a draft Statement of Accounts for 2020/21 by 30 September 2023.
- 3.5.2 It is currently anticipated the revised date for these actions will be 30 November 2023. However, these are dependent upon no additional queries being raised by Grant Thornton during their internal review and assurance process, and Grant Thornton being in a position to bring their Audit Findings Report to Audit Committee.
- 3.5.3 The volume of additional audit queries and resulting changes has also had a direct impact on the progress of producing draft Statement of Accounts for 2021/22 and 2022/23. This is due to the team prioritising resolving the queries in relation to 2019/20 and working through the impact through the opening and closing balances on futures years Accounts. The team have been making progress on the 2021/22 and 2022/23 Accounts focussing their time ensuring the opening/closing balances are correctly transferred between 2020/21 and 2021/22 when the new financial system was implemented and cleansing the data to ensure transactions, such as recharges, are correctly recorded.

3.6 Public Inspection Requirements

3.6.1 Periods of public inspection are a legal requirement. The accounting records have to be open to members of the public for a period of 30 working days under the Accounts and Audit Regulations. This period will still need to be observed for all outstanding years except for 2019/20 which was open from 1 September 2020 to 12 October 2020 inclusive.

3.7 Addressing the Local Government Audit Backlog

3.7.1 As the Committee will be aware following briefings at previous Audit Committee's in July 2023 the Government published a cross-system statement on proposals to clear the backlog and embed timely audits. Engagement is currently taking place with all parties across the local audit system to finalise proposals with a view to implementing changes to the relevant codes and standards by the end of December 2023.

3.7.2 The key elements of the proposals to resolve the audit backlog are:

- A series of statutory deadlines for councils and auditors to clear the backlog of delayed audits from 2015/16 to present.
- Auditors would then be required to provide as much assurance as possible for these outstanding years, reporting as normal any significant concerns they have on an organisation's financial controls, financial reporting as well as financial resilience, governance and risk.
- Where necessary, it is intended that auditors would need to limit their opinion and make clear to the users of the accounts those aspects or sections of a set of accounts which are not supported by sufficient, appropriate evidence, and which the auditor is unable to provide assurance over.
- Auditors' statutory duty to report on value for money (VfM) arrangements and their statutory audit powers (such as the power to make statutory recommendations or produce Public Interest Reports where necessary) are an important mechanism for assurance and for identifying areas of concern at an early stage, allowing councils to address them. Under these proposals this will remain a high priority.
- It is recognised these deadlines may result in qualifications and disclaimers of opinion in the short term for a number of local bodies.
- Where an auditor has to issue a disclaimer of opinion, however, there will still be a need to audit the opening balances of the subsequent set of accounts, as the prior year figures will not be covered by an unqualified auditor's opinion.

3.7.3 The statement also sets out the need for longer term change to address the underlying issues which may have driven the delays.

3.7.4 The cross-system statement is set out in Appendix 2.

3.7.5 The implications for the Council's outstanding accounts will need to be considered against the final proposals and the statutory deadlines when they are set. Further updates will be provided to Audit Committee at future meetings.

3.7.6 The Council will continue to prepare draft accounts for all years which are outstanding.

3.8 Risk Assessment

- 3.8.1 The Finance team have worked diligently to meet the direction from the IAB to resolve all known issues for 2019/20, 2020/21 and 2021/22 accounts by 30 September 2023. Following the additional queries received from Grant Thornton in August and September, the finance team were not able to produce draft accounts for these years by end of September 2023, therefore not meeting the direction completely. The non-delivery of the direction is not due to the finance team not being able to resolve audit queries but due to the fact that new queries are emerging as Grant Thornton review the revised set of 2019/20 accounts and responses to their earlier queries.
- 3.8.2 As set out above good progress towards meeting the objective has been made with ledgers for 2019/20 and 2020/21. The draft accounts document for 2019/20 was delivered to Grant Thornton in July and a further version including agreed changes relating to the prior period adjustment was provided on 8 November. The update to the draft accounts document for 2020/21 is approaching completion.
- 3.8.3 Work is well underway to resolve issues in the 2021/22 general ledger (with significant data cleansing having been undertaken), process final journal entries and produce draft accounts document which may not be in a format ready for publication until early January 2024.
- 3.8.4 The achievement of these timelines is heavily dependent upon number of factors, including the:
- Volume of further queries from Grant Thornton in relation to the 2019/20 draft accounts,
 - Timing and delivery of the external audit for 2020/21 and subsequent years accounts,
 - Proposed timing of backstop dates at a national level to address the backlog in local government audit as outlined in paragraph 3.7.

4. Finance colleague comments (including implications and value for money/VAT)

- 4.1 The scale fees paid to the External Auditor are set by Public Sector Audit Appointments and are as follows:

	£
2019-20	132,531
2020-21	132,531
2021-22	141,531
2022-23	141,531

- 4.2 In addition, Grant Thornton indicated in their Audit Plan for 2019-20 brought before the Audit Committee at their meeting on 28 February 2020 that there would be additional fees of £27,350 to be paid. Recent discussions between the Council, Public Sector Audit Appointments and Grant Thornton have resulted in the additional fees being increased to £92,350 to reflect the issues encountered through the audit.

5. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

- 5.1 None.

6. Published documents referred to in this report

6.1 None.

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Accounts Progress as at 8 November 2023

Year	Accounts Publication		Ledger	As Previously Reported in September 2023		Actual position as at 8 November 2023	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2019/20	30 November 2020	Draft published 28 August 2020 <i>Public inspection completed</i>	All required entries input by 30 September 2023.	<p>Audit Queries Status: All requests received to end of April were all responded by the Council and updated accounts submitted on 5 July 2023.</p> <p>The Council is actively responding to new requests received in August which require input from the external valuations' specialist.</p>	99%	<p>Audit Queries Status: All requests received to early November were all responded by the Council and updated accounts submitted on 8 November 2023.</p> <p>Since September the Council has responded to queries on specialist assets, which required input from the external valuations' specialist, and in relation to the EY work on internal controls.</p>	100%
			<p>Accounts Progress: Further changes are now being made because of a second Prior Period Adjustment being required by Grant Thornton for PPE.</p>	<p>Accounts Progress: All changes have been made to the Accounts, including prior year changes affecting 2019/20 identified by NCC during quality review work in preparation of future years Accounts.</p>			
			<p>Draft Accounts Submission: Revised draft accounts submitted to Grant Thornton on 5 July 2023 incorporating all identified changes at that time.</p> <p>An updated set of statement of accounts required to be completed following resolution of new Audit queries received in August 2023.</p>	<p>Draft Accounts Submission: Revised draft accounts submitted to Grant Thornton on 8 November 2023 incorporating all identified changes at that time.</p>			

¹ per Accounts & Audit Regulations

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Year	Accounts Publication		Ledger	As Previously Reported in September 2023		Actual position as at 8 November 2023	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2020/21	30 November 2021	Unsigned draft published 30 July 2021 <i>Public inspection not yet opened</i>	All ledger entries were completed by end September 2023.	Audit Queries Status: Audit not yet commenced.	85%	Audit Queries Status: Audit not yet commenced.	95%
				Accounts Progress: Revised draft accounts in production. Was expected to be completed by mid-August 2023, but now expected to be completed by early/mid-September 2023.		Accounts Progress: Revised draft accounts in production. Expected to be completed by late November 2023 due to new audit queries received in August and October 2023 in relation to 2019/20.	
				Draft Accounts Submission: Expected to be produced by mid/late September 2023		Draft Accounts Submission: Expected to be produced by late November 2023	
2021/22	30 September 2022	No draft yet produced <i>(was due 30 July 2022)</i>	Initial close of ledger complete. Data cleansing work undertaken. Some accounting entries included. Fixed Asset and funding entries not yet input due to additional audit queries resulting in further work required on 2019/20.	Audit Queries Status: Audit not yet commenced	25%	Audit Queries Status: Audit not yet commenced.	35%
				Accounts Progress: Draft accounts for publication were expected to be ready by 30 September 2023 but are now anticipated to be ready in early October 2023 due to new audit queries received in August 2023 in relation to 2019/20.		Accounts Progress: Draft accounts for publication are now anticipated to be ready in early January 2024 due to new audit queries received in August and October 2023 in relation to 2019/20.	
				Draft Accounts Submission: Expected to be produced by early/mid October 2023.		Draft Accounts Submission: Expected to be produced by early January 2024.	

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Year	Accounts Publication		Ledger	As Previously Reported in September 2023		Actual position as at 8 November 2023	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2022/23	30 September 2023	No draft yet produced <i>(was due 30 May 2023)</i>	Initial close of ledger complete, accounting entries to be processed in Winter 2023/24	Audit Queries Status: Audit not yet commenced Accounts Progress: Draft accounts are expected to be ready by mid-December 2023 Draft Accounts Submission: Draft accounts are expected to be ready by mid-December 2023.	0%	Audit Queries Status: Audit not yet commenced. Accounts Progress: Draft accounts are expected to be ready by mid-February 2024. Draft Accounts Submission: Draft accounts are expected to be ready by mid-February 2024.	20%

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LOCAL AUDIT DELAYS – CROSS-SYSTEM STATEMENT ON PROPOSALS TO CLEAR THE BACKLOG AND EMBED TIMELY AUDITS

Introduction

1. There has been a deterioration in the timeliness of local audit since 2017/18, with delays compounding during the COVID-19 pandemic, leading to a persistent and significant backlog of audit opinions. Since November 2020, the Department for Levelling Up, Housing and Communities (DLUHC) has implemented a wide range of measures to improve timeliness and the wider local audit system as part of its response to Sir Tony Redmond's *Independent Review of local financial reporting and audit*.¹ In addition, in December 2021 DLUHC published a further package of measures to improve local audit delays, which went beyond Sir Tony Redmond's original recommendations.
2. We recognise that fuller action is required. This note sets out a range of broad proposals and actions, agreed in principle with key partners across the local audit system, to address the backlog of local audits in England. Local audit is both a vital and independent source of assurance and a key element of the checks and balances within the local accountability framework, and we must collectively ensure that the local audit system is on a strong and sustainable footing for the future. There exists a shared resolve and commitment amongst the organisations referenced in this document to take action now to tackle the exceptional circumstances of the current backlog and ensure a return to timely delivery of high-quality financial reporting and external audit in local bodies,² in order to provide the vital accountability and assurance needed for local people and their elected representatives.
3. Further engagement and cross-system work will be needed this Summer to finalise the proposals outlined in this statement. Following this, we anticipate changes to the relevant codes and standards will be made in time for implementation to begin by the end of December 2023.

Context

4. Local audit completion for the financial year 2021/22 remains at approximately 27 percent, with the combined total of outstanding local audits dating back to 2015/16 now totalling nearly 520. This is clearly unacceptable. There is consensus across the system that there is now no alternative but to take collective action to resolve the backlog. Restoring timely audit and financial reporting will improve local accountability, strengthen the government's ability to identify warning signs of potential failure in local bodies and provide assurance to local residents about financial management and governance.
5. DLUHC, working with the Financial Reporting Council (FRC) as it prepares to commence the shadow system leadership role, has led urgent cross system work over the Spring - involving auditors, Section 151 Officers, regulators, government departments and other key stakeholders – to find a solution to reset the system.

ADDRESSING THE LOCAL AUDIT BACKLOG: PROPOSITION

6. Working together, the National Audit Office (NAO) and DLUHC intend to set a series of statutory deadlines for accounts preparers and auditors to clear the backlog of delayed

¹ [Local authority financial reporting and external audit: independent review - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/local-authority-financial-reporting-and-external-audit-independent-review)

² Local bodies include councils but also other relevant authorities as defined under the Local Audit and Accountability Act (2014)

audits for financial years 2015/16 to present. Auditors would then be required to provide as much assurance as possible for these outstanding years, reporting as normal any significant concerns they have on an organisation's financial controls, financial reporting as well as financial resilience, governance and risk. Where necessary, it is intended that auditors would need to limit their opinion and make clear to the users of the accounts those aspects or sections of a set of accounts which are not supported by sufficient, appropriate evidence, and which the auditor is unable to provide assurance over. Auditors' statutory duty to report on value for money (VfM) arrangements and their statutory audit powers (such as the power to make statutory recommendations or produce Public Interest Reports where necessary) are an important mechanism for assurance and for identifying areas of concern at an early stage, allowing councils to address them. Under these proposals this will remain a high priority.

7. These deadlines may result in qualifications and disclaimers of opinion in the short term for a number of local bodies. We believe that these steps are necessary to reset the system and to restore the assurance which is provided by timely annual audits. Whilst further detailed work is needed across the Summer, including to mitigate any unintended consequences of these measures, there is broad consensus from organisations referenced in this document that without any action being taken, the delays will continue for a number of years, and in that scenario, when the delayed audits are reported, they will offer little if any assurance about the current position. In the meantime, there is a heightened risk of auditors not identifying and reporting on important, more current issues. We must ensure the capacity of the sector is focused on the most recent position as soon as possible.
8. Where an auditor has to issue a disclaimer of opinion, however, there will still be a need to audit the opening balances of the subsequent set of accounts, as the prior year figures will not be covered by an unqualified auditor's opinion. The Department is seeking to ensure that work to clear the backlog of accounts takes place within a limited window of time. It will therefore consider measures to address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years and ensure the burden of auditing opening balances does not risk creating further delays. An important consideration will be ensuring there is appropriate assurance in place for opening balances for the start of the new contract period for the 99% of local bodies which have opted in to Public Sector Audit Appointments Limited's (PSAA) scheme.

Commitments by system partners

9. The **National Audit Office** is considering the development of a replacement Code of Audit Practice to give effect to the changes outlined above. This would include a requirement on auditors to issue the audit opinion for specific financial years in line with new statutory deadlines set out in legislation for the relevant authority. Auditors' statutory requirement to report on value for money arrangements would remain unchanged. Auditors would also be expected to facilitate a smooth transition during the contract handover period for the 2023/24 contracts. As part of this work the NAO will be establishing a specific Programme Board to provide the necessary governance to deliver a replacement Code of Audit Practice by the end of the year including the necessary consultation and Parliamentary process.
10. Alongside this **DLUHC** is considering whether legislative change is needed to:
 - a. set new statutory deadlines for local bodies to publish accounts to mirror the proposed changes to the Code of Audit Practice.

- b. address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years.
11. Under these proposals the **Chartered Institute of Public Finance and Accountancy (CIPFA)** would issue guidance to support accounts preparers to follow any amended regulations which set out new statutory deadlines, provided the authority is in receipt of the appropriate audit findings report from the auditor. CIPFA would also set out how Section 151 Officers should approach their responsibilities to certify the accounts in light of potential qualifications or disclaimers which may result from these proposals.
 12. To support these changes, the **Financial Reporting Council (FRC)** will publish guidance on its regulatory approach to Major Local Audits³ (MLAs), articulating the importance of timeliness and compliance with statutory deadlines as an additional measure of audit quality. It will work with the NAO on the development of guidance where necessary to assist with the application of standards for these audits, including the need to meet the statutory dates. Local auditors will be required to have regard to and follow the NAO's guidance. The FRC's inspection activity would review auditors' compliance with auditing standards, the Code and relevant NAO guidance.
 13. The FRC will use its broader supervisory role to ensure commitment from audit firm leaders to implement the policy measures and the steps that are being taken to meet the timetables for concluding historical audits. This route will be used to escalate any pervasive concerns the FRC has gathered on an audit firm's resilience, risk management and ability to deliver timely local audits and address their part of the backlog.
 14. Under these proposals the FRC intends not to undertake routine audit quality reviews and inspections of MLAs for the historic audits up to the end of the 2021/22 financial year (though FRC will continue to inspect audit firms which deliver NHS audits). FRC will only conduct quality review inspections for historical audits where there is a clear case in the public interest to do so. The FRC will suspend the decision on the timing, scope, and coverage of inspections for the 2022/23 audits until there is confirmation of any revision to the NAO's Code of Audit Practice.
 15. The FRC will need to ensure that its enforcement function is still able to appropriately gather information and evidence to determine whether, in the public interest, there should be an investigation into accounting or auditing issues where there are significant financial and governance failures.
 16. The **Institute of Chartered Accountants in England and Wales (ICAEW)** is responsible for the inspection and regulation of non-Major Local Audits.⁴ The ICAEW proposes that its regulatory response to these measures will be consistent with the planned action of the FRC, as set out above.
 17. **PSAA** is responsible for appointing an auditor and setting scales of fees for local bodies that have chosen to opt-in to its national scheme. A small number of authorities are not opted-in to PSAA's scheme and appoint their own auditors independently. Under these proposals, PSAA anticipates that it will need to determine final fees for opted-in authorities for the historic periods on a case-by-case basis. Its guiding principle in this will remain that if auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted, then they are due the appropriate fee for the

³ An audit of a local government body or NHS body with income or expenditure of at least £500m or a local authority pension scheme with at least 20,000 members or gross assets in excess of £1bn.

⁴ ICAEW's Quality Assurance Department (QAD) is responsible for reviewing local audits conducted under the Local Audit and Accountability Act that are not major local audits.

work done, and the body is due to pay the applicable fee, including where there is a disclaimer or qualified opinion. Conversely, if an auditor has collected audit fees in part or in full, and a change in requirements means that the total work done represents less than the fee already collected, then the auditor must return the balance and refund the body the appropriate amount – this ensures that the bodies pay only for work that has been done.

18. A number of **audit firms** with responsibility for local audits from 2015 have been a party to the development of these proposals, and under these plans would work with DLUHC, FRC and NAO on their professional commitment to the steps they would take to ensure successful implementation of the measures to clear the backlog. Such a commitment, underpinned by the auditors' professional duty to be independent and deliver consistent high-quality and timely work, would be welcomed by all parties within the system. Audit firms will of course need to operate in accordance with any changes to the Code of Audit Practice as well as continuing to fulfil their existing statutory duties.
19. **Chief Executive Officers, Section 151 Officers and Audit Committees** also play a critical role in delivering high-quality financial reporting. DLUHC will continue to engage Section 151 Officers and the wider sector as proposals are further developed over the Summer.
20. Under these proposals, Section 151 Officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time. In addition, Chief Executives, Section 151 Officers, local authority Leaders and Chairs of Audit Committees should alert the auditor to significant organisational risks, critical decisions and changes in financial sustainability, and also where they have identified concerns on systems of financial control, financial reporting and capacity and capability to produce high-quality financial reporting on time. Where there are significant resilience risks, they should alert the auditor of the options, choices and alternatives that are being considered.
21. We will work with the **Local Government Association (LGA)** over the Summer, including to engage its members on these proposals. Under these proposals the LGA will support councils to understand their role in relation to external audit and that of auditors, and help councils communicate those messages to elected members and officers as necessary. The Department will also continue to engage with Section 151 Officers and treasurers' societies, in addition to representatives from the range of authorities impacted by these proposals.

LONGER TERM CHANGE

22. In order to prevent a recurrence of the backlog, it is essential that underlying issues which may have driven delays are addressed. Work will therefore progress with a number of organisations including the FRC, the NAO, CIPFA and the LGA to devise an escalated reporting framework for audit firms and local bodies to resolve issues ahead of statutory deadlines. We will also look to publish a list of local bodies and audit firms which meet statutory deadlines and those which do not.
23. Other underlying challenges will also continue to be addressed. The FRC is already leading work across the system to improve competition, capability and supply within the audit market. The FRC, supported by DLUHC, is committed to producing a workforce strategy by the end of the 2023 calendar year, which will identify gaps and barriers across the local audit system that are hindering the development of future capacity and agree actions and solutions to unblock these with stakeholders.

Local financial reporting, auditing and regulatory requirements

24. It is critical that a repeat of the backlog is avoided in the future. Work across the local audit system must therefore be sustainable and ensure proportionate financial reporting requirements, auditing requirements and regulatory requirements are in place.
25. Although reporting and disclosure requirements required by the Code of Practice on Local Authority Accounting have not changed for many years, there is a perception that both audit and regulatory expectations relating to the audit of non-investment assets have increased significantly in recent years. As a result, both account preparers and auditors frequently engage specialist valuers to provide the level of assurance which is thought to be necessary. In his review, Sir Tony Redmond noted a lack of consensus within the system over how to address this.
26. Local authority financial reporting must balance the need for adherence to financial standards against the needs of the users of local authority financial information, including ensuring the accounts are still useful and valuable to the taxpayer. Where reporting, auditing and regulatory standards combine to create pressures which delay timely reporting and audit, this should be addressed by responsible organisations across the local audit system. Doing so is vital in ensuring the delicate balance between high-quality financial reporting and user value is maintained.
27. There is also a question as to whether the level of work required for the current reporting and disclosures obligations on account preparers, which then require audit and oversight, is proportionate to their value to the user of the accounts, given the potential financial or governance risks are relatively low. All system participants therefore need to consider whether this work is proportionate to risk and a wise use of taxpayers' money, and will do so in the coming months.
28. Local authority accounts are consolidated within the statutory Whole of Government Accounts, which are prepared in accordance with International Financial Reporting Standards (as adapted and interpreted for the public sector). Since 2010 these standards have been reflected in the Code of Practice on Local Authority Accounting, which is independently set by CIPFA and passed by the CIPFA LASAAC⁵ board, under the advice of the Financial Reporting Advisory Board (FRAB) - an independent advisory board.
29. In light of these issues, the **Comptroller & Auditor General (C&AG)** is considering changes to the Code of Audit Practice relating to certain balances in the accounts to prevent continued local audit delays while a broader solution is sought. The C&AG is taking this action under the requirement of the 2014 Local Audit and Accountability Act that he should keep under review whether the existing Code continues to embody best professional practice with respect to the standards, procedures and techniques to be adopted by local auditors. As such, it reflects the seriousness with which he views the current delays in the local audit system. Potential changes would be time limited and would need to be supported by wider changes to standards and regulation.
30. The NAO has established a dedicated programme board, supported by at least three working groups, to develop the potential changes and related technical questions with stakeholders. A range of mechanisms will be considered to allow auditors to discharge their responsibilities to gather sufficient, appropriate and reliable audit evidence in accordance with International Standards on Auditing (ISAs).

⁵ Local Authority (Scotland) Accounts Advisory Committee

31. The C&AG, as he is required to do by the Local Audit and Accountability Act 2014, will keep the Code of Audit Practice under review and will consider the effectiveness and operation of any changes made to the Code. This would inform a wider review of the measures to clear the backlog outlined above.
32. **His Majesty's Treasury (HMT)** is conducting a thematic review of the valuation of non-investment assets such as roads and office buildings for financial reporting purposes across the public sector. The review is seeking to evaluate the advantages and disadvantages of the current valuation regime and consider the appropriate measurement options.
33. There are advantages to the alignment of central and local government accounting, including allowing local government accounts to be more easily consolidated into the statutory Whole of Government Accounts. As set out above, however, the level of work required by account preparers and auditors must not limit the value of the accounts to the user. **CIPFA** is therefore exploring changes to the Code of Practice on Local Authority Accounting for the medium and long term, in order to enable a more proportionate approach to the accounting requirements for non-investment assets and pension valuations for a local authority context. As a standard setter, CIPFA's guiding principle in approaching any changes to the reporting requirements adopted by the public sector in 2010 will be ensuring that high-quality financial reporting and the utility of financial statements to account users is maintained. As outlined above, any consideration of changes to accounting requirements will be accompanied by a broader set of measures from actors across the system.
34. CIPFA's work will run in parallel to HMT's thematic review. As the body responsible for local government accounting requirements, CIPFA is part of the working group HMT has set up for the review. CIPFA has clearly set out its view on the review's proposals. CIPFA will continue to work with HMT to ensure that any consequential changes to the Government Financial Reporting Manual (FRM) and the Code of Practice on Local Authority Accounting are considered fully to ensure that the users of local authority accounts are incorporated.
35. In addition, CIPFA has already made a temporary adjustment to the Code on the valuation and reporting requirements for local authority infrastructure assets, to support amendments to regulation made by DLUHC in December 2022. However, clearly a long-term solution needs to be developed. This will take longer than the current temporary measures (both legislative and Code based) allow. As such, DLUHC will seek to extend the changes made to legislation last year and CIPFA will consider whether the current amendments to the Code can be extended in tandem.
36. **The Financial Reporting Council (FRC)** has committed to set out annually its planned regulatory programme, areas of focus and how its inspection activity serves the public interest through alignment with the significant financial, accounting and governance risks facing local bodies. As part of this the FRC expects to clearly set out how its inspection activity will review auditors' work on operational assets and pensions valuation, the rationale for doing so and examples of good practice. FRC inspection activity will continue to review compliance with auditing and ethical standards, any revised Code of Audit Practice and associated guidance.
37. The FRC has also indicated, in principle, that if the audit and reporting requirements for operational asset and pensions valuations are revised, its intention will be to update the inspection approach to reflect the changes in these areas.
38. The FRC's Audit & Assurance Sandbox initiative is taking forward a specific policy discussion on the application of materiality by local authority auditors. The Sandbox brings together groups of auditors, practitioners, regulatory bodies and interested parties to explore, identify and develop solutions to specific technical and policy issues. The

materiality discussions are expected to conclude before the end of the year. Next steps could include, for instance, the FRC determining whether additional guidance is required to support how auditors set materiality levels for local bodies in line with auditing standards or working with those local audit suppliers who decide to set a different basis of materiality without such guidance.

Conclusion

39. The local audit system, which comprises all of the organisations listed above, recognises the need to restore the timeliness of financial reporting and audit in local government. That is why all system partners have made clear proposals to reduce the backlog of local audits in England which are detailed in this statement. The Government will continue to work with the FRC and all key partners across the system to continue this ambitious programme of work over the Summer. As noted above, this will include consideration of longer-term changes in order to create a more sustainable local audit system for the future.

14 July 2023

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Audit Committee – 24 November 2023

Title of paper:	Finance Improvement Plan Update	
Corporate Director(s) / Director(s):	Ross Brown – Corporate Director of Finance and Resources (S151 Officer) Shabana Kausar - Director of Finance and Deputy S151 Officer	Wards affected: All
Author:	Toyin Bamidele (Finance Improvement Programme Lead)	
Other Colleagues who have provided input:	Glenn Hammons (Technical Finance Team Leader)	
Does this report contain any information that is exempt from publication?		
Recommendation(s):		
1.	To note the progress to date on the Finance Improvement Plan and remediation controls project	

1. Reasons for recommendations

- 1.1 The purpose of this report is to provide the Audit Committee with an update on the progress made against the Council’s Finance Improvement Plan since the last reported position to the committee in September 2023.
- 1.2 The report incorporates an extract of activities undertaken to the end of September 2023 and planned activities to the end of December 2023.
- 1.3 This report also provides an update to the committee on the progress of the control’s remediation project.

2. Background

- 2.1 The Finance Improvement Plan (FIP) was set up to deliver a comprehensive and coordinated improvement of the Council’s financial management arrangements. The Original Financial Improvement Plan (FIP) was presented to the Improvement Assurance Board (IAB) in January 2023. The FIP is being delivered by Service managers and the Finance team in collaboration via several actions and action leads to help safeguard progress on implementation and ensure accountabilities.
- 2.2 The FIP is being delivered through the following agreed eight themes:
 - 1) Strengthening financial leadership.
 - 2) Improving the approach to managing and governing the capital programme.
 - 3) Enhancing financial systems to meet user needs.
 - 4) A well designed and robust system of internal financial control.
 - 5) Embedding professional accounting practice.

- 6) Capacity building and training.
- 7) Enhancing financial strategies.
- 8) Understanding and effectively managing its finances (social care).

2.3 As previously reported, the actions within the FIP were mapped to the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code to establish how the financial control environment develops through the life of the FIP, with the outcomes from the FIP deliverables providing the professional standards expected of a council.

2.4 This dynamic and comprehensive financial improvement plan continues to reflect actions to address emerging risks and issues identified. New actions identified outside of those reported in September (i.e. establishment control, spending controls and financial control assessment review and controls remediation) include clearly defined framework for governance and internal control.

3. Finance Improvement Plan (FIP) Update – Plan and Delivery

3.1 The FIP continues to deliver comprehensive and coordinated improvement of the Council's financial management arrangements within the agreed eight themes, taking advantage of available opportunities to implement improvements where possible and planning future improvements for implementation at the earliest opportunity, subject to available resources and system functionality and development constraints.

3.2 A strong project approach has been taken to address the urgent need to rebuild financial resilience across the Council and this approach has resulted in the delivery of a number of substantial achievements in building a financial discipline that is fit for purpose and addresses the financial challenges faced by the Council.

3.3 There is a recognition among senior leadership that good financial management is a pre-requisite of any successful organisation therefore, the improvements within the FIP are being tackled comprehensively and in a co-ordinated way with the main focus on ensuring absolute organisational confidence in the Council's financial management.

3.4 As illustrated in figure 1 below, of the 232 clearly defined financial improvement actions identified as at the end of October 2023, 33% are completed, 37% in progress, 23% are not started yet due to dependencies on other actions which are currently in progress, 5% are now reclassified as business as usual (BAU) activities and the remaining 2% are on hold due to dependences on other activities and actions. Overall good progress is being maintained on the FIP, especially when recognising the capacity issues within the team. Figure 2 provides a progress update against the agreed eight themes.

Figure 1 - FIP Actions Progress Update @ Sept 2023

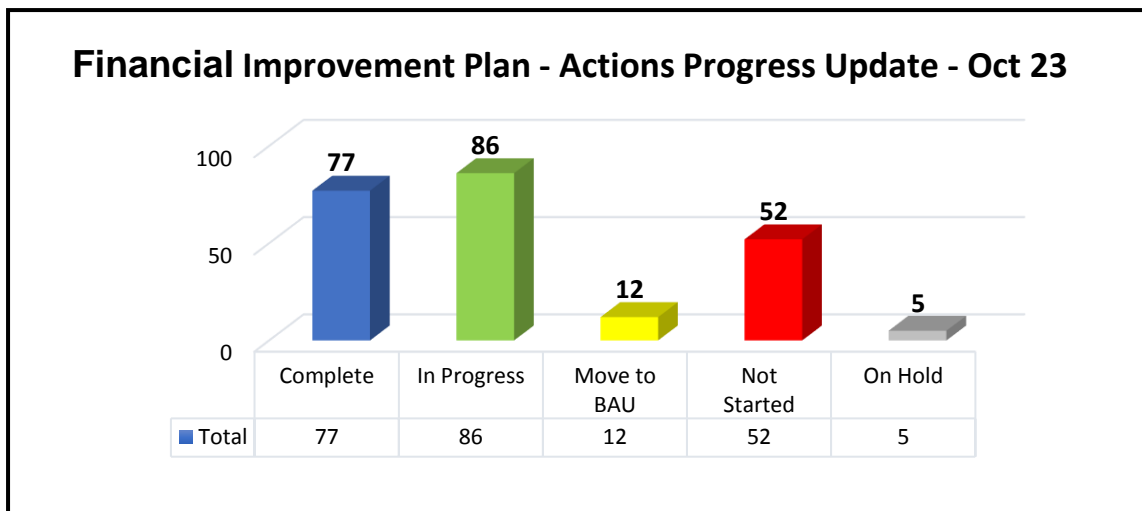
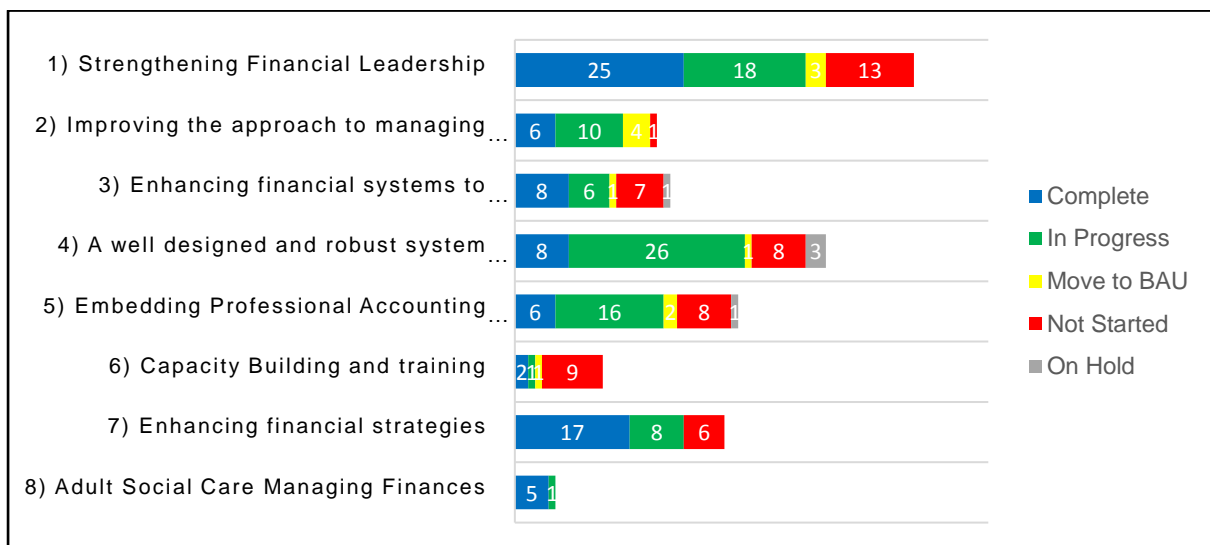


Figure 2 - Progress Update per Improvement Theme



3.5 The action in progress within the Adult Social Care (ASC) Managing Finances theme, is the development of a detailed action plan that identifies the key process/control improvements included within the Adults Improvement Plan (AIP). The AIP is delivering data and system improvements to aid financial management and clarify roles and responsibilities regarding system ownership and controls. The AIP will be reporting to an internal project oversight board to provide progress update. With the finance team reporting on actions that impact the FIP.

3.6 The finance team are working with the Adult Social Care department to develop and design a detailed improvement plan. Once the ASC improvement plan has been agreed and approved, actions within the improvement plan would be incorporated into the FIP for better transparency and accountability.

- 3.7 Appendix 1 provides an outline of the specific improvements delivered across the eight improvement themes since the last Committee in August to the end of September, whilst Appendix 2 provides key planned activities to be undertaken over the next three months to the end of December 2023.
- 3.8 Progress made since the last update in September include the following activities and required substantial capacity and effort across the Finance team and Service departments.
- 3.9 The finance improvement plan continues to be ongoing, and progress made since the last update in September include the following activities.
- Finalising the statutory accounts for 2019/20 – 2021/22 (Paragraph 3.12).
 - Financial accountabilities' framework (Paragraph 3.13).
 - Establishment Control (Paragraph 3.14)
- 3.10 Below is an update on the key improvement areas noted above, illustrating how the earlier actions taken to date are being embedded and/or further developed across finance and into the wider organisation, where needed and the significant and positive change this is bringing about in how the Council is effectively managing its finances.
- 3.11 Staffing capacity and retention remains a key risk for the service not just for delivering the FIP activities but also managing key business as usual (BAU) activities such as the budget process. However, in the last month, there has been several successful temporary recruitments which are expected to strengthen the delivery of the improvement plan as well as business as usual activities. The available resources alongside the target operating model for the Finance team is being reviewed continuously to ensure the relevant capacity and capabilities required for delivering great financial management is in place.
- 3.12 **Finalising the statutory accounts for 2019/20 – 2022/23**
- 3.12.1 The Council currently has four sets of accounts that should have already been published with audit opinions however, as previously reported, to the Committee in September, the Council experienced delays with the audit of its 2019/20 accounts due to issues with property valuations for specialist assets and with subsidiary company figures required for group accounts.
- 3.12.2 Details of the accounts progress are set out in a separate report which is being presented to Audit Committee at the same meeting.
- 3.12.3 Since the last report to Audit Committee in September the Council has received additional audit queries on the 2019/20 draft accounts which it has responded to and provided an updated draft 2019/20 Statement of Accounts on 8 November reflecting all known agreed changes, since the last draft provided on 5 July 2023. However, these still need to be considered by Grant Thornton's internal review and assurance processes before an audit

opinion can be provided. There is a risk further queries maybe raised during the review and assurance process.

- 3.12.4 The volume of additional audit queries, clarification questions and the resulting changes to the 2019/20 draft accounts have been greater than anticipated and also had a direct impact on the progress of producing draft Statement of Accounts for 2021/22 and 2022/23.
- 3.12.5 It is currently anticipated the revised date for these actions will be 30 November 2023. However, these are dependent upon no additional queries being raised by Grant Thornton during their internal review and assurance process, and Grant Thornton being in a position to bring their Audit Findings Report to Audit Committee.
- 3.12.6 The Finance team have been making progress on the 2021/22 and 2022/23 Accounts focussing their time ensuring the opening/closing balances are correctly transferred between 2020/21 and 2021/22 when the new financial system was implemented and cleansing the data to ensure transactions, such as recharges, are correctly recorded.
- 3.12.7 The table below provides a summary overview of both the expected position to end of November 2023 and current position at the 8 November 2023 in resolving audit queries with regards to accounting years 2019/20 to 2022/23.

Table 1 - Statutory Accounts progress

Financial Year	Audit Queries	Progress as at 8 November 2023	Expected Progress to end of November 2023
2019/20	All requests received to early November have been responded to by the Council. Revised draft accounts submitted to Grant Thornton on 8 November 2023 incorporating all identified changes at that time.	100%	100%
2020/21	Audit not yet commenced. Revised draft accounts in production. Expected to be completed by late November.	95%	100%
2021/22	Audit not yet commenced. Draft accounts for publication were expected to be ready by 30 September 2023 but are now anticipated to be ready in early January.	35%	50%
2022/23	Audit not yet commenced. Draft accounts are expected to be ready by mid-February 2024.	20%	25%

3.13 **Financial Accountabilities' Framework (FAF)**

- 3.13.1 Following the production of a comprehensive Council wide Financial Accountabilities Framework which provides a guide to the key roles and responsibilities that support excellent financial management at Nottingham City Council (NCC). Consultation with senior leadership and the Human resources department has begun to ensure the framework is adequately entrenched to help officers in understanding their roles and how they support others.
- 3.13.2 To ensure improved organisational skills in financial management and improved compliance with financial processes and regulations are streamlined and made easier to use, the RACI methodology has been adopted.
- 3.13.3 A communications and engagement strategy to underpin the launch and successfully embedding of the Accountabilities Framework across the Organisation is being produced. The strategy will include:
- Onboarding - Liaison with all relevant Stakeholders.
 - Induction Booklets updated to reflect FAF.
 - Mandatory Training, Ongoing Development and Support for Officers.
 - All relevant Policies updated to incorporate the FAF.
 - Individual Performance Review Process (IPR) and Behaviours – Performance management to ensure that the FAF is aligned to the behavioural expectations.

3.14 **Establishment Control**

- 3.14.1 The Establishment Control work commissioned to PWC is progressing as expected and covers three key phases:
- Reconciliation of different data sources to get to a single version of the truth around the Council's establishment
 - Set out clear processes for Budget Holders that will assist them to make changes to their establishments in the future
 - Development of dashboard that helps to maintain establishment control moving forward.
- 3.14.2 An establishment process managers guide which provides an overview of the steps required when making a change which impacts establishment has been produced. The guide details the key steps needed to undertake a change; Links to HR / Finance contacts, forms and guidance and estimated timelines for each stage of the process, to support planning for change.
- 3.14.3 To the middle of November, the Finance and Human Resources teams will continue to align the available data to the records including any potential impact on the budget and clear processes and governance will be produced

to support budget managers and maintain a single version of the truth around the Council's establishment.

4. Financial Oversight and Governance

4.1 Financial Resilience and Sustainability

4.1.1 There is a continued imperative to ensure the council maintains a credible medium term financial strategy that addresses IAB instructions with regard to demonstrating Best Value. Consequently, the successful development and delivery of the forthcoming MTFP process is critical. To this end the Director of Finance has been working with the Corporate Director of Finance and Resources and in consultation with CLT to continuously review progress against the agreed budget strategy and MTFP assumptions.

4.1.2 As part of the FIP it has been important to reconsider the capacity for both finance and budget holders in preparing the in-year financial monitoring reports. In line with the agreed timetable, the second quarterly forecasting report has been published and will be presented to the Executive Board in November 2023.

4.2 CLT Oversight and Governance

4.2.1 Alongside the specific areas of improvement in the control environment domain, CLT continues to seek routine oversight on key control and financial process and timetables. Papers received and actioned upon advice of the Councils S151 Officer include:

- Establishment control (see paragraph 3.14)
- Financial controls remediation (see section 5)
- 2023/24 Period 6 financial monitoring in accordance with the management timetable (as reported to Executive Board in November 2023)
- Release of spending control workbooks and dashboard (including user guidance) for completion by Directors for collation and reporting into CLT

4.2.2 Taken together, these pieces of work are all focused on improving the council's financial resilience and sustainability. When fully delivered, the Council will undoubtedly see a positive shift in the control (grip) it has over its finances and how they are routinely managed. This will undoubtedly provide sufficient and positive assurance that the Council has robust and "adequate" financial management arrangements.

4.3 Medium Term Financial Plan

4.3.1 The Council's 2024/25 medium-term financial plan (MTFP) is now underway with several key dates by which specific stages of the budget process must be completed.

4.3.2 Detailed processes and timetable have been put in place to provide leadership with assurance that appropriate consultation and engagement will

be carried out as part of the 2024/25 budget setting process and the outcome reported appropriately prior to Council approval of the budget.

- 4.3.3 In consultation with CLT leads, finance are undertaking detailed review of the underlying MTFP budget assumptions as part of the 2024/25 MTFP and budget update.

4.4 **Financial Position**

- 4.4.1 As seen across many other local authorities, the Council is also experiencing significant pressures relating to increase in demand and complexity of need and costs of social care, SEND transport and temporary accommodation. At the end of Quarter 2 (Period 6), the Council is forecasting a net pressure of c£23m. Over 80% of the forecasted net pressure at the end of Quarter 2 is across People's service.

- 4.4.2 Since July 2023, the Council has implemented a Financial Intervention Strategy which encompassed a range of measures intended to mitigate the Council's in-year pressure. The strategy encompassed a range of measures such as vacancy management, directorate led targeted non-essential spend control including agency and interim spend and technical reviews alongside department led management action plans reflecting other actions being undertaken. Despite the extensive efforts of the Council between July to manage its position, the operating environment and wider economic context continues to be volatile with small changes in cost and demand disproportionately materialising in large financial pressures, especially in children's social care. To date, no additional support to meet these pressures is being made available from government for the current financial year.

- 4.4.3 Councils are required to deliver a balanced budget each year ensuring that the projected expenditure and commitments can be matched by the available resources in year. As set out above the Council continues to face significant budget pressures and uncertainty, including increased demand for services, alongside the current backdrop of slow growing economy, continued high inflation and the precedent number of Councils who are declaring in-year financial crisis leading Council S151 Officers continuously assessing ability of their respective Councils in setting a balanced budget.

- 4.4.4 The current projected overspend requires the Section 151 Officer to make a formal assessment of Councils ability to deliver a balance budget in year as required under part 8 of the Local Government Act 1988.

5. **Financial Controls Remediation Project**

5.1 **Background**

- 5.1.1 As previously reported to the Audit Committee, EY (Ernst & Young) commenced a 12-week focused controls remediation project in July 2023

seeking to ensure the Council establishes financial grip by designing, enhancing and implementing a number of controls.

5.1.2 The control remediation project was focused on three matters:

- The establishment of interim controls to establish grip in relation to identified control weaknesses
- A Council wide review to determine the prevalence of identified issues across the Council and the group structure; and,
- Alignment of control remediation activities into the Finance Improvement Plan (FIP) and ensuring transition of ownership and knowledge to officers.

5.1.3 To do this, the control weaknesses identified were grouped into ten process areas across three key themes and a four-step approach (Table 2) was developed to remediate the control weaknesses identified.

Table 2 - EY's Remediation Control project four step approach

Step 1	Step 2	Step 3	Step 4
Undertake a rapid intervention and implement controls within the 10 process areas	Carry out a Council wide controls health check to determine the prevalence of issues	Implement newly scoped controls and introduce training programme	Bring together the interventions

5.1.4 EY's four-step approach was underlined by the following key principles:

Table 3 - Principles Underlining EY's four step approach

Principle 1	Principle 2	Principle 3	Principle 4	Principle 5
Rapid assessment and urgent intervention for control weaknesses to resolve the numerous issues from the first phase	Recognition this is the start of a longer-term journey to improve financial resilience	Engagement and ownership from all stakeholders of the Council, including Finance and non-Finance Officers	Alignment of remediation measures to the Finance Improvement Plan	A cultural reset, recognising the importance of compliance and the value of a robust control environment

5.1.5 To align with existing Council processes, the control weaknesses identified by EY were categorised into 10 process areas across 3 themes as set out in the table 4 below.

5.1.6 Throughout the 12-week period EY worked collaboratively with officers to investigate each control weakness across the process areas and to develop remediation procedures. These measures are being implemented as

controls and worked into internal policy to improve the robustness of the Council's control environment.

5.2 Project Update

5.2.1 The Controls Remediation project was completed by EY in September 2023. All 38 remediation activities identified have agreed controls in place. 68% have been fully implemented (38% as reported in August 2023) with 32% with implementation in progress. Table 5 below provides a summary of the progress against each control theme

Table 4 - Remediation Controls Progress

Remediation Control Themes and specific areas		Controls Agreed and Implemented	Remediations designed, implementation in progress	Total
Core Financial Process	1. Grant Receive to Record	4	0	4
	2. Purchase to Pay	1	3	4
	3. Record to Report	3	3	6
	4. Goods Receipting	4	0	4
Organisation Wide Process	5. Procurement Process	4	0	4
	6. Service Recharges	6	0	6
	7. HR and Expenses Process	-	1	1
Financial Systems	8. System Reporting	2	0	2
	9. Segregation of Certain Financial Activities	1	4	5
	10. Systems Access	1	1	2
Total	No	26	12	38
	%	68%	32%	100%

* The overall number of actions slightly changed and moved between different controls through merging of various actions.

5.2.2 As previously reported, some of the remediation actions have a longer lead in time for implementation which has been agreed with EY. Summarised below are the 12 remediation actions that are in progress:

- 1) Purchase to Pay – 3 actions linked to enforcing the 'No PO No Pay' policy compliance with a view to completing the necessary actions by the end of this financial year to embed the policy from 1 April 2024.
- 2) Record to Report – 3 actions in relation to Oracle Fusion System improvements with regards to the Capital Module currently expected to be completed in December 2023. The activities include system changes, updating processes and general communications which will enhance current process.

- 3) HR and Expenses Process - training for budget managers to be rolled by end of the financial year.
- 4) Segregation of Certain Financial Activities – 4 actions on coding structure improvement for ring-fenced account, associated monitoring process, training and communication to be completed by end of the financial year all of which are an improvement to the current process.
- 5) System Access – the action outstanding is dependent on EMSS creating a job on Oracle Fusion which will allow the Finance team to run and review temporary approval delegations on a regular basis. This is currently expected to be fully completed in December.

5.2.3 The Finance team have worked collaboratively with EY to map the identified remediation control project actions to the Council's Financial Improvement plan to ensure improved control and accountability. Officers and EY are currently in discussion to finalise the next steps in Council's improvement journey.

6. Financial Implications

- 6.1 The Local Government Act 1972 requires the Council 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.
- 6.2 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.
- 6.3 It is important to note that the FIP is an evolving document and will be continuously updated and expanded to reflect outcome of particular pieces of work such as the remediation control project, establishment control, which may require additional resources.

7. Legal Comments

- 7.1 There are no legal implications to be noted at this stage.

8. Commercial and Procurement Comments

- 8.1 There are no implications with regards to procurement contained within this report.

9. HR and EDI Considerations:

- 9.1 There are no implications with regards to HR and EDI contained within this report.

10. Risk Management Considerations

10.1 As set out in the report above staffing capacity and retention remains a key risk for the service in not just delivering the FIP activities but also managing key business as usual (BAU) activities such as the budget process and budget monitoring. This is being reviewed continuously and activities and deliverables being reviewed and reprioritised accordingly.

10.2 Published documents referred to in compiling this report

- Audit Committee 24 November 2023 - Statement of Accounts Progress Update

Appendix 1 - Activities Completed since last report to end of October 2023

FIP Theme 1 - Strengthening Financial Leadership	
Actions Taken	Impact on control environment
<p>Finance effectively supported the completion of the five prioritised Best Value Reviews by providing timely insight, financial data analysis and challenge. The Strategic Finance Business Partners attended relevant Best Value Squads on a weekly basis</p>	<p>Improved understanding of the Best Value principle and how it should be adopted effectively within the organisation.</p>
<p>Consolidated log of all internal audit recommendations created and is being reviewed monthly to ensure traction and ownership by officers to implement Internal audit recommendations. Exception reporting escalated to Director of Finance</p>	<p>Establish a framework and process for timely response, action to respond to and compliance with audit recommendations and oversight of compliance via CLT. This will assist with the development of a mature relationship with both Internal Audit and External Audit and the rest of NCC.</p>
<p>Drafted an Accountability Agreements Framework for Corporate Directors to ensure delivery of service plans within approved budget and establishment. Guidance on Financial roles and responsibilities drafted and awaiting consultation.</p>	<p>A clearly articulated Accountability Agreement is in place to embed management expectations of good financial management.</p>

Appendix 1 - Activities Completed since last report to end of October 2023

FIP Theme 3 - Enhancing financial systems to meet user needs	
Actions Taken	Impact on control environment
New sets of prototype finance dashboards for Journal Management developed. The Journal Approval process gone live in September 2023 and the corresponding new reports were deployed into Production in October to check for un-approved journals and monitor approval trends	Accurate, timely and accessible financial dashboards that meet business need of all stakeholders
Stakeholders, discuss and agree the content of the 2023/24 Audit plan Leadership team consulted and provided with the opportunity to input into the Audit Plan that went to Audit Committee in Sept 2023	The leadership and stakeholders are satisfied with the timeliness and accuracy of financial information provided.

Appendix 1 - Activities Completed since last report to end of October 2023

FIP Theme 4 - A well designed and robust system of internal financial control	
Actions Taken	Impact on control environment
<p>Reconciliation of the Council's establishment data sources carried out. Two workshops and 63 meetings held with budget holders to address budget holders' establishments within the General Fund. Funding types and vacancies identified.</p>	<p>The authority operates financial information systems that enable the consistent production of comprehensive, accrual-based and up to date data that fully meets the users' needs</p> <p>A single version of the truth around the Council's establishment.</p>
<p>Carried out an evaluation of the robustness of the internal controls within Oracle Fusion</p>	<p>A clear framework for governance and internal control for processes within the finance system and that these are adhered to fully. Internal and External Audit identify no significant weaknesses</p>
<p>The current process for Works Perks carried out to ensure there is a Robust process in place to recover overpayments.</p>	<p>A Robust internal control and processes</p>
<p>Carried out an evaluation of the robustness of the internal controls within Oracle Fusion.</p> <p>Standardised template and process with suitable supporting documentation for completing and approving reconciliations for feeder systems, bank and other control accounts, holding accounts and error suspense accounts implemented.</p>	<p>Clear framework for governance and internal control for processes within the finance system and that these are adhered to fully.</p> <p>Internal and External Audit identify no significant weaknesses</p>
<p>Review of control accounts, holding accounts, suspense account, and bank reconciliations including the development of a standardised approach carried out.</p>	<p>Robust internal control framework</p>

Appendix 1 - Activities Completed since last report to end of October 2023

FIP Theme 4 - A well designed and robust system of internal financial control	
Actions Taken	Impact on control environment
Identified and documented the internal control procedures within Oracle Fusion maps	Clear framework for governance and internal control for processes within the finance system and that these are adhered to fully. Monthly system control reconciliations are complete and approved. Internal and External Audit identify no significant weaknesses
Implemented a standardised template and process with suitable supporting documentation for completing and approving reconciliations for feeder systems, bank and other control accounts, holding accounts and error suspense accounts	Clear framework for governance and internal control for processes within the finance system and that these are adhered to fully. Monthly system control reconciliations are complete and approved. Internal and External Audit identify no significant weaknesses

Appendix 1 - Activities Completed since last report to end of October 2023

FIP Theme 5 - Embedding Professional Accounting Practice	
Actions Taken	Impact on Control Environment
A new, holistic control framework for managing, accounting for and reporting recharges and reallocation developed to ensure and embed better understanding and across the Council.	A clean audit opinion Clear understanding of recharges, allocation and apportionment across the council. Improved organisational skills in financial management
A comprehensive recharge framework document containing guidance on definition of a recharge, reallocation and apportionment produced to support officers.	Audit assurance standards improved Clear understanding of recharges, allocation and apportionment across the council. Improved organisational skills in financial management
An integrated journal register, a chronological Process Map and a recharges and reallocation master document produced.	A clean audit opinion Clear rationale for each recharge or reallocation, appropriate approval and correct coding.

FIP Theme 7 - Enhancing financial strategies	
Actions Taken	Impact on Control Environment
Reviewed the current budget consultation and engagement plan to learn lessons and ensure all relevant stakeholders engaged for the 2024/25 budget process and MTFP refresh. The proposed budget consultation plan and timeline went to CLT 5th September. Team briefing document produced and communicated for the consultation process and detailed timeline produced and ready for cascade in October.	To provide leadership with assurance that appropriate consultation and engagement will and are being carried out as part of the 2024/25 budget

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
A1	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	A1.3	Accountability Agreement is in place clearly articulating management expectations of good financial management	Issue Accountability Agreement to Corporate Directors	May-23	Nov-23	In Progress
A1	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	A1.11	The finance team will operate a standard set of processes which will be owned centrally as a basic service to all budget holders and senior stakeholders.	Guidance developed and issued on standard required by Finance Business Partners when preparing variance analysis, constructive challenge and advice to budget holders	May-23	Dec-23	In Progress
A2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	A2.6a		Establish a Framework and Process for timely response to external audit recommendations for 2019/20 audit	Apr-23	Dec-23	In Progress
A2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at	A2.6b	Audit recommendations are actively managed and implemented by lead officer	Respond to all External Audit / EY recommendations for the 2019/20 audit	Apr-23	Dec-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
	the level of individual services?						
B4	Is the finance team suitably resourced and fit for purpose?	B4.1	Training programme is rolled out and attendance is high. Attendees have developed increased knowledge and understanding of how to use corporate systems	Develop training programme across Oracle Fusion and other Finance reporting tools.	May-23	Dec-23	In Progress
C2	Does the authority have in place a clear framework for governance and internal control?	C2.4	Improved accuracy of the establishment with minimal variances between HR/Payroll and Finance supporting improved financial forecasting and budget setting	Carryout a full review of the current establishment to identify one version of the truth in HCM Fusion	May-23	Nov-23	In Progress
C2	Does the authority have in place a clear framework for governance and internal control?	C2.6	Improve robustness of the internal financial control framework	Establish a formal set of procedures and processes for HR to maintain data integrity including periodic establishment reconciliation checks	Apr-23	Dec-23	In Progress
C4		C4.1b		Review the current working arrangements between Members and Officers against best practice to identify opportunities to ensure good governance is in place	May-23	Dec-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
C5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	C5.4	Comprehensive training on developing skills and competencies in asset management, capital planning, project/risk and financial management is delivered, embedded in operational delivery going forward with an annual refresh programme	Develop a comprehensive training programme for developing skills and competencies in asset management, capital planning, project/risk and financial management	Jul-23	Nov-23	In Progress
C5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	C5.5	Comprehensive training on developing skills and competencies in asset management, capital planning, project/risk and financial management is delivered, embedded in operational delivery going forward with an annual refresh programme	Rollout training programme for developing skills and competencies in asset management, capital planning, project/risk and financial management and embed in operational BAU going forward to ensure regular training is provided and annual refresh	Sep-23	Dec-23	In Progress
E1	Does the authority have in place an effective framework of financial accountability?	E1.2	The authority has in place an effective framework of financial accountability evidenced by an understanding of roles and responsibilities for partnerships / contractual arrangements	Review and establish a relevant charging methodology to services NCC, NCH (HRA and non HRA) Link to recharges review	Apr-23	Dec-23	In Progress
E1	Does the authority have in place an effective framework of financial accountability?	E1.3	The financial management style of the authority supports financial sustainability.	Report to CLT - Spending controls	Apr-23	Nov-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
E1	Does the authority have in place an effective framework of financial accountability?	E1.6	The authority's medium term financial planning process underpins fiscal discipline, is focused upon the achievement of strategic priorities and delivers a dynamic and effective business plan	Establish a comprehensive suite of financial information reports that helps leaders/managers in Finance manage compliance, control and process bottlenecks	Apr-23	Nov-23	In Progress
E1	Does the authority have in place an effective framework of financial accountability?	E1.7	The authority operates financial information systems that enable the consistent production of comprehensive, accrual-based and up to date data that fully meets the users' needs	Review of Establishment Control arrangements to reconcile staff numbers and funding sources to Fusion - HCM and establish an effective arrangement for managing this going forward.	Apr-23	Dec-23	In Progress
E2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	E2.9	The authority's financial accounting and reporting are accrual based; comply with the Code of Practice on Local Authority Accounting in the United Kingdom, and meet the relevant professional and regulatory standards	Significant Accounting Review - District Heating	Apr-23	Dec-23	In Progress
E2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness	E2.10	The authority's financial accounting and reporting are accrual based; comply with the Code of Practice on Local Authority Accounting in the United Kingdom, and meet the	Significant Accounting Review - MRP transformation savings	Apr-23	Dec-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
	and equity of its services?		relevant professional and regulatory standards				
E2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	E2.17	Oversight Board will drive the production of an appropriately resources and jointly managed action plan to deliver data and system improvements and clarify future roles and responsibilities with regard to systems ownership and controls.	Development of a detailed Action Plan that identifies the key process / control improvements to be progressed.	Jan-23	Dec-23	In Progress
E5	Has the authority sought an external view on its financial style, for example through a process of peer review?	E5.1	The authority has sought an external view on its Management of Override controls as part of its FIP	EY to report on its review of Management of Override Controls to provide an independent review	Apr-23	Dec-23	In Progress
E6	Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	E6.9	Improve the financial competencies of finance staff to support the wider authority in effective decision making within their delegated authorities	Implement Oracle Guided Learning into NCC Fusion Financials	Jun-23	Dec-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
F1	Has the authority undertaken a financial resilience assessment?	F1.1	To put in place the foundations for a financial resilience assessment	Review MTFP 2023/24 working papers approved at budget based on information known April 2023. (As part of MTFP 2024/25)	May-23	Nov-23	In Progress
F1	Has the authority undertaken a financial resilience assessment?	F1.3	To put in place the foundations for a financial resilience assessment	Provide budget holders with regular reports on their performance against their budget allocations, identify any significant variations from the agreed budget, and take prompt action to address them. Link to new monitoring timetable	May-23	Nov-23	In Progress
F1	Has the authority undertaken a financial resilience assessment?	F1.4	To put in place the foundations for a financial resilience assessment	Confirm that the authority has put in place robust arrangements for processing and recording income and expenditure in a timely manner	Apr-23	Dec-23	In Progress
F3	Has the authority taken appropriate action to address any risks identified as part of the assessment?	F3.1	Financial resilience statement - risk assessment	Post financial resilience statement, consider the risks and mitigating actions as required. Link into MTFP July Exec report	Jun-23	Dec-23	In Progress
G1	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	G1.1	Develop FBP role skills and competencies towards that professionally expected	Define current role carried out by Corporate Finance.	Jul-23	Dec-23	Not Started

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
G4	Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making?	G4.2	Corporate approach to setting the budget	2024/25 Budget and rolling forward its MTFP - Establish a formal timetable and framework for managing Growth / Savings with clear lines of accountability with DMTs and FBPs	May-23	Dec-23	In Progress
H1	Has the authority prepared a suitable capital strategy?	H1.2	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Carry out a review of Fusion Projects Module Set Up / Configuration to identify the functionality and set up gaps that are preventing PMs using it to manage the financials for each project	Apr-23	Dec-23	In Progress
H1	Has the authority prepared a suitable capital strategy?	H1.4b	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Review of underlying base budget assumptions that underpin the capital programme and related ongoing developments e.g. Broadmarsh deficit funding as part of the MTFP Refresh	May-23	Nov-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
H1	Has the authority prepared a suitable capital strategy?	H1.5a	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Prepare a draft Capital Financial Management Handbook that provides Project Managers / FBPs with a clear understanding of their financial role and responsibilities in managing and reporting a capital project	May-23	Dec-23	In Progress
H1	Has the authority prepared a suitable capital strategy?	H1.5b	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Final version of Capital Financial Management Handbook that provides Project Managers / FBPs with a clear understanding of their financial role and responsibilities in managing and reporting a capital project	Sep-23	Dec-23	In Progress
H1	Has the authority prepared a suitable capital strategy?	H1.6	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Develop and roll out a mandatory capital training module for completion by all PMs / Project Support Officers and all Finance Officers	Jul-23	Oct-23	In Progress
I2	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	I2.3		Complete a 6 monthly review of the use of capital receipts policy to ensure compliance and an assessment of deliverables	Sep-23	Nov-23	In Progress
L3	What action does the authority plan to take to improve its engagement with key stakeholders?	L3.2	To provide leadership with assurance that appropriate consultation and engagement will be carried out as part of the 24/25 budget	Draft new budget consultation and engagement plan for 24/25	Oct-23	Nov-23	Not Started

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
N1	Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?	N1.1	Compliance process in place for monthly financial monitoring to provide assurance as part of the suite of reports to leadership	Develop a compliance reporting framework for monthly reporting that provides assurance that the ledger /feeder systems are being managed in line with expected controls and highlights any emerging issues/risks/process bottlenecks to be addressed	Apr-23	Nov-23	In Progress
N1	Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?	N1.3	To provide the leadership team and budget holders with an appropriate suite of reports to facilitate effective performance and decision making	Develop a suite of compliance reporting dashboards using Power BI that is accessible to CLT/DMTs for Accounts Receivable and P2P (AP) initially	Apr-23	Nov-23	In Progress
N2	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	N2.4		Determine a proof of concept approach to determine the extent of the likelihood of duplicate payments for the FY 2022/23	Apr-23	Dec-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
N3	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such a contract monitoring data?	N3.6	Well managed VFM shared service	Review of Finance TOM	Apr-23	Dec-23	In Progress
O1	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	O1.1	Robust internal control framework for managing the payroll system	Payroll Control workstream - Implement and embed control account reconciliations	Apr-23	Nov-23	In Progress
O1	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	O1.4	Robust internal control	Payroll Control workstream - Review and implement payroll submission controls	Apr-23	Nov-23	In Progress
P3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom	P3.1	A clean audit opinion	Journal Control improvements	Apr-23	Nov-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
P3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom	P3.3	A clean audit opinion	Journal Control improvements	May-23	Nov-23	In Progress
P3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom	P3.5	A clean audit opinion	Completing the outstanding accounts for 2019/20 to 2021/22 This refers to 2019-20 audit queries only	Apr-23	Dec-23	In Progress
P3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority	P3.6	A clean audit opinion	Completing the outstanding accounts for 2019/20 to 2021/22 To be updated to show split action This line refers to 2019-20 Statement Document only	Apr-23	Dec-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
	Accounting in the United Kingdom						
P3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom	P3.8	A clean audit opinion	Control of recharging processes improvement	Apr-23	Nov-23	In Progress
P3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom	P3.11	A clean audit opinion	Closedown Process improvements To improve a range of processes to assist with accurate closedown of accounts building on training sessions run in March 2023. Evaluate the impact of training provided, plan and deliver further technical training as required.	Apr-23	Nov-23	In Progress

Appendix 2 - FIP Activities to end of December 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected Completion date	Current Status
Q1	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	Q1.3	Routine compliance and adherence to policies, processes and procedures	Develop an initial suite of prototype finance dashboards for demonstration these being: AR, Revenue Budget, AP, Journal management, others TBD once resource training complete) .	Apr-23	Nov-23	In Progress

Subject:	Treasury Management 2023/24 Half Yearly Update
Corporate Director(s)/Director(s):	Ross Brown, Corporate Director of Finance and Resources and Section 151 Officer
Portfolio Holder(s):	Councillor Audra Wynter, Portfolio Holder for Finance
Report author and contact details:	Patrick Kilgallen Interim Senior Accountant, Treasury Management 0115 8764753, Patrick.Kilgallen@nottinghamcity.gov.uk
Other colleagues who have provided input:	Members of Treasury Management Panel: Ross Brown, Corporate Director of Finance and Resources Shabana Kausar, Director of Finance and Deputy 151 Officer Glenn Hammons, Interim Finance Team Leader – Technical Team Patrick Kilgallen, Interim Senior Accountant – Treasury Management
Summary of issues: This report sets out details of treasury management actions and performance from 1 April 2023 to 30 September 2023. In summary:	
<ul style="list-style-type: none"> • No new long-term borrowing has been undertaken in the period to 30 September 2023, the balance of external loans debt has decreased by £7.9m and is within the forecast Voluntary Debt Reduction Policy (section 4.3); • The average interest rate payable on the debt portfolio didn't change (3.37%) between 1 April 2023 to 30 September 2023 (section 4.3); • No debt rescheduling had been undertaken to 30 September 2023 (section 4.4); • The average return on investments to 30 September 2023 was 4.85% against a benchmark rate of 5.18% (SONIA) (section 4.7); • There has been compliance with Prudential Indicators for 1 April to 30 September 2023 (section 4.8); • A breach of the investment policy has occurred during the period 1 April to 30 September 2023 (section 4.7.8) 	
Does this report contain any information that is exempt from publication? No	
Recommendation(s):	
1 To note the treasury management actions taken in 2023/24 to 30 September 2023.	

1. Reasons for recommendations

- 1.1 To ensure that Councillors are kept informed of the actions taken by the Chief Finance Officer (CFO) under delegated authority. The currently adopted Treasury Management Code of Practice requires the CFO to submit at least three reports on treasury management each year; a policy and strategy statement for the ensuing financial year, a 6-monthly progress report and an outturn report after the end of the financial year. The Code also requires that the reports be considered by relevant scrutiny or executive committees, and that the City Council approves any changes to the treasury management strategy.

2. Background

2.1 Capital Strategy

In 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Capital Strategy guidance. From 2019/20, all local authorities have been required to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;

- the implications for future financial sustainability.

2.2 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead. Receipt by Executive Board of a Mid-year Review Report and an Annual Report, covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee. The Council is continually assessing its practices, procedures and processes against the revised Code as requirements become clearer in order to ensure best practice is followed

2.4 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;

- A review of the Council’s borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken during 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24

3. Other options considered in making recommendations

3.1 No other options were considered as the report is required by the Treasury Management Code of Practice.

4. Treasury Management Activity to 30 September 2023

4.1 The Economy and Interest Rates During the first half of 2023/24

- Interest rates rose by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% m/m decline in real GDP in July.
- CPI inflation falling from 8.7% in April to 6.5% in September, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

Forecast Interest rates:

The Council’s treasury advisor, Link Group, has provided the following forecast. (Public Works Loan Board (PWLB) rates include the certainty rate discount):

Link Group Interest Rate View	25.09.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75	
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80	
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90	
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00	
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50	
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50	
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80	
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60	

Appendix B shows the money market interest rates, the PWLB borrowing rates for the half-year to 30 September 2023 and a forward view for PWLB loan rates.

4.2 Local Context

4.2.1 The Treasury Management Strategy Statement (TMSS), for 2023/24 was approved by Full Council on 6 March 2023. There are no policy changes to the TMSS; the details in this report update the position in the light of the current economic position and budgetary position as reflected in the period 6 budget monitoring report as at 30 September 2023.

4.2.2 Proposed changes to the Annual Investment Strategy were brought to and scrutinised by Audit Committee in July 2023. It is intended to bring these potential changes to Executive Board in November 2023 and City Council in January 2024. These proposed changes are to:

- Increase the value of counterparty limits with banks and funds.
- A technical change to how the share of interest the HRA is due is calculated.

4.2.3 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions, etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources based on robust financial modelling, the capital expenditure will give rise to a borrowing need.

4.2.4 At 31/03/2023 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £1,316.2m.

The CFR is forecast to decrease by £66.3m to £1,249.9 by 31/03/2024 against the original CFR estimate for 31/03/2024 of £1,299.5m. The reason for the reductions due are set out in paragraph 4.2.5.

Table 1 below shows the original and expected financing arrangements of the capital programme. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This borrowing need may also be supplemented for maturing debt and other treasury requirements.

Table 1: Capital Expenditure	2023/24 Original Estimate £m	2023/24 Revised Estimate £m
Total Capital Expenditure	313.882	255.405
Finance by:		
Capital Receipts	38.540	27.147
Capital Grants & Contributions	199.267	181.249
Internal Funds/Revenue (inc. Major Repairs Reserve)	57.389	31.751
Total Financing	295.196	240.147
Borrowing Requirement	18.686	15.258

Note to table: The Original Estimate for 2023/24 was the reported position as at Q3 2022/23 and was used for the 2023/24 Treasury Management Strategy Report. The Revised Budget 2023/24 as reported to Executive Board in the Period 6 2023/24 Monitoring Report was £323.298m and includes reprofiling of expenditure from previous years.

4.2.5 The decrease in estimated capital expenditure is due to a technical accounting adjustment on the Midlands Net Zero Hub budget, additions to the Capital Programme and reprofiling of expenditure to future financial years. Further information is contained in the Period 6 2023/24 Budget Monitoring Report considered at Executive Board on 21 November 2023.

4.3 Borrowing

4.3.1 To finance the CFR the Council may borrow from the PWLB or the market (external borrowing) as well as from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

4.3.2 At 30/9/2023 the Council has reduced the balance of external loans by £7.9m since the balance at 31/3/2023 due to monthly repayments of principal on outstanding loans. The Council does not expect to increase borrowing in the 2nd half of 2023/24 based on the revised capital program and forecast cash flow requirements. As described in the Voluntary Debt Reduction Policy the level of external loans is expected to continue to reduce as existing loans mature without replacement. The CFR reduces due to the reductions in the capital program and as the council makes its approved minimum revenue provision (MRP) against prior years capital expenditure financed by borrowing.

4.3.3 **Table 2** summarises the Council's outstanding external debt at 30 September 2023 showing the value of debt and the average interest rate payable on the debt.

Table 2: DEBT PORTFOLIO					
	31-Mar-23		30-Sep-23		Change
Debt	£m	Average interest %	£m	Average interest %	£m
PWLB borrowing	824.7	3.3	816.8	3.3	- 7.9
Market Loans	49.0	4.3	49.0	4.3	-
Temporary borrowing	2.2	0.8	2.2	0.8	-
Total loans debt	875.9	3.4	868.0	3.4	- 7.9
Other inc PFI	158.3		152.3		- 6.0
Total Debt	1,034.2		1,020.2		- 13.9

The graph below shows the debt portfolio's maturity profile by loan type and the weighted average interest rates that are associated with the maturities in each period. This maturity profile is summarised in the Prudential Indicator for the Maturity Structure for Borrowing table shown in **section 4.8.3**.

4.3.4 At 30/09/2023, the Council had £867.99m of external borrowing including £152.25m of Private Finance Initiative (PFI) and lease liabilities. The Council continues to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, subject to holding a minimum investment balance of around £30m.

The Council's internal borrowing position at 31 March 2023 was £282.2m. This meant that c.24% of the overall capital borrowing need including prior year capital expenditure but excluding PFI liabilities (known as the Underlying Borrowing Requirement or Loans Capital Financing Requirement), was not funded with external loan debt as cash supporting the Council's reserves, balances and cash flow was used as a temporary measure.

4.3.5 **Table 2.1** summarises the Council's split between external debt and internal debt at 31 March 2023 and the forecast position for 2023/24.

Table 2.1: External and Internal borrowing			
	31-Mar-23	Forecast 31-Mar-24	Change
Debt	£m	£m	£m
CFR Total	1,316.2	1,249.9	- 66.3
PFI leases	- 158.3	- 146.2	12.0
Underlying borrowing requirement	1,157.9	1,103.7	- 54.3
External borrowing	875.9	844.6	31.3
Internal borrowing	282.0	259.1	- 22.9

The strategy of using internal borrowing avoids interest payable on external borrowing in the short term until actual new borrowing is taken or the borrowing requirement reduces. For example, £100m borrowing would cost around £5m per year using an interest rate of 5% and a 25 year maturity loan profile. There is an opportunity cost of internal borrowing as the Council forgoes interest on cash balances.

The council expects to retain some internal borrowing position as a prudent and cost-effective long-term approach in view of the reducing CFR and the current economic climate but will continue to monitor this against opportunities or risks driven by external interest rates

The continuation of this existing strategy will further support managing the council's cost of financing in the coming years and supports the aims of the VDRP in reducing the Council's debt levels.

4.3.6 Compliance with the Voluntary Debt Reduction Policy

Table 3 below reflects the reductions in capital expenditure financed by borrowing and the capital receipt strategy in the forecast Capital Financing Requirement and external loans debt in the medium term.

Table 3: VDRP Forecast Refresh				
Debt Measurement	VDRP Original Forecast	Qtr2 Actual & Forecast	Movement (Under) / Over	Movement from original forecast
	£m	£m	£m	%
CFR				
2020/21	1,443.5	1,411.6	-31.9	-2.2%
2021/22	1,434.2	1,382.9	-51.3	-4.2%
2022/23	1,390.6	1,316.2	-74.5	-5.4%
2023/24	1,337.3	1,249.9	-87.4	-6.9%
2024/25	1,272.5	1167.9	-104.6	-8.9%
External Debt				
2020/21	981.6	932.8	-48.8	-5.0%
2021/22	991	900.9	-90.1	-9.1%
2022/23	986.2	875.9	-110.3	-11.0%
2023/24	954.8	836.5	-118.3	12.4%
2024/25	927.4	810.1	-117.3	12.6%

4.4 Debt rescheduling

There are debt rescheduling opportunities in the current economic climate. As interest rates have risen through 2022 and 2023 and are at or near peak there are now potential opportunities to repay debt early without incurring substantial costs. No debt rescheduling has been undertaken to date in the current financial year but officers will continue to look for opportunities in the second half of the year.

4.5 Lender's Option Borrower's Options (LOBO) Loans

The Council holds £34m of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £24m of these LOBO loans have options during the year, none have been exercised by the lender. The Council acknowledges there is an element of refinancing risk as in the current interest rate environment lenders may be more likely to exercise their options.

4.6 Housing Revenue Account (HRA) Treasury Management Strategy

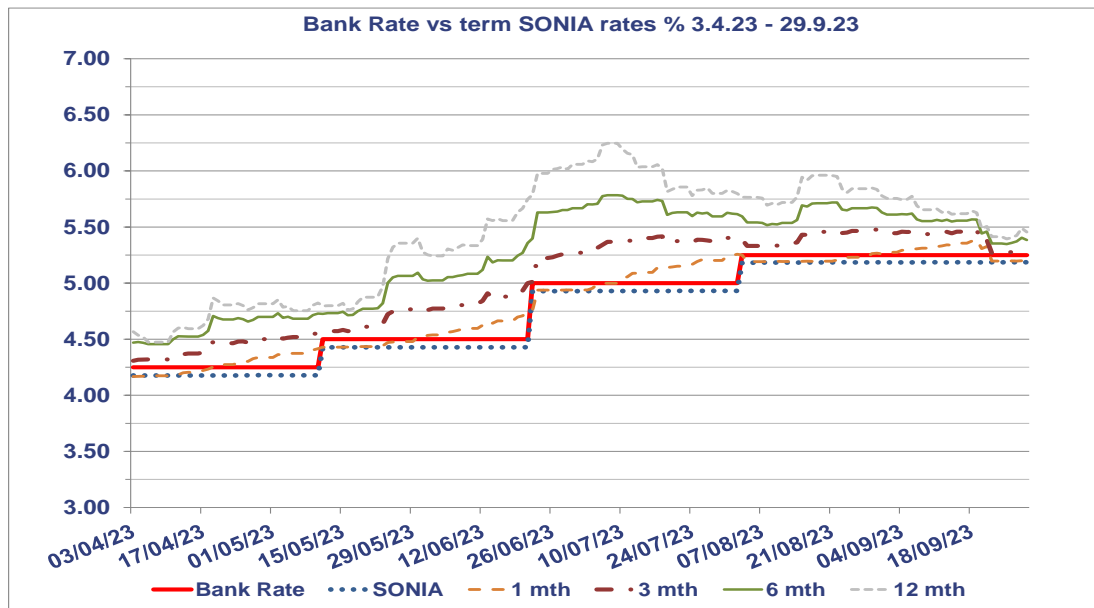
- 4.6.1 From 1 April 2002, the Council's HRA was allocated a separate debt portfolio based on the appropriate proportion of the Councils existing debt at that time.
- 4.6.2 No further HRA loans have been taken in the first half of 2023/24. The HRA element of the CFR was £304m as at 31 March 2023 and was fully financed at an average rate of 3.46%. This includes £51.8m of long term fixed rate loans from the General Fund (known as internal loans). The HRA CFR is forecast to be £306.2m by 31 March 2024 and the HRA interest charge for 2023/24 is expected to be c.£13.5m.
- 4.6.3 In October 2018 the Government announced the HRA debt cap was abolished. Any capital expenditure financed by borrowing would need to comply with the requirements of the CIPFA prudential code including ensuring the scheme was affordable, sustainable and in proportion to the resources available.

4.7 Investments

- 4.7.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also where cash flow forecasts permit to seek out value available in longer periods with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.
- 4.7.2 As shown by the interest rate forecasts in section 4.1, it is now possible to earn greater levels of interest rates as all short-term money market investment rates have risen substantially. Given this environment and the forecast that Bank Rate may stay at or close to current levels until September 2024 investment returns are expected to remain at current levels for the next 11 months.
- 4.7.3 **Creditworthiness:** Both S&P and Fitch have continued to maintain the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook.

The current investment counterparty criteria selection (including minimum long-term counterparty credit rating of A- across rating agencies Fitch, S&P and Moody's) approved in the TMSS is meeting the requirement of the treasury management function.

- 4.7.4 **Investment balances:** The average level of funds available for investment purposes during the first half of 2023/24 was £348m. This is expected to fall slightly in the next 6 months in line with the typical council tax income profile. As Covid has subsided the additional grants which have increased balances over the last couple of years are no longer being held. Current balances reflect that.
- 4.7.5 **Investment rates during half year ended 30th September 2023:** As shown below the rates use the traditional market method for calculating SONIA period % rates and shows the upward trend in levels this year.



	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	29/09/2023	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	4.81	4.74	4.83	5.03	5.26	5.45
Spread	1.00	1.01	1.22	1.17	1.33	1.77

4.7.6 **Investment performance year to date as at 30th September:** The Council held £333.2m of investments as at 30 September 2023 (£308.1m at 31 March 2023) and the investment portfolio yield for the half year was 4.33% against a benchmark (Ave. SONIA) of 4.74%.

The Council underperformed the benchmark by 31 bps. This was primarily due to the Council being invested in some longer-term fixed rate investments, to secure certainty of return, which led to council’s portfolio lagging behind as interest rates increased. As the council sees prior year term deposits mature the portfolio’s performance will return to benchmark.

The budgeted GF investment return for 2023/24 is £4.1m, and forecast performance for the full year is expected to be £10.2m above budget due to rising interest rates. The HRA has budgeted £0.2m and is expected to overperform by £4.65m. This position is currently reflected in the period 6 2023/24 budget monitoring report.

4.7.7 **Appendix A** provides details of the Council’s external investments at 30 September 2023, analysed between investment type and individual counterparties showing the current Fitch long-term credit rating.

Table 4 below summarises investment activity by type in 2023/24.

Table 4: Investment Portfolio	Balance on 31.03.23 £m	Balance on 30.9.23 £m	Avg Rate/Yield (%) as at 30.9.23

Short term investments (call accounts, deposits):			
<i>Banks with ratings of A- or higher</i>	95.0	259.5	5.3%
<i>Local Authority</i>	41.0	15.0	0.7%
Government Bonds	40.0	13.2	2.7%
Overseas government	9.9	9.9	1.1%
Long Term Investments	9.9	-	-
Money Market Funds	112.2	35.6	5.3%
Total Investments	308.0	333.2	
Increase/(Decrease) in Investments £m		25.19	

4.7.8 **Approved limits:** Sums invested in one of the Council's Money Market Funds (MMF) breached the individual limit of £30m for each MMF set in the Annual Investment Strategy during the first 2 months of the year.

The reason for the breach was due to dividends being re-invested back into the Fund which resulted in the balance of council monies invested to a peak of £30.25m, a breach of the £30m limit. This was identified and corrected in May 2023.

Officers have assessed the possibility of this happening again in the future and what steps can be taken to avoid it. This has resulted in all MMFs with automated dividend reinvestment or payout options being contacted to advise in which circumstances the fund is required to return or re-invest dividends. Officers have also implemented additional controls to avoid a future breach including the requirement for MMFs to use a generic inbox which is accessed by all treasury staff, rather than named individuals, when corresponding with the Council. This mitigates the risk when there is turnover of treasury staff.

4.8 Compliance with Prudential Indicators

4.8.1 This report confirms compliance with the Prudential Indicators for 2023/24 set on 22 March 2023 as part of the Council's Treasury Management Strategy Statement.

4.8.2 The Council measures and manages its exposures to treasury management risks using the following additional indicators.

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The limits on variable rate interest rate exposures are:

	2022/23 £m	2023/24 £m	2024/25 £m
Upper limit on variable interest rate exposure	300	300	300
Actual	14.0	24.0	

4.8.3 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing* will be:

	Lower	Upper	Actual
Under 12 months	0%	25%	1%
12 months and within 24 months	0%	25%	3%
24 months and within 5 years	0%	25%	9%
5 years and within 10 years	0%	25%	17%
10 years and within 25 years	0%	50%	7%
25 years and within 40 years	0%	50%	32%
40 years and above	0%	50%	31%

*This table does not include internal borrowing which is a further 24% of the councils underlying borrowing requirement

4.8.4 Principal Sums Invested for Periods Longer than 365 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2022/23 £m	2023/24 £m	2024/25 £m
Limit on principal invested beyond year end	100	100	100
Actual	10	10	

4.8.5 Operational Boundary and Authorised Limit for External Debt: The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The table below shows the expected debt position during 2023/24.

	2023/24 Original Estimate £m	Current position	2023/24 Revised Estimate £m
Borrowing	864	868	836.5
Other long-term liabilities*	146.2	152.2	146.2
Total debt (year end position)	1010.2	1020.2	982.7
Operational Boundary for external debt	1365.1	1365.1	1365.1
Authorised limit for external debt	1395.1	1395.1	1395.1

* Includes PFI and Leases liabilities

4.8.6 Liability Benchmark: The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

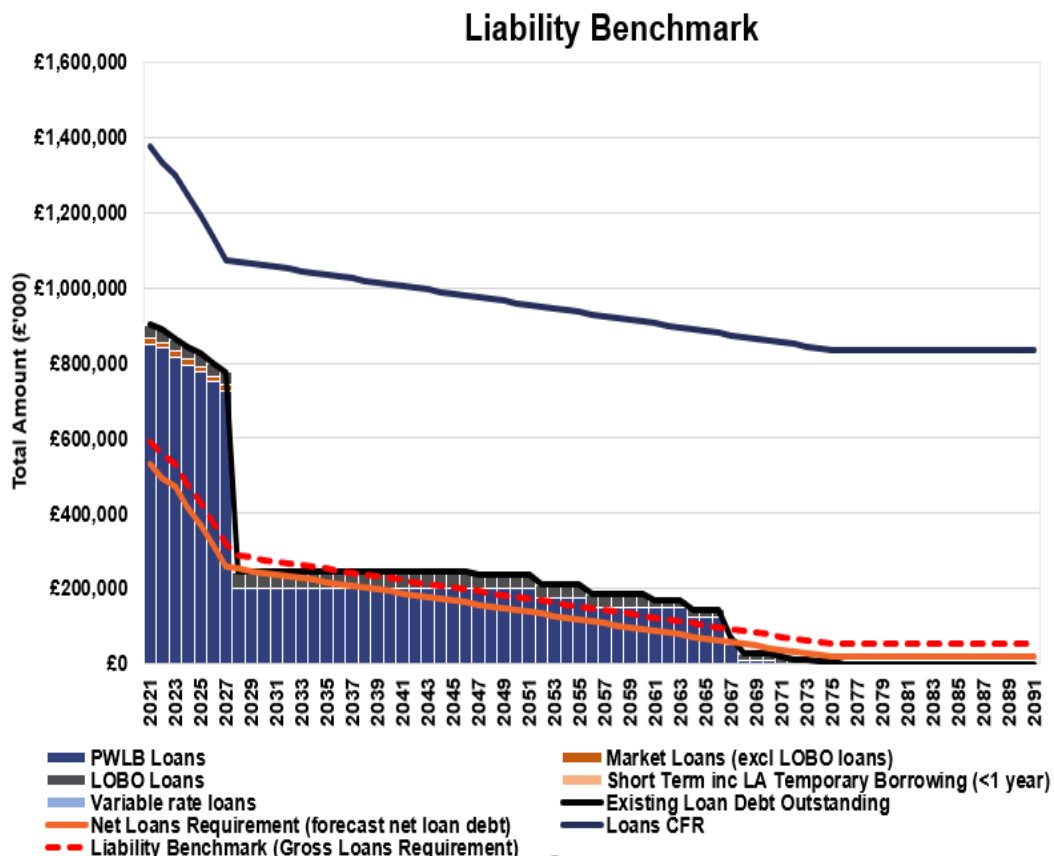
There are four components to the LB: -

1. Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.

2. Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

3. Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

4. Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



The gross loans of the council (lower black line) are above the liability benchmark (red dotted line) over the next 4 years which is indicating that the council has substantial cash investments that it could consider using to reduce external borrowing and increase internal borrowing if the terms were favourable.

4.9 Treasury Management Reserve

4.9.1 The Treasury Management Reserve is maintained to smooth the impact of any volatility in treasury management revenue charges in any one year including new technical accounting entries relating to IFRS 9 (which stipulates the treatment of expected loss model based impairments on Treasury related investments and capital investments such as loans to third parties and financial guarantees). The balance on this reserve at 30 September 2023 is **£13.493m**.

Based on the 6 months to 30 September 2022 there are no expected loss impairments expected in 2022/23 in relation to treasury investments.

4.10 Risk Management

4.10.1 Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. The management of specific treasury management risks is set out in the Manual of Treasury Management Practices and Procedures and a risk register is maintained for the treasury function.

4.10.2 The treasury management risk register's overall risk rating at 30 September 2023 was 4.23, (Likelihood = unlikely, Impact = minor) and is a lower rating than as at 31 March 2023 but it remains over the targeted risk rating of 2.94 (Likelihood = remote, Impact = minor). The risk rating reflects previous concerns about the payment process, and the changes to PWLB lending arrangements and CIPFA guidance. During the second half of the year the Treasury Management Working Group (TMWG) will continue to meet regularly and consider if reducing the risk score is appropriate. The TMWG of senior Finance Managers with responsibility for Treasury Management (including Section 151 Officer and deputy 151 Officer) meet once a month to manage this risk register.

4.11 Other Issues

4.11.1 CIPFA have updated the Treasury Management Code and Prudential Code. The requirement was to apply the principles from the publication date with full adoption expected from 2023/24.

The Treasury Management Code key proposals – update to the Treasury management practices (TMP) TMP10 training requirements; TMP 12 Corporate Governance; and amendments to Maturity Structure of Borrowing indicator. To introduce Investment Management Practices (IMPs) for reporting on investments which are not for treasury management purposes. These will all be updated as part of the 2023/24 TMP practises refresh in the second half of the year.

The Prudential Code key proposals – revision to Borrowing in Advance of Need criteria, including in respect of primarily yield generating investments; inclusion of proportionality in key capital expenditure objectives; process and governance sections to incorporate further changes in respect of commercial activity have implications for capital funding and the impact will be reported in the capital strategy. The reporting in the 2023/24 and mid-Year TMSS is compliant with these changes. One new prudential indicator –The Liability Benchmark has been included in this report.

5. Consideration of Risk

5.1 Covered throughout the report.

6. Finance colleague comments (including implications and value for money/VAT)

6.1 Treasury management payments comprise interest charges and receipts and provision for repayment of debt. A proportion of the City Council's debt relates to capital expenditure on council housing and this is charged to the HRA. The remaining costs are included within the treasury management section of the

General Fund budget. The General Fund Treasury Management budget is £42.8m for 2023/24.

- 6.2 Value for Money: The Management of borrowing and investments is undertaken in conjunction with our appointed advisors, with the aim of minimising net revenue costs, maintaining an even debt maturity profile and ensuring the security and liquidity of investments.

Finance comments by Glenn Hammons/Patrick Kilgallen 25th October 2023.

7. **Legal colleague comments**

As this is a technical noting report in respect of Treasury Management action and performance there are no significant legal issues to be addressed. However, the reference to the breach of the investment policy at 4.7.8 is noted as is the remedial action taken to correct it and the steps taken to ensure that there can be no recurrence.

Malcolm R. Townroe – Director of Legal and Governance – 16 November 2023

8. **List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

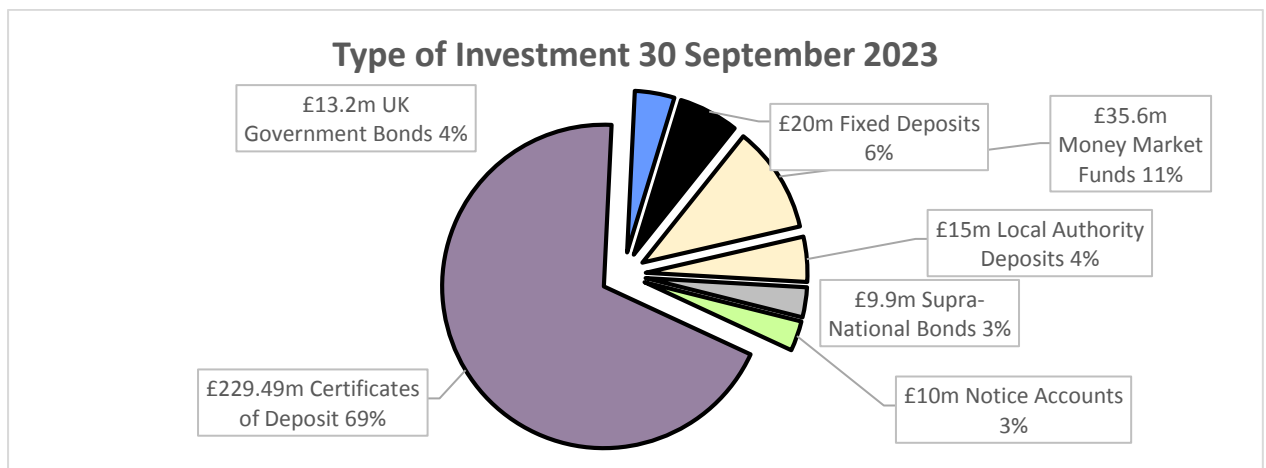
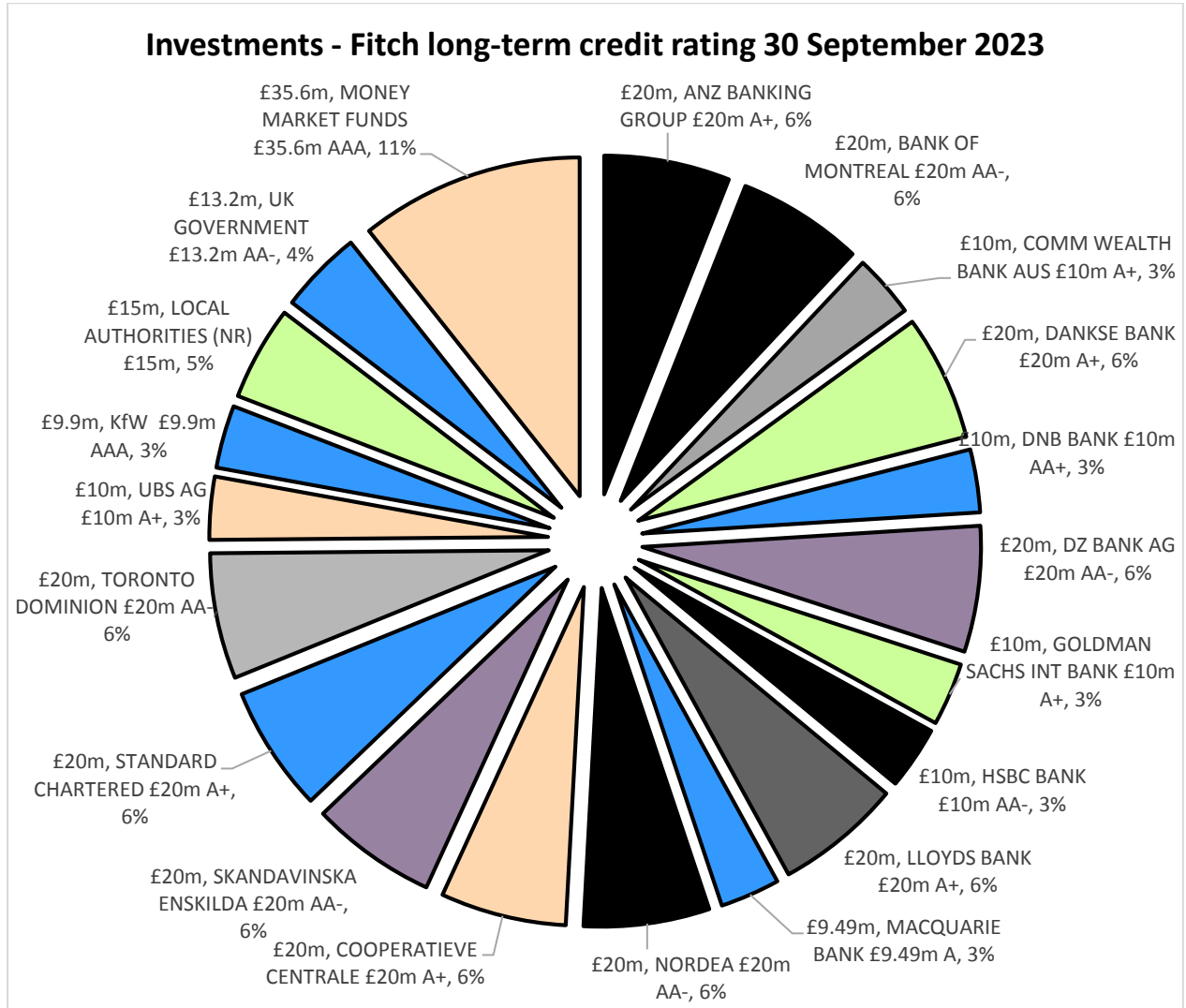
- 8.1 None

9. **Published documents referred to in this report**

- 9.1 Treasury Management Strategy 2023/24 and Capital Investment Strategy 2023/24 (including the Voluntary Debt Reduction Policy)
- 9.2 Nottingham City Council Recovery & Improvement Plan
- 9.3 Money Market and PWLB loan rates
- 9.4 Treasury Management in the Public Services Code of Practice 2017–CIPFA
- 9.5 Prudential Code 2017-CIPFA
- 9.6 Treasury Management in the Public Services Guidance Notes 2018 – CIPFA
- 9.7 Statutory guidance on local government investments 3rd Edition 2018
- 9.8 Statutory guidance on Minimum Revenue Provision (MRP) 2018

APPENDIX A

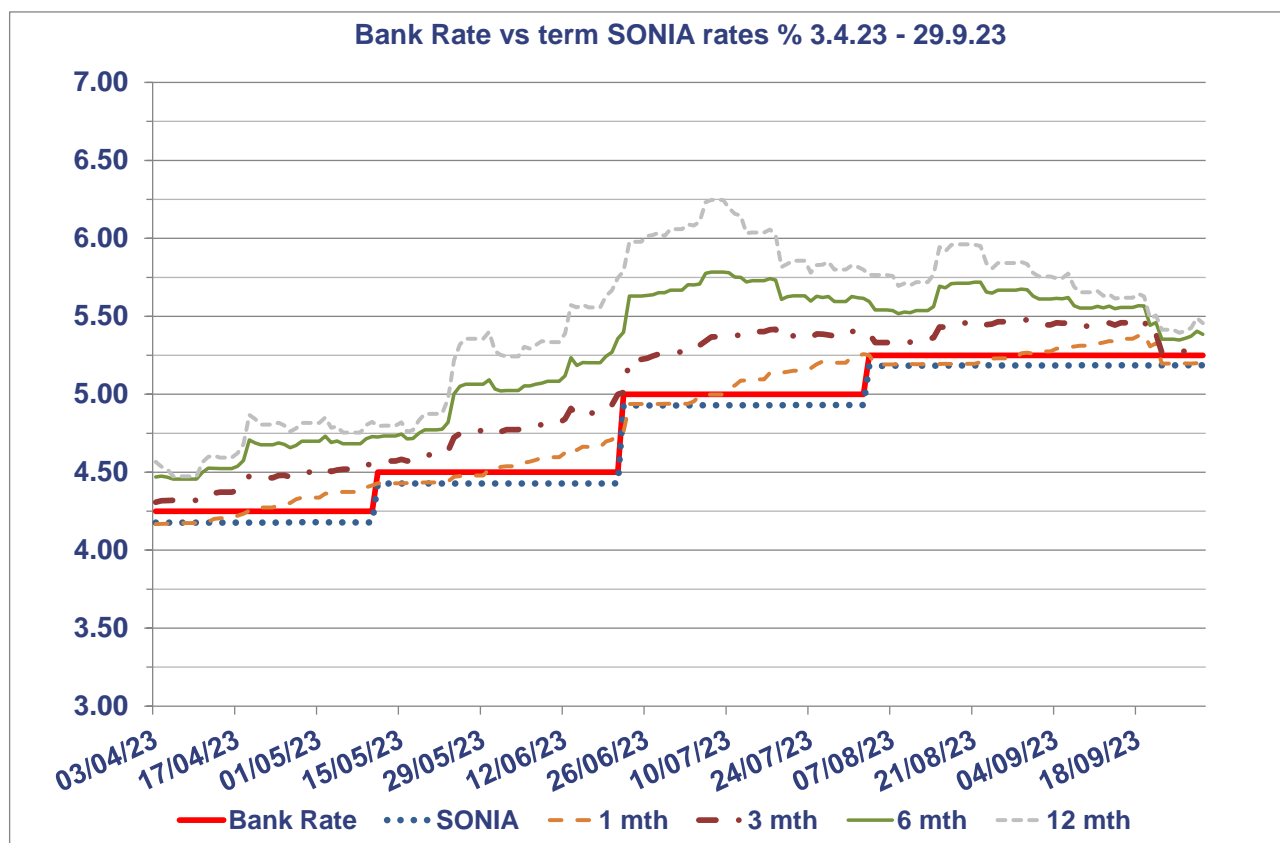
The charts below provide details of the Council's external investments at 30 September 2023, analysed firstly by individual counterparties showing the current Fitch long-term credit rating and secondly by type of investment.



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Money Market Data, PWLB Rates and an Economic Update

The table and graph below shows the UK Bank of England Bank Rate and benchmark rates within the short term money markets for the last 6 months.

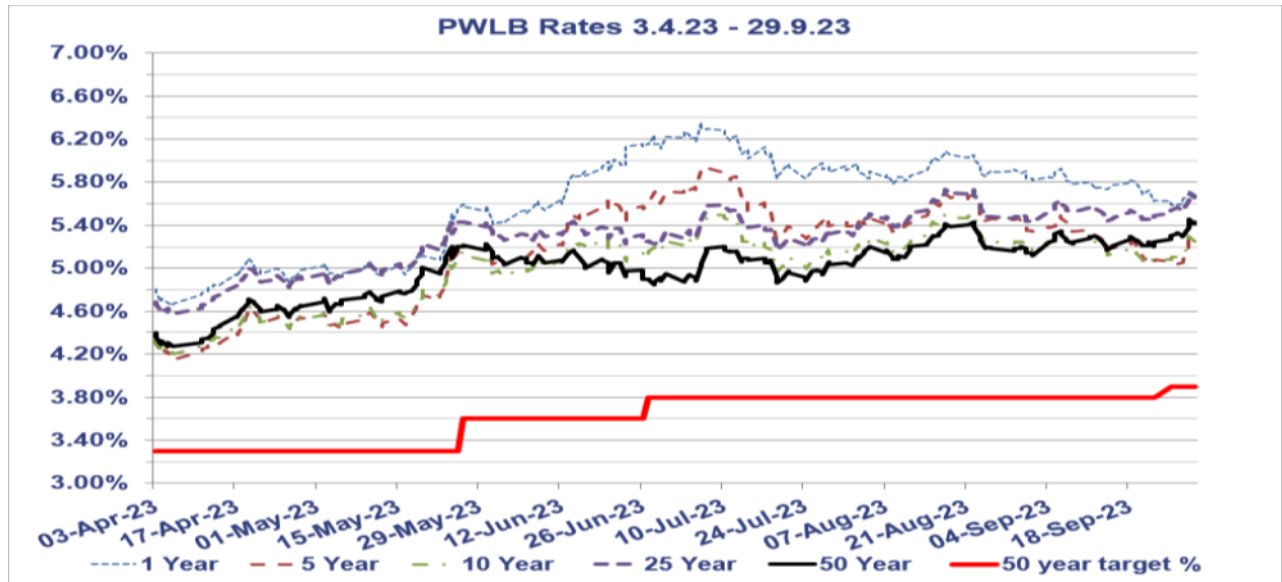


	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	29/09/2023	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	4.81	4.74	4.83	5.03	5.26	5.45
Spread	1.00	1.01	1.22	1.17	1.33	1.77

The table above, for completeness, covers both the first and second quarters of 2023/24.

PWLB certainty rates 1 April 2023 to 30 September 2023

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date:



Economics and interest rates

Economics update

3.1 Economics Update

- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
 - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy

in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.
- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
- The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

3.2 Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View		25.09.23											
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

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Audit Committee – 24 November 2023

Title of paper:	IAB Instructions: Corporate Planning	
Director(s)/ Corporate Director(s):	James Rhodes, Director of Policy, Performance and Communications	Wards affected: All
Report author(s) and contact details:	James Schrodell, Policy and Performance Manager, 0115 876 1040	
Other colleagues who have provided input:	Elaine Fox, Policy Officer	
Does this report contain any information that is exempt from publication? No		
Recommendation(s):		
1.	To note the progress detailed below in meeting the Improvement and Assurance Board's (IAB) Instructions around Corporate and Business Planning	

1. Reasons for recommendations

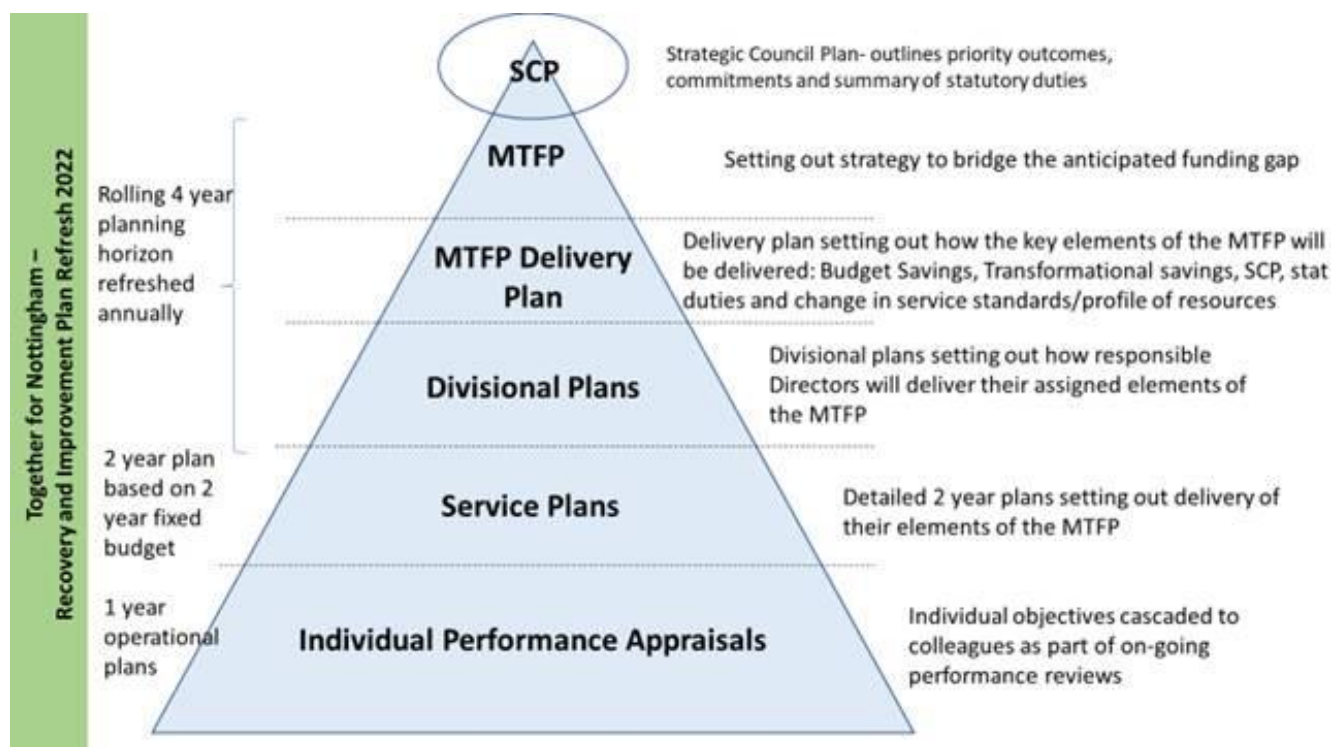
- 1.1 To assure Audit Committee of the Council's progress in meeting the IAB's corporate Business Planning related Instructions.

2. Background

- 2.1 Nottingham City Council published its Recovery and Improvement Plan in January 2021. This plan was refreshed and renamed the Together for Nottingham Plan in October 2022. One of the priorities within the Together for Nottingham Plan was the creation of a new Business Planning structure that would join up the Strategic Council Plan with Service Plans and link these to the Medium-Term Financial Plan (MTFP).
- 2.2 The IAB issued 39 Instructions to the Council on the 15th February 2023 following the confirmation by the Secretary of State of the Council's package of statutory intervention. Since then, the IAB has used the following Instructions to direct the Council about how Business Planning should be improved:
- A. Approve the fully integrated SCP, Workforce Plan, MTFP, Transformation and Recovery Plans.
 - B. Instill a truly corporate commitment in the fulfilment of the Council's Plans.
 - C. Provide a clear and direct link between the Corporate Plans and the Performance Management Regime.
 - D. Compile a clear plan and procedure for monitoring performance against plans.
- 2.3 The below discusses progress against each of these in turn. In some cases, significant progress was made under the Together for Nottingham Plan and the IAB's Statement of Requirements prior to the IAB's issuance of Instructions:

A. Approve the fully integrated SCP, Workforce Plan, MTFP, Transformation and Recovery Plans.

- The Strategic Council Plan (SCP) 2023-27 was agreed alongside the MTFP at Full Council on 6th March 2023.
- The SCP is and will remain fully integrated through the annually refreshed Divisional and Service Plans.
- Divisional Plans bring together for each accountable Director:
 - Operating context
 - Resources
 - Statutory and service standards
- All SCP commitments included under the 'what we will do' sections of the SCP
- Key elements that the MTFP is predicated on - i.e. budget savings and transformation
- More timebound actions from the Together for Nottingham Plan
- KPIs and other key BAU and project work being delivered
- Risk and performance.
- Service Plans then set out the actions that will deliver each Divisional Plan. Workforce planning in terms of identifying and mitigating anticipated workforce gaps is also outlined in Service Plans.
- It is at the Divisional Plan level that all the key activity of the Council is brought together, and deliverability is demonstrated within the financial envelope available to each Division.
- Deliverability of 2023/24's Divisional Plans was confirmed by Directors in April of 2023.
- The Business Planning structure described above provides a "Golden Thread" through the organisation:



- The SCP sets out the Council's vision, the context we are operating within, our ambitions for Nottingham and the key statutory duties which the Council delivers.

- A refresh of the SCP is currently being developed and this will again be delivered alongside the MTFP in February 2024. This refreshed SCP will look to incorporate the policies of the majority group that are deliverable within the context of the MTFP.
- To demonstrate that the SCP is deliverable – both to the IAB and in terms of Best Value and good governance – 2024/25's draft Divisional Plans will be used to inform this refresh.
- Using Divisional Plans to inform the drafting and refresh of the SCP in this way ensures both clear representation of our statutory work and also that the SCP is deliverable within the financial constraints of the MTFP. All activity outlined within the SCP is contained in a Divisional Plan which will be signed off against budget allocation.
- The MTFP Delivery Plan is formed from the Divisional Plans of the whole Council.

B. Instill a truly corporate commitment in the fulfilment of the Council's Plans.

- Corporate Planning is integrated and brings together planning at the Divisional level as described above.
- A named accountable officer is identified for all activity in all plans.
- Commitment and accountability is ensured through monthly performance management at the Divisional Performance Clinics. These focus on a rolling agenda to ensure all elements of the integrated business plan are performance managed and that responsible officers held to account (e.g. risk, transformation, KPIs and SCP commitments).
- The monthly divisional performance management process fits coterminously into the quarterly corporate performance management cycle whereby senior officers and Portfolio Holders are held to account for performance. This further ensures and instils corporate commitment to delivery of the integrated plan.
- Performance is reported to the Council's Scrutiny Committees and the robustness of performance management arrangements are reviewed by Audit Committee.

C. Provide a clear and direct link between the Corporate Plans and the Performance Management Regime.

- An integrated business planning and performance management approach is in place that ensures all key corporate plans are brought together and performance managed consistently (as outline above).
- Business planning is carried out annually using a rolling four-year planning horizon linked to the MTFP. In 2023/24 this annual cycle was aligned to the drafting of a new SCP, and that will be the case for the refresh of the SCP in 2024/25.
- Divisional Business Plans integrate all key plans to ensure all elements are managed in one place (e.g. transformation, SCP actions, Together for Nottingham plan actions, Critical Indicators/KPIs, risks, projects and key BAU/statutory duties etc).
- A named accountable officer is identified for all activity in the plans.
- Divisional Performance Clinics take place monthly, adopting a rolling agenda across a three-month period allowing Directors and Heads of Service to review their performance data and the relevant parts of the Directorate and Corporate Risk Registers, and any capital and transformation programmes to ensure Best Value.

D. Compile a clear plan and procedure for monitoring performance against plans.

- The Corporate Performance Management Framework consists of the deliverables from the SCP and the Critical Indicators (detailed in Divisional Plans) which set out the statutory and “business as usual” work of the Council.
- Reporting is captured through the Council’s online performance management system, Ideagen, linking into other sources of data where available. Reports include a RAG (red, amber, green) rating for each indicator, alongside contextual narrative. Discussions have been had to evaluate the effectiveness of Ideagen and what other performance software options are available.
- RAG-rated performance, data and narratives for Critical Indicators are discussed quarterly at Divisional Performance Clinics. These performance clinics have facilitated a more consistent and focused approach to performance management.
- The clinics have standardised the performance management process but provided some flexibility so that each clinic can be tailored to the needs of the service area whilst ensuring every division considers all areas of performance on a regular basis. This approach has harnessed good practice and has the capacity to improve areas that need more support.
- Following discussion at the clinics, reporting is taken to each Directorate Leadership Team (DLT) meeting, then to the Corporate Leadership Team (CLT), Portfolio Holders, the Executive and Corporate Scrutiny Committee.
- Particular focus is given to those indicators RAG rated ‘red’ or ‘amber’, with indicators consistently rated ‘green’ also reviewed.
- Reporting against the SCP deliverables is currently on hold pending the development of the 2024/25 Divisional Plans and the refreshed SCP due in February 2024 which will take account of the pending MTFP and the proposed changes required to deliver a balanced budget.
- From 2024, performance reporting against the SCP’s deliverables will occur annually via Divisional Performance Clinics, DLTs, CLT and the Executive.
- Current plans for improving this structure further include a review of Critical Indicators, an increased use of automation and dashboards in reporting, and a clearer hierarchy around which Critical Indicators should be consistently reported at which level of the Council.

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

N/A

4. Published documents referred to in compiling this report

4.1 [The Strategic Council Plan 2023-27](#)

4.2 The Council’s recovery and improvement plan: Together for Nottingham.

Audit Committee – 24 November 2023

Title of paper:	IAB Instructions: Companies	
Director(s)/ Corporate Director(s):	Ross Brown, Corporate Director of Finance and Resources	Wards affected: All
Report author(s) and contact details:	Neil McArthur, Interim Director of Commercial and Procurement neil.mcarthur@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Jiayue Wang, Companies Governance Compliance Officer jiayue.wang@nottinghamcity.gov.uk	
Does this report contain any information that is exempt from publication? No		
Recommendation(s):		
1.	To note the contents of this report.	

1. Reasons for recommendations

- 1.1 The IAB has issued several instructions that relate to companies the Council owns or is involved with. The aim of the instructions is to ensure there are appropriate levels of control, assurance, and oversight of Council owned entities.
- 1.2 This report provides an update on progress to date and next steps.

2. Background

- 2.1 The IAB has issued several instructions that relate to companies the Council owns or is involved with. Instructions have been issued requiring the Council to:
 - Align the Council's conflicts of interest requirements with the Lawyers in Local Government Code – deadline 31 May 2023
 - Integrate Shareholder Unit good practice in all company activity – deadline 30 June 2023
 - Decide on the Council's future interests in all subsidiaries and other commercial ventures – deadline 31 July 2023
 - Carry out an internal evaluation of the shareholder unit effectiveness – deadline 30 September 2023
 - Finalise the strategic plans of local authority companies expeditiously - deadline 31 March 2024

3. Progress on IAB instructions relating to companies

- 3.1 The table below show progress and next steps in relation to the IAB instructions for companies and a RAG status for each instruction.

IAB Instruction	Comments	Date Completed / RAG status
Align the Council's conflicts of interest requirements with the Lawyers in Local	A new policy and process for board appointments was agreed by the Executive at the end of May. It envisaged appointments being	31 May 2023

IAB Instruction	Comments	Date Completed / RAG status
Government Code – deadline 31 May 2023	<p>made in July, but the process has taken longer than that.</p> <p>Appointments have been approved to the boards of Nottingham City Homes Limited, Nottingham Ice Centre Limited, and Nottingham City Transport Limited.</p> <p>The recruitment process for Blueprint (General Partner) Limited, Futures Advice, Skills and Employment Limited, and a further process for Nottingham City Transport Limited will commence shortly.</p>	<p>17 October 2023</p> <p>Appointments expected by end of calendar year</p>
Integrate Shareholder Unit good practice in all company activity – deadline 30 June 2023	The Companies Governance Handbook was agreed in November 2022 and out of 42 requirements across six companies, only four requirements remained outstanding by the deadline. The outstanding issues have either been completed or can be explained, on a comply or explain basis, per the Handbook.	30 June 2023
Decide on the Council's future interests in all subsidiaries and other commercial ventures – deadline 31 July 2023	<p>At its meeting in July, CGEC considered and approved recommendations across a wide range of organisations, including Council owned entities, organisations where the Council is represented at board level, as a trustee or where grant funding is provided.</p> <p>The Shareholder Unit is in the process of implementing the decisions made by CGEC. We expect actions in relation to the top two categories to be implemented by the end of the calendar year, with the remainder complete by the end of the financial year.</p>	18 July 2023
Carry out an internal evaluation of the shareholder unit effectiveness – deadline 30	An internal review was completed and reported to the Corporate Director of Finance and Resources before the deadline. The review	26 September 2023

IAB Instruction	Comments	Date Completed / RAG status
September 2023	<p>evaluated the effectiveness of the Shareholder Unit by reference to the criteria set out in the Companies Governance Handbook.</p> <p>The review concluded that solid progress has been made towards establishing good practice in COEs. An action plan is being implemented to build on those foundations and embed the changes that have been introduced.</p>	
Finalise the strategic plans of local authority companies expeditiously - deadline 31 March 2024	<p>The Companies Governance Handbook sets out the framework for conducting strategic reviews of Council owned companies.</p> <p>The Shareholder Unit is currently working with each company to establish the data it needs them to provide to inform the review. Consideration is also being given to the need for external resources and how best to integrate the strategic review process with business planning and the CGEC forward work plan.</p>	The work will be completed by the 31st of March 2024 deadline.

3.2 All the deadlines set out in the above IAB instructions have been meet, including the instruction to align the conflicts of interest requirements on a strict interpretation of the instruction. That instruction’s RAG status has, however, been marked as amber as implementing the policy has taken longer than originally envisaged.

3.3 In conclusion, good progress has been made on the IAB instructions relating to companies. Work continues to build on the strong foundations that have been laid to ensure that the changes that have been introduced get embedded.

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

4.1 None.

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

5.1 Companies Governance Handbook.

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Audit Committee – 24 November 2023

Title of paper:	Contract Management and Procurement Dispensations Audit Reports update	
Director(s)/ Corporate Director(s):	Ross Brown, Corporate Director of Finance and Resources Neil McArthur, Director of Commercial, Procurement and Contract Management	Wards affected:
Report author(s) and contact details:	Steve Oakley, steve.oakley@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Does this report contain any information that is exempt from publication? No		
Recommendation(s):		
1.	To 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	

1. Reasons for recommendations

- 1.1 Internal Audit issued two reports into Contract Management and Procurement Dispensations respectively. Together, these identified a number of actions that Nottingham City Council needs to implement across all departments to ensure compliance with Contract Procedure Rules and to deliver best value. The actions identified are considered to be in line with contracting and procurement best practice and should be implemented to ensure the Council has robust processes in place for procurement and contract management.
- 1.2 A number of actions have been completed and these are having a significant impact with increased requests to support teams with undertaking procurement exercises.

2. Background

- 2.1 The Contract Management Audit was initially undertaken in 2020 with actions planned during 2020. Due to COVID-19 actions were delayed due to the pressures on teams to deliver a response to the pandemic. The subsequent review of the audit in 2021 clearly identified that actions were still required.
- 2.2 The Procurement Dispensation report was undertaken in 2021 as a follow up to an initial review of Dispensations by the Head of Contracting and Procurement. The review and audit 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.

- 2.3 These two audit reports are separate in their own right, although the issues raised in each pointed to historic non-compliance with procedures and a need to ensure Contract Management and Procurement processes are embedded across the Council.
- 2.4 Actions have been undertaken over the last two years to address the issues outlined in the reports these actions are included in the table 1 below with a summary of their impact.

Table 1

Action Completed	Impact	Date Completed	RAG Rating	Comments
Exemptions managed by Procurement with all requests considered against Contract Procedure Rules and Public Contract Regulations 2015.	Improved compliance and a reduction in exemptions being sought and approved.	Nov-21	Green	
Procurement Handbook completed to advise colleagues on procurement.	Increased understanding of procurement and compliance with procedures.	Mar-23	Green	
Communication plan outlining the developments within the Commercial, Procurement and Contract Management area and the impact across the council.	Improved compliance with commercial processes ensuring best value is delivered.	March 2023 and then ongoing	Green	
Commercial, Procurement and Contract Management new Operating Model implemented.	Improved capacity to manage whole Commercial cycle and improve compliance.	Apr-23	Amber	Difficulty recruiting and then the subsequent recruitment freeze has delayed and now resulted in a scaling back of the work programme of commercial oversight and strategic contract management.
Contract management and Procurement Training packages available to all colleagues.	Improved understanding of Contract Management and Procurement leading to compliance with best practice.	Apr-23	Green	

Action Completed	Impact	Date Completed	RAG Rating	Comments
Advertised Government Commercial College Contract Management Training to all colleagues.	Those involved in contract management are able to access fully accredited training leading to improvements in contract management across the organisation.	Apr-23	Green	
Updated Procurement Pipeline agreed at Commercial Oversight Board.	Improved planning and category management to bring requirements together and identify potential savings.	Apr-23	Green	
Commercial Oversight Board set up.	Improved governance over Commercial decision making.	May-23	Green	
Reviewed and amended the Contract Procedure Rules.	Improved processes and clear guidance on governance of Contracts.	Jul-23	Green	
Introduction to Commercial Procurement and Contract Management for Councillors.	Improved understanding of the role of Councillors in Commercial decision making.	Oct-23	Green	
Commercial Hub attended Directorate Leadership Teams to improve understanding of the role of the function.	Improved compliance and understanding of the processes.	Oct-23	Green	

2.5 Further actions are underway to improve the position further as outlined in table 2.

Table 2

Planned action	Planned impact	Date due	RAG Rating	Comments
Development of a revised Commercial Strategy to replace the existing Procurement and Commercial Strategies.	To provide and updated clear set of aims, objectives and actions for Commercial Hub activity, which are aligned to Council Plan and national best practice.	Jan-24	Amber	Recruitment freeze impacting capacity to complete this work on time.

Planned action	Planned impact	Date due	RAG Rating	Comments
Develop process and templates for self-service below £100k procurement.	Supports divisions to run compliant quotation processes and ensures transparency requirements are adhered to.	Jan-24		
Development of risk assessment processes for identifying high risk procurement and contract management activity.	Reduce risks related to Commercial activity such as supplier failure.	Apr-24	Amber	Some delay due to recruitment freeze.
Development of an electronic system for requesting Contract Purchase Agreement.	Improved internal control to check compliant procurement route.	Apr-24	Green	
Development of an electronic system for requesting Exemption from Contract Procedure Rules.	Improved electronic process for exemptions ensuring appropriate governance and approval.	Apr-24	Green	
Review of Contract Management and Procurement IT systems ahead of procuring an integrated system.	Improved data to enable risk management and intervention on contracts. Reducing manual input and duplication.	Apr-24	Green	
Redesign of Commercial, Procurement and Contract Management Intranet pages.	Improved information about Commercial Hub services and processes to improve compliance and support decision making.	May-24		
Development and implementation of a Contract Management Framework.	Standardisation of contract management requirements including performance management with Commercial Hub support.	April 2024 development September 2024 implemented	Amber	Some delay due to recruitment freeze.

2.6 There has been some measurable impact from the work set out in table 1 that can be evidenced including: -

- 2.6.1 Reduction in exemptions from 16 per quarter in 2019-2021 to an average 8.25 exemptions approved each quarter in 2022/23. Which equates to a 48.4% reduction in exemptions.
- 2.6.2 The improved focus on governance has led to improvements in the quality of decisions and in the specification of requirements. This has resulted in more effective and efficient procurement which will ultimately drives better services and outcomes.
- 2.6.3 The efficiency and effectiveness of Procurement can be seen through a reduction in cost or increased income from concession contracts of circa £2m since April 2022. Whilst the majority of this is related to specific grants or ring-fenced budgets this represents a significant return on investment when compared to the additional £1m in the Commercial, Procurement and Contract Management division.

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

- 3.1 Contract Management Audit 2021
- 3.2 Procurement Dispensation Requests Audit 2021

4. Published documents referred to in compiling this report

- 4.1 Contract Management and Procurement Audits 2021 - 26 November 2021
- 4.2 Contract Management and Procurement Audit Reports Update - 31 March 2023

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Audit Committee – 24 November 2023

Title of paper:	Complaints Annual Assurance Report 2022-23	
Director(s)/ Corporate Director(s):	Ross Brown, Corporate Director for Finance and Resources Lucy Lee, Director for Customer Services	Wards affected: All
Report author(s) and contact details:	Vanessa Jenkins, Customer Experience Lead, vanessa.jenkins@nottinghamcity.gov.uk , 0115 87 61527	
Other colleagues who have provided input:	Marc Danyluk, Customer Hub Manager Patrick Skeete, Social Care Complaints and Representations Manager Dominic Omelia, Head of Customer Access Alvin Henry, Head of Waste and Cleansing Kevin Lowry, Strategic Director of Housing	
Does this report contain any information that is exempt from publication?		
No		
Recommendation(s):		
1.	to note the contents of this report.	

1. Reasons for recommendations

1.1 This report provides a reflection on the complaints received

- under the Have Your Say (HYS) process
- under the statutory Social Care complaints process
- under the Housing Services Customer Relations Team (See Appendices)

and the decisions made on these complaints about Nottingham City Council by

- Nottingham City Council (NCC)
- the Local Government and Social Care Ombudsman (LGSCO or LGO)

for the period of 1st April 2022 to 31st March 2023. The information is taken from NCC records and the LGSCO Annual Review Letter, which is issued to all Councils and is published on the Ombudsman's website.

1.2 Capturing customer experience and learning from complaints is important, it enables the Council to reflect on feedback about its services and facilitate service improvements and innovation. An outcome of an upheld complaint could be identifying a recommendation for a service or process improvement, which is welcomed as another source of reflection and learning for the organisation. The Council's Customer Charter promises that the Council will use customer feedback to improve our services, and the complaints processes play a vital role in achieving this.

- 1.3 Whilst it is important to capture customer experience, the Council also need to be mindful that each complaint represents time which the officer investigating and responding could have used on other activities. This is particularly relevant as the Council's resources are shrinking. The Have Your Say and Social Care Complaints teams therefore aim to support colleagues to achieve lower complaint rates, by acting on insight and increase productivity, to help services get things right the first time and in keeping with the Council's Customer Charter. This report helps to identify the level of success in achieving this aim within Council services.
- 1.4 The Council also notes that a citizen's opinion of Council services in general can be affected by their experiences with an individual service, so by providing a satisfactory service (and in some cases by effective communication of a well-organised, complete, and timely complaint investigation), colleagues can improve the Council's reputation and future contact with citizens.
- 1.5 The Council continues to maintain a good working relationship with the LGSCO Assessment and Investigation teams. The Customer Experience Lead acts as a Link Officer between the LGSCO and NCC to liaise with Council services and ensure deadlines are met.
- 1.6 It is important to note in this year's Annual Letter from the LGSCO, they have provided advice to Councils when comparing statistics from previous years to be mindful of the following:

Advice on comparing statistics across years ×

In 2022-23 we changed our investigation processes, contributing towards an increase in the average uphold rate across all complaints. Consider comparing individual council uphold rates against the average rate rather than against previous years.

In 2020-21 we received and decided fewer complaints than normal because we stopped accepting new complaints for three months due to Covid-19.

- 1.7 The Ombudsman have also provided a note about the uphold rate for this year's annual review:

“A note about the uphold rate

Over the past two years, we have reviewed our processes to ensure we do the most we can with the resources we have. One outcome is that we are more selective about the complaints we look at in detail, prioritising where it is in the public interest to investigate. While providing a more sustainable way for us to work, it has meant that changes in uphold rates this year are not solely down to the nature of the cases coming to us. We are less likely to carry out investigations on 'borderline' issues, so we are naturally finding a higher proportion of fault overall.

Our average uphold rate for all investigations has increased this year and you may find that your organisation's uphold rate is higher than in previous years.

This means that comparing uphold rates with previous years carries a note of caution. Therefore, we recommend comparing your authority's uphold rate with that of similar organisations, rather than previous years, to better understand performance."

2. Background

2.1 To enable Nottingham City Council to deliver high quality services it is important that the Council records and listens to feedback from people using Council services. Through current complaints handling processes, the Council aim to handle comments, complaints and compliments in a fair and consistent way, maintaining openness and transparency. Complaints can help us identify any trends in service failures and make improvements by learning from root cause analysis.

2.2 For the period this review relates to there were three complaints teams within Nottingham City Council.

- **Social Care Complaints**

This team handles the complaints and statutory complaints processes in relation to Children's and Adults Social Care Services.

- **Housing Services Customer Relations Team**

Formerly Nottingham City Homes (NCH), this team handles the complaints and complaints processes which relate to Housing Services, such as tenancy and repairs issues, which fall under the jurisdiction of the Housing Ombudsman (HO).

- **Have Your Say (HYS)**

The HYS Team handles complaints and feedback for all other Council Services.

There are some areas that cannot be dealt with by the HYS complaints process as they are covered by another process or legal procedure, such as a route of formal appeal. (An example of an exemption of the HYS process would be a dispute a penalty charge notice for a Parking or Bus Lane Contravention and the debt recovery process which follows, as this has a statutory route of appeal).

2.3 The LGSCO oversee some but not all the HYS exemptions. This includes Social Care complaints and School Admissions appeals. They do not oversee the exemptions where there is a right to appeal or take legal action, such as Housing Benefit tribunals.

2.4 By definition a complaint must be: "an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual or group of individuals."

2.5 The Council must recognise the difference between service requests and complaints and this is set out within the Council's complaints handling policies.

A service request is a request from an individual to the organisation requiring action to be taken to put something right. Service requests are not complaints, but must be recorded, monitored and reviewed regularly. A complaint must be raised when the individual expresses dissatisfaction with the response to their service request, even if the handling of the service request remains ongoing.

- 2.6 The following analysis is reported by volume of complaints so that Councillors can understand better the experience of customers.

3. The LGSCO Annual Review

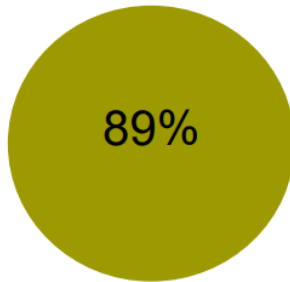
- 3.1 On 26th July 2023 the LGSCO published their annual review of local government and social care complaints for 2022-23. They have provided data to show how they are helping to improve local services and reporting on data for compliance with recommendations they have made, and the number of cases where each authority has provided a satisfactory remedy before the complaint reached the LGSCO. This section looks at the overall LGSCO data compiled in this year's Annual Review Letter, and further sections give further context of how overall, this data is a very small percentage of the actual complaint handling dealt with by Nottingham City Council.
- 3.2 Nationally the LGSCO received 15,488 complaints and enquiries about councils in England (it does not cover Scotland or Wales). Of those complaints 4,090 had detailed investigations and 74% were upheld. This compares to 15,826 complaints and enquires received in 2021-21, of which 4,048 had detailed investigations and 67% were upheld.
- 3.3 Within this year's Annual Review, the LGSCO has provided reflection on the uphold rate increase. "Like many organisations we have, in recent years, been focused on doing the most we can with the resources we have, prioritising cases where it is in the public interest to investigate. As a result, we are less likely to carry out investigations into 'borderline' issues and are finding a higher proportion of fault as a result. While allowing a more sustainable way for us to work, the change means that our uphold rate has increased seven percentage points from last year to 74%. We have reported a steadily increasing uphold rate for several years, but this year's increase is not wholly attributable to the nature of the cases that came to us and so comparison with previous years carries a note of caution."
- 3.4 This year's LGSCO Annual Review statistics tells us that nationally they continue to find the highest proportion of fault in complaints about Education and Children's Services, particularly with regards to complaints concerning children with special educational needs. SEND cases, alongside adult social care and homelessness cases, make up the majority of the Ombudsmen's casework.
- 3.5 The LGSCO publishes the information for the Annual Review on an interactive map, which is called 'Your Council's Performance.' This tool, which was implemented in 2019, gives a snapshot of the service improvement

recommendations and highlights the key statistics and how they compare to similar authorities.

3.6 The link to the council performance interactive map is as follows:
<https://www.lgo.org.uk/your-councils-performance/nottingham-city-council/statistics>

3.7 The snapshot data published on the interactive map for NCC is shown as:

Upheld Decisions



89% of complaints we investigated were upheld.

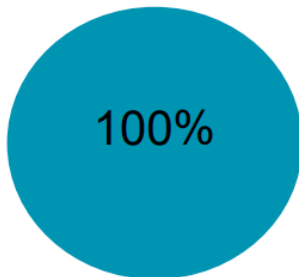
This compares to an average of **72%** in similar organisations.

8
upheld decisions

Statistics are based on a total of **9** investigations for the period between 1 April 2022 to 31 March 2023

This is a decrease in the number of detailed investigations in comparison to 2021/22 where 20 investigations were carried out, with 13 of these (65%) being upheld.

Compliance



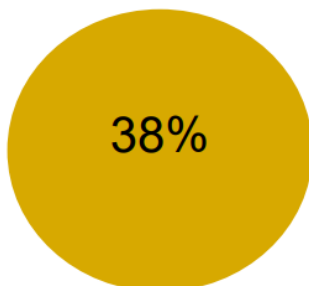
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of **5** compliance outcomes for the period between 1 April 2022 to 31 March 2023

In comparison to the previous year, 2021/22 where Nottingham City Council achieved 100% satisfactory compliance on 9 compliance outcomes.

Local Resolution



In **38%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **13%** in similar organisations.

3
satisfactory remedy decisions

Statistics are based on a total of **8** upheld decisions for the period between 1 April 2022 to 31 March 2023

In comparison to the previous year, 2021/22 where Nottingham City Council

had provided a satisfactory remedy in 15% of cases before the complaint had reached the LGSCO and received 2 satisfactory remedy decisions.

This is a key positive outcome of the LGO Review, as it clearly shows that Nottingham City Council are resolving an increasing proportion of complaints locally, and as shown in section 7, Nottingham City are performing extremely well in this area in comparison to other Local Authorities.

- 3.8 The following key facts and figures will provide an in-depth analysis of the LGSCO's data published for NCC so that Councillors can identify areas that are performing well and areas for improvement considerations as well as see the root causes for these trends.

4. LGSCO Review Letter – Key Facts and Figures

- 4.1 The LGSCO Annual Review Letter shows that they received 66 complaints and enquiries about NCC for the 1st April 2022 to 31st March 2023 period and 62 were assessed and issued with decisions. 24 were closed after initial enquires, in 4 cases advice was given, 2 were either incomplete or invalid and 23 were referred back for a local resolution. 9 complaints involved detailed investigations by the LGSCO and 8 of these were upheld and 1 not upheld.

- 4.2 This data shows that the number of upheld complaints has reduced. The table below outlines the results of the LGSCO Annual Review for 2022/23 in comparison to the previous three years:

Annual Letter	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Received	75	52	73	66
Decided	86	43	84	62
Upheld	12	3	13	8
Not Upheld	7	4	7	1
Uphold Rate	63%	43%	65%	89%

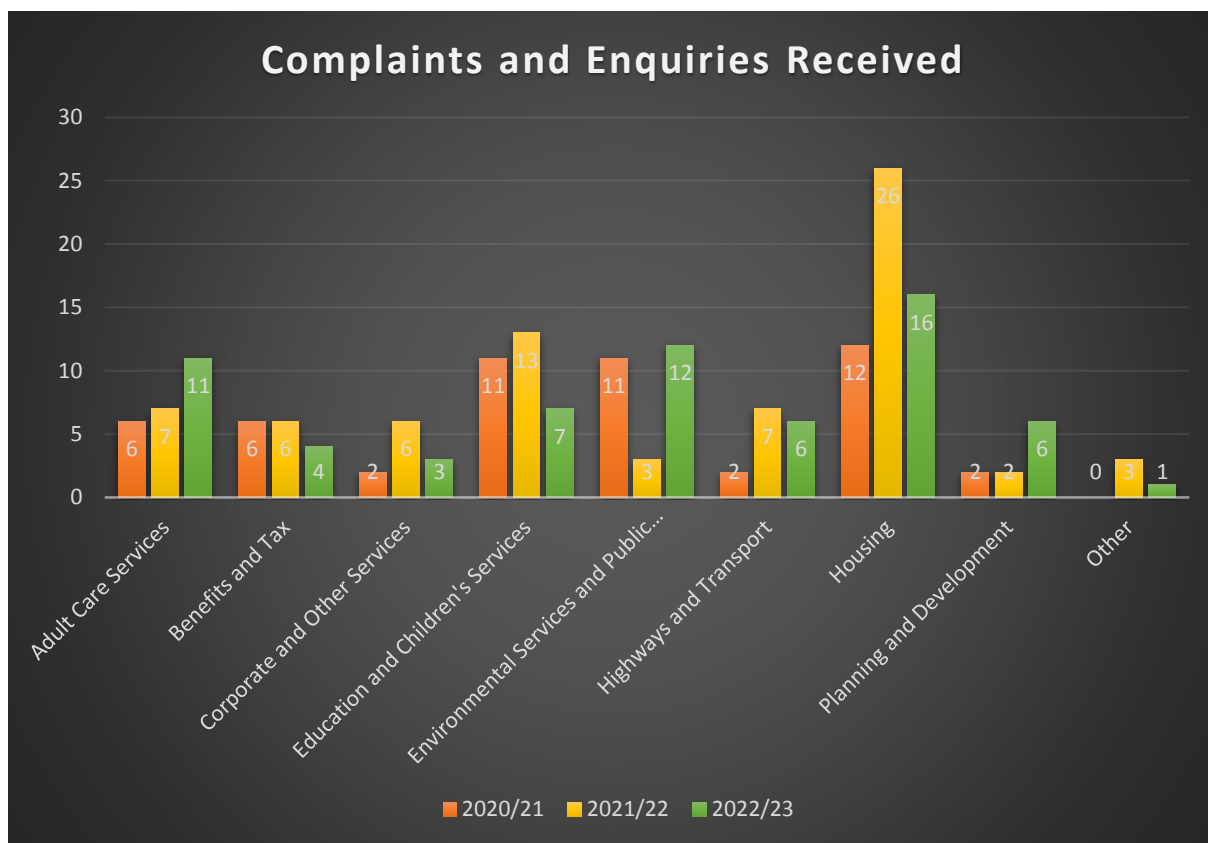
- 4.3 This data needs to be considered alongside the note from the Ombudsman ([see 1.6](#)) that in 2022-23 the LGSCO has changed their investigation process which has contributed to an increase in the uphold rate nationally, and is reflected in the 2022-23 decrease in decided cases and increased uphold rate.
- 4.4 It is also worth noting that in order to allow authorities to respond to the Covid-19 pandemic, the LGSCO did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints they received and decided in the 2020-21 year. This needs to be considered when comparing data from previous years.
- 4.5 Aside from the anomaly of the complaints for 2020-21 due to the pandemic, it is a positive indicator that 8 upheld cases is a decrease on recent years, even in the circumstances that the LGSCO are being more selective with the cases they investigate and issue more upheld decisions on

4.6 The Council recognises that the 9 cases investigated is a very small sample of all complaints dealt with by NCC and that statistically it may not be representative of our complaints process. However, the Council have attempted to identify any learning applicable.

4.7 The LGO categorise the complaints they receive. Looking at the 2023 Review data in more detail, a breakdown of the information published in by the LGSCO in their given categories is shown as follows:

Service Category	Received	Decided	Upheld	Not Upheld	Premature/Closed/ Incomplete/Invalid/ Advice Given
Adult Care Services	11	10	1	0	9
Benefits and Tax	4	5	2	0	3
Corporate and Other Services	3	4	0	0	4
Education and Children's Services	7	6	1	0	5
Environmental Services and Public Protection and Regulation	12	11	3	0	8
Highways and Transport	6	5	0	0	5
Housing	16	14	1	0	13
Planning and Development	6	6	0	1	5
Other	1	1	0	0	1
Total	66	62	8	1	53

This compares to the last two year's annual review as follows:



4.8 It is important to note that the categories defined in the LGSCO review data do not always accurately reflect the department and service area that the complaint would relate to within NCC.

4.9 To better understand the areas for focus from the LGSCO statistics, it is important to look at the complaints decision statements and public reports in more detail in order to establish which service area that it falls within at NCC.

4.10 In some cases the LGSCO will not publish the decision statement for an investigation and the Council also do not have all data on complaints to the LGSCO that were incomplete/invalid or premature. Therefore, this report will reflect in more detail on the decisions that were published for the upheld and not upheld outcomes on the 9 detailed investigation carried out.

4.11 After reviewing each individual case's decision statement summaries, the complaints have been identified as follows:

NCC Service	Upheld	Not Upheld
Adult Social Care	1	0
Benefits & Tax	2	0
Education & Children's Services	1	0
Environmental Services & Public Protection & Regulation	3	0
Highways & Transport	0	0

Housing	1	0
Planning & Development	0	1
Total	8	1

4.12 This breakdown of the casework gives a clearer picture about which Council service the upheld and not upheld LGSCO complaint outcomes relate to and allow us to accurately identify service failures and improvements by carrying out root cause analysis.

4.13 Of the 8 upheld complaints, 1 relates to Adult Social Care and 2 relate to Education and Children’s Services which do not fall under the Have Your Say complaints process. The other cases do fall within the remit of the Have Your Say process.

4.14 In 2022/23, it is reported the Council has agreed to make improvements to services following an investigation from the LGSCO on 2 cases, one relating to Children’s Care Services and the other about Housing Aid These are highlighted on the Council’s performance page on the LGO website here:

<https://www.lgo.org.uk/your-councils-performance/nottingham-city-council/serviceimprovements>

4.15 No Public Interest Reports were published against Nottingham City Council by the LGO in 2022/23. Details of historical reports are available for viewing at: <https://www.lgo.org.uk/your-councils-performance/nottingham-city-council/publicreports>

4.16 To understand the impact that Public Reports have on the Local Authority – please refer to further information from the Ombudsman: <https://www.lgo.org.uk/information-centre/information-for-organisations-we-investigate/information-for-link-officers?chapter=8>

5. HYS Complaints – Key Facts and Figures

5.1 At Nottingham City Council every effort is made to deliver a huge range of services to the highest standards, but inevitably in a city of over 300,000 residents, the Council won’t always get it right or meet everyone’s expectations particularly where customers have complained about policy or statutory decisions.

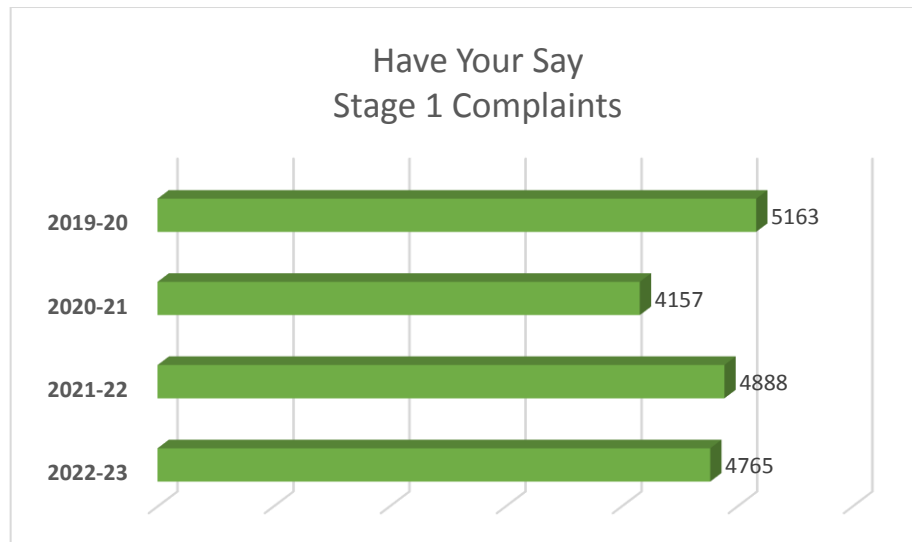
5.2 The Have Your Say complaints process focuses on early resolution and as such the vast majority of issues are resolved in this way. The Council have helped to minimise the number of cases being referred to and upheld by the LGSCO by also offering people who remain unsatisfied an independent review to resolve things, before involving the Ombudsman.

5.3 Since 2016, the HYS service operates a two-stage complaint handling process. At Stage 1, the customer’s feedback is triaged to the appropriate

service for investigation and response/remedy. If the customer remains dissatisfied once the complaint has completed the first stage of the process, they can request a review of the complaint handling at Stage 2, which is carried out by the Customer Experience Lead.

5.4 From April 1st 2022 to 31st March 2023 the HYS service have processed 4765 Stage 1 complaints and 21 Stage 2 complaint reviews.

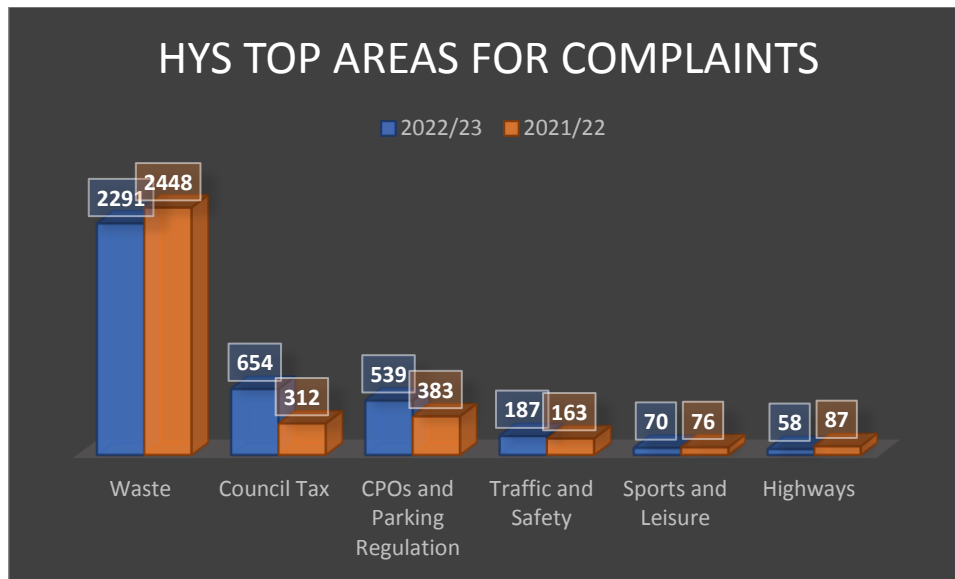
5.5 This is consistent with previous years, (excluding during the COVID-19 pandemic in 2020-21)



5.6 The top ten areas for complaints dealt with by HYS were:

Rank	Area	Number of Complaints
1	Waste, Cleansing & Grounds	
1	Maintenance	2291
2	Council Tax	654
3	Parking Regulation & Compliance	312
4	CPOs	227
5	Traffic & Safety	187
6	Sports & Leisure	70
7	Highways	58
8	Trees	53
9	Housing Aid	52
10	Parks & Open Spaces	46

This is comparable to the previous year's reporting, with seven of the top ten areas for complaints remaining about the same services as 2021-22.



- 5.6 Compared with last year's figures, the Council can see volume of Stage 1 complaints remains similar to previous years. There was a decreased of 86 stage 2 Complaint Reviews in 2021-22 to 21 in 2022-23.
- 5.7 Looking at the top areas for complaints, the Council can see that the level of complaints have remained on par with last year in most areas, with Waste issues remaining the dominant area citizens contact NCC to make a complaint about.
- 5.8 The high volume of HYS complaints for Waste are primarily residents complaining about issues with their bin collection such as complaints about frequently missed collections, the Assisted Pull Out service and replacement bins. For 2022-23 the highest volume of complaints were in relation to bulky waste collection issues, street cleansing and missed garden bin collections.
- 5.9 The Council can identify from the HYS data that the primary reason for complaints over the last three years continues to be around service delivery by the Waste and Cleansing service. However as there were no detailed investigations by the LGSCO for complaints within this service area, it is evident that the complaints were resolved at stage 1 or stage 2 within the HYS process. As there is a high level of complaints for this area, with the Waste and Cleansing service's support, the Council aim to resolve these at the earliest stage as possible.
- 5.10 **Head of Service for the Waste and Cleansing service, Alvin Henry, has reflected on this report and provided the following insights:** "Waste services recognises the complaints within 22/23 and despite being similar to previous years, on reviewing the figures, our service are proposing a change some our current operational provisions. We will be reviewing the missed bin process to reflect improved outcomes to mitigate the number of complaints. Where appropriate all repeated concerns are communicated to the crews correspondingly. The creation of an API (Application Programming Interface) to connect any HYS reports to previous online reports should they have been

rejected due issues such as contamination, will support if any complains should be upheld or not.”

- 5.11 Of the 4,765 Stage 1 complaints handled through the HYS process, 21 were reviewed by the Customer Experience Lead at Stage 2. With only 0.4% of the total complaints progressing to Stage 2, this demonstrates that an overwhelming majority of complaints were resolved at the early stages and that the HYS quality assurance of complaint responses is an effective process. This is a significantly improved position on the previous year’s percentage which was 1.8%.
- 5.12 There were 6 upheld decision for LGSCO complaints that was covered by the HYS process. 2 of these cases had also been identified as remedied locally through the complaints process ([see 9.2 for explanation](#)). This is a positive indicator that the HYS two-stage complaint handling process ensures most complaints are remedied at the early stages. Only an extremely small proportion (0.1%) of the total complaints dealt with by the HYS service have been investigated and upheld by the LGSCO.

6. Social Care Complaints – Key Facts and Figures

- 6.1 The Social Care Complaints Service manages the statutory social care complaints procedure for both Children and Adult services. The statutory processes are different for both service areas.

Children’s integrated Services

- 6.2 In 2022/2023 a total of 295 new complaints were received and considered about Children’s Integrated Services. This is an increase compared with the previous reporting period when 252 complaints were received.
- 6.3 The children’s statutory social care procedure has three distinct stages: local resolution, investigation, and independent review.
- 6.4 At the first stage, (local resolution) the Social Care Complaints Service refers complaints onto operational managers in order for them to consider and respond to the complaint. The Social Care Complaints Service records and monitors these responses. As with previous years, over 90% of complaints were resolved at this stage. At stage two the Social Care Complaints Service allocates an independent investigator to investigate the complaint. There were 29 stage two investigation requests received during the last reporting period, compared with 24 in the previous year. Most of these were resolved or withdrawn and only 8 required an investigation. 100% of investigations were completed within the statutory timescale.
- 6.5 The final stage is an Independent Complaints Review Panel comprising of three Independent People. There were 5 stage three panels during the last reporting period. The panels were held via Microsoft Teams; all the panels agreed with the Independent Investigators’ findings and ratified their recommendations.

Resolutions offered

6.6 Stage 1: Stage one complaints received a written explanation and where a complaint was upheld or partly upheld an apology was also provided. New or review assessments were undertaken in some instances.

Stage 2: Of the 8 stage two investigations, 7 of the investigations upheld at least 1 element of the complaint. where an element of the complaint was partly upheld, all were offered an apology.

Stage 3: The panels accepted the investigators' findings, and recommendations. The panel recommendations were all accepted and completed in accordance with action plans.

Local Government Ombudsman investigations

6.7 Complainants can make a complaint to the Ombudsman at any time, but the Ombudsman will usually ask complainants to complete the local authority complaints process before considering complaints himself.

6.8 During the last reporting period, 3 people asked the Ombudsman to review their complaints, compared with 9 in the previous reporting period. The Ombudsman concluded that two complaints were premature and decided not to investigate the third. Complainants are also advised about appropriate advocacy services, which may support them in making a complaint. Consequently, there were no findings made of maladministration against the Council.

Adult Services

6.9 In 2022/2023 a total of **221** complaints were considered about adult social care services, which is an increase compared with 2021/2022 when the Social Care Complaints Team received 187 new complaints about adult social care services.

6.10 The Adult procedure has a one-stage process, which allows flexibility within the management of a complaint. The Complaints Team usually refers complaints in the first instance to operational managers or commissioned services for their consideration and response. Where the complaint has potentially serious implications for either an individual or the Department or it is complex, it may be necessary to undertake/commission an investigation.

Category of Complaint	Number
Unwelcome or disputed decision	27 (24)
Concern about the quality or appropriateness of the service	88 (63)
Delay in Decision Making	8 (7)
Delivery or non-delivery of services including complaints procedures	9 (16)

Quantity, frequency, change or cost of a service	3 (1)
Attitude or behaviour of staff	30 (27)
Application of eligibility and assessment criteria	0 (1)
Impact on an individual of a local authority policy and Assessment, care management and review	1 (0)
Not Recorded	55 (48)

Note: Previous reporting period's figures in brackets.

- 6.11 Complaints about the quality and/or appropriateness of a service continued to be the most common complaint.
- 6.12 The breakdown of complaints was broadly similar to the previous reporting period; Where the category of complaint was "not recorded" it is because these were mostly out of jurisdiction complaints, including complaints made by professionals; complaints about other agencies e.g., the NHS or another council; complaints where a citizen's consent was not forthcoming; and complaints made by those who lacked the sufficiency of interest to be able to make a complaint on someone else's behalf etc.
- 6.13 34% of complaints about Adult Social Care were either fully or mostly upheld, which is an increase compared with 19% during 2021/2022. 35% of complaints were not upheld or mostly not upheld; and 31% were either not pursued by the complainant or no findings were made. All complaint responses were provided within timescale.
- 6.14 Complaints are often resolved by way of a written response, an investigation or mediation. In 2022/2023, 4 adult social care complaints were considered by the Ombudsman, compared with 6 in the previous year's reporting period. The Ombudsman decided 1 complaint was premature and a further 3 did not warrant investigation, either because there was insufficient evidence of fault or because the Ombudsman decided that the Council had already provided a sufficient remedy. One complaint was classed as upheld although the Council had already provided a sufficient remedy.

7. National Comparisons

- 7.1 Although there are many differences in how local authorities across England will deliver their services, and in the varying demographic of customers they serve, it is still important to consider how Nottingham City Council compares to other city councils.
- 7.2 Comparisons for complaints as whole are currently available. The Council will continue to seek to source this data.

7.3 Nottingham is 1 of 11 core cities in the UK (8 in England). Due to the low numbers of complaints investigated for each core city, the variation year on year in upheld rate can be significant and a city can go from best to worst performing on this statistic or vice versa in successive years, without the underlying performance of the systems concerned being responsible. The table below shows a comparison of Nottingham City Council's LGO statistics against the other English core city authorities of Birmingham, Bristol, Manchester, Liverpool, Leeds, Sheffield and Newcastle:

	Nottingham City Council	Birmingham City Council	Bristol City Council	Manchester City Council	Leeds City Council	Sheffield City Council	Newcastle upon Tyne City Council	Liverpool City Council
Total LGO Investigations	9	153	45	36	54	26	10	26
Total Upheld Decisions	8	128	31	22	37	19	7	20
% Upheld	89%	84%	69%	61%	69%	73%	70%	77%
Compliance with Recommendations %	100%	98%	100%	100%	100%	100%	100%	100%
Satisfactory Remedies %	38%	7%	23%	9%	14%	0%	29%	25%

7.4 As reflected in the Annual LGO Letter and Council Performance Map, it is clear that Nottingham City Council has performed extremely well in the area of satisfactory remedies compared with other authorities. This is where, in upheld cases, the LGO found the Council had provided a satisfactory remedy before the complaint reached the Ombudsman. This is a positive result for Nottingham City Council and reflects well on our complaints handling processes.

8. Complaint Handling Code Consultation

The LGO are launching a consultation on a joint Complaint Handling Code with the HO. The Code will apply to all local councils in England. The consultation will run until **23 November 2023**.

[Joint Complaint Handling Code - Local Government and Social Care Ombudsman](#)

8.1 What is the joint Code?

Some councils, such as NCC are within both Ombudsman's jurisdictions, the LGSCO and HO have partnered to make the joint Code the single gold standard for complaint handling in the local government sector. A joint Code will make it easier for the Council to have confidence that it is employing best practice and for local people to hold councils and social landlords to account. It will also align complaints about housing management, which are already subject to the Code through the Housing Ombudsman Scheme, with other local authority services.

8.2 Why a joint complaint handling Code is being introduced?

The challenges in local government and housing are significant and the complaints received by the LGSCO and HO are increasing in both volume and complexity. This demands an innovative response that supports councils and social landlords to deal with complaints effectively and improve standards, resulting in better services for local people.

Councils face significant challenges at this time. Despite this, many local authorities deliver a good standard of service to their residents. The aim of the joint Code is to equip the Council to gather evidence to identify strengths and weaknesses in the services we deliver, enabling us to make better use of limited resources.

The quality of complaint handling within an organisation and the willingness to learn from complaints is an essential measure of corporate health. The Code puts complaint handling at the heart of corporate governance in councils, requiring regular reporting of performance allowing for effective scrutiny of service delivery.

The Code **will not** apply to areas where there are already statutory complaints processes such as certain complaints about adults and children's social care services.

The Code puts responsibility on councils to put things right as soon as possible without the public having to escalate their concerns to the Ombudsman. It is the Ombudsman's strong belief that there should be a single model of complaint handling which makes it easier for local people to hold their local authority or social landlord to account.

8.3 Who does the Code apply to?

The joint Code applies to local councils. At this stage, it does not apply to the other organisations the LGSCO investigates.

The LGSCO intends to issue the Code under their power to issue "advice and guidance about good administrative practice" to the organisations they deal with under section 23(12A) of the Local Government Act 1974. Therefore, the Code will be statutory guidance for local councils.

The consultation for the Code will also enable the HO to make its existing Complaint Handling Code – which is the basis for the joint Code – statutory under the Social Housing (Regulation) Act.

8.4 Next Steps for Nottingham City Council

The Council is being asked to complete two surveys in response to the consultation.

This is because the HO is updating its existing Code and consulting to put it on a statutory footing under the Social Housing (Regulation) Act 2023 whereas this is a completely new Code for the LGSCO.

This means each Ombudsman needs to ask different questions as part of the consultation process in order to consider the impact it has on the organisations they deal with.

The key officers who should be involved in preparing a single, coordinated response are:

- Chief Executive
- Monitoring Officer
- Member(s) responsible for monitoring complaint performance within your council.
- Director(s)/ Senior officer responsible for complaint handling
- Director of Housing (if applicable)

9. Summary and Action

9.1 The information compiled in this report aims to provide a clearer understanding of the published LGO statistics for Nottingham City Council in 2022-23. It is important to remember, when looking at the figures, that the Annual Review should form the start of the conversation about measuring corporate health, and low/high volumes do not solely indicate good or bad performance.

9.2 On reflection of the key facts and figures, it is clear that NCC's complaints policy works well, and the Council resolve the vast majority of the complaints it receives at the early stages. It is worth noting that the LGO statistics can show a complaint as upheld even if it has already been resolved by the Council. The Customer Experience Lead previously raised this with the LGO who provided the following comment in 2019:

“A complaint is upheld where there is evidence of maladministration, this is normally following a detailed investigation. However, there are cases where an authority will have already accepted fault and without needing to carry out a detailed investigation the Council decides the authority has done all it can to put things right. The Council still mark these cases as upheld, because fault has been identified in a complaint that has come to us. The decision statement, your annual statistics and our interactive map all reflect these cases in a positive light. While the complaint was upheld, the authority provided a satisfactory remedy before the complainant reached the Ombudsman. If an authority has 10 upheld complaints, but has satisfactorily remedied 8, the Council sees that as a positive message where the authority is putting things right early. By then using the learning from upheld complaints, the authority can continue to improve its local services to prevent the same thing happening again.”

9.3 The Customer Charter commits to citizens that the Council will listen to them and use their feedback to improve services across the Council, work together

as one Council, and aim to get it right first time. It is important the Council utilises the Have Your Say data to effectively deliver those commitments and continuously improve Council services. Looking at the areas of high complaints, such as those in Waste, Customer Service is actively engaging with Service Heads to identify complaint trends and root causes to improve the customer experience and reduce complaint figures for the next reporting period. To improve how the Council does this in the future, the Customer Charter is being refreshed alongside a new Customer Insight Strategy with the aim to deliver even better results for citizens based on their needs.

- 9.4 The HYS team engages in continuous development opportunities both with the LGO and as best practice amongst other councils. Relevant learning has been used to improve complaint handling across the council and embedded in our corporate learning and development packages with an aim for greater understanding of our complaint policies and practices, improved consistency in our delivery and service to customers. Customer service, complaint handling and using customer insight to shape service delivery are all part of the Council's mandatory training package. Support and Information is available on the Intranet to all colleagues and the HYS team continues to support services with complaint handling processes.
- 9.5 As part of Customer Services' transformation journey, the Council are using customer insight to add value to the customer experience. Performance dashboards have been created to give an easy to view overview of comments, compliments and complaints together with other key performance indicators, in order to develop methods to analyse and identify trends, improve the customer journey and enable our service delivery to be more efficient. This will enable us to engage with services to give them further detailed understanding into what our citizens are telling us so the Council are able to be more effective in resolving key issues and to make changes in how the Council provides services for the better and to reduce complaints.
- 9.6 The Customer Experience Lead provides regular updates to the Statutory Officers on the casework that is being investigated and decided on by both LGSCO and HO. This is reported to the Statutory Officers meetings and ensures that they are sighted on the complaints escalated through both Ombudsmen procedures and that there is robust monitoring of areas where fault or injustice has been identified, how this has been remedied and any service improvements as a result of Ombudsmen investigations and decisions.
- 9.7 The work being undertaken through the Together for Nottingham Plan recognises the importance of customer insight and the Customer Support Transformation Programme focuses on how our customers access our services, particular our 'front door' and encompasses a range of improvement milestones.
- 9.8 Further to the outcome of the consultation of the Joint Code with the LGSCO and HO, Nottingham City Council will review its current complaints practices further to ensure that they are aligned with the Code and any new guidance issued by both Ombudsmen.

- 9.9 The current proposed Joint Code has a requirement the Council has a single policy for dealing with complaints covered by the code as individuals must not be treated differently based on the service they are complaining about. The Customer Support Transformation Programme has already brought Corporate Complaints and Social Care Complaints together into the same service. Further work is ongoing with regards to complaints about Housing.
- 9.10 It is also recommended that the Council is aware for future reporting that the LGSCO is continuing to work towards being more selective with the complaints they select for investigation and issuing decisions on. This will reflect in future Review Letters and it is likely we will see an increase in upheld decision due to there being a decrease in cases that have a full investigation.

10. Published Documents Referred to in Compiling this Report

10.1 The published documents and resources referred to in this report are:

- The Local Government & Social Care Ombudsman 'Annual Review Letter 2022-23' *Published 26th July 2023*
- The Local Government & Social Care Ombudsman 'Review of Local Government Complaints 2022-23' *Published 26th July 2023*
- 'Your Council's Performance' Interactive Map
<https://www.lgo.org.uk/your-councils-performance>

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Appendix 1 - Housing Services Complaints

1. Context

As members will be aware the Housing Services function was provided by Nottingham City Homes up until 2 April 2023. Up until that date reporting on complaints went to the NCH Boards. Some reference would be reported to the Council through the Partnership Forum. This would particularly relate to higher level complaints such as Independent Housing Ombudsman determinations.

As the Landlord, the Council always retained responsibility for the Housing Service, even whilst it was delivered by an Arm's Length Management Company. It was therefore recognised that by taking delivery of the service back into direct management as we did in April 2023, it strengthens the opportunity for the Council to properly monitor complaints and act on the issues and trends that emerge.

2. Reporting

NCH and now Housing services produce quarterly analysis of complaints and an annual report. This used to be reported to the NCH Boards, including the ALMO Board which was made up of tenants. At Appendix 2 is the 2022/23 annual report as previously presented to the NCH Boards. As the NCH Boards are now dissolved, we are working with Constitutional Services to agree the correct Council vehicle for complaints reporting to be presented. We have established a new Housing and City Development overview and scrutiny committee, and it is likely that performance and complaints information will also underway be reported at this committee. Work is also underway to ensure a tenant input to any considerations that relate to the customer experience, service aspirations and policy and procedure considerations.

The annual report provides a thorough summary of the 2022/23 year where complaints were handled under the new complaints process adopted in 2021. As part of the annual report there is an analysis of compliance with the Housing Ombudsman's (THO) code of practice. The self-assessment tool is at Appendix 3. The annual report and self-assessment tool were produced in September 2023 and is due to be presented for governance scrutiny.

The quarterly reports are still being produced and the Q1 report for 2023/24 is at Appendix 4.

A new framework of Tenant Satisfaction measures (TSM's) was introduced in 2023 as part of the new Social Housing Regulations Act (2023). This requires all social landlords to ask a standard set of 22 questions to assess tenant's genuine satisfaction with aspects of the service. One of those areas is satisfaction with complaint handling. In order to ensure a genuine view of tenants we now employ an external agency to make 550 calls per quarter to ask the 22 questions of the TSM's. The tenants are chosen at random. It is felt that by contacting 2200 different tenants per annum and using an external agency and allowing anonymity that we will have more accurate satisfaction data than under previous processes. We have now concluded the first two quarters of TSM's and satisfaction for complaint handling is showing satisfaction at only 37% at Q2. This is up from only 21% at Q1 but remains

below the bottom quartile of performance on complaints. This clearly is a matter of concern and a priority action for our service improvement programme.

The full year of TSM's have to be reported to the Regulator for Social Housing (RSH) and published to tenants. However, in the interests of improved transparency and governance we are providing our tenants with a half year summary in the tenants' newsletter in November. This will include an invitation for tenants to be more actively involved in working with us to drive up performance and standards.

3. Current issues

Since the transfer of direct management of the housing service into the council we have had two major items of correspondence that require action on behalf of the council.

In August 2023 Nottingham City Council received a letter from the Secretary of State for the Department of Levelling up, Housing and Communities (DHLUC). This letter was one of thirteen issued to various social housing providers, expressing the Secretary of State's concern at Nottingham City Homes handling of a repair's complaint determined as severe maladministration in September 2022. The tenant in question was a vulnerable tenant and NCH failed to both take into account the tenants' vulnerabilities, properly follow NCH's own repairs process and effectively deal with the complaint. This letter was acknowledged and a full commitment to deliver improvements in these areas.

On 12 October the council were one of 91 social housing landlords who were written to by the Housing Ombudsman about complaint performance in 2021/22. In Nottingham's case of 33 investigations related to NCH 66.7% resulted in a determination of maladministration.

All of this correspondence is in the public domain and both DHLUC and THO issued press releases at the point of the correspondence.

These items of correspondence, in addition to the low level of tenant satisfaction are clear indications that management of complaints in the housing service prior to transfer was not reaching the required standards. This has come at a time when expected standards are increasing and THO is regularly releasing publicly critical severe maladministration determinations about the sector. In 2021/22 the number of maladministration determinations in the social housing sector increased by 323%.

4. Regulatory changes

The housing sector is facing a package of regulatory changes aimed at raising standards and protecting and empowering tenants. These are enshrined in the Social Housing Regulations Act which gained royal assent on 23 July 2023. This extends and strengthens the role of the regulator and will have a specific impact on the management of complaints.

- A new Memorandum of Understanding between the RSH and THO means that ombudsman findings can trigger regulatory investigations. The SHRA

means that the RSH will inspect landlords on a four yearly cycle but the prioritisation may be led by data such as complaints.

- The THO now has extended powers to broaden their investigations beyond the presenting issue if they see patterns of poor response. This can include intrusive investigations and special reports.
- There is a proposal for greater collaboration between the THO service and the Local Government and Social Care Ombudsman. There is consultation on a new code of conduct for compliance to cover both Ombudsman services. This is because there are occasions where the tenants of Local Authorities complaints' have issues related to both landlord and council services. Nottingham has already received one joint determination from the joint ombudsman services in regard to a homeless case and the lettings process.
- Focus on damp and mould. There is a significant focus on the response to issues of damp and mould in social housing and SHRA includes a clause known as "Awaabs Law" which makes the existence of damp and mould a breach of the terms of tenancy and calls for an almost instantaneous response from landlords.

It is evident that this new regulatory framework, coming as it does so soon after NCC has insourced its landlord services, constitutes a significant challenge and needs to be a priority for what is a growing service improvement agenda for housing.

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Annual complaints report 2022/23

Summary

During the timeframe this report covers, housing services were provided by Nottingham City Homes (NCH). On 1 April 2023, NCH became Nottingham City Council Housing Services, and moved from being an organisation that operated at arms' length from Nottingham City Council to being part of the Council itself.

This Annual Complaints Report shows figures and findings for the second year of the new complaint handling process introduced in April 2021. One of the key goals of the new process is increased accessibility and visibility for customers using the process, and the available escalation options.

Introducing this process resulted in a significant drop in the number of Stage 1 complaints recorded in the previous financial year, as more customers were assisted prior to a Stage 1. Numbers have increased slightly this year compared to the previous year. However, this may be an indication of improved accessibility and transparency in relation to the amount of information and signposting offered to inform our customers around the complaints process, their rights and options including early contact and support from the Housing Ombudsman.

To provide context, the complaint volumes handled remain significantly lower than the volume of complaints recorded in years prior to the pandemic, and the new process being implemented.

One of the biggest challenges we faced this year was the volume of complaints proceeding to Stage 2 of the process. While the increased transparency of the process has played a part in this, factors within our Stage 1 complaint handling that have also contributed.

The strategy for increasing engagement with customers has mirrored that of the Housing Ombudsman, who have been actively campaigning to attract customers to their service. As a result, the number of queries and investigations coming from the Housing Ombudsman continued to rise throughout the year. This trend is evident across the whole social housing landscape, not just NCC Housing Services.

Learning from complaints remains a focus both internally and from the Housing Ombudsman, with increased expectation of improvements following on from complaint outcomes. While we have made and continue to make changes because of feedback received through complaints, it remains an area in need of work. This can only be achieved through a concerted and combined business-wide effort.

Internally, process improvements and communication improvements have been a key part of this year's focus. We have looked for new ways to work with other service areas to make sure that performance is improving. Quality of complaint responses remains a priority, along with learnings and positive outcomes. Co-operation with other teams has resulted in better performance and subsequently better service for our customers.

Corporate Performance Target – Complaints per 1,000 properties

As part of the Corporate Performance Plan, we measure against a target for number of complaints per 1,000 properties. The target put in place for 2022/23 was no more than 82 complaints per 1,000 properties.

During this period, Nottingham City Homes recorded 51 Stage 1 complaints per 1,000 properties, putting us very comfortably within target for the year.

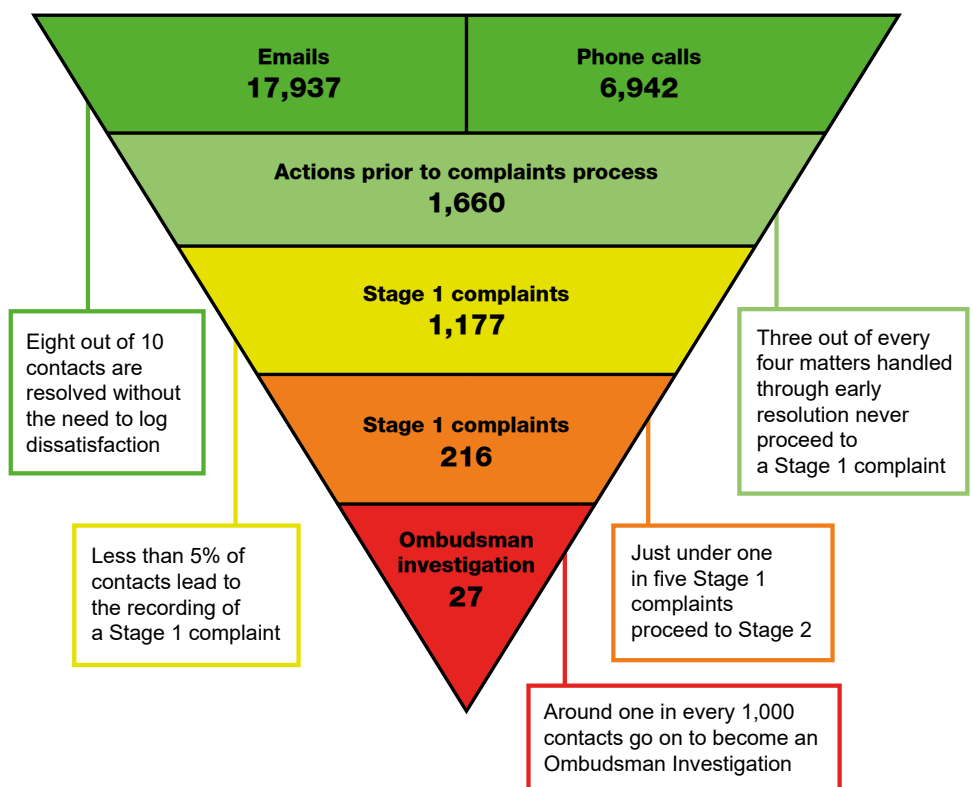
Customer contacts

The Customer Relations Team (CRT) handles a large number of queries beyond those recorded as complaints. These range from general queries about services, to potential complaints in need of investigation. The CRT handles these contacts through a mix of signposting, information sharing and pre-emptive actions to try and resolve issues to the customer's satisfaction.

The figures below show the number of incoming contacts throughout the year (and how they were received).

It also indicates the number that proceed to the various stages of the process.

'Actions prior to complaints process' would be considered any matter we document as dissatisfaction prior to the customer requesting to enter the formal complaints process.



Stage 1 complaints

Complaint volumes

Table 1 below shows complaint volumes by directorate over the last four years.

Table 1	Service area	2018/19	2019/20	2020/21	2021/22
Property Services	Asset Management	92	51	31	43
	Business Services*	-	-	-	159
	Commercial Services	2	3	1	4
	Development and Aquisition	4	2	13	3
	Mechanical and Electrical	283	349	191	127
	Planned Maintenance	430	176	123	86
	Responsive Repairs	919	599	450	575
Property Services total		1730	1180	809	997
Housing and Customer Services	Customer Excellence**	161	98	76	93
	Estate and Caretaker Services	6	6	4	1
	Lettings	27	23	22	17
	Rents and Leaseholders	19	19	13	14
	Tenancy and Estate Services	77	80	92	115
	Voids	31	22	31	15
	Supported Housing	4	2	3	2
	Nottingham On Call	12	6	5	5
Housing and Customer Services total		337	256	246	254
Corporate Services	Customer Relations Team**	11	12	3	-
	Risk Management and Governance	5	1	4	2
Corporate Services total		16	13	7	2
NCC	Garden Assistance	73	12	20	14
GRAND TOTAL		2156	1461	1082	1275

*Business Services complaints relate to issues with administration and planning. They were previously handled as part of the relevant part of Property Services (i.e. M&E, Planned or Repairs) but as of 2022/23 are now allocated and handled separately.

**The Customer Relations Team formerly reported as part of Corporate Services but now form part of Customer Excellence along with the Customer Service Centre.

While overall complaint volumes have increased from the previous year, they remain lower significantly lower than previous years. A number of factors influence these volumes, including:

- More transparent and swift handling of matters prior to the complaints process.
- Improved handling of dissatisfaction prior to complaint process, allowing for resolutions to be put in place without the need for a Stage 1 complaint.
- General improvements to services provided by service areas across the business.

The rise from 2021/22 comes primarily from Property Services, and with a large number of issues being related to delays (see later section for further details. Much of the dissatisfaction comes from time waiting to start or complete repairs and maintenance within homes.

These issues are reflected countrywide across most social housing providers, with recent Ombudsman findings determining that services are still feeling the impact of the severe delays caused by both the pandemic and the subsequent supply issues with trade materials.

The increase in complaints for Tenancy and Estate Management (TEM) are also consistent with industry-wide trends, with increased instances of anti-social behaviour (ASB), subsequently leading to an increase in complaints about handling of ASB.

Complaint performance

Table 2 shows total complaint volumes by year, as well as the percentage of complaints responded to within target. Note the target for 2019/20 and 2020/21 was 15 working days but this was reduced to 10 working days for 2021/22 onwards.

Table 2	Complaints	In Target	Over Target
2019/20	2156	81.7%	18.3%
2020/21	1461	80.6%	19.4%
2021/22	1082	81.8%	18.2%
2022/23	1275	92.4%	7.6%

2022/23 has seen significant improvements in complaint performance, with 197 complaints answered out of target the previous year, dropping to just 97 complaints for 2022/23. While this is a great improvement that should be celebrated, improvements are still required to bring this number lower.

Improved monitoring is now in place with key areas to identify and address potentially issues before they go over target. This is especially important with recent Ombudsman determinations identifying unreasonable lateness as a potential cause for maladministration findings and compensation payments.

Communication was shared business-wide with all Resolution Officers (the designation given to anyone responsible for resolving a complaint) reminding them of the need to make sure target dates are met. This communication also included reminders of the 'interim' process, which allows for target dates to be extended up to 10 working days if there is a valid reason to do so and the reason for the extension agreed with the customer.

The Customer Relations Team (CRT) will continue to work with all business areas to make sure the best service is provided to customers and that complaints are handled in line with timescales set out in policy and legislation and that we continue to be fully compliant with the Housing Ombudsman Complaint Handling Code self-assessment process.

Complaint reasons

Upon closure, complaints are categorised by the primary issue that has driven the customer's dissatisfaction. There are five over-arching categories. Table 3 below shows the percentage of complaints that fit into each of these headings along with brief details of what they constitute.

Table 3	Definition	2019/20	2020/21	2021/22	2022/23
Delay	Dissatisfaction with time taken to start or complete work, due to staff, customer, process or sub-contractor error.	45.7%	57.8%	54.3%	51.5%
Policy	Caused by NCH policy and may include either correct or incorrect use of policy.	1.1%	2.7%	3%	2.5%
Quality	Quality of work completed by an individual, or issues with work carried out to published service standards.	2.4%	4%	3%	2.2%
Service	Issues driven by service failures such as a missed appointments, incomplete work or unresolved recurring issues.	39.3%	17.7%	18.1%	23.6%
Staff	Actions of individual staff member such as alleged / actual misconduct, accidental damage or communication failure.	11.5%	17.7%	21.4%	20.2%

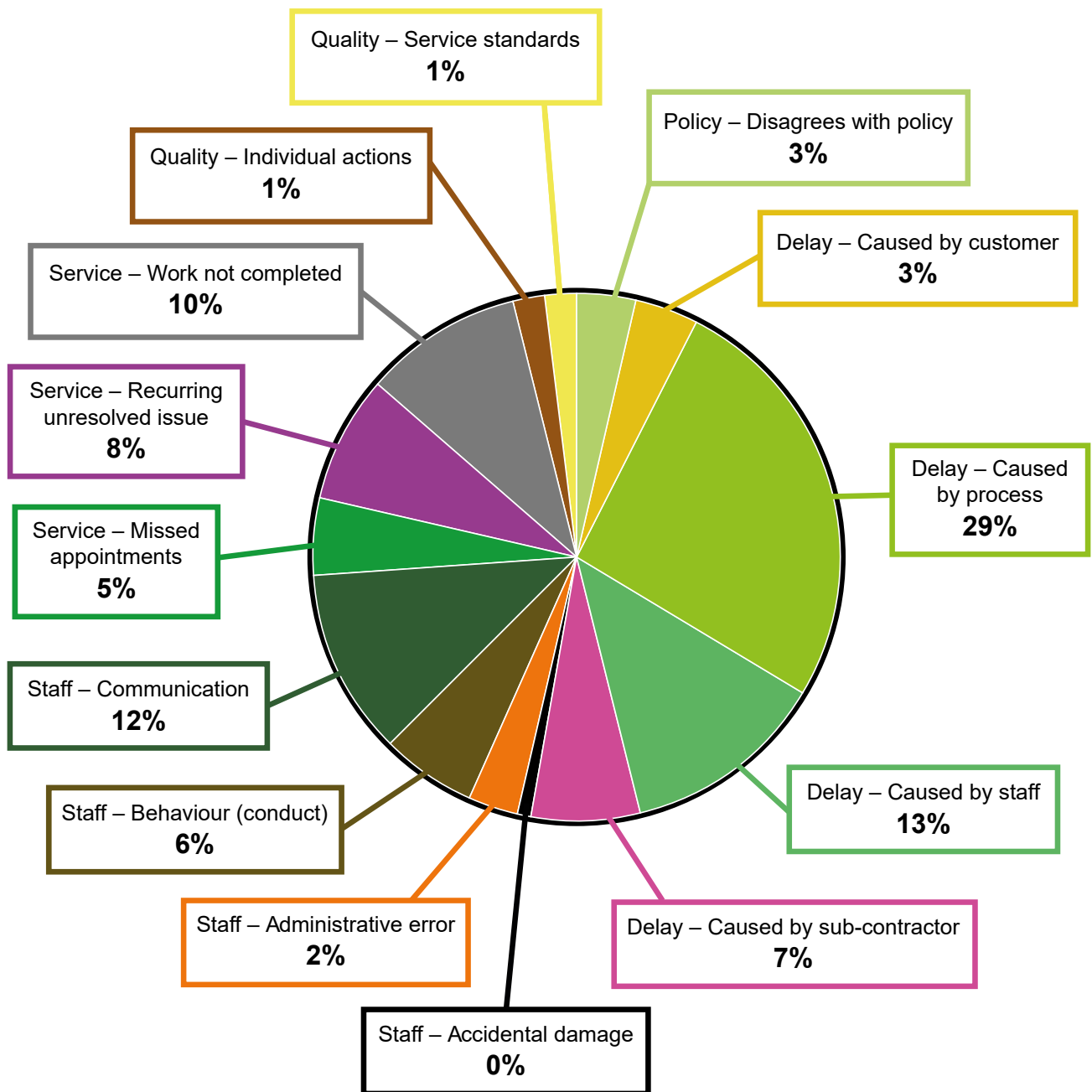
Although we identify the 'main' cause of a complaint, it is important to note that matters rarely fit neatly into one section and often will have multiple threads to it. One key issue that crosses through most complaints is communication. Speaking to our customers and keeping them informed, regardless of whether we are sharing good news or bad, will usually have a positive impact on customer experience and decrease levels of dissatisfaction.

The pandemic had a significant impact on the services we provide and waiting times for actions, as shown in the 'Delay' figures above for 2020/21. Although there has been a gradual improvement in this as we continue to work on improvements, 'Delay' remains the most prominent driver of complaints, with more than half indicating dissatisfaction driven by time taken to start or complete actions.

The increase in complaints relating to 'Service' often relate to Property Services matters where we have attended in a reasonable time, but then failed to complete actions on first contact, or problems have subsequently re-occurred.

The exceptionally low percentage of 'Quality' issues is a great result and a strong indicator that work being carried out by staff is to an acceptably high standard.

While these five key areas are effective for considering overall trends in dissatisfaction, we narrow the findings down further through the use of sub-categories. We use this to provide more targeted feedback to service areas on complaint drivers. The chart below shows how complaints for the year broke down into these fourteen sub-categories.



Complaint outcomes

Table 4 below shows the outcomes of all complaints for the past four years. Upheld complaints are those where we have found NCH to have made an error or taken incorrect actions.

Table 4	2018/19	2019/20	2020/21	2021/22
Justified	52%	50%	56%	56%
Part-justified	28%	29%	29%	28%
Unjustified	20%	21%	15%	16%

The Housing Ombudsman made some recommendations around terminology in complaint handling. As a result, matters previously referred to as ‘Justified’, ‘Part-Justified’ and ‘Unjustified’ are now referred to as ‘Upheld’, ‘Partially Upheld’ and ‘Not Upheld’. This more fairly represents the fact that all complaints are treated equally, regardless of findings.

Stage 2 complaints

Table 5 below shows the number of complaint investigations requested to escalate to the Tenant Complaint Panel (2019/20 and 2020/21) and how many Stage 1 complaints requested to escalate to Stage 2 (2021/22 and 2022/23). Figures do not include Stage 2 requests that were refused and did not proceed.

Table 5	Early intervention	Proceed to TCP	Total
2019/20	59	25	84
2020/21	65	13	78
	Withdrawn	Stage 2 response	Total
2021/22	20	116	136
2022/23	23	185	203

The continuing increase in Stage 2 volumes is expected. It is in-line with industry-wide trends driven by the Housing Ombudsman Complaint Handling Code, which encourages sharing more frequent and transparent information with customers around their rights to escalate complaints within process. Customers are now advised at every stage of the process what their options are for escalation. To an extent, an increase in Stage 2 complaints is a healthy indicator that our process, and publicity around it, is allowing customers to make informed decisions.

However, overall volumes of Stage 2 escalation requests would still be considered high compared to the volume of matters entering Stage 1 of the process. With 1,275 Stage 1 complaints for the year and 203 proceeding to Stage 2, this equates to 1 in every 5 complaints not being resolved to the customer's satisfaction at Stage 1.

Throughout the year, we have consistently identified that a leading cause of Stage 2 escalations is failure to carry out works or actions promised at Stage 1. This trend is continuing, meaning we are driving these increased levels by failing to do what we have promised to do. CRT very strongly recommends that consideration be given to an upgrade to existing systems to allow for actions promised at Stage 1 (and Stage 2) to be logged, tracked and held accountable. The process currently in place has proven to be insufficient and action is needed to drive improvements and reduce Stage 2 escalations.

Performance is measured by the percentage of cases answered or withdrawn within the 20-working day target timeframe. Overall performance for the year across all Stage 2s was 95%.

Housing Ombudsman

Table 6 below shows number of enquiries received from the Housing Ombudsman, as well as how many proceeded to a determination and how many of those determinations resulted in a finding of maladministration.

Table 6	Contacts	Investigations concluded	Findings of maladministration
2019/20	8	6	0
2020/21	17	3	1
2021/22	45	8	2
2022/23	48	17	6

The Housing Ombudsman has continued with their strategy implemented alongside the Complaint Handling Code to increase their own visibility and accessibility to customers. We have played a part in this by making sure Housing Ombudsman details are included in all relevant templates and letters, as well as directing customers to them when we feel we cannot assist any further with an issue. As a result, Ombudsman contacts have remained relatively consistent. The number of cases proceeding to a full investigation has almost doubled in the last 12 months. Again, this trend is one which is comparable to other social housing landlords.

It is not feasible to accurately show the investigation figures by year as the Housing Ombudsman have continued to work through a backlog of cases, some spanning up to 18 months. This also means that service improvements have often already been put in place by the time Determinations are received. Of the sixteen determinations received during this year, six cases were found to have an element of maladministration while a further five were identified as service failures.

The issues identified within maladministration findings included:

- repairs, such as fire doors, heating systems, internal doors, windows, cladding, toilets and loft insulation, leaks from neighbouring properties and communal doors
- asbestos issues
- complaint handling
- temperature and insulation
- damp and mould.

In addition to recommendations and orders around service and process improvements, determinations have also included orders to pay compensation, totalling across all cases to £6,170. All orders and recommendations have been fully complied with to the satisfaction of the Housing Ombudsman and within the agreed timescales.

Complaint handling code self-assessment

Further to the Self-Assessment mandated to be carried out last year, the Housing Ombudsman requires social housing providers to re-assess annual against the code. We carried out this re-assessment and we remain fully compliant with all requirements and best practices set out within the Code. The latest self-assessment is published on our website and a copy is included with this report as Appendix 1.

Achievements

- Further improvements to make sure ease of access for customers to self-serve from information held on the website around service requests and complaint handling and service dissatisfaction.
- External audit which resulted in full compliance and minor observations which have been complied with.
- Early intervention and proactive approach in ensuring at first contact early resolution can be achieved with the customer and the concerns being discussed.
- Reduction in the overall volume of complaints being logged at Stage 1.
- Continued improvements in Stage 2 process, resulting in improved service and transparency for customers, and overall improved performance.
- Further improvements to Stage 2 Complaint and Ombudsman case monitoring and management.

Learning from complaints

Property Services

A transformation project is underway, looking at ways of improving communication and information both across the service area, the organisation and importantly to the customers.

Many of the initiatives and improvements have been borne out of customer satisfaction around level of communication, appointments and waiting times for repairs, as well as our service standards. This has also included improving dialogue around customer expectations and the responsibility and obligations they have as tenants and leaseholders in making sure the properties are maintained.

Integration of systems and record keeping has been identified as an area for improvement. Failings around service and complaint handling have often been where continuity of works, retrieval of records and work planning across several work streams have led to poor service delivery and customer service. We're addressing this with the introduction of a new NEC system.

Customer engagement and communication around repairs have also led to the introduction of a repairs working group. This is a focus group of customers and colleagues who work together to highlight areas of good practice and concerns to work collaboratively to improve service outcomes.

As a learning from complaints, we've undertaken a review of our approach for dealing with defects and latent defects in new-build housing. Three training sessions have been held to date, helping us understand how issues should be dealt with. To make sure we take a consistent approach, the process maps we use have also been reviewed. The resulting actions aim to make sure we provide customers with a joined-up approach as and when they encounter issues.

Tenancy and Estate Management

We've assessed the few complaints received around caretaking and taken these into account when recruiting. We're making sure colleagues can be proactive and feel empowered when faced with concerns and issues, and wherever possible look at early resolution for the customer to make increase customer satisfaction.

Feedback from complaints and customer insight gave us useful information on trends around dissatisfaction for customers with tenancy related matters, including delays in waiting to hear from housing patch managers (HPMs). Following consultation, we've implemented a new approach around improving contactability and readiness for customers to receive a response from the team on the reported issues. This has helped to improve communication and early engagement and after implementation of Phase 1 of the HPM contactability project.

- Staff communication is no longer the main cause of complaints (as it was for at least the previous 3 quarters before implementation) and doesn't feature in the top 3 reasons as the driver for complaint.
- There was also an 84% decrease in 'upheld' complaints as compared to the previous three quarters.

Asset Management

Following learning and service improvements directly linked to complaints and customer service regarding damp and mould complaints, we have introduced video triaging to try to reduce inspection times.

Other improvements include setting up a damp and mould response team who will be tasked with engaging customers who have reported issues and work by targeting works to address and remove any risks quicker. We have created a Decent Neighbourhood webpage for Councillors and staff to promote the process and program which will improve communication with all stakeholders.

Housing Operations

Where customers have contacted us in the past regarding access to the housing register, we have advised them if we feel they will not be eligible, with the intention of saving them the time, effort and potential disappointment of not receiving a positive outcome. However, as a result of complaints, we have realised that we are denying such applicants their right to a review of appeal of this decision. We now make sure that all customers are directed to make a formal housing application to fully assess their circumstances and give the right of an appeal if they are not initially granted access.

There have been some challenges to NCC's Housing Allocations Policy. We have identified that the wording has lacked clarity and can be confusing to applicants who do not understand the criteria they must meet. This has enabled us to amend the policy to make sure it is transparent and clear to both applicants and officers alike. This will also feed into the wider review of the policy that is currently underway.

As a result of learning from complaints, we have fully reviewed the Mutual Exchange Inspection Survey Report this year to very clearly identify any conditions of the exchange that need to be passed onto the mutual exchange applicant in writing. This will reduce the risk of applicants claiming they were not aware of recharges, repairs or conditions which then impact on costs to the business.

Customer Experience

Customer Relations Team

Further to feedback received from Housing Ombudsman cases and customer satisfaction we have improved our website to make sure clear information is provided around complaints. This explains the processes and stages involved, and closely links the information with the guidance from the Housing and Local Government Ombudsman Services.

Other improvements have been a review of the Complaints Policy to provide clarity around grounds for escalation requests and also around steps involved when customers request that complaints be withdrawn or closed. Again these are directly linked to customer and Ombudsman feedback and findings.

Team Leader Complaint Duty rota

We've implemented a rota which makes a specific CSC Team Leader accountable for handling any pre-complaint or formal complaint that is allocated to the CSC on a weekly basis. The Team Leader group pays close attention to the rota to make sure annual leave and other off-work activities are covered appropriately.

By implementing the above, we have seen a heightened level of Team Leader awareness regarding who is responsible for handling complaints at any given time. This has resulted in a significant decrease in complaints being handed back to CRT outside of required timeframes.

More to do in 2023/24

We've identified further work around learning from complaints to make sure we improve service delivery and prevent the same driver around complaints and dissatisfied customers being logged.

Directorates are setting up weekly complaints clinics with senior managers and the officers assigned complaints. This will make sure trends and reasons for complaints lead to change both within service improvements / communication and processes are reviewed. Complaints actions and reasons are recorded on a list and will only be removed and completed internally once all actions have been undertaken. This should result in a reduction in cases being escalated due to us not doing what we stated in our response as part of the outcome for the customer.

Other improvements are around making sure contact is maintained throughout the complaint with the customer, and particularly in discussing the response in detail before issuing to make sure full explanation of findings are verbally shared.

Peer reviews from managers within teams make sure we are putting ourselves in customers shoes to review reasonableness and transparency of responses and actions taken as part of the investigation. A group of colleagues discuss and develop a model of customer excellence standards, looking into and sharing good practice both internally and learning from others outside the organisation.

We're improving IT systems to accommodate a promise checker to make sure all actions are delivered and recorded around complaints. A single platform portal has the capacity to include Stage 1 complaints records, Stage 2 escalations, and ongoing Ombudsman enquiries and investigations for greater transparency within the organisation.

Appendices

[Appendix 1 – Housing Ombudsman complaint handling code self-assessment](#)



Nottingham
City Council

Housing
Services

Nottingham City Council Housing Services
Loxley House, Station Street,
Nottingham, NG2 3NJ

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Housing Ombudsman Complaint Handling Revised Self-Assessment

This self-assessment form should be completed by the complaints officer and discussed at the landlord's governing body annually.

Evidence should be included to support all statements with additional commentary as necessary.

Explanations must also be provided where a mandatory 'must' requirement is not met to set out the rationale for the alternative approach adopted and why this delivers a better outcome.

Section 1 - Definition of a complaint

Mandatory 'must' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
1.2	A complaint must be defined as: <i>'an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents.'</i>	Yes	Stated in Complaints Policy
1.3	The resident does not have to use the word 'complaint' for it to be treated as such. A complaint that is submitted via a third party or representative must still be handled in line with the landlord's complaints policy.	Yes	Stated in Complaints Policy
1.6	... if further enquiries are needed to resolve the matter, or if the resident requests it, the issue must be logged as a complaint.	Yes	Stated in Complaints Policy
1.7	A landlord must accept a complaint unless there is a valid reason not to do so.	Yes	Stated in Complaints Policy

1.8	A complaints policy must clearly set out the circumstances in which a matter will not be considered, and these circumstances should be fair and reasonable to residents.	Yes	List of exceptions stated in Complaints Policy
1.9	If a landlord decides not to accept a complaint, a detailed explanation must be provided to the resident setting out the reasons why the matter is not suitable for the complaints process and the right to take that decision to the Ombudsman.	Yes	Stated in Complaints Policy, refusals to log a complaint are communicated to customer at time of request

Best practice 'should' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
1.4	Landlords should recognise the difference between a service request , where a resident may be unhappy with a situation that they wish to have rectified, and a complaint about the service they have/have not received.	Yes	This is explained in the Complaints Policy, which advises the first report of an issue will be treated as a Service Request which we will address under relevant process before considering the matter as a complaint
1.5	Survey feedback may not necessarily need to be treated as a complaint, though, where possible, the person completing the survey should be made aware of how they can pursue their dissatisfaction as a complaint if they wish to.	Yes	Where identifying information is offered with survey responses, further actions are taken to address dissatisfaction and, if appropriate, logged as a complaint

Section 2 - Accessibility and awareness

Mandatory 'must' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
2.1	Landlords must make it easy for residents to complain by providing different channels through which residents can make a complaint such as in person, over the telephone, in writing, by email and digitally. While the Ombudsman recognises that it may not be feasible for a landlord to use all of the potential channels, there must be more than one route of access into the complaints system.	Yes	Complaints can be made via: telephone, email, online form, social media (Facebook and Twitter) or in person to a member of staff. Details available at: https://nottinghamcityhomes.org.uk/banner-links/contact-us/comments-compliments-and-complaints/
2.3	Landlords must make their complaint policy available in a clear and accessible format for all residents. This will detail the number of stages involved, what will happen at each stage and the timeframes for responding.	Yes	Complaint Policy is published on our website at https://nottinghamcityhomes.org.uk/banner-links/contact-us/comments-compliments-and-complaints/ and can be sent to customers upon request
2.4	Landlord websites, if they exist, must include information on how to raise a complaint. The complaints policy and process must be easy to find on the website.	Yes	As shown at https://nottinghamcityhomes.org.uk/banner-links/contact-us/comments-compliments-and-complaints/
2.5	Landlords must comply with the Equality Act 2010 and may need to adapt normal policies, procedures, or processes to accommodate an individual's needs. Landlords must satisfy themselves that their policy sets out how they will respond to reasonable adjustments requests in line with the Equality Act and that complaints handlers have had appropriate training to deal with such requests.	Yes	Equality Impact Assessments carried out where required, found here: https://nottinghamcityhomes.org.uk/about-us/equality-diversity-and-inclusion/equality-impact-assessments/
2.6	Landlords must publicise the complaints policy and process, the Complaint Handling Code and the Housing Ombudsman Scheme in leaflets, posters, newsletters, online and as part of regular correspondence with residents.	Yes	Part of marketing strategy

2.7	Landlords must provide residents with contact information for the Ombudsman as part of its regular correspondence with residents.	Yes	Ombudsman information is included on letters sent out at all stages of the complaint process
2.8	Landlords must provide early advice to residents regarding their right to access the Housing Ombudsman Service throughout their complaint, not only when the landlord's complaints process is exhausted.	Yes	Ombudsman information is included on the initial complaint acknowledgement as well as responses at each Stage

Best practice 'should' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
2.2	Where a landlord has set up channels to communicate with its residents via social media, then it should expect to receive complaints via those channels. Policies should contain details of the steps that will be taken when a complaint is received via social media and how confidentiality and privacy will be maintained.	Yes	Complaints received via social media are passed to the Customer Relations Team to be logged via normal complaints procedure, the same as those received through any other channel

Section 3 - Complaint handling personnel

Mandatory 'must' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
3.1	Landlords must have a person or team assigned to take responsibility for complaint handling to ensure complaints receive the necessary attention, and that these are reported to the governing body. This Code will refer to that person or team as the "complaints officer".	Yes	The Customer Relations Team are a central point for the logging and administration of complaint handling. 'Resolution Officers' are allocated to each complaint to investigate and communicate with the customer
3.2	...the complaint handler appointed must have appropriate complaint handling skills and no conflicts of interest.	Yes	Resolution Officers sit within appropriate team for issues set out in complaint. Self-investigation is not permitted

Best practice 'should' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
3.3	<p>Complaint handlers should:</p> <ul style="list-style-type: none"> • be able to act sensitively and fairly • be trained to handle complaints and deal with distressed and upset residents • have access to staff at all levels to facilitate quick resolution of complaints • have the authority and autonomy to act to resolve disputes quickly and fairly. 	Yes	<p>Administering complaints within a central 'Customer relations Team' ensures full compliance and representation of the customer in overall complaint handling. Investigating and responding to complaints using 'Resolution Officers' within appropriate team ensures expertise, knowledge and authority to resolve disputes.</p>

Section 4 - Complaint handling principles

Mandatory 'must' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
4.1	<p>Any decision to try and resolve a concern must be taken in agreement with the resident and a landlord's audit trail/records should be able to demonstrate this. Landlords must ensure that efforts to resolve a resident's concerns do not obstruct access to the complaints procedure or result in any unreasonable delay. It is not appropriate to have extra named stages (such as 'stage 0' or 'pre-complaint stage') as this causes unnecessary confusion for residents. When a complaint is made, it must be acknowledged and logged at stage one of the complaints procedure within five days of receipt.</p>	Yes	<p>When a matter enters our formal complaints procedure, the complaint is acknowledged within two working days. Any steps taken prior to the initiation of a Stage 1 complaint is clearly communicated to customers as not being within the complaints process.</p>

4.2	Within the complaint acknowledgement, landlords must set out their understanding of the complaint and the outcomes the resident is seeking. If any aspect of the complaint is unclear, the resident must be asked for clarification and the full definition agreed between both parties.	Yes	Complaint acknowledgements includes: <ul style="list-style-type: none"> • a brief summary of the issues • any specific outcomes the customer has stated they are seeking Customers are encouraged to contact us if this does not reflect the complaint
4.6	A complaint investigation must be conducted in an impartial manner.	Yes	
4.7	The complaint handler must: <ul style="list-style-type: none"> • deal with complaints on their merits • act independently and have an open mind • take measures to address any actual or perceived conflict of interest • consider all information and evidence carefully • keep the complaint confidential as far as possible, with information only disclosed if necessary to properly investigate the matter. 	Yes	These requirements are set out as part of complaint handling training
4.11	Landlords must adhere to any reasonable arrangements agreed with residents in terms of frequency and method of communication	Yes	Contact details and preferred method of contact are recorded. Communication is carried out throughout the investigation
4.12	The resident, and if applicable any staff member who is the subject of the complaint, must also be given a fair chance to: <ul style="list-style-type: none"> • set out their position • comment on any adverse findings before a final decision is made. 	Yes	This is included within the policy, with the expectation of communication of any issues as part of the investigation
4.13	A landlord must include in its complaints policy its timescales for a resident to request escalation of a complaint	Yes	Stated in the Complaints Policy
4.14	A landlord must not unreasonably refuse to escalate a complaint through all stages of the complaints	Yes	Discretion is applied when considering escalations outside the prescribed timeframe

	procedure and must have clear and valid reasons for taking that course of action. Reasons for declining to escalate a complaint must be clearly set out in a landlord's complaints policy and must be the same as the reasons for not accepting a complaint.		In cases where refusal is appropriate, reasons are set out in writing and if further steps outside the process can be taken to resolve any issues, the customer is signposted to these other channels
4.15	A full record must be kept of the complaint, any review and the outcomes at each stage. This must include the original complaint and the date received, all correspondence with the resident, correspondence with other parties and any reports or surveys prepared.	Yes	All documentation is logged and stored at all stages of the complaint process
4.18	Landlords must have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives when pursuing a complaint.	Yes	Vexatious complainant process is included within the Complaints Policy

Best practice 'should' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
4.3	Landlords should manage residents' expectations from the outset, being clear where a desired outcome is unreasonable or unrealistic	Yes	Although all outcomes sought are recorded but expectations are set when these outcomes are known to go beyond service standards
4.4	A complaint should be resolved at the earliest possible opportunity, having assessed what evidence is needed to fully consider the issues, what outcome would resolve the matter for the resident and whether there are any urgent actions required.	Yes	Urgent matters the present an imminent risk or harm are prioritised. All other complaints are responded to as efficiently as possible in the order received
4.5	Landlords should give residents the opportunity to have a representative deal with their complaint on their behalf, and to be represented or accompanied at any meeting with the landlord where this is reasonable.	Yes	Complaints are accepted from representatives who we can continue to deal with throughout the investigation, provided appropriate authority is received
4.8	Where a key issue of a complaint relates to the parties' legal obligations landlords should clearly set out their understanding of the obligations of both parties.	Yes	As set out in the Complaints Policy

4.9	Communication with the resident should not generally identify individual members of staff or contractors.	Yes	General communication on complaints does not focus on individuals
4.10	Landlords should keep residents regularly updated about the progress of the investigation.	Yes	As set out in Complaints Policy
4.16	Landlords should seek feedback from residents in relation to the landlord's complaint handling as part of the drive to encourage a positive complaint and learning culture.	Yes	Complaint Handling Satisfaction Surveys are sent to all complainants after closure
4.17	Landlords should recognise the impact that being complained about can have on future service delivery. Landlords should ensure that staff are supported and engaged in the complaints process, including the learning that can be gained	Yes	All staff are required to be aware of the complaint procedure and the importance of logging dissatisfaction through it. Complaint data is used in making service improvements
4.19	Any restrictions placed on a resident's contact due to unacceptable behaviour should be appropriate to their needs and should demonstrate regard for the provisions of the Equality Act 2010.	Yes	As set out in relevant section of Complaints Policy

Section 5 - Complaint stages

Mandatory 'must' requirements

Stage 1

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
5.1	Landlords must respond to the complaint <u>within 10 working days</u> of the complaint being logged. Exceptionally, landlords may provide an explanation to the resident containing a clear timeframe for when the response will be received. This should not exceed a further 10 days without good reason.	Yes	As set out in Complaints Policy
5.5	A complaint response must be sent to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue, are completed. Outstanding actions must still be tracked and actioned expeditiously with regular updates provided to the resident.	Yes	Responses can set out future planned actions and set expectations of future activity and do not wait until completion of actions

5.6	Landlords must address all points raised in the complaint and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	Quality checking carried out by Customer Relations Team includes this in requirements to be checked
5.8	Landlords must confirm the following in writing to the resident at the completion of stage one in clear, plain language: <ul style="list-style-type: none"> • the complaint stage • the decision on the complaint • the reasons for any decisions made • the details of any remedy offered to put things right • details of any outstanding actions • details of how to escalate the matter to stage two if the resident is not satisfied with the answer 	Yes	All included as standard, using an agreed template to ensure required information is included.

Stage 2

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
5.9	If all or part of the complaint is not resolved to the resident's satisfaction at stage one it must be progressed to stage two of the landlord's procedure, unless an exclusion ground now applies. In instances where a landlord declines to escalate a complaint it must clearly communicate in writing its reasons for not escalating as well as the resident's right to approach the Ombudsman about its decision.	Yes	Escalation requests are progressed to Stage 2 of the process. In cases where refusal is appropriate, reasons are set out in writing and if further steps outside the process can be taken to resolve any issues, the customer is signposted to these other channels
5.10	On receipt of the escalation request, landlords must set out their understanding of issues outstanding and the outcomes the resident is seeking. If any aspect of the complaint is unclear, the resident must be asked for clarification and the full definition agreed between both parties.	Yes	Acknowledgement letter is sent on progression to Stage 2 which includes a brief summary of the issues requiring escalation
5.11	Landlords must only escalate a complaint to stage two once it has completed stage one and at the request of the resident.	Yes	Escalations prior to completion of Stage 1 are refused

5.12	The person considering the complaint at stage two, must not be the same person that considered the complaint at stage one.	Yes	Stage 2 Reviews are carried out at a more senior level than Stage 1
5.13	Landlords must respond to the stage two complaint within 20 working days of the complaint being escalated. Exceptionally, landlords may provide an explanation to the resident containing a clear timeframe for when the response will be received. This should not exceed a further 10 days without good reason.	Yes	As set out in the Complaints Policy
5.16	Landlords must confirm the following in writing to the resident at the completion of stage two in clear, plain language: <ul style="list-style-type: none"> • the complaint stage • the complaint definition • the decision on the complaint • the reasons for any decisions made • the details of any remedy offered to put things right • details of any outstanding actions and <ul style="list-style-type: none"> • if the landlord has a third stage, details of how to escalate the matter to stage three • if this was the final stage, details of how to escalate the matter to the Housing Ombudsman Service if the resident remains dissatisfied. 	Yes	Use of a standard Stage 2 template ensures relevant required information is included on all Stage 2 responses. These requirements are included in complaint handling training. There is no third stage. All Stage 2 responses include details for the Ombudsman.

Stage 3

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
5.17	Two stage landlord complaint procedures are ideal. This ensures that the complaint process is not unduly long. If landlords strongly believe a third stage is necessary, they must set out their reasons for this as part of their self-assessment. A process with more than three stages is not acceptable under any circumstances.	Yes	Complaint Policy is a 2-stage process

5.20	<p>Landlords must confirm the following in writing to the resident at the completion of stage three in clear, plain language:</p> <ul style="list-style-type: none"> • the complaint stage • the complaint definition • the decision on the complaint • the reasons for any decisions made • the details of any remedy offered to put things right • details of any outstanding actions • details of how to escalate the matter to the Housing Ombudsman Service if the resident remains dissatisfied 	N/A	N/A
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Best practice 'should' requirements

Stage 1

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
5.2	If an extension beyond 20 working days is required to enable the landlord to respond to the complaint fully, this should be agreed by both parties.	Yes	As set out in Complaint Policy
5.3	Where agreement over an extension period cannot be reached, landlords should provide the Housing Ombudsman's contact details so the resident can challenge the landlord's plan for responding and/or the proposed timeliness of a landlord's response.	Yes	Clear expectations of timeframes are set and Ombudsman details are provided at every stage.
5.4	Where the problem is a recurring issue, the landlord should consider any older reports as part of the background to the complaint if this will help to resolve the issue for the resident.	Yes	Investigation is not restricted to current activity, full history is considered
5.7	Where residents raise additional complaints during the investigation, these should be incorporated into the stage one response if they are relevant and the stage one response has not been issued. Where the stage one response has been issued, or it would unreasonably delay the response, the complaint should be logged as a new complaint.	Yes	Where appropriate, and if provided in a timely matter, additional matters are considered as part of Stage 1 response. Any matters out of time or substantively separate are processed as a new complaint.

Stage 2

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
5.14	If an extension beyond 10 working days is required to enable the landlord to respond to the complaint fully, this should be agreed by both parties.	Yes	As set out in Complaints Policy
5.15	Where agreement over an extension period cannot be reached, landlords should provide the Housing Ombudsman's contact details so the resident can challenge the landlord's plan for responding and/or the proposed timeliness of a landlord's response	Yes	Ombudsman details are provided at every stage

Stage 3

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
5.18	Complaints should only go to a third stage if the resident has actively requested a third stage review of their complaint. Where a third stage is in place and has been requested, landlords must respond to the stage three complaint <u>within 20 working days</u> of the complaint being escalated. Additional time will only be justified if related to convening a panel. An explanation and a date for when the stage three response will be received should be provided to the resident.	N/A	N/A
5.19	Where agreement over an extension period cannot be reached, landlords should provide the Housing Ombudsman's contact details so the resident can challenge the landlord's plan for responding and/or the proposed timeliness of a landlord's response.	N/A	N/A

Section 6 - Putting things right

Mandatory 'must' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
6.1	Effective dispute resolution requires a process designed to resolve complaints. Where something has gone wrong a landlord must acknowledge this and set out the actions it has already taken, or intends to take, to put things right.	Yes	One of the key elements considered in our investigation process is what we are doing to put things right where a fault has been made
6.2	Any remedy offered must reflect the extent of any service failures and the level of detriment caused to the resident as a result. A landlord must carefully manage the expectations of residents and not promise anything that cannot be delivered or would cause unfairness to other residents.	Yes	Explanations of what went wrong and why/how are included in responses. Actions to be carried out are set out in responses, while ensuring fairness to all customers
6.5	The remedy offer must clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.	Yes	Complaint responses are required to set out actions already taken as well as any future actions agreed to resolve outstanding issues
6.6	In awarding compensation, a landlord must consider whether any statutory payments are due, if any quantifiable losses have been incurred, the time and trouble a resident has been put to as well as any distress and inconvenience caused.	Yes	Discretionary payments are handled under a separate process, but payment can be awarded as a remedy to complaints.

Best practice 'should' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
6.3	Landlords should look beyond the circumstances of the individual complaint and consider whether anything needs to be 'put right' in terms of process or systems to the benefit of all residents.	Yes	Learning outcomes help ensure improvements are made for all customers from faults found by complaint investigations
6.7	In some cases, a resident may have a legal entitlement to redress. The landlord should still offer a resolution where possible, obtaining legal advice as to how any offer of resolution should be worded.	Yes	Appropriate resolutions are always offered

Section 7 - Continuous learning and improvement

Mandatory 'must' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
7.2	Accountability and transparency are integral to a positive complaint handling culture. Landlords must report back on wider learning and improvements from complaints in their annual report and more frequently to their residents, staff and scrutiny panels.	Yes	Quarterly and annual reports are presented to the ALMO Board, EMT and internal teams

Best practice 'should' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
7.3	A member of the governing body should be appointed to have lead responsibility for complaints to support a positive complaint handling culture. This role will be responsible for ensuring the governing body receives regular information on complaints that provides insight to the governing body on the landlord's complaint handling performance.	Yes	ALMO Board now acts in this capacity
7.4	As a minimum, governing bodies should receive: <ul style="list-style-type: none"> Regular updates on the volume, categories and outcome of complaints, alongside complaint handling performance including compliance with the Ombudsman's orders Regular reviews of issues and trends arising from complaint handling, The annual performance report produced by the Ombudsman, where applicable Individual complaint outcomes where necessary, including where the Ombudsman made findings of severe maladministration or referrals to regulatory bodies. The implementation of management responses should be tracked to ensure they are delivered to agreed timescales. The annual self-assessment against the Complaint Handling Code for scrutiny and challenge. 	Yes	Quarterly and annual complaints reports are provided to the governing body, which includes the details mentioned here

7.5	Any themes or trends should be assessed by senior management to identify potential systemic issues, serious risks or policies and procedures that require revision. They should also be used to inform staff and contractor training.	Yes	These are identified within the quarterly and annual complaints reports
7.6	Landlords should have a standard objective in relation to complaint handling for all employees that reflects the need to: <ul style="list-style-type: none"> • have a collaborative and co-operative approach towards resolving complaints, working with colleagues across teams and departments • take collective responsibility for any shortfalls identified through complaints rather than blaming others • act within the Professional Standards for engaging with complaints as set by the Chartered Institute of Housing. 	Yes	'Resolution Officers' are trained in complaint investigations, but all staff are required to be aware of the complaints policy/process and the need to assist customers in reaching required outcomes

Section 8 - Self-assessment and compliance

Mandatory 'must' requirements

Code section	Code requirement	Comply: Yes/No	Evidence, commentary and any explanations
8.1	Landlords must carry out an annual self-assessment against the Code to ensure their complaint handling remains in line with its requirements.	Yes	This document
8.2	Landlords must also carry out a self-assessment following a significant restructure and/or change in procedures.	Yes	Self-assessment will be reviewed following return to Nottingham City Council
8.3	Following each self-assessment, a landlord must: <ul style="list-style-type: none"> • report the outcome of their self-assessment to their governing body. In the case of local authorities, self-assessment outcomes should be reported to elected members • publish the outcome of their assessment on their website if they have one, or otherwise make accessible to residents • include the self-assessment in their annual report section on complaints handling performance 	Yes	

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3C'S 2023/24 – QUARTER 1 REPORT

JACQUIE BEACROFT CUSTOMER EXPERIENCE AND INSIGHT MANAGER



Nottingham
City Council

Housing
Services

SUMMARY

Following on from a strong Q4 and a successful 2022/23, Quarter 1 has seen us maintaining focus on key areas such as performance, communication and learning from complaints. As a result, Q1 has seen performance remaining at a high level.

Continuing work on handling of issues in early stages (i.e. before the complaint process) also appears to be working to reduce overall volumes of Stage 1 complaints, though future quarters will indicate whether this is a trend or a temporary reduction.

Escalations to Stage 2 of the complaint process have remained disproportionately high, suggesting improvements are needed in the way we respond to, and follow up, Stage 1 complaints. Learnings have already been put in place to tackle this, explained in further detail in the Stage 2 section of this report.

Housing Ombudsman determinations has seen an influx this quarter, with many more than usual received. As general queries from the Ombudsman have not increased, this suggests the influx is the result of the Housing Ombudsman's ongoing work to clear the backlog of cases, rather than any indication of an increase in issues being raised with them from our customers.

SECTION 1 – COMPLAINT VOLUMES

Table 1 below shows Stage 1 complaint volumes by service area over the last 5 quarters for all NCC Properties.

Table 1	Service Area	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2023/24 Q1
Property Services	Asset Management	7	18	9	9	14
	Business Services	23	35	46	55	49
	Commercial Services	3	0	0	1	0
	Development and Acquisition	3	0	0	0	0
	Mechanical and Electrical	30	24	38	35	20
	Planned Maintenance	19	20	17	30	19
	Responsive Repairs	159	170	114	132	109
	Property Services Total	244	267	224	262	211
Housing and Customer Services	Customer Excellence	23	25	19	18	16
	Estate Caretaking	0	0	0	1	1
	Independent Living	0	2	0	0	0
	Lettings (inc homeless / dispersed)	3	8	3	3	4
	Nottingham On Call	2	0	1	2	2
	Rents & Leaseholders	2	5	3	4	1
	TEM	33	35	18	29	21
	Voids	3	3	3	6	3
	Housing and Customer Services Total	66	78	47	63	48
Corporate Services	Risk Management, Governance	5	5	0	0	0
	Corporate Services Total	5	5	0	0	0
NCC	NCC Garden Assistance	5	8	1	0	2
	Grand Total	320	358	272	325	261

Quarter 1 has seen a reduction in complaint volumes across almost all service areas within the business. While a drop of this level for just one quarter is an anomaly rather than a trend, these figures do appear to suggest improvements in the way we handle dissatisfaction prior to entering the complaint process is having a positive impact on customer satisfaction and the logging of Stage 1 complaints.

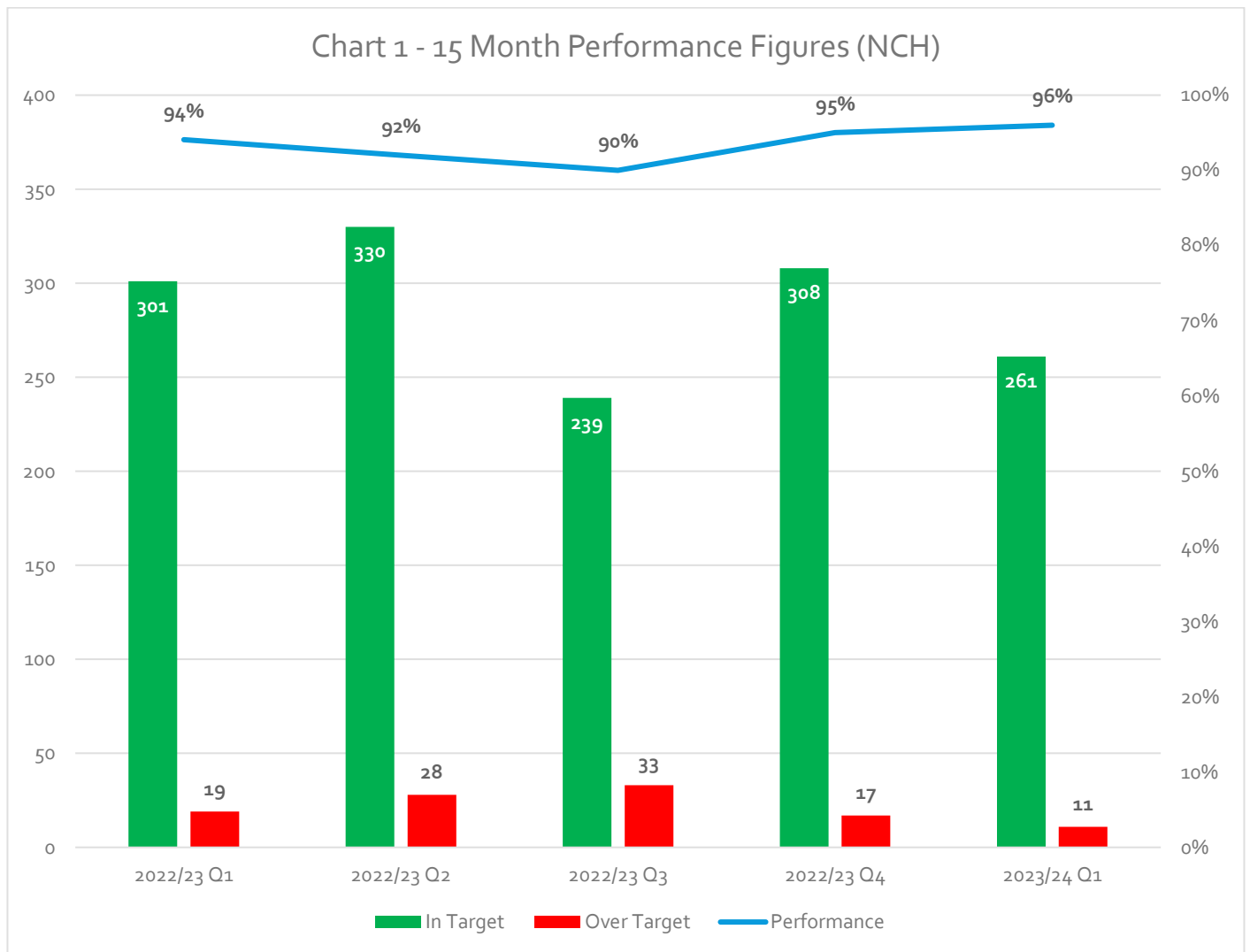
As one of the only areas to see an increase, Asset Management complaints have been reviewed for this report but there is no specific indication of an over-arching trend or driver of these complaints and, as shown in 2022/23 Q2, anomalous figures can occur, especially when overall volumes are so relatively low. Although no specific issue was prevalent throughout these complaints, as with the wider business, issues with communication were mentioned several times.

Both Responsive Repairs and Mechanical & Electrical have seen significant reductions in volume compared to the same quarter of 2022/23, which does suggest an overall improvement in these areas. Quarter 2 will be a good indication of whether this can be maintained, but for now their successes should be noted. TEM has also seen improvements on the previous quarter, but also show overall improvement compared to the same time last year, which is likely the result of actions carried out to improve communication and contactability of TEM staff.

SECTION 2 – COMPLAINTS PERFORMANCE

Overall Performance

Chart 1 below shows Stage 1 complaint volumes responded to in and out of target and overall performance for the previous 5 quarters for NCC Properties. The blue Performance line indicates the percentage of complaints answered in target (10 working days) for each quarter.



Performance by Service Area

Table 2 below shows performance by service area for the previous five quarters. The figures represent the percentage of complaints allocated to that area which were responded to within the 10-working day target. To provide context, an additional column is included which shows the number of 'over target' complaints for the latest quarter.

Table 2	Service Area	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2023/24 Q1	Q1 over target #
Property Services	Asset Management	100%	100%	100%	100%	100%	0
	Business Services	96%	80%	74%	89%	88%	6
	Planned & Replacement	100%	-	-	100%	-	-
	Development & Acquisition	100%	-	-	-	-	-
	Mechanical and Electrical	97%	100%	97%	97%	95%	1
	Planned Maintenance	100%	100%	100%	90%	95%	1
	Responsive Repairs	95%	94%	93%	98%	98%	2
Property Services Total		93%	96%	94%	91%	95%	10
Housing & Customer Services	Customer Excellence	83%	80%	63%	89%	100%	0
	Estate and Caretaker Services	-	-	-	100%	100%	0
	Independent Living	-	100%	-	-	-	-
	Lettings	100%	100%	100%	67%	100%	0
	Nottingham On Call	100%		100%	100%	100%	0
	Rents and Leaseholders	50%	60%	100%	100%	100%	0
	Tenancy and Estate Services	91%	97%	72%	100%	100%	0
	Voids	100%	100%	100%	83%	67%	1
Housing & Customer Services Total		77%	88%	90%	74%	98%	1
Corp. Services	Corp. Services inc. CRT	100%	80%	-	-	-	-
Corporate Service Total		-	100%	80%	-	-	-
NCC	NCC Garden Assistance	80%	75%	100%	-	100%	-
TOTAL		89%	94%	92%	95%	96%	11

As shown above, many areas achieved performance of 100% for the quarter, which is a significant achievement. In areas where 100% was not achieved, this was mostly due to just 1 or 2 complaints answered out of target, which shows why every complaint matters when it comes to improving performance figures.

The primary area of concern is Business Services, which experienced issues in complaint handling due to unexpected absence of key staff members during the quarter. Actions have already been taken to address this and process put in place to allow for improved oversight of complaints allocated to that service area and ensure targets are met.

SECTION 3 - COMPLAINT OUTCOMES AND CAUSES

Complaint Outcomes

Table 3 below shows the outcomes of all complaints from NCC Properties for the past 5 quarters.

Table 3	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2023/24 Q1
Upheld	178 58%	213 59%	151 56%	175 54%	132 51%
Part- upheld	91 28%	92 26%	78 28%	96 30%	86 33%
Not upheld	51 16%	53 15%	43 16%	54 16%	43 16%

Percentages of complaints that have been Upheld, Part-Upheld and Not Upheld have remained consistent throughout the year and appears to reflect 'normal' distribution. Recent determinations and guidance from the Housing Ombudsman have suggested that some refusals to record matters as complaints have not been fair and/or reasonable. As such, we will continue to follow best practice, which may have a subsequent impact on complaint outcomes, with more 'Not upheld' matters being recorded to ensure fair access to the complaint process for all customers.

Learning Outcomes and Complaint Drivers

Table 4 below shows the reason selected at the conclusion of complaints for the previous 5 quarters.

Table 4	Complaint Reason	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2023/24 Q1
Delay	Caused by Customer	7	11	9	13	14
	Caused by Process	101	122	73	72	64
	Caused by Staff	42	42	35	45	26
	Caused by Sub-contractor	22	20	17	26	7
Staff	Accidental Damage	0	3	0	0	0
	Administrative Error	1	12	4	8	12
	Behaviour (Conduct)	23	19	13	20	16
	Communication	41	47	32	34	27
Service	Missed Appointment	10	10	22	22	20
	Recurring unresolved issue	24	18	29	34	37
	Work not completed	30	34	32	36	19
Quality	Quality of individual's work	7	7	1	2	5
	Dissatisfied with service standards	4	3	1	3	5
Policy	Dissatisfied with policy decision	8	10	4	10	9

Top Reason

Second Reason

Third Reason

In line with previous quarters, we have continued to see large numbers of complaints driven by delays in carrying out works and with communication, which should both remain key focuses for the wider business. However, an emerging trend in complaint drivers is the gradual increase in complaints categorised as 'Service – Recurring unresolved issue' which became one of the top causes in Q4 and has now risen to the second most prevalent cause.

Analysis of the 'Recurring unresolved issue' complaints has found that of the 37 complaints, three were within Planned Maintenance, three for Mechanical and Electrical and one for Lettings, while 30 of them related to Responsive Repairs. Further analysis of the 30 for Responsive Repairs identified a clear trend in complaint outcomes – two were not upheld and four were upheld, but 24 were categorised as partially upheld.

Assumptions from these findings suggest one of two possibilities – either matters that should be given a permanent fix are being given an insufficient temporary fix, or customer expectations of renewal rather than repair are not in line with current repairs policy. Analysis of the learning outcomes provided were not conclusive in determining which of these is correct, so we would recommend closer consideration of how recurring issues are handled.

SECTION 4 – ESCALATIONS

Stage 2 Complaints

Table 5 below shows requests made for escalation to Stage 2 during the quarter, how many were refused or withdrawn due to early intervention, how many were answered formally and the performance scores for each area. Performance refers to the percentage of Stage 2 requests resolved by either a response, withdrawal, or refusal within target.

Table 5		Service Area	Escalation Requests	Withdrawn/ Refused	Answered (In Target)	Answered (Out of Target)	Performance
Property Services	Asset Management	8	2	6	0	100%	
	Business Services	-	-	-	-	-	
	Mechanical & Electrical	1	1	0	0	100%	
	Planned Maintenance	5	2	3	0	100%	
	Responsive Repairs	32	3	29	0	100%	
Property Services Total		46	8	38	0	100%	
Housing and Customer Services	CSC	-	-	-	-	-	
	HomeLink	2	0	2	0	100%	
	Lettings	1	0	1	0	100%	
	NOC	-	-	-	-	-	
	TEM	4	1	2	1	75%	
	Voids	1	0	0	1	0%	
Housing & Customer Services Total		8	1	5	2	75%	
NCC	NCC Garden Assistance	1	0	1	0	100%	
OVERALL TOTAL		55	9	44	2	96.4%	

Overall volumes of Stage 2 requests decreased from 71 in Q4 to 55 in Q1, a reduction of 23.5%. This is close to the overall reduction in Stage 1 complaints for the quarter, which reduced by 20%. Work to improve performance on Stage 2 complaints has continued to see success with performance rising from 94.4% in Q4 to 96.4% in Q1.

The top driver of Stage 2 escalations remains failure to carry out actions set out in Stage 1 responses. Of the 46 that proceeded to a final Stage 2 response, 30 were driven by failure to complete actions.

Workshops have been set up within Property Services to monitor complaints, including causes of escalation to Stage 2 and ensuring we follow up on actions set out at Stage 1. Improvements from these actions are not expected to show until Quarter 3 but are already in progress.

Housing Ombudsman

During Quarter 2, we received 8 determinations on previous cases and 11 new contacts, up from 4 determinations and 8 new contacts in Q4 of 2022/23.

Determinations

The 8 determinations received in Quarter 4 were found as follows:

Date	Case Reference	Findings	Overview of issues	Compensation
20/04/2023	202209952	Maladministration	Repairs to shed	£200
		Maladministration	Complaint handling	
25/05/2023	202128079	Maladministration	Damp and mould	£950
		Maladministration	Complaint handling	
25/05/2023	202213680	Maladministration	Handling of ASB issues	£500
08/06/2023	202217461	Service Failure	Handling of draughts in property	£100
		Reasonable Redress	Complaint handling	
08/06/2023	202212363	Maladministration	Leak in property	£650
		Maladministration	Complaint handling	
		Maladministration	Record keeping	
20/06/2023	202203726	Maladministration	Issues with wiring of TV aerial	£500
		Maladministration	Complaint handling	
20/06/2023	202213277	Maladministration	Various repair and ASB issues	£550
28/06/2023	202128574	Service Failure	Damp and mould	£150
		Service Failure	Complaint handling	

New Contacts

The 11 new contacts resulted in the following:

- 5 new investigations regarding the following issues:
 - Draughts in property
 - Issues with a mutual exchange application
 - Kitchen and bathroom repairs
 - Installation of a new kitchen

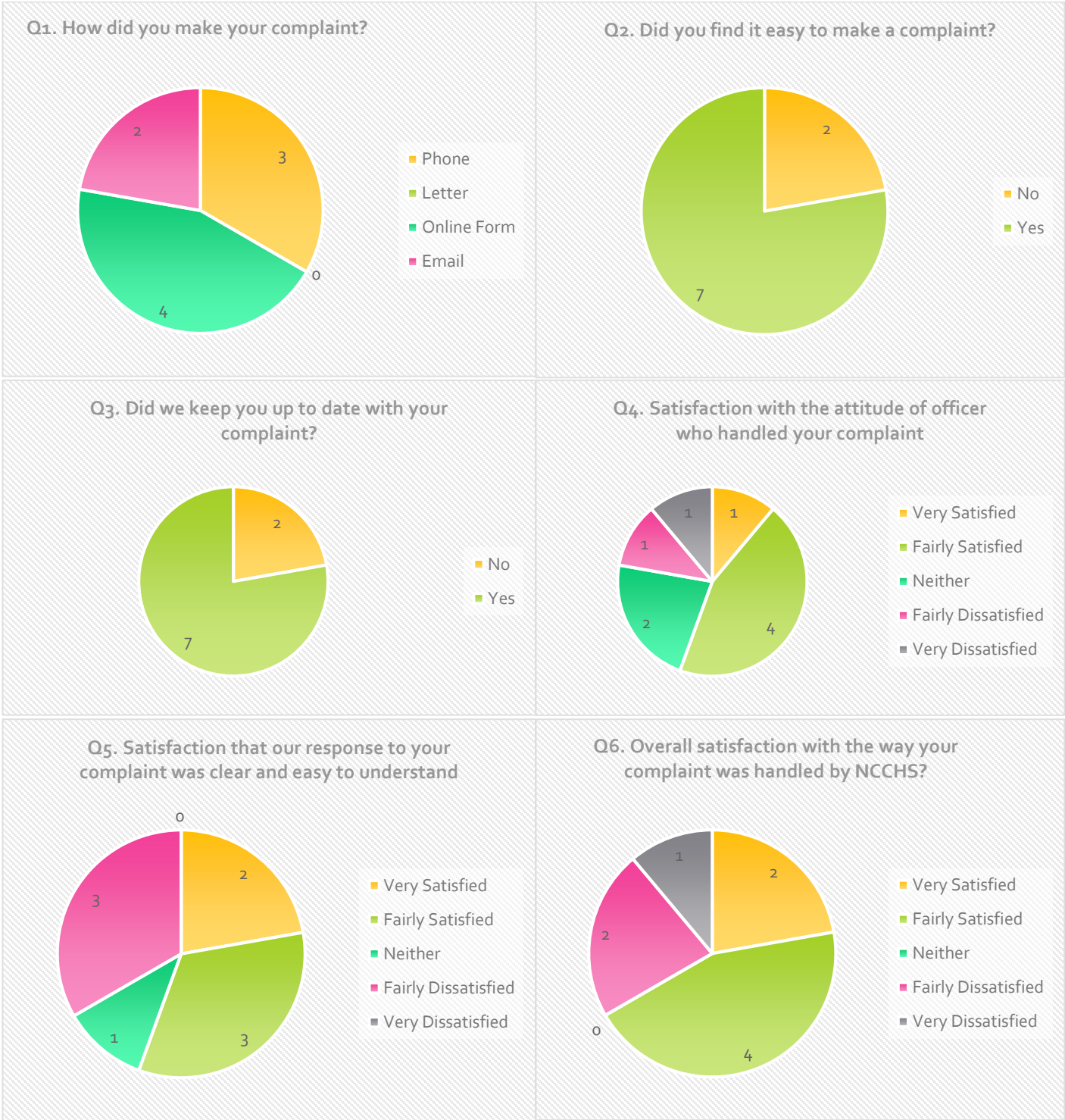
- Cleaning of communal areas
- 6 new matters, which resulted in the following actions→
 - 1 query which resulted in completion of work but no complaint logged
 - 3 queries requesting copies of Stage 1 or Stage 2 responses
 - 1 query on a closed case for a former tenant, no further actions
 - 1 query that required to a new Stage 1 complaint, not previously raised with us

The Backlog of cases with the Ombudsman appears to be getting cleared and determinations are now arriving much quicker. For example, 2 of the 'new investigations' listed above received determinations within the same quarter.

SECTION 5 - COMPLAINT HANDLING SATISFACTION SURVEY

Complaint handling satisfaction surveys are now sent out after 2-4 weeks after closure of all Stage 1 complaints. Response rates have continued to be low and other options for gathering feedback are under consideration.

The survey consists of six questions:



SECTION 6 - COMPENSATION CLAIMS

Total Claim form requested and sent - 173

Total received claim forms referred to Insurance - 17 Claims for a total value of £14,208.97

Total received claim forms referred to Legal - 4 Claims for a total value of 6,577.89

Payment was made on 16 Claims for a total value of £3704.08

Of which

6 were Housing Ombudsman Payments for a value of £1950

1 was Stage 1 Complaint resolution payment for a value of £331.06

3 were Stage 2 Complaint resolution payments for a value of £955

6 were Discretionary Payments. Claims total £1058.31. Total Paid £468.02

SECTION 7 - COMPLIMENTS RECEIVED

Table 8 below shows compliments received within each area over the last 4 quarters

Table 8	Service Area	2022/23 Q2	2022/23 Q3	2022/23 Q4	2023/24 Q1
Property Services	Asset Management	1	0	0	0
	Business Services	0	0	1	0
	Commercial Services	0	0	0	0
	Mechanical and Electrical	0	3	7	4
	Planned Maintenance	0	1	0	1
	Responsive Repairs	4	3	8	15
Housing and Customer Services	Customer Excellence	15	8	14	29
	Estates and Caretaking	0	0	1	0
	Independent Living	0	1	0	0
	Lettings	1	0	0	0
	Nottingham On Call	6	7	5	7
	TEM	2	0	4	0
	Rents and Leaseholders	0	3	1	0
	Tenant Involvement Team	0	0	5	0
	Voids	0	0	0	1
Corporate Services	Risk Management, Governance	3	0	0	0
NCC	NCC Garden Assistance	0	0	0	0
TOTAL		26	26	46	57

What our customers are saying

Compliment for Customer Relations Team

Customer stated that [Customer Relations Officer] had been really helpful, tried to get the issued resolved and grateful she had called them back, wanted Team Leader to be made aware

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Compliment for Electrical Team

Customer called to say thank you to Electrician that attended her home regarding security lights. She said that he was a brilliant worker, advised her on the con

SECTION 8 – NEXT STEPS

- Continue to work with Property Services as they implement changes to improve handling and monitoring of complaints at all stages
- Implement improved data gathering and collaboration for new Ombudsman Investigations, including greater oversight by senior management of information to be provided
- Consider how complaint handling satisfaction can be more effectively measured alongside the new Tenancy Satisfaction Measure surveys

SECTION 9 - FINANCIAL / LEGAL / OD IMPLICATIONS

There are no comments from Finance/HR/Legal regarding this report.

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Audit Committee – 24 November 2023

Title of paper:	Corporate Risk and Assurance Register Update	
Director(s)/ Corporate Director(s):	Mel Barrett, Chief Executive Ross Brown, Corporate Director of Finance & Resources	Wards affected: All
Report author(s) and contact details:	Shail Shah Head of Audit and Risk 0115 8764245 shail.shah@nottinghamcity.gov.uk Debbie Bowring Corporate Risk & Assurance Manager 0115 8764160 debbie.bowring@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Corporate Leadership Team Directorate Leadership Teams	
<p>Appendices to this report are exempt from publication under paragraph number three of Schedule 12A to the Local Government Act 1972 because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p> <p>It is not in the public interest to disclose this information because this may lead to potential for commercial disadvantage if sensitive commercial, financial or contractual information became available to potential contractors or partners.</p>		
Recommendation(s):		
1	To note the Corporate Risk and Assurance Register and if appropriate identify any risks for further review.	

1 Reasons for recommendations

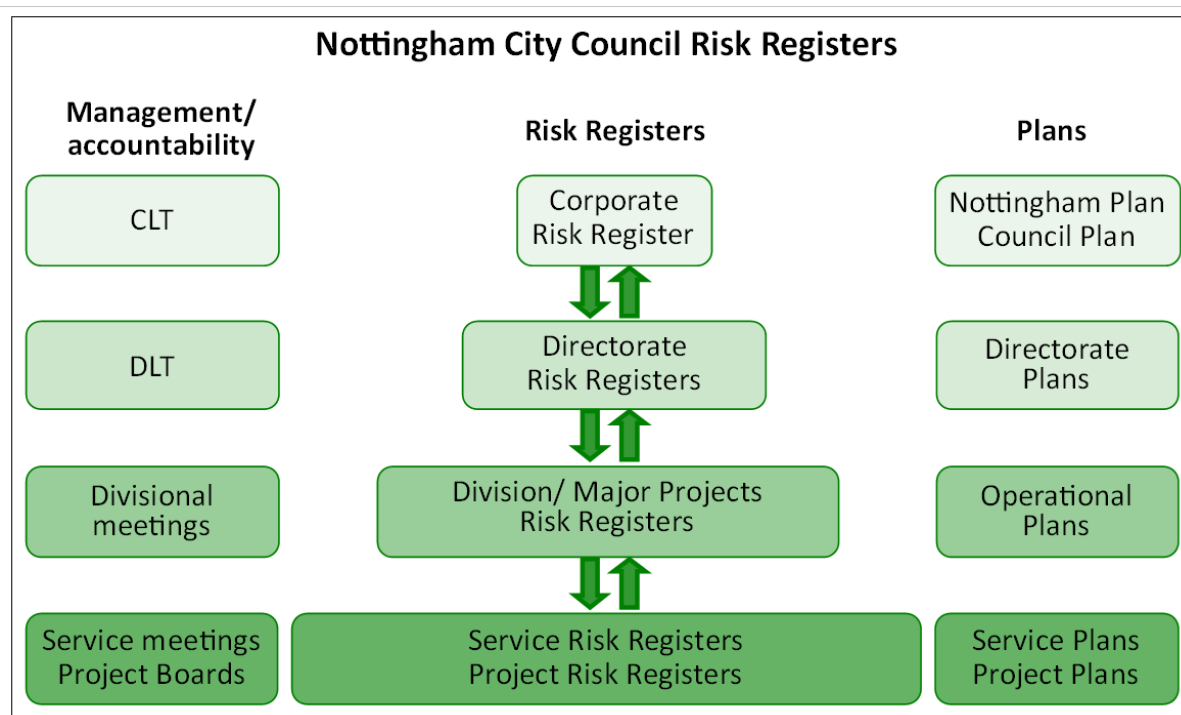
1.1 The Audit Committee’s risk management role is to provide assurance on the adequacy of the Council’s Risk Management Policy and Framework and the associated control environment by reviewing the mechanisms for assessing and managing risk. This includes ensuring that relevant managers undertake active risk management. This report presents an update on Risk Management and the latest review of the corporate risks faced by the Council.

2 Background

2.1 In accordance with the risk management policy and framework and to ensure effective monitoring, the corporate & assurance risks have been reviewed with risk owners and assurances obtained that the risks are being managed effectively.

2.2 Corporate Risk and Assurance Register Update

2.2.1 A risk reporting process is in place to support escalation of risk throughout the Council as required. Risks can move between registers based on seriousness and required oversight and support. The escalation process is shown diagrammatically as follows:



2.1.2. Risks are reviewed by Performance Clinics, Divisional Leads, DLTs, CLT and Leadership Group quarterly. The corporate register is also reviewed by Executive Panel, Executive Board and Audit Committee twice yearly.

2.3 The Register Update

2.3.1 An overview of the top corporate risks to the Council and changes to the register in the last quarter is included as Appendix 1 and the summary Corporate Risk and Assurance Register is attached as Appendix 2 for review of the existing mitigations in place and to agree any further assurances needed. A review of existing corporate risk against the agreed risk appetite thresholds is provided in Appendix 3.

2.3.2 We continue to provide support to services in the form of attendance at Performance Clinics to look at the risks in detail and ad hoc risk workshops, where required. We have also included an annual report for risk management from 1 April 2022 – 30 September 2023 and this can be found in Appendix 4.

2.3.3 Further to this, there has been an independent review completed by Zurich. Details of which are in the annual report. The full independent review document can be found in Appendix 5.

3. Other options considered in making recommendations

3.1. To do nothing: this risks the potential that not all key corporate risks facing the Council are represented and understood within the register and that Audit Committee members are not fully engaged or aware of the Council's risk profile.

4. Consideration of Risk

4.1. Risks for consideration are detailed within the register.

5. Finance colleague comments (including implications and value for money/VAT)

5.1. Financial implications are highlighted as potential impacts for each risk included within the register alongside an assessment of the impact on finance using the risk matrix. Finance colleagues have inputted to related risks within the register.

6. Legal colleague comments

6.1. Legal implications are highlighted as potential impacts for each risk included within the register alongside an assessment of the impact on legal/ legislation using the risk matrix. Legal colleagues have inputted to related risks within the register.

7. Other relevant comments

7.1. Senior colleagues across all directorates have inputted to related risks within the register.

8. Crime and Disorder Implications (If Applicable)

8.1. N/A

9. Social value considerations (If Applicable)

9.1. Social value implications are highlighted as potential impacts for each risk included within the register alongside an assessment of the impact using the risk matrix.

10. Regard to the NHS Constitution (If Applicable)

10.1. N/A

11. Equality Impact Assessment (EIA)

11.1. Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because: There is no change proposed within the report.
(Please explain why an EIA is not necessary)

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

12. Data Protection Impact Assessment (DPIA)

12.1. Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because: There is no change proposed within the report.
(Please explain why a DPIA is not necessary)

Yes
Attached as Appendix x, and due regard will be given to any implications identified in it.

13. Carbon Impact Assessment (CIA)

13.1. Has the carbon impact of the proposals in this report been assessed?

No
A CIA is not required because: There is no change proposed within the report.

(Please explain why a DPIA is not necessary)

Yes
Attached as Appendix x, and due regard will be given to any implications identified in it.

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1. None

15. Published documents referred to in this report

15.1. None

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