

Nottingham City Council

Audit Committee

Minutes of the meeting held at Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 27 September 2024 from 9.31 am - 11.02 am

Membership

Present

Councillor Adele Williams (Chair)
Councillor Liaqat Ali
Councillor Michael Edwards
Councillor Patience Uloma Ifediora
Councillor Sajid Mohammed (Vice Chair)
Councillor Andrew Rule

Absent

Councillor Samuel Gardiner
Councillor Sulcan Mahmood
Councillor Eunice Regan

Colleagues, partners and others in attendance:

Beth Brown	- Interim Director of Legal and Governance
Ross Brown	- Corporate Director for Finance & Resources
Glenn Hammons	- Interim Finance Lead – Technical Finance
Helen Lillington	- Grant Thornton External Auditors
Shabana Kausar	- Director of Finance
Kate Morris	- Scrutiny and Audit Support Officer
Andrew J Smith	- Grant Thornton External Auditors
Damon Stanton	- Scrutiny and Audit Support Officer
Rajeev Dasgupta	- Interim Head of Service Improvement for Risk, Internal Audit & Insurance
Lee Mann	- Strategic Director of HR and EDI

34 Change to Membership

The Committee noted that Councillor Maria Joannou had been replaced with Councillor Sam Gardiner, and that Councillor AJ Matsiko had been replaced with Councillor Liaqat Ali.

35 Apologies

Councillor Eunice Regan – work commitments
Councillor Sulcan Mahmood – unwell
Councillor Sam Gardiner – personal

36 Declarations of interest

In the interests of transparency, Councillor Adele Williams highlighted that she had been a director at Blueprint. This did not preclude her from speaking on any item.

37 Change to meeting dates

The Committee agreed to amend the following meeting dates:

28 February 2025 to 07 February 2025
25 April 2025 to 28 March 2025

38 Minutes

The Minutes of the meeting held on 26 July 2024 were confirmed as a true record and they were signed by the Chair.

39 Work Programme

The Chair presented the Committee Work Programme and highlighted that the November meeting will be a lengthy one and involve the approval of the 2020/2021, 2021/2022, and 2022/2023 Statement of Accounts.

The Committee noted the Work Programme.

40 Recommendation Tracker

The Committee noted the Recommendation Tracker.

41 HR and EDI Assurance 2023/24

Lee Mann, Strategic Director of Human Resources and Equality, Diversity and Inclusion presented a report which provided an overview of key activities across the HR's functions statutory functions and organisational obligations during 2023/24. The following information was highlighted:

- a) Significant capacity is currently being used to support other directorates in areas such as transformation and reshaping the Organisation to deliver the Duties and Powers savings identified in the 2024/25 budget.
- b) There is a £1.5 million saving to be made within the HR service, which is predominantly being met through staffing costs, reviewing the HR operating model, and vacancy management.
- c) Within workforce development there has been a focus on performance within the Organisation which has included a revised approach to individual performance reviews, increased engagement with the corporate development offer, leadership development programmes, and a Councillor development programme.
- d) A key focus over the past year has been the development of the EDI Strategy which will be launched in autumn 2024.
- e) Employee relations casework is being dealt with in a timely manner (under 70 days). Casework trends are being shared with Directorate Leadership Teams.

- f) There is a new approach to sickness absence monitoring which has involved moving away from total lost days per quarter and number of incidences, to a trend-based reporting approach showing days lost per FTE, allowing the Council to benchmark more easily.
- g) There are employee wellbeing offers including an in-house occupational health service and an employee assistance programme.
- h) During 2023/24 a revised pay structure was implemented aimed at improving recruitment and retention.

The following points were raised in discussion:

- i) The Committee discussed agency workers and queried the use of them and if it could impact on the Council's improvement journey. It was explained that the public sector as a whole was struggling with recruitment and retention, and that whilst the Council was ultimately trying to reduce the number of agency workers due to increased costs and retention issues, not having people in those posts to carry out essential work was a risk in itself. A great deal of work was being done from a HR perspective for medium and long term workforce planning such as a strategic workforce planning approach to help target roles that the Council was struggling to recruit to, talent pipelines, and using different tools such as the apprenticeship levy. In the context of risk, the Committee asked how the Council was ensuring that there was a skills transfer between interim and permanent staff. Members noted that this should be picked up within individual services however it was also part of the longer-term planning piece that HR are working on.
- j) The Committee asked whether the Council had adequate assurance that historical issues with EDI were now a thing of the past. It was explained that the Council is in a much better position than it had been, and that solid foundations were in place such as an EDI Strategy that demonstrates its commitment to tackling inequality and promoting diversity, development programmes, and listening to staff networks and trade unions to assess, monitor, benchmark and continue to improve EDI within the Council.
- k) Members queried the Council's sickness absence rate, particularly in the context of the Council's financial situation and the impact this were having on staff. It was explained that the overall absence rate in regards to days lost per FTE was slightly above comparable peers and so there was more work to do to bring this down and support staff. Trade union representatives were not flagging up anything specifically in regards to trends or issues that may be contributing to sickness.

Resolved:

- 1) To note the work being done with the HR division to ensure the Council's statutory and non-statutory obligations relating to people management are being met and progressed.**
- 2) To request that future reports include benchmarking with other comparable local authorities.**

42 Annual Report of Health and Safety within the Council

Beth Brown, Interim Director of Legal and Governance, presented a report seeking to provide assurance that the Council is compliant with health and safety legislation and guidance by reference to the HSE's Managing for Health and Safety. The following information was highlighted:

- a) The report outlined the overarching frameworks and internal controls in place to manage health and safety. The policies used are in-line with legislation and HSE guidance.
- b) The report demonstrates that overall compliance at the Council is good and there are relevant processes in place to manage health and safety risk.

The following points were raised in discussion:

- c) The Committee agreed that good progress had been made in this area in recent years, but it was important for the Council not to be complacent. For further assurance, benchmarking could be done with comparable local authorities.
- d) The Committee asked that, given the Council's financial position, if there remained adequate resource and capacity in this area. It was explained that there was a small Corporate Safety Team who develop the policies, and then there were health and safety officers who sit within higher risk departments. This approach seemed to be sufficient, but as part of the Duties and Powers Review the Council was looking to consolidate that and develop a more centralised team however that work remained ongoing.
- e) Members sought clarification on schools' use of the behavioural management systems. It was explained that some schools in the City used the Council's software as they did not have their own.
- f) The Committee discussed the importance of training and that the uptake of this was as high as possible to mitigate risk due to the high turnover of staff at the Council.

Resolved:

- 1) That Audit Committee notes the compliance with the Health and Safety Executive's HSG65 processes and that the monitoring of this compliance is in place.**
- 2) That the Committee requests all Corporate Directors ensure that all outstanding accident/violence/audit recommendations are completed and recorded on the corporate system by 13 December 2024.**
- 3) That the Committee requests all Corporate Directors ensure that their directorate colleagues can demonstrate up to date training in the mandatory health and safety courses, and, where appropriate, asbestos management by 13 December 2024.**

- 4) That Audit Committee notes the absence of any HSE intervention in the Council over the past three years.**
- 5) That for future reports, violent incidents be split between education and non-education within the Peoples Directorate.**

43 Change in Order of Agenda Items

With the agreement of the Chair, there was a change in the order of agenda items as set out within these Minutes.

44 External Audit - Audit Findings Report 2019/20 and Audit Update

Andrew Smith and Helen Lillington, representing the Council's external auditor's Grant Thornton, presented a report which provided the Committee with the external auditor's Audit Findings Report 2019/20 and external audit update. The following information was highlighted:

- a) This report represents the findings from a backstopped audit. At a national level there have been proposals to backstop audits in order to reset and stabilise the system. Following discussions with the Council after further work was identified as being needed to the revised 2019/20 accounts, it was agreed that the best course of action would be to backstop the audit. As a result, a disclaimer opinion would be issued. There were however a number of issues in which assurance would not have been able to have been provided, and thus a disclaimer opinion would have been issued in any case.
- b) There have been ten adjustments to the draft accounts in total. In addition, there have been twenty four recommendations made following the work that has been done.
- c) Grant Thornton will need a final set of signed and dated set of accounts from the Council, and in addition a signed representation letter. The representation letter, however, needs to refer to the backstop legislation and this is yet to be passed by Parliament. Grant Thornton will share the letter as soon as the legislation has been passed, and the Audit Committee will need to make arrangements to approve it.
- d) Although Value for Money work has been previously reported, it was highlighted that significant issues surrounding financial sustainability and company governance arrangements were identified, with a lack of sufficient arrangements in place during 2019/20 to secure best value.
- e) In December 2019 Grant Thornton had issued a formal recommendation to the Council in relation to Robin Hood Energy.

The following points were raised in discussion:

- f) Management responses to the Audit Findings Report were due to be considered by the Committee at its next meeting.

- g) The Chair highlighted that the report should be considered in the context of an historical document, and since then a great deal of improvement work had been done. The Committee, however, would seek assurance that the issues identified have now been rectified and resolved.
- h) The Committee sought assurance on what was in place to ensure that asset valuations were stored correctly. The Corporate Director of Finance and Resources provided the assurance that the Council had the necessary systems and processes in place that allows an accurate articulation of all the Council's assets and their associated valuations. The valuation queries raised by the external auditor in the report have been addressed in full.

Resolved:

- 1) To note the Audit Findings Report 2019/20 set out in Appendix 1 from Grant Thornton, and its recommendations, as part of the Committee's consideration for approval of the Statement of Accounts 2019/20.**
- 2) To take assurance that management responses from the Council to the recommendations made in the Audit Findings Report 2019/20 will be presented to a future Audit Committee meeting.**

45 Statement of Accounts Update

Glenn Hammons, Interim Finance Lead – Technical Finance, presented a report which provided an update on the progress the Council is making with its statement of accounts relating to 2019/20 to 2023/24. The following information was highlighted:

- a) The 2019/20 accounts are presented for the Committee's approval. There have been a number of changes from the draft accounts that were previously seen by the Committee, such as the knock on impacts from the changes made to the 2018/19 accounts, correction of the treatment of the management fee between the General Fund and the Housing Revenue Account (HRA), updates relating to the Housing Benefit Subsidy Audit, and reclassification of a number of assets and liabilities on the balance sheet.
- b) In relation to the 2020/21 and 2021/22 accounts, in order to meet the statutory requirements for signing off those accounts and the backstop dates, the accounts were published for public inspection on 16 September 2024 which will last for 30 days. The Committee is required to note those accounts, and they will be considered for approval following the public inspection at the Committee's November meeting.
- c) In relation to the 2022/23 accounts, they are going through their final stages of internal quality assurance with a view of publishing them for public inspection next week. Those accounts will be submitted to the Committee's November meeting for approval.
- d) Work is underway and progressing well on the 2023/24 accounts, with the aim of publishing those accounts for public inspection by the end of October. There are,

however, a number of risks to that timeframe including ensuring the latest position regarding property asset valuations.

The following points were raised in discussion:

- e) The Committee received clarification on the process to changes made to the valuation of the assets on the balance sheet, where in order to make that balance, the appropriate reserves needed to be adjusted as well which were contained within the unusable reserves.
- f) The Committee supported the position taken on the backstopped audits and agreed that the Council would be in a much better position with its accounts.

Resolved:

- 1) To take assurance of the current position with the Statement of Accounts for the years 2019/20 through to 2023/24.**
- 2) To note the Officer Decision taken by the Corporate Director for Finance & Resources and Section 151 Officer with the support of the Best Value Finance Commissioner and in consultation with Chair of Audit Committee relating to the 2019/20 external audit opinion as set out in Section 3.4.**
- 3) To consider and approve the Statement Accounts 2019/20, Annual Governance Statement 2019/20 and Addendum to the Annual Governance Statement 2019/20 as set out in Appendix 2; and note the draft Management Representation Letter for 2019/20 is to be considered at the November meeting of the Committee.**
- 4) To note that the draft Statement of Accounts for 2020/21, draft Annual Governance Statement 2020/21 and Addendum to the Annual Governance Statement 2020/21 as set out in Appendix 3 has been published for the statutory public inspection period and will be considered by Audit Committee in November 2024 ahead of the proposed national backstop date.**
- 5) To note that the draft Statement of Accounts for 2021/22 and draft Annual Governance Statement 2021/22 as set out in Appendix 4 has been published for the statutory public inspection period and will be considered by Audit Committee in November 2024 ahead of the proposed national backstop date.**
- 6) To take assurance from the progress, indicative timeline and associated risks for publishing the Statement of Accounts for financial years 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 to meet the proposed national backstop dates as set out in Sections 3.6 to 3.8.**

46 Audit Committee Annual Report

The Chair presented the Audit Committee's Annual Report which summarises the work undertaken by the Committee during 2023/24, shows the topics it discussed,

and use its Terms of Reference to demonstrate how it met its objectives and responsibilities.

Further amendments would be made to the report outlining the impacts of the Committee's work and its achievements. The Interim Director of Legal and Governance requested that it includes the relevant sections to the Section 114 notice and some slight wording amendments. The report will be considered to City Council to keep it informed of the Committee's work.

The Committee endorsed the report.

47 Exclusion of the public

The Committee decided to exclude the public from the meeting during consideration of the remaining agenda 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 outweighed the public interest in disclosing the information, as defined in Paragraph(s) 3 of Part 1 of Schedule 12A to the Act.

48 Exempt Minutes

The exempt Minutes of the meeting held on 26 July 2024 were confirmed as a true record and they were signed by the Chair.

49 Exempt Recommendation Tracker

The Committee noted the exempt Recommendation Tracker.