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**Nottingham
City Council**

Nottingham City Council Audit Committee

Date: Friday, 26 July 2024

Time: 9.30 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: Kate Morris

Direct Dial: 0115 8764214

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|----------|--|-----------|
| 1 | Apologies | |
| 2 | Declarations of interest | |
| 3 | Minutes
To confirm the minutes of the meeting held on 28 June 2024 | 3 - 14 |
| 4 | Work Programme | 15 - 20 |
| 5 | Recommendation Tracker | 21 - 22 |
| 6 | Revision of Audit Committee Terms of Reference
Report of the Corporate Director for Finance and Resources | To Follow |
| 7 | Update on Theme 2 Asset Management of Together for Nottingham Plan and IAB Instruction 2.8.
Report of the Corporate Director for Growth and City Development | 23 - 26 |
| 8 | External Audit Update
Report of the External Auditor | 27 - 42 |
| 9 | Statement of Accounts Update
Report of the Corporate Director for Finance and Resources | To Follow |

10	Corporate Risk and Assurance Register Update Report of the Chief Executive and of the Corporate Director for Finance and Resources	43 - 44
11	Exclusion of the Public To consider excluding the public from the meeting during consideration of the remaining item(s) 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.	
12	Corporate Risk and Assurance Register Update - Exempt Appendices Report of the Chief Executive and of the Corporate Director for Finance and Resources	45 - 60
13	Recommendation Tracker - Exempt items	61 - 64
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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 in the Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 28 June 2024 from 9:35am 12:39pm

Membership

Present

Councillor Adele Williams (Chair)
Councillor Sajid Mohammed (Vice Chair)
Councillor Michael Edwards (items 1-15)
Councillor Patience Uloma Ifediora
Councillor Sulcan Mahmood
Councillor Eunice Regan
Councillor Andrew Rule

Absent

Councillor Maria Joannou
Councillor AJ Matsiko

Colleagues, partners and others in attendance:

Trevor Bone	- Head of Facilities and Building Services
Beth Brown	- Director of Legal and Governance
Ross Brown	- Corporate Director for Finance and Resources
Dawn Cafferty	- Head of Procurement
Glenn Hammons	- Interim Finance Lead for Technical Finance
Shabana Kausar	- Director of Finance
Lucy Lee	- Director of Customer Services
Adrian Mann	- Scrutiny and Audit Support Officer
Lee Mann	- Director of Human Resources and Equality, Diversity and Inclusion
Kate Morris	- Scrutiny and Audit Support Officer
John Slater	- Group Assurance and Audit Governance Manager
Andrew J Smith	- External Auditor, Grant Thornton
Councillor Linda Woodings	- Executive Member for Finance and Resources

1 Apologies

Councillor Maria Joannou - personal reasons
Councillor AJ Matsiko - work commitments

2 Appointment of the Vice Chair

Resolved to appoint Councillor Sajid Mohammed as the Vice Chair of the Committee for the 2023/24 municipal year.

3 Declarations of Interests

None

4 Minutes

The minutes of the meeting held on 22 March 2024 were confirmed as a true record and were signed by the Chair.

5 Work Programme

The Chair presented the Committee's proposed Work Programme for the 2024/25 municipal year. The following points were discussed:

- a) Certain items in the Work Programme still reference the Council's previous Improvement Assurance Board, so these will be updated as appropriate to reflect new arrangements being established by the Commissioners.
- b) Specific Audit training sessions are being established for Committee members and dates will be circulated in due course.

Resolved to agree the proposed Work Programme for the 2024/25 municipal year.

6 Recommendation Tracker

The Chair presented the Committee's Recommendation Tracker and the latest responses received to its recommendations.

The Committee noted the Recommendation Tracker.

7 Future Meeting Dates

Resolved to meet on the following Fridays at 9:30am:

- **26 July 2024**
- **27 September 2024**
- **29 November 2024**
- **28 February 2025**
- **25 April 2025**

8 Improvement and Assurance Board Instructions: Theme 6 - Workforce, Culture and Performance Outcomes

Lee Mann, Director of Human Resources (HR) and Equality, Diversity and Inclusion, presented a report on the progress, benefit realisation, controls, associated risks and management of the Improvement and Assurance Board (IAB) instructions under Theme 6 – Workforce, Culture and Performance. The following points were raised:

- a) The feedback from the IAB concerning activity within Theme 6 has been positive. The officer leadership structure has been reorganised and simplified, and a new performance appraisal system has been implemented. Training and leadership development programmes have been established, and there is a clear focus on how staff should engage with a positive workplace culture and seek to develop new ways of working. A fresh culture mapping process is being carried out, with focus groups to be established during the summer.

- b) The new instructions issued by the IAB in February 2023 have been responded to, and much of the required work was already underway. A great deal of activity is in place to ensure that all measures to establish and maintain a trained, skilled and competent workforce accommodating fundamental cultural change are fully embedded and arising learning applied. However, although a robust framework is now in place, the delivery of significant culture change is a long-term process. There is a challenge in ensuring that the right specialist capacity is available to drive a wide range of change initiatives and help them to embed properly. As part of the process, it is vital that the new individual performance review system is implemented and delivered effectively at all levels.

The Committee raised the following points in discussion:

- c) The Committee asked how processes were being improved to ensure that any staff vacancies were filled as quickly as possible. It was explained that the strategic HR service needed to be efficient in providing managers with the right tools to implement new policy effectively. The Council's recruitment processes can often be reactive, so it is important for strategic workforce planning to be developed and linked to staffing requirements in individual service areas. A good offer to staff is needed in terms of personal development and career progression, and it is vital that the outcomes of recruitment processes are fully reviewed to develop learning.
- d) The Committee queried how the progress and outcomes of culture change were measured. It was set out that a great deal of information will be collected through the upcoming culture mapping survey, which will then identify areas for follow-up staff surveys. Metrics will be developed for benchmarking against other similar Local Authorities, and the monitoring of turnover, vacancy and sickness rates is being improved.
- e) The Committee asked how the senior officer structure has been simplified, and how corporate knowledge and skills would be retained at the senior level following significant recent turnover in leadership roles. It was reported that the extremely large 'People' directorate has now been divided down into two separate sections, for children and adults – each with its own Corporate Director. However, more work is still required to apply the principles of the new structure across the Council, with service areas rationalised and brought together as appropriate. A robust induction process must be in place for senior staff, with effective periods of handover factored in. A strategic approach to filling roles should be used to avoid the need to use expensive interim staffing from agencies. Consideration is being given to ensuring that the pay scales for all staff are appropriate and as competitive as possible, as part of an overall strategic approach to the Council's workforce.

Resolved:

- 1) To take assurance that progress has been made on Theme 6 – Workforce, Culture and Performance Outcomes of the Together for Nottingham Plan, and to note the Plan is now to be replaced by the new Council Improvement Plan (to be approved with the Commissioners in June/July 2024).**

- 2) To note the progress made on the specific Workforce Instructions issued by the Improvement and Assurance Board in February 2023.**

9 Exemption from Contract Procedure Rules Quarter 4 2023/24

Dawn Cafferty, Head of Procurement, presented a report on the number of exemptions from the normal Contract Procedure Rules granted during Quarter 4 2023/24 and a summary of the exemptions granted during the full financial year. The following points were raised:

- a) It is proposed that the reporting of granted exemptions from the normal Contract Procedure Rules should now be made to the Committee on an annual basis, going forward.
- b) All of the exemptions given are sound and are granted following a robust process. Of the six exemptions approved in Quarter 4, three were unavoidable with no viable alternative option to an exemption being granted. However, exemption in the other three cases might not have been required if action had been taken earlier, so the learning has been considered and improvement processes put in place to limit exemptions being sought when the need for them could have been avoided. New legislation in relation to Local Authority procurement processes is coming into effect from October, and the appropriate training in the new requirements is being rolled out.

The Committee raised the following points in discussion:

- c) The Committee considered that, as part of annual reporting on the exemptions granted to the normal Contract Procedure Rules, full information on the exemption requests made but rejected should also be included.

Resolved:

- 1) To take assurance from the number of exemptions from Contract Procedure Rules during Quarter 4 of 2023/24 and the total exemptions for the 2023/24 financial year.**
- 2) To accept the actions identified in the report to provide assurance that contracts are awarded in line with the Contract Procedure Rules and that exemptions only occur where there is a sound rationale for approving the exemption.**
- 3) To agree to reduce the expectation of reporting on requests for exemption from Contract Procedure rules to an annual report, as required by the Constitution, to reflect the reduction of approved requests.**
- 4) To request that full information on the exemption requests made but rejected is also included as part of the annual reporting process.**

10 External Auditor Update

Andrew Smith, External Auditor from Grant Thornton, provided a verbal update on the current timescale for the signing-off of the Council's 2019/20 accounts. The following points were raised:

- a) A final report from the External Auditor on the Council's 2019/20 accounts is being drafted for completion by the end of September. It was aimed for the report to be completed earlier, but this was delayed due to capacity issues arising from significant audit work currently being done for the NHS. Although there are still some areas where more evidence would be needed to be fully complete, it has been agreed that these parts of the audit can be finalised with qualified assumptions as the relevant controls are being improved. This audit was extremely complex due to the significant number of adjustments that had to be made to the Council's original draft accounts, produced in 2020.

The Committee raised the following points in discussion:

- b) The Committee asked what had caused the substantial adjustments required, which had delayed the report being finalised so substantially. It was explained that the most significant adjustments had arisen as a result of the position around the Council-owned Robin Hood Energy company, and the fact that the Council had needed to re-commission a full valuation of its land and buildings, which was not ultimately completed until 2023.
- c) The Committee sought confirmation that the 2019/20 audit would be completed by the end of September and asked whether, following this, the 2020-23 audits could then be completed more swiftly. It was set out that the completion of the 2020-23 audits should now be much more straightforward, subject to no more changes being made to the latest version of the 2019/20 accounts as submitted by the Council in November 2023. A plan is now being agreed with the Council for the conduct of the audit of the 2023/24 accounts, which is likely to be completed in 2025.
- d) The Committee requested that, for the purposes of transparency, the External Auditor should provide all updates in the form of a written report to be included as part of the published agenda papers, rather than doing so verbally. The Committee noted that it would discuss any concerns about the progress of any external audits with the Corporate Director for Finance and Resources, for escalation as appropriate.

Resolved:

- 1) To note the verbal update from the External Auditor.**
- 2) To request that the External Auditor provides all future updates on its audit activity in a written form.**

11 Statement of Accounts Progress Update

Glenn Hammons, Interim Finance Lead for Technical Finance, presented a report on the progress towards the conclusion of the Council's Statement of Accounts for the period of 2019/20 to 2023/24. The following points were raised:

- a) The finalised 2019/20 accounts were submitted to the External Auditor in November 2023 and should be completed shortly. Subject to these being concluded without further adjustment, the sets of accounts for 2020-23 have been prepared for public inspection and presentation to the Committee, with the draft 2022/23 accounts anticipated to be available during July. There is a national backlog of public sector audits and legislation has been put forward to establish a revised backstop date for the public inspection requirements. The calling of the upcoming General Election is likely to have affected the timing of the passing of the relevant Regulations, but the new backstop date is expected to be around the end of September.
- b) The close-down process is underway for the 2023/24 accounts and a provisional final outturn report has been produced and reviewed by the Executive Board. As such, the production of the draft 2023/24 accounts is now taking place – but it is vital that all of the accounts for 2019-23 are signed off with the External Auditor in a timely way to ensure a clear position for the latest accounts.

The Committee raised the following points in discussion:

- c) The Committee requested confirmation that all draft accounts for 2019-23 had been completed, and that the right capacity was in place for the 2023/24 accounts to be delivered effectively. It was reported that all 2019-23 draft accounts have been produced and are considered to be fully compliant with the national requirements and standards. It is vital that the right staff resources and skills are in place within the Finance team to ensure that all accounts can be delivered effectively and efficiently, and it has been necessary to deploy additional capacity to clear certain backlogs. It will also be important for the right level of capacity to be in place for the period of the new audit, so that the queries arising from the External Auditor as part of the process can be addressed quickly and effectively.

Resolved:

- 1) **To take assurance on the current position with the Statement of Accounts for the years 2019/20 through to 2023/24.**
- 2) **To take assurance on the indicative timeline and associated risks for publishing the Statement of Accounts for financial years 2019/20, 2020/21, 2021/22 and 2022/23 to meet the proposed national backstop dates (as set out in Section 3.5 to the report).**
- 3) **To take assurance on the progress, indicative timeline and associated risks for publishing the Statement of Accounts for financial year 2023/24 (as set out in Section 3.6 to the report).**

12 Treasury Management Annual Report 2023/24

Glenn Hammons, Interim Finance Lead for Technical Finance, presented a report on the Council's performance in relation to Treasury management activity and the associated monitoring and control of risk. The following points were raised:

- a) There is currently a high level of wider economic uncertainty, so interest rates have remained higher for longer periods of time. The Council has a voluntary debt reduction policy in place, reducing its external loan debt by £77 million by the end of 2023/24. The Council has been able to repay £58 million in debt early, achieving a bonus of £1.6 million that will be recognised in the Revenue Account over the next 10 years. The interest rates being charged on loans have decreased and, coupled with early loan repayments, this has resulted in a saving of £900,000 in relation to interest payments.
- b) The Council is achieving a return on its investments, all of which have been made in compliance with the Prudential Code. Coupled with the approaches taken to debt management, this has resulted in underspends in both the General Fund and the Housing Revenue Account.

The Committee raised the following points in discussion:

- c) The Committee asked what improvement work had been done recently to ensure a strong Treasury Management function. It was reported that a very proactive approach has been taken to the management of debt to seek to reduce costs as much as possible in the long-term. There has been a close focus on ensuring that the Minimum Revenue Provision set aside to repay borrowing is at an effective and prudent level, and this had been successful in delivering better value.
- d) The Committee asked how the Council ensured social value in its investments. It was explained that opportunities for investment in line with the Council's established risk appetite are considered where appropriate, though the primary objective of effective Treasury Management is to ensure the security of the Council's cash, which is largely achieved through the driving down the costs of borrowing and debt. Long-term investment initiatives are managed outside the general Treasury function.
- e) The Committee asked how effective risk analysis informed Treasury activity. It was set out that the Treasury Management Strategy had a very strong focus on ensuring effective risk analysis, with detailed risk management being an inherent element of all Treasury functions. A Treasury Management Board is in place to review risk on a regular basis, balancing all options for the use of surplus cash effectively while ensuring that the Council maintains appropriate liquidity. A great deal of work is undertaken to safeguard against defaulting by the Council's debtors, as this could have a significant impact on cashflow.
- f) The Committee sought confirmation that the current Treasury Management activity is delivering the requirements of the Council's Medium-Term Financial Plan (MTFP). It was reported that the Treasury function was delivering the Council's current financial strategy effectively, with clear links to the requirements of the MTFP. Debt is being restructured in a proactive way, borrowing costs are

being reduced and everything possible is being done to support the General Fund. Currently, the disposal of the Council's surplus assets is being used to support capital expenditure rather than this being done through borrowing, further reducing costs.

Resolved:

- 1) To take assurance that the Treasury management controls and risk management practises in place that have operated in 2023/24 are working effectively.**

13 Finance Improvement Plan Progress Update

Shabana Kausar, Director of Finance, presented a report on the progress made against the Council's Finance Improvement Plan (FIP) since the last reported position to the Committee in March 2024. The following points were raised:

- a) As of the end of May, 85% of the improvements set out in the FIP have been delivered and embedded. Of the remainder, there is only a very small proportion where delivery activity has not yet begun (or has been put on hold). Where this is the case, this has largely been due to a lack of resources being available, so work is underway to increase capacity where needed.
- b) A Financial Accountabilities Framework was launched at the end of March to set out the responsibilities for budget management, planning, monitoring and reporting, and it constitutes a robust mechanism for ensuring financial accountability amongst managers. Delivery of the Framework has been aligned to the individual performance review process in terms of ensuring that managers are properly accountable for their budgets, and mandatory training is in place.
- c) The Financial Controls Remediation Project has been introduced to address any weaknesses in the Council's financial control environment. Work is currently taking place in the three key areas of 'Purchase to Pay', 'Record to Report' and the 'Segregation of Certain Financial Activities' (which ensures that all ring-fenced funds are properly transparent in terms of their budgeting). An external report has been completed on the Council's approach to managing ring-fenced budgets and, although there has been good delivery of key controls, there is still a great deal of improvement work to be done to ensure that a mature control environment is fully embedded. Ultimately, there is a close focus so that improvement work is monitored effectively and that arising learning is properly implemented.

The Committee raised the following points in discussion:

- d) The Committee asked what work was being carried out to ensure that the Financial Accountabilities Framework was being implemented effectively at all levels. It was reported that a great deal of the activity controlled by the Framework was not new, but that there are now better measures in place for the establishment of expectations and the monitoring of delivery. Proper risk management processes are in force, along with a full review process at all levels to monitor progress and respond to any arising issues. Recording and reporting take place on a continuous basis so that the Finance function has strong visibility

of the current budget position, so corrective action can be taken rapidly if areas of potential overspend arise.

- e) The Committee queried whether all budget managers fully understood the management tools that were available to them. It was explained that the Chief Executive and Corporate Directors delegate budgets within directorates, and work to ensure effective forecasting and proper control. Finance has a strong focus on engaging with directorates to ensure accurate budget forecasting and the effective management of budget risk. There is a need for constant training and improvement in the financial literacy of budget managers, but the level of financial oversight is now much greater than it was before.
- f) The Committee asked how the FIP was being resourced to ensure that real improvement was properly embedded. It was set out that a long-term, strategic and full-system approach had been taken to ensuring the effective resourcing and embedding of the FIP. Improvement plans are in place in individual areas to ensure that there is proper interface between the directorates and the Finance function. Focused monitoring is taking place to review the delivery progress of the unachieved savings backlog as part of the current budget requirements. There is capacity within the Finance team to respond to challenges as they arise, and to ensure that the right tools and methodologies are available to managers so that they can exercise proper budgetary control.
- g) The Committee asked whether the current Spend Control processes were operating in a timely way, and how they were reflected in the Financial Accountabilities Framework. It was explained that the Spend Controls are a temporary measure designed to address a specific set of circumstances, so they sit separately to the Framework. Due to the volume of decisions being taken in the Council on a daily basis, the Spend Controls can cause delays to normal processes of approval. However, refinements have been made to ensure that the Spend Control process operates as swiftly as possible, with proper mitigations established against perverse outcomes. The Spend Control position is kept under constant review so that a suitable future exit strategy can be developed.
- h) The Committee considered that a proper reflection process should be undertaken as to how the Council's 2024/25 budget was developed, and its conclusions used to help inform how the Audit and Scrutiny functions should be engaged effectively in the development of the 2025/26 budget.

Resolved:

- 1) To take assurance from the governance arrangements in place in relation to the delivery of the Council's Finance Improvement Plan.**
- 2) To recognise the specific improvements delivered since the last update to the Committee in March 2024 (as set out in Section 3 to the report).**
- 3) To take assurance in the progress being made on the following finance-related activities:**
 - the Statutory Accounts for 2019/20 to 2022/23 (as set out in Section 4 to the report);**

- **the Financial Accountability Framework (as set out in Section 5 to the report); and**
 - **the Financial Controls Remediation Project (as set out in Section 6 to the report).**
- 4) To request that a reflection process is undertaken as to how the Council's 2024/25 budget was developed, and its conclusions used to plan how the Council's Audit and Scrutiny functions will be engaged in the development of the 2025/26 budget in a meaningful way.**

14 Internal Audit - 'No Assurance' Reports

John Slater, Group Assurance and Audit Governance Manager, presented a report on the current Internal Audit activity that had resulted in 'no assurance' findings, and Shabana Kausar, Director of Finance, Lee Mann, Director of Human Resources (HR) and Equality, Diversity and Inclusion, Beth Brown, Director of Legal and Governance, and Lucy Lee, Director of Customer Services, provided verbal updates on the activity carried out in response. The following points were raised:

- a) There are currently five Internal Audit reviews that have been carried out that have reported positions of 'no assurance'. To date, Internal Audit has provided updates on progress to the Committee every 3-4 months but, due to current capacity demands, it is unlikely that it will be possible for another report to be made until January 2025.
- b) In terms of reviewing the management of colleague expenses in October 2023, Internal Audit considered that the system of internal controls was weak, with consistent non-compliance with key controls. The policy governing expenses is being brought up to date, but this is not yet completed, and Internal Audit is concerned that there are potential problems with the accuracy of reporting to HM Revenue and Customs. Finance colleagues are confident that processes are now properly compliant and work is underway to recover overpayments, particularly in the context of mileage claims. HR colleagues are also working to review and redraft the associated policies, working in consultation with staff and their Trade Unions. However, there is not yet full agreement between Finance and Internal Audit on the proposed approach to corrective action.
- c) The Committee considered that it is vital for there to be an effective working relationship between Finance and the independent Internal Audit function, so that issues identified can be resolved in a timely way. The Committee requested sight of the action plans that had been drawn up in response to the findings around colleague expenses to seek to help resolve the differences of opinion between Finance and Internal Audit officers.
- d) Internal Audit has reviewed the Council's business continuity arrangements and was concerned by an apparent lack of control and reporting, with single points of failure identified within certain systems. Internal Audit colleagues were particularly concerned that replies to their recommendations had not yet been received from the relevant departments. Responses to the Internal Audit recommendations are in train, and the Council's systems being reviewed in terms of their robustness for

ensuring business continuity. Engagement is underway with IT colleagues on addressing the recommendations in relation to the Council's IT systems.

- e) An Internal Audit report on Appointeeship in June 2023 raised concerns around the processes for managing appointeeship accounts. Work is underway to ensure that these issues are properly addressed, but progress has sometimes been slowed due to external factors.
- f) An Internal Audit report on HR and Payroll in June 2023 identified a number of concerns, including in relation to Disclosure and Barring Service (DBS) checks, workforce certification renewals, overpayments in relation to leavers and the quality and integrity of data. HR has established systems to address overpayments, with policy reviews and system updates underway to ensure that compliant frameworks are in place. Compliance reports are run regularly and a great deal of work has been done to achieve the introduction of proper monitoring and compliance dashboards, particularly in the context of DBS renewals – where specific, regular reports are now made to departments where a number of their staff require these checks to be done.
- g) The Committee considered that it was important for learning to be taken from the Internal Audit reporting process in an integrated way across the whole Council so that issues were not repeated in the future.

Resolved:

- 1) To request a written update from the Director of Finance on the progress towards meeting the Internal Audit recommendations in relation to Colleague Expenses.**
- 2) To request the detailed action plan for how the Internal Audit recommendations in relation to Business Continuity will be implemented.**
- 3) To request written confirmation from the Director of Customer Services once the final issues in relation to Appointeeship accounts have been concluded.**
- 4) To request a written update from the Director of Human Resources (HR) and Equality, Diversity and Inclusion on the progress towards meeting the Internal Audit recommendations in relation to HR and Payroll.**

15 Exclusion of the Public

The Committee resolved to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, Paragraph 3, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighed the public interest in disclosing the information.

16 Internal Audit - 'No Assurance' Reports - Exempt Appendix

John Slater, Group Assurance and Audit Governance Manager, presented the exempt appendix to the report on the current Internal Audit activity that had resulted in 'no assurance' findings.

The Committee noted the exempt appendix to the report.

17 Exempt Minutes

The exempt minutes of the meeting held on 22 March 2024 were confirmed as a true record and were signed by the Chair.

18 Exempt Recommendation Tracker

The Committee noted the exempt Recommendation Tracker.

Audit Committee Work Programme for 2024-25

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
Core Functions arising from Statutory obligations and guidance
Governance of linked incorporated bodies
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			A Smith
	External Audit Report 2021-22			A Smith
	External Audit Report 2022-23			A Smith
	External Audit Report 2023-24			A Smith
	Pre Account sign off informal briefing.	Informal briefing for committee members for 19-20 accounts sign off.		G Hammons
June Training	Skills evaluation for new members			

Date	Item	Committee Objective	Director	Author
June 2024	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 including financial improvement plan.	R Brown	G Hammons
	Finance improvement plan update	Assurance that satisfactory progress is being made on the financial improvement plan.	R Brown	S Kausar
	Internal Audit – No Assurance reports.	<p>Highlighted Internal Audit Reports where the lowest assurance rating has been given</p> <p>Business Continuity</p> <p>Colleague Expenses</p> <p>Update - Service Response - Physical & Environmental Security</p> <p>Update – Appointeeship</p> <p>Update - HR and Payroll</p>	R Brown	<p>HoIA</p> <p>P Millward</p> <p>S Kausar / L Mann</p> <p>T Bone</p> <p>L Lee</p> <p>L Mann</p>
	Exemption from Contract Procedure Rules annual report	Oversight of procurement dispensations and assurance on their future procurement process.	R Brown	D Cafferty
	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

Date	Item	Committee Objective	Director	Author
	Treasury Management Annual Report Annual Investment Strategy 2024/25 Revision	Assurance on management of Treasury Management risks in accordance with Council policy.	R Brown R Brown	P Kilgallan S Kausar
July training	Risk Management (22 July) with Zurich			
July 24	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	IAB Instructions: Asset Management	Assurance on progress, benefit realisation, controls, associated risks and their management.	S Rose	N Jenkins
	Corporate Risk and Assurance Register	Assurance that appropriate arrangements are in place to manage risk.	R Brown	HoIA D Bowering
	Audit Committee Terms of Reference	To review proposed changes to the Terms of Reference for the Audit committee to bring them in line with the 2022 CIPFA guidelines.	R Brown	K Morris
Sept Training	AGS and Local Code training			
Sep 2024	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
	19-20 Accounts and Audit Report			
	Finance improvement plan update	Assurance that satisfactory progress is being made on the financial improvement plan.	R Brown	S Kausar T Bamidele

Date	Item	Committee Objective	Director	Author
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Audit Committee Annual Report	Audit Committee Performance		Chair
	IA Progress Update	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 action updated audit Charter counter fraud strategy	R Brown	J Slater
	Health & Safety Annual Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	B Brown	P Millward
	HR & EDI Annual Assurance	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.		L Mann
November Training	Treasury Management with Link			
Nov 2024	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	Corporate Risk & Assurance Register	Assurance that appropriate arrangements are in place to manage risk.	R Brown	HoIA D Bowring
	Treasury Management Half Year Report	Assurance on management of Treasury Management risks in accordance with Council policy.	R Brown	P Kilgallan

Date	Item	Committee Objective	Director	Author
	Oversight of Transformation	Assurance that appropriate and robust frameworks are being developed as part of the Transformation work and are being implemented to support work across the Council.		R Beckett
	Customer Experience / Complaints & Ombudsman Annual Assurance to include stuff about housing. <i>(to note)</i>	Assurance that cross-cutting corporate arrangements are working well and any significant risk and issues are being actively managed.	L Lee	D O'Melia
	EMSS Annual Report <i>(to note)</i>	Assurance that the Council has in place appropriate arrangements to manage risks connected to its joint service arrangements.	L Littlefair	
	Improvement plan update	To update the committee on the work being undertaken to achieve the aims of the Audit Committee Improvement Plan	R Brown	K Morris
February 2025	Treasury Management Strategy & Capital Strategy	Assurance on setting Council policies to best manage Treasury Management & Capital risks.	R Brown	P Kilgallon
	Draft Statement of Accounts 24/25	Final outcomes of the accounts and considerations within those accounts.	R Brown	S Kausar
	External Audit update	Consider the outcome of the External Audit and assurance on management response to issues identified.		A Smith
	Finance improvement plan update	Assurance that satisfactory progress is being made on the financial improvement plan..	R Brown	S Kausar T Bamidele

Date	Item	Committee Objective	Director	Author
	Review of Accounting Policies 2023/24	Assurance that appropriate arrangements are made to comply with statutory guidance.	R Brown	S Kausar
	AGS Process 2024-25	Assurance on arrangements for a review of the Council's governance.	R Brown	HoIA
April 2025	Statement 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
	External Audit update	Consider the update from External Audit and assurance on management response to any issues identified.		A Smith
	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.	B Brown	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.	B Brown	P Millward

Audit Committee Recommendation Tracker 2024/25

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
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 September 2024 Audit Committee.	Paul Millward
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
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	Reports still in the process of being finalised, awaiting External Auditor.	Shabana Kausar/ Andrew Smith

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.	Tony Barry
240223-69-2	IAB Instructions Theme 2 - Finance	That the Committee receive further information on how Section 106 monies are handled.	23/02/2024	Response received.	Update received and circulated to members 25/06/2024	Paul Seddon

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.

Audit Committee – 26th July 2024

Title of paper:	Update on Theme 2 Asset Management of Together for Nottingham Plan and IAB Instruction 2.8.	
Director(s)/ Corporate Director(s):	Sajeeda Rose – Corporate Director for Growth and City Development	Wards affected: All
Report author(s) and contact details:	Nicki Jenkins Nicki.jenkins@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Does this report contain any information that is exempt from publication? No		
Brief Summary This paper sets out for Audit Committee Members the progress made on implementing Theme Two (Asset Rationalisation) of the Together for Nottingham Plan and implementing the IAB Instruction - Bring forward a credible and risk assessed plan for additional pipeline of capital receipts linked to the implementation of the corporate landlord model		
Recommendation(s):		
1	For the committee to note the work undertaken to successfully deliver the action plan under Theme Two (Asset Management) of the Together for Nottingham Plan and IAB instruction 2.8.	

1 Reasons for recommendations

This paper sets out for Audit Committee Members the progress made on Implementing Theme Two of the Together for Nottingham Plan and the related IAB Instruction 2.8.

2 Background

- 2.1 Asset Management was identified as a theme within the Together for Nottingham Plan, with a particular focus on delivering a flow of capital receipts to fund the capital programme, transformation and to reduce the Council's debt.
- 2.2 The improvement theme focused on three areas, as follows;
- a) The acceleration and expansion of the capital receipt pipeline.
 - b) Improving assurance and governance of decision making relating to property transactions.
 - c) Implementation of the Corporate Landlord model for the management of property assets.
- 2.3 The early priority for the programme (and area of focus for the IAB) was ensuring that we generated enough capital receipts in year and that targets set were met. However, in February last year it was recognised that a more sustainable approach needed to be taken to the pipeline development and a longer-term pipeline, over the duration of the MTFP needed to be established.

2.4 As a result the IAB issued the following as an additional instruction with a Sept 30th 2023 deadline;

‘Bring forward a credible and risk assessed plan for additional pipeline of capital receipts linked to the implementation of the corporate landlord model ‘

Capital Receipt Pipeline

2.5 The Council’s approach to asset rationalisation aims to ensure best value through the use of assets, by using strategic planning, and analysis to determine the best use of property in the context of the Council’s Best Value duty and identifying assets potentially surplus to requirements.

2.6 Performance of the programme is managed through the production of a three-year forecast, which sets out the level of capital receipt expected to be achieved each year. A risk adjustment is also added to the forecast process, based upon the complexity of the sale and the distance from completion for each asset.

2.7 The forecast as at the 1st April each year, is used as the target for team performance for that year, although it has to be recognised that the forecast fluctuates throughout the year, due to market changes or progress/delays in the sales of assets.

2.8 Performance over the last 4 years against the April forecast is outlined in the table below;

Year	RA Forecast in April	Amount Secured
2020/21	£11.9m	£12.9m
2021/22	£7.9m	£17.8m
2022/23	£33.8m	£25.1m
2023/24	£13.6m	£24.25m
Total Secured to date		£80.05m

2.9 The target for 2022/23 was not achieved due to two very high value assets being delayed due to external factors, including the last minute listing of one asset and the impact of the increase in interest rates on development values impacting the other, resulting in both sales not proceeding. While both of these were due to factors outside of our control, in order to mitigate the impact on the forecast should these assets not sell when expected, they were subsequently removed from the forecast.

2.10 In line with the need to increase the level of capital receipts, this years target has increased to £30.8m, with performance to date currently resting at £5.026m and a total pipeline of £77m.

2.11 Increasing the number of assets on the pipeline is crucial to maintaining a sustainable flow of capital receipts. Consequently, a review of assets within the portfolio

commenced in summer 2023, with a view to identifying assets that no longer met the Best Value requirements of the council.

2.12 This review was broken down into several themes/asset classes, with specialist expertise commissioned to provide a credible market assessment.

2.13 Those themes/asset classes were as follows;

- **Investment Properties:** review concluded in 2022, and properties for sale with an indicative value of £44.4m agreed in Jan 2023, over a phased period of 3 years. First sale completed in November 23 and the remaining properties are now being revisited to determine whether the original conclusions still stand and whether further properties can be identified for disposal.
- **High Value Asset Review (properties valued at over £750k):** concluded in autumn 2023, and identified 39 properties for potential sale.
- **Agricultural Assets (Farms):** concluded in the autumn, and reviewed 9 assets, with recommendations to sell 7.
- **Operational Estate:** Reviewed 93 operational properties currently utilised for delivering council services, comprising of a mixture of Communities, Children's, Culture + Libraries, Sport and Leisure, Depots, Adults and Natural Environment Assets. Outcomes of this review are now being used to inform the delivery of budget savings bought forward through the Duties and Powers process.
- **Ongoing portfolio review:** internal review of smaller commercial assets to consider ongoing performance on an ongoing basis.

2.14 As part of this process, each identified asset is considered for its economic, social and financial impact to the council and working with the Finance Team is processed through a 'disposal matrix', which provides an assessment of the financial impact of disposing/retaining a property.

2.14 As a result of this work, an additional £66m over the next four years was added onto the potential pipeline of capital receipts by the deadline date of 30th Sept, thereby meeting the requirements of the IAB instruction.

Assets Action Plan

The Together for Nottingham plan identified three core projects for delivery under the assets theme,

- a) Asset Disposal
- b) Corporate Landlord
- c) Community Assets

2.15 Progress against each of these has been positive, with a summary of progress as follows.

a) Asset Disposal

The overall purpose of this project was to ensure there is a robust forecast of capital receipts, ensuring the subsequent delivery of capital receipts and that appropriate assurance is in place throughout the decision-making process.

All actions have been completed and as outlined above, we have been successful in delivering £80m of capital receipts.

b) *Corporate Landlord*

The Corporate Landlord project recognised that an improved model for property management across the Council was needed to ensure that benefits were maximised and the Council continued to hold an estate that met its needs.

All actions have now been completed. The Corporate Landlord model was implemented following the merging of the FM/Building Services team and Strategic Assets and Property Team. Property management functions within services are now in the process of being transferred.

c) *Community Assets*

This project aimed to change the approach to community asset leases to ensure values are maintained, community assets are fully utilised and community organisations are clear in term of roles and responsibilities.

- 2.16 Of the three actions, all have now been completed, with the Community Asset Policy now approved.

Risk Management

- 2.17 In order to manage risk throughout the programme, a traditional risk management Approach has been used, with a risk register rated on severity, which is reviewed and updated on a quarterly basis.
- 2.18 There are a number of high rated risks identified, the mitigations for which were incorporated into the theme action plan where appropriate.

Future Requirement for Capital Receipt and the Councils Improvement Plan

- 2.19 Following the successful application to Government for Exceptional Financial Assistance (EFS), the requirement to generate capital receipts has significantly increased in order to 'pay back' the EFS in addition to funding transformation costs, to reduce our debt and fund a future capital programme.
- 2.20 Consequently, there is a need to further increase the pipeline, both within year and for future years. As a result, Asset Rationalisation work will be reviewed in line with the emerging Exit Plan from the Commissioners and will be a theme within the Council's new Improvement Plan. Building upon the work started last year, a new disposals plan is currently being developed, which brings forward assets for review on a phased basis to ensure an increase in the capital receipt pipeline.

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

- 3.1 None

4 Published documents referred to in compiling this report

- 4.1 None

Nottingham City Council

Audit Progress Report and Sector Updates

July 2024



Summary

Your key Grant Thornton team members are:

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Audit Progress

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. Further details covering the 2019/20 to 2023/24 financial years are included on pages 4-6 of this report.

Sector update

The paper also includes a series of sector updates in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress update

2019/20 progress update	Deliverable	Reporting timeline
<p>The Council have provided revised financial statements for review. We are currently finalising this review to ensure the amendments made to the draft accounts are in line with the findings from our audit work. We anticipate reporting our audit findings to the Audit Committee at its meeting in September 2024.</p>	2019/20 Audit Findings Report	September 2024 *
2020/21, 2021/22 and 2022/23 progress update	Deliverable	Reporting timeline
<p>The audit of the above years have not commenced due to the issues encountered during the 2019/20 audit.</p> <p>Although the implementation of the audit backlog proposals have been delayed due to the recent general election, it is anticipated that these proposals we be implemented albeit with a later backstop date. Currently, it is proposed these financial year audits will be subject to the statutory backstop but this decision will be revisited once MHCLG have confirmed their plans to address the audit backlog. A further update is included on page 7.</p>	Auditors Report (includes opinion on your financial statements)	TBC – awaiting guidance from MHCLG

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

Progress update

2023/24 progress update	Deliverable	Reporting timeline
<p data-bbox="91 360 241 391">Audit Plan</p> <p data-bbox="91 405 1458 475">We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2023/24 financial statements.</p> <p data-bbox="91 489 1458 592">Audit planning is an iterative process, however, in order to issue an initial Audit Plan a number of key areas need to be substantially complete. Our planning and interim fieldwork commenced in March 2024. A summary of this work along with progress is detailed below:</p> <ul data-bbox="91 606 1458 1129" style="list-style-type: none"> <li data-bbox="91 606 1458 884">• A review of the Council's control environment - In order to complete this we ask a number of questions of management covering laws and regulations, accounting estimates, risk management arrangements, going concern and fraud. Responses from management, when received will be included in a report and shared with Audit Committee. This document is know as 'Informing the Audit Risk Assessment'. This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process. <li data-bbox="91 898 1458 968">• Documenting our understanding of your financial systems- this work is well progressed. We are liaising with the Councils finance team to conclude on final elements of this work <li data-bbox="91 983 1458 1053">• Review of Internal Audit reports produced to date – this work is complete to date. We will update this review as further reports are finalised throughout the year. <li data-bbox="91 1067 1458 1129">• Review of overarching IT systems – this work is well progressed – this work is substantially complete. We have one query with the Council. <p data-bbox="91 1144 1458 1246">We are exploring elements of early substantive testing in relation to the 2023/24 audit. We are aware of the pressures on central finance and as such are discussing areas which have less direct involvement from that team. Our work in this area is progressing.</p>	Audit Plan	November 2024 *

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

Progress update

2023/24 progress update (continued)	Deliverable	Reporting timeline
<p data-bbox="120 475 421 507">Audit Findings Report</p> <p data-bbox="120 523 972 555">The Audit Findings Report will be reported to the Audit Committee.</p>	Audit Findings Report	March 2025 *
<p data-bbox="120 582 338 614">Auditors Report</p> <p data-bbox="120 630 824 662">This includes the opinion on your financial statements.</p>	Auditors Report	April 2025 *
<p data-bbox="120 689 450 721">Auditor's Annual Report</p> <p data-bbox="120 737 1509 801">This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	Auditors Annual Report	March 2025 *

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*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

Audit Backstop - update

The Government consulted in February 2024 on a proposal to introduce a series of statutory backstops to bring the local audit system back on track. The proposals also included a series of updates to the NAO's Code of Audit Practice.

Our understanding was that the necessary regulations to enact the backstop legislation were due to be laid before Parliament prior to summer recess in July 2024. This would have enabled the legislative framework which would have enabled the 30 September 2024 backstop to be implemented.

The recent General Election puts this timetable in considerable doubt. The new Government will have to both decide if it wants to implement the backstop solution and if so, determine the timetable by which it happens. In the meantime, we will continue with the plan we have informed you of in respect of your audit which is to apply the statutory backstop for the financial years ended 31 March 2021, 31 March 2022 and 31 March 2023.

Audit sign off as at 31 May 2024

As at the end of May, we had signed 136 audits for 2022/23, representing 65% of our local government audits. This compares with a sign off rate for other all other firms at the end of May of 7% (18 audits).

We envisage achieving a 75% sign off rate by the end of September. If the backstop is extended to the end of the year – we envisage this figure moving to 80% completion.

We had signed off 81% of our 2021/22 audits by the end of May. We envisage achieving an 85% sign off rate by the end of September. Other firms had signed off 48% of audits by the end of May.

Audit year	Grant Thornton audits signed Position as at end of May 2024 (%)	Grant Thornton audits signed Forecast position end of Sep 2024 (%)	Other firms Position as at end of May 2024 (%)
2022-23	65	75	7
2021-22	81	85	48
2020-21	92	92	81

Local government elections – what do they mean for Audit Committees?

With the 2nd May 2024 local government elections having seen changes at many of the 107 local authorities that took part, for many local authorities it is now time to agree Audit Committee membership at the start of a new municipal year.

Whilst newly elected administrations will inevitably want to focus on new strategic vision and “fixing things”, it will be important to remember to continue to “defend things” and protect the underlying mechanics of effective government as well.

The Audit Committee is one of the key lines of defence for a local authority. Its members oversee governance, risk management, internal and external audit, anti-fraud arrangements, financial reporting and statutory duties.

Following the local elections there may be changes to appointments to the Audit Committee. Experience shows that the Committees are more effective when appointments are non-political; cover a range of relevant skills and experience (including financial expertise); and include at least one independent, co-opted member. Two independent co-opted members is generally considered best practice.

Once appointed, the new Audit Committee will need to build relationships with internal audit, external audit, and senior management. It may also want to review its terms of reference. Training needs of new Audit Committee members will also need to be identified and training provided.

Annual reviews of Audit Committee effectiveness are common, but for the early days, new Committees may wish to make use of the Local Government Association’s April 2024 “Ten Questions” to make sure they start by steering on the right path.

For a full copy of the Local Government Association’s guide, see [Ten questions for audit committees](#).

Ten questions for a newly formed Audit Committee

- **How can we be an effective Audit Committee?**
- **What might we miss as an Audit Committee?**
- **How will we get assurance for ourselves and others regarding governance, risk management, internal control, and the accuracy of financial reporting?**
- **What is management doing to ensure there is an effective culture?**
- **How does management support and promote the role of audit (internal and external)?**
- **How will management provide us with practical support?**
- **What is internal audit’s role, scope, and mandate? How should internal audit be resourced?**
- **How does internal audit set its audit plan? Is internal audit providing assurance around business-critical risks?**
- **How do we know we have an effective internal audit function?**
- **How should internal and external auditors work together to complement each other?**
- **What are the 2-3 things we should be most worried about?**

LGA Improvement and Assurance Framework

On 24 May 2024 the Local Government Association (LGA) published an Improvement and Assurance Framework which is applicable to unitary, county, district and borough councils in England, and to English authorities with all types of governance system.

There has not previously been a document or framework which sets out, in one place, the various required components of local government assurance, how they all fit together, how to use them effectively and what improvement support is available to help. This framework aims to:

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support councils to understand how to use the components within the framework and how they fit together;

increase the effectiveness of assurance in the sector. While it cannot itself prevent failures, its use may reduce the risk – and costs – of statutory or non-statutory intervention, whether by Oflog, central government or other regulators;

- make it easier for local residents and businesses to understand how to hold their local authority to account.

The framework includes content on:

- A definition of assurance.
- How does accountability work?
- Components of the improvement and assurance framework.
- Working with auditors.
- Guidance on taking a structured and robust approach to considering commercial activity.

- Guidance for officers in key statutory roles and for key committees including the Audit Committee.
- How does the council hold itself to account?
- Key principles of good assurance and accountability.

The framework can be accessed here:

<https://www.local.gov.uk/publications/improvement-and-assurance-framework-local-government-0>



The State of the Locals

In April, shortly before the recent local government elections, a “State of the Locals” report found that public trust in government at all levels is falling, but that public trust in local councillors and the Local Authorities they run is still almost twice as strong as public trust in the national UK government.

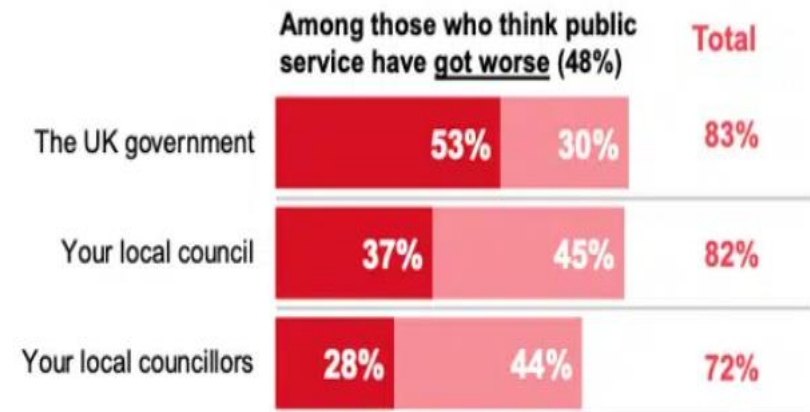
The report, published by the Local Government Information Unit (LGIU), found that the public do recognise the role that Local Authorities and their members play and do credit them when things go well. However, the report also found that the public believe services have got worse over the last five years overall; believe Local Authorities play a significant role in this (although not as great a role as the national government); and do not always understand what Local Authorities do.

For new members joining local government for the first time and for the more experienced members starting or continuing their term, it’s worth reflecting on LGIU findings. From the surveys that LGIU carried out, detailed findings show that people feel residents should be included more within decision-making processes; but there remains a low level of public awareness about what local government does.

This may be a good time to revisit communications strategies. Educating the public about the role and functions of local government, as well as the outcomes that members are actually able to achieve, might not only protect trust at its current level above national government, but also pave the way for a stronger level of trust overall in the future.

For a full copy of the LGIU report, see [The State of the Locals 2024 - LGIU](#)

State of the Locals extract: Who do the public think are responsible?



Productivity plans – new guidelines revealed and a note of caution

On 16th April 2024, Local Government Minister Simon Hoare wrote to all Local Authority Chief Executives, asking them to formally begin compiling their productivity plans. Key things for members to be aware of are:

- There is no formal template and there are no specific metrics to report;
- Four categories are proposed for consideration. These surround resources; technology; reducing wasteful spend; and the barriers preventing progress;
- Metrics and performance indicators are expected to be included in the plans, but Local Authorities can decide for themselves which ones are relevant to include;
- Plans should be three to four pages long and need to be returned to DLUHC by 19th July 2024, with members having endorsed them first; and
- For transparency, plans should then be published on the Local Authority's website, so that residents can see them and, over time, monitor progress.

Whilst this may feel like additional burden, there will presumably be scope for using key performance indicator metrics already available.

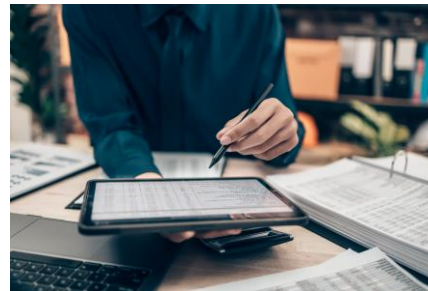
The current intention of government is not to use Productivity Plans for rating or scoring or for league tables, but rather to inform policy considerations in the future. However, most Councils will remember that the Times recently used Office for Local Government data to compile and publish its own league table, so far without any redress from national government.

For Productivity Plan metrics, as for any other performance indicators, it will be important to be clear about what drives the metrics. Whether for a three-to-four-page productivity plan or for any other domain, simply obtaining data isn't enough. Understanding the data, explaining it to residents, and acting on it is ultimately what matters most.

For recent comments from the Local Government Lawyer on Simon Hoare's letter to Chief Executives and on the Times's league table see:

[Government reveals guidelines for new council 'productivity plans'](https://www.localgovernmentlawyer.co.uk/government-reveals-guidelines-for-new-council-productivity-plans/) ([localgovernmentlawyer.co.uk](https://www.localgovernmentlawyer.co.uk))

[Councils cry foul after Oflog data used for Times article on 'worst-performing councils'](https://www.localgovernmentlawyer.co.uk/councils-cry-foul-after-oflog-data-used-for-times-article-on-worst-performing-councils/) ([localgovernmentlawyer.co.uk](https://www.localgovernmentlawyer.co.uk))



Housing and homelessness – continuing crisis and a new reform

The Levelling-Up, Housing and Communities (LUHC) Committee published a report on the finances and sustainability of the social housing sector on 29th April 2024, arguing that the Government needs to deliver 90,000 more social homes for rent each year to alleviate the “continuing chronic shortage” of social housing.

Just one day later, latest quarterly statistics on statutory homelessness and households in temporary accommodation were released. They made for sobering reading when compared with equivalent quarterly statistics from the previous year, underlining the real affect that our shortage of housing is having:

- 4.8% increase in overall initial assessments for homelessness year on year;
- 15.8% increase in households owed a relief duty this year compared to last;
- 15.3% increase in households owed a main homelessness duty;
- 12.1% increase in households in temporary accommodation;
- 15% increase in households with children in temporary accommodation.

For short term responses to homelessness, the February 2024 announcement that the Government would top up local authority homelessness prevention grants by £109 million will doubtless be helpful, as perhaps could be some certainty around the future of no-fault eviction laws. For a long-term solution though, addressing the supply of housing stock itself may still the best means of addressing the root cause of homelessness issues.

A new reform came into effect on the same day that homelessness statistics were published. Since 30th April, Local Authorities have been empowered to buy land for development through using Compulsory Purchase Orders without paying inflated ‘hope value’ costs. ‘Hope value’ estimates the cost land could be worth if it was developed on in the future, often meaning that Local Authorities have been forced to pay potentially thousands more to buy the land they need for housing and/ or have become entrenched in protracted disputes.

Housing and homelessness are complex areas and there is unlikely to be any quick fix solution. The new reform may help stimulate the building activity needed to address at least one part of the problem though, and in this respect is likely to be welcome.

For a full copy of the LUHC Committee report, see

[The Finances and Sustainability of the Social Housing Sector \(parliament.uk\)](https://www.parliament.uk/publications/2024/04/levelling-up-housing-and-communities-committee-report-on-the-finances-and-sustainability-of-the-social-housing-sector)

For the latest statistics on homelessness and households in temporary accommodation, see [Statutory homelessness in England: October to December 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/statutory-homelessness-in-england-october-to-december-2023)

For details of the new reform around hope values, see [New powers for councils to help build more affordable homes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-powers-for-councils-to-help-build-more-affordable-homes)

Design for life – the smart regeneration journey to 2030

Leading think tank Localis published an analysis of local regeneration policy on 8th May 2024, making a series of recommendations to national government around how best to develop the public realm over the rest of this decade.

Localis highlighted that local regeneration projects, particularly in urban areas, are key to addressing the national housing crisis; national net zero targets; and national health aspirations.

Recommendations that the report called on national government to implement included:

- Return to strategic regional planning;
- Establish regional planning offices;
- Provide single revenue and capital budgets to Local Authorities instead of splitting the budgets;
- Stop loosening regulation over council asset sales;
- Mandate that local and regional development plans will include carbon assessments and promote urban sites;
- Provide long term financial settlements, to reduce fiscal uncertainty and encourage public-private partnership; and
- For health and wellbeing aspects of regeneration, base additional funding on demographic profiles.

Localis described local authorities as “the hinge around which regeneration actors revolve.” Whilst their recommendations would require changes in national policy, there are best practice questions that Local Authorities can be asking themselves now:

- Is our planning department properly financed?
- Are our regeneration goals sufficiently balanced across housing, carbon and community health needs?
- Do we have effective ongoing relationships with partners so that we can leverage short term funds quickly when they do become available?
- Can we scale up capacity for regeneration by pooling leverage with local NHS bodies, the third sector and community organisations?

For a full copy of the Localis report, see <https://www.localis.org.uk/research/design-life-smart-regeneration-journey-2030/>



Simpler Recycling – new rules to be aware of

The Department for Environment, Food and Rural Affairs (DEFRA) announced on 9th May 2024 that simpler recycling rules are going to be introduced. Local Authorities are likely to be required to comply by 2026. The new rules aim to simplify recycling processes and boost recycling rates, although they have met with significant criticism.

To be ready for compliance with the new rules, Local Authorities need to prepare for:

standardisation:

All Local Authorities in England will be required to collect a consistent set of recyclable materials: Plastics; Glass; Metals; Paper and Card; and Food Waste. The intention is to remove uncertainty and variation around the country about what can and cannot be recycled.

A three-bin arrangement:

'Dry recycling' items such as cardboard and paper, tins and glass will be collected in one bin. Organic waste (food and garden) will be collected in a second bin. Residual (non-recyclable) waste will be collected in a third.

Weekly and fortnightly requirements:

Food waste collection will be required weekly. Local Authorities will be required to collect residual waste on a fortnightly basis, even if at present they have already successfully transitioned to a three-weekly cycle.

Critics have pointed out that mixed dry recycling may contaminate paper and lead to less of it being recycled; whilst the move away from three weekly residual waste collection in favour of a fortnightly residual waste collection is likely to reduce recycling overall. Nevertheless, the reform has been passed and Local Authorities will need to be ready. Important steps to take now are:

- Review and update the Waste Management Strategy;
- Engage with finance business partners to ensure that activity will be accurately recorded and, in turn, translated to relevant new funding claims;
- Explore whether the changes in themselves generate new income opportunities; and
- Assess the readiness of contract delivery partners.

For DEFRA's comments on the reform, see [Simpler bin collections for England to boost recycling - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/simpler-bin-collections-for-england-to-boost-recycling)



Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, or more information.

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



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Audit Committee – 26th July 2024

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:	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>All three 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

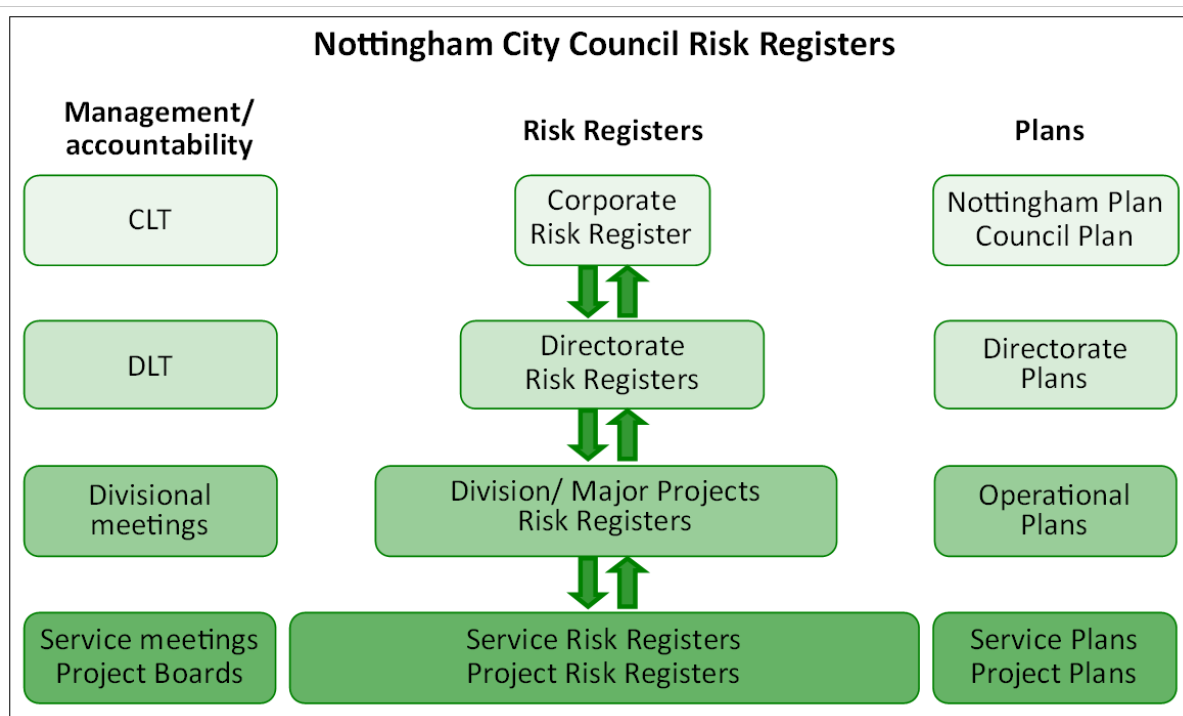
- 1.1 The Audit Committee's risk management role is to provide assurance on the adequacy of the Council's Risk Management Policy and Framework and the associated control environment by reviewing the mechanisms for assessing and managing risk. This includes ensuring that relevant managers undertake active 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.

2.3.3 Work is underway to produce an improvement plan looking at areas of priority for risk management that will support further embedding of risk management. This will include further training both officers and members, refresh of risk templates and refresh the corporate risks together with the risk appetite.

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

3.1. None

4. Published documents referred to in this report

4.1. None

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