



Nottingham City Council Audit Committee

Date: Friday, 26 June 2020

Time: 10.30 am

Place: Remote - To be held remotely via Zoom -
<https://www.youtube.com/user/NottCityCouncil>

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 876 4353

- 1 Apologies**
- 2 Declarations of Interests**
- 3 Minutes** 3 - 10
To confirm the minutes of the meeting held on 28 February 2020
- 4 Independent Inquiry into Child Sexual Abuse** 11 - 18
Report of the Corporate Director for People
- 5 Children's Integrated Services Ofsted Focussed Visit and Improvement Programme** 19 - 24
Report of the Corporate Director for People
- 6 Audit Committee Terms of Reference and Annual Work Programme** 25 - 34
Report of the Director of Strategic Finance
- 7 External Audit Plan Update** 35 - 38
Report of the External Auditor
- 8 Dates of Future Meetings**
The Committee to consider meeting on the following Fridays at 10am:

31st July 2020
25 September 2020
27 November 2020

26 February 2021

30 April 2021

9 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.

10 Exempt Minutes

39 - 40

To confirm the exempt minutes of the meeting held on 28 February 2020

11 External Audit Plan update - Exempt appendix

41 - 42

Report of the External Auditor

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

Citizens are advised that this meeting may be recorded by members of the public. Any recording or reporting on this meeting should take place in accordance with the Council's policy on recording and reporting on public meetings, which is available at www.nottinghamcity.gov.uk. Individuals intending to record the meeting are asked to notify the Governance Officer shown above in advance.

Nottingham City Council

Audit Committee

Minutes of the meeting held at LB 31 - Loxley House, Station Street, Nottingham, NG2 3NG on 28 February 2020 from 10.00 am - 11.43 am

Membership

Present

Councillor Steve Battlemuch (Chair)
Councillor Graham Chapman
Councillor Michael Edwards
Councillor Jay Hayes
Councillor Jane Lakey
Councillor Lauren O`Grady
Councillor Andrew Rule
Councillor Audra Wynter (Vice Chair)

Absent

Councillor Leslie Ayoola
Councillor Anne Peach

Colleagues, partners and others in attendance:

Glyn Daykin - Senior Accountant Treasury Management
Laura Pattman - Strategic Director of Finance
Shail Shah - Head of Audit and Risk
John Slater - Group Auditor
Thomas Straw - Senior Accountant Capital Programmes
John Gregory - Grant Thornton External Auditors
Helen Lillington - Grant Thornton External Auditors
Kate Morris - Governance Officer

63 Apologies

Councillor Leslie Ayoola – Council Business
Councillor Anne Peach – Unwell

64 Declarations of Interests

Councillors Steve Battlemuch, Lauren O`Grady and Audra Wynter declared an Other Interest in agenda item 13 Exempt minutes (minute number 76) because they are members of Robin Hood Energy Board. They left the room prior to discussion and voting on this item.

Councillor Graham Chapman declared an Other Interest in agenda item 8 External Audit Report (minute number 70) because he is a member of the Nottingham City Transport Board. This did not preclude him from taking part in discussion or voting on the item.

Councillor Michael Edwards declared an Other Interest in agenda item 8 External Audit Report (minute number 70) because he is a member of the EnviroEnergy Board. This did not preclude him from taking part in discussion or voting on the item.

65 Minutes

The minutes of the meeting held on 31 January 2020 were confirmed as a true record and were signed by the Chair.

66 Governance of Major Projects

Richard Beckett, Head of Major Projects, gave a presentation to the Committee on the governance structure behind all major projects within Nottingham City Council. He highlighted the following points:

- (a) A major project is generally a project worth over £1m and / or is considered to be particularly complex. Major projects are then split into two tiers
 - Tier 1 – projects worth over £10m
 - Tier 2 – projects worth less than £10m
- (b) There are currently 15 Tier 1 projects in various stages of development amounting to approximately £400m investment in Nottingham. This is not all Council money, much of it is from grants and private investment, there are a further 6 Tier 1 projects in the initial stages of consideration;
- (c) All projects have to be assessed at the initial stage before work starts, this assessment is done at Corporate Leadership level, allows Corporate Leaders to impose conditions or recommendations/parameters to the development.
- (d) After the project has received support from the Corporate Leadership Team they can progress. Within the lifecycle of the project, there are 2 gateway reviews, one at the initial business case stage, prior to the project receiving formal approval, and the second during the life of the development to give assurance that the project is running efficiently.
- (e) The Gateway review is completed by colleagues who have experience in disciplines the project draws upon but who are not involved in the project being reviewed. They review the project documentation, meet with the project team and then produce a report giving assurance and/or making recommendations. The Project team then respond to the written report and any recommendations with an action plan that is then implemented;
- (f) Each project has a sponsor within the Council who is an officer who champions the project, is accountable for its performance and ensures the correct level of resources are provided to ensure the success of the project;
- (g) The Major Project Team have also formed a Portfolio Management Office that administers the assurance process and reviews monthly monitoring looking at projects. Monthly monitoring reports consider a number of factors, for example how a project is performing, financial information, risk, programme and change. These monthly monitoring reports are transformed into Dashboards which give a high level overview that is then distributed to relevant officers and members;
- (h) The review process involved people who are able to challenge and test projects at a number of different levels and throughout their life. At the end of

each project there is a final process where the project team look at lessons that have been learnt and how these should be fed back to colleagues;

- (i) The Major Projects team maintain a project management handbook available on the intranet which reflects lessons learnt and best practice;

The Committee had a number of questions and comments following the presentation, the following information was highlighted during discussion:

- (j) A number of projects have gone to the CLT initial review stage and have been given the initial go ahead. Other projects that have been through a review process have been significantly amended following the Review's conclusions about the strength of the project's business case.
- (k) Projects have gone through the gateway review stage and issues around risk have been flagged up, these have been addressed and contracts renegotiated and the risk to the Council has been reduced;
- (l) The initial review, Gateway Zero, where the project goes before the Corporate Leadership Team allows CLT to be made aware of grant funding, capital investment and allows the Council to link major projects to City Council aims. This gives a council wide view of each project whereas prior to the introduction of this initial review each project was developed at a department level without the overarching view;
- (m) The information from the Portfolio Office feeds into a number of different boards and governance structures within the Council. These include the Capital Monitoring Group which is largely and finance focussed.
- (n) Stress testing is a key aspect of every project as is risk analysis. These issues are considered by the review process and extensive sensitivity testing is built into business cases at the beginning of each project life cycle. These elements are continually monitored;
- (o) The role for Audit committee in this process is oversight of this process, as a Committee, Audit cannot be involved in the individual assessment of projects;
- (p) There are a number of checks and balances that are in place to ensure that all of the review processes and assessments are carried out to the same standard. The Portfolio Office are proactive in looking for non-compliance and any incidents are escalated up through the various boards to be addressed;
- (q) The review processes outlined have been used on the New Build element of the Housing Revenue Account (HRA), to date this hasn't been rolled out further across the HRA;
- (r) All project managers within Major Projects are trained with the relevant qualification.

Resolved to take a more detailed look of outcomes of projects and how lessons learned are applied to new projects and their impact at the May 2020 Audit Committee

67 Partnership Governance Annual Health Checks of Nottingham City Council's Significant Partnerships

Colin Monckton, Director of Strategy and Policy and James Schrodell, Policy and Performance Manager introduced the report updating the Committee on the Partnership Governance Annual Health Checks of Nottingham City Council's significant partnerships. The following points were highlighted:

- (a) Each year all partnerships are asked to complete a self-assessment. The vast majority of partnerships scored themselves with good or excellent in all areas;
- (b) Each year some of the partnerships go through the verification process, this year it was D2N2 LEP and Children's Partnership Board;
- (c) The D2N2 LEP verification noted capacity issues that may impact on Council Plan objectives. It also notes that recommendations made as part of the last verification around conflicts of interest have been addressed and formalised;
- (d) The verification for the Children's Partnership Board recommends that the Board's online presence be reviewed as documents such as terms of reference are not easily found;
- (e) Further recommendations for the CPB include feedback facilities for the public, a statement on conflicts of interest be added to the terms of reference and risk management and recording be reviewed;
- (f) The Nottingham City Safeguarding Children Partnership scored itself a 3 (some key areas for improvement) for Finance. This score has been 3 for the last three years as the Partnership has indicated that there is significant pressure on the proposed budget for the Safeguarding Boards 2019/20 and there will be for the foreseeable future;
- (g) The proposed change to the register is the removal of the Green Partnership. Governance documentation has not been in place because the group has no formalised administrative function. Following discussion with colleagues it has been suggested that the partnership does not meet the threshold of a formal partnership and should be removed;
- (h) The removal of the Green Partnership from the register will not affect its status as a themed partnership with One Nottingham and so oversight of the work will still be in place.

Following questions and comments from Committee members the following information was given:

- (i) The framework of the review was put in place in 2009. The framework itself and the guidance provided works well as evidenced by it still highlighting issues;

Resolved to:

- (1) Note the key findings from the Partnership Governance Health Checks of partnerships on the Register of Significant Partnerships;**
- (2) Note the findings and recommendations following verification of governance documentation of three of the partnerships; and**
- (3) Remove the Green Nottingham Partnership from the Register of Significant Partnerships.**

68 Council Plan Corporate Performance Reporting

Colin Monckton, Director of Strategy and Policy and James Schrodell, Policy and Performance Manager, introduced the Council Plan Corporate Performance report to the Committee advising them of the corporate performance framework used by Nottingham City Council. The following points were highlighted to the Committee:

- (a) The new Council Plan, that was adopted at the Council meeting in November 2019 is subject to the new performance cycle. This has been amended to reduce the metrics under each element, and reduce the amount of time between the end of a quarter and reporting.
- (b) This performance reporting programme has two RAG ratings for each element – one that reflects expected performance at the end of the Council Plan, and another that reflects performance at the current time. In addition to the Council Plan PIs there is a set of strategic indicators;
- (c) Departmentally, colleagues update the Performance Management software along with supporting comments, which is then collated and analysed to produce the updates which are fed up to CLT and Portfolio Holders, and then on to Exec Board;
- (d) Performance reporting comes to Audit Committee annually;
- (e) Budget is set within the MTFP for the whole Council. If finance becomes an issue for any Council Plan commitment, then this is flagged up in the supporting text when reported .

Resolved to note the corporate performance framework

69 Treasury Management Strategy 2020/21 and Capital & Investment Strategy 2020/21

Glyn Daykin, Senior Accountant – Treasury Management and Thomas Straw, Senior Account – Capital Programmes, introduced the report setting out the Treasury Management Strategy and the Capital & Investment Strategy for 2020/21. They highlighted the following points:

- (a) The report outlines the Authority's borrowing and investment strategy and how the activity will take place in a strategic context.

- (b) there have been no significant changes to the MRP strategy from 2019/20 and continues to focus on repaying debt along the life of assets;
- (c) Nottingham City Council continues to take advantage of lower shorter term loan interest rates for its borrowing;

Resolved to:

- (1) Note the Treasury Management Strategy for 2020/21 and in particular**
 - a. The Strategy for Debt Repayment (minimum revenue provision) in 2020/21**
 - b. The Treasury Management Investment Strategy for 2020/21**
 - c. The Prudential Indicators and limits for 2020/21 to 2022/23**
 - d. The Treasury Management Policy Statement**
- (2) Note the Capital & Investment Strategy 2020/21**

70 External Audit Report

John Gregory, Director – Audit for Grant Thornton, External Auditors, introduced the 2019/20 External Audit Plan to the Committee. He informed the Committee that the overall approach to the audit would be broadly the same as 18/19. He highlighted the following points:

- (a) The 19/20 External Audit has to be progressed despite the 18/19 audit not yet being fully finalised;
- (b) Significant risks are broadly the same as for 18/19 including Group accounts;
- (c) Value for Money has not yet been confirmed as the 18/19 accounts need to be settled before work can start. Company governance and sustainability are likely to be flagged;
- (d) Materiality has reduced from 1.75% to 1.4% of gross revenue as a result of changes to regulators guidance;
- (e) Audit fees have increased due to increase in regulation since last year but remain lower than 2017/18. The fee variation for 18/19 is still pending completion of the audit.

Resolved to note the content of the report.

71 Annual Governance Statement - Progress Made To Date On Issues Reported 2018/19 And Process For Producing 2019/20 Statement

Shail Shah, Head of Audit and Risk, introduced the Annual Governance statement to the Committee. He informed them that the report covered progress made to date on issues reported in 2018/19 and the process for producing the 2019/20 statement.

He advised the committee that the Annual Governance Statement will look different this time as it has been evolved to be more accessible, but that the process will be similar and that the final report will be brought to the committee later in 2020.

In answer to questions from the committee officers confirmed that the cash flow within the Housing Revenue Account was sufficient and that the working balance was increased to mitigate against universal credit. This model replicates what has been done with the General Fund.

Resolved to:

- (1) Note the progress made to date in addressing the issues reported in the 2018/19 Annual Governance Statement**
- (2) Note the process and timetable for compiling and completing the 2019/20 annual governance statement;**

72 Internal Audit Progress Report 2019/20

Shail Shah, Head of Audit and Risk, introduced the report updating the Committee on the Internal Audit Progress outlining the work of Internal Audit for 2019/20. He reported that work was on track to complete the audit plan and that a full report would be brought to the Committee in the new financial year with a list of audit topics for the committee to choose from for closer examination.

The Committee commented on the positive work happening around anti-fraud and were pleased to see that the annual income target of £400,000 had been exceeded and currently stands in excess of £1.5m.

Resolved to suggest to the portfolio holder that we establish a task and finish group to see what scope there is for further income through fraud detection.

73 Work Programme

Shail Shah, Head of Audit and Risk introduced the Work Programme to the Committee. This is a new standing item to keep the committee apprised of upcoming items.

Shail Shah confirmed that the Area Based Grant work was taking place as part of another work stream and did not appear on the Audit Committee work plan for this reason.

The Committee noted the content of the Work Programme.

74 Exclusion of the Public

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

75 Treasury Management Strategy 2020/21 and Capital & Investment Strategy 2020/21 - Exempt appendix

In a change to the published agenda the Committee agreed to take item 14, Treasury Management Strategy 2020/21 and Capital & Investment Strategy 2020/21 – Exempt Appendix before item 13 Exempt minutes.

The Committee noted the contents of the exempt appendix.

76 Exempt Minutes

Councillors Steve Battlemuch, Lauren O’Grady and Audra Wynter declared an Other interest in this item because they are Directors of Robin Hood Energy. They left the room prior to discussion on this item.

Following a vote the Committee agreed to appoint Councillor Jane Lakey as Chair for the remainder of the meeting because both Councillor Steve Battlemuch (Chair) and Councillor Audra Wynter (Vice Chair) had left the meeting.

Subject to amendments detailed in the exempt minutes of this meeting the Committee confirmed the minutes of the meeting held on 31 January 2020 as a correct record and they were signed by the Chair.

Audit Committee – 26 June 2020

Title of paper:	Independent Inquiry into Child Sexual Abuse	
Director(s)/ Corporate Director(s):	Catherine Underwood, Corporate Director for People	Wards affected: All
Report author(s) and contact details:	Michelle Roe michelle.roe@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Clive Chambers Clive.chambers@nottinghamcity.gov.uk	
Recommendation(s):		
1	Audit Committee note and comment on the progress made with the IICSA Action Plan.	

1 Reasons for recommendations

- 1.1 This report provides an update following the previous item at Audit Committee in September 2019.

2 Background

- 2.1 The Independent Inquiry into Child Sexual Abuse (IICSA) was established as a statutory inquiry on 12 March 2015 to consider the growing evidence of historical institutional failures to protect children from child sexual abuse, and to make recommendations to ensure the best possible protection for children in future.
- 2.2 The inquiry launched 13 investigations into a broad range of institutions identified on the basis of the Panel's criteria for selection of investigations.
- 2.3 In November 2015, Justice Goddard (the then chair of the Inquiry) announced that the independent investigation into child sexual exploitation would look into the historical failure to protect children in the care of Nottingham and Nottinghamshire Councils.
- 2.4 A significant number of allegations (including physical and sexual abuse) of non-recent abuse in children's homes previously operated by Nottinghamshire County and Nottingham City councils and other organisations, were made, dating back to the 1940's. In response to this, Operation Equinox was launched by the Police which was an overarching umbrella for a variety of operations including Operation Daybreak and Operation Xeres. This Operation has since been disbanded.
- 2.6 A number of civil claims have been made against both the County and City Councils.

Scope of the Inquiry – The Nottinghamshire Context

- 2.7 The scope of the Inquiry was set as follows:
- Institutional responses to disclosures of allegations of sexual abuse in relation to Beechwood since 1967 to the present and the barriers to disclosure of such allegations.

- A case study into the institutional responses to disclosure of allegations of child sexual abuse in foster care and the barriers to disclosure of such allegations.
- A case study into the institutional responses to disclosures of allegations of sexual abuse carried out by children against other children in the care of the Councils, and the barriers to disclosure of such allegations.

The Public Hearing

2.8 The Public Hearing ran from 01–26 October (with a one week break).

Publication of Findings

2.9 On 31 July 2019, IICSA published its findings into the extent of any institutional failures to protect children in the care of Nottingham City and Nottinghamshire County Councils from sexual abuse.

2.10 There were two recommendations for the City Council:

- Nottingham City Council should assess the potential risk posted by current and former foster carers directly provided by the council in relation to the sexual abuse of children. They should also ensure that current and former foster carers provided by external agencies are assessed by those agencies. Any concerns which arise should be referred to the appropriate body or process, including the Disclosure and Barring Service, the local authority designated officer (LADO) or equivalent, the fostering panel and the police.
- Nottingham City Council and its child protection partners should commission an independent, external evaluation of their practice concerning harmful sexual behaviour, including responses, prevention, assessment, intervention and workforce development. An action plan should be set up to ensure that any recommendations are responded to in a timely manner and progress should be reported to City's Safeguarding Children Partnership.

2.11 As part of the wider cross-cutting learning from the 14 strands of the Inquiry, they will return to a number of issues that have emerged during this investigation, including but not limited to:

- Harmful sexual behaviour.
- The barriers to disclosure of sexual abuse by children, including those in care, and proactive steps to reduce those barriers.
- The approach to civil litigation, including the role of insurers.

2.12 The full report can be found [here](#).

2.13 The Council was required to publish its response within six months of the publication of the report and this was done November 2019.

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

3.1 Appendix A detailing progress against the action plan.

4 Published documents referred to in compiling this report

4.1 Children in the Care of Nottinghamshire Councils: Investigation Report July 2019

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Report to Audit Committee Independent Inquiry into Child Sexual Abuse

26 June 2020

Progress since our last update (September 2019)

An action plan was developed in response to the findings of the report. This was shared with the Inquiry, Victims/Survivors and partners.

Action 1: *To continue to work with victims and survivors to ensure that they have access to the right support both to services provided by the Council and to those not provided by the Council.*

- Nottingham City Council developed a leaflet detailing all services available to survivors. A copy of this can be found [here](#).
- The Corporate Director regularly attends the Survivor Support Group.
- Survivors can access our services through our 'front door' within either Adults or Children's Services. Our staff are then able to signpost them to appropriate services e.g. Benefits and Housing Advice, or support them to access more specialist advice through Health and other partners.
- Discussions have been held at Safeguarding Partnership and our Strategic Safeguarding Lead meets with survivors on behalf of the partnership.
- Our Adults Safeguarding Board have dedicated actions around support to survivors within their action plan.
- The Council has escalated support needs to the CCG to ensure that survivors have access to adequate support (e.g. personalised budgets). The CCG are currently working with 9 individuals.

Action 2: *Access to records for those formerly in care has not been well handled.*

- We have employed a dedicated Information Officer within the Information Compliance Team who is available to help support individuals with the process if requested.
- A letter is sent to historical abuse victims/survivors, introducing our Information Officer as a named contact and offering support with the process.
- If there are no records available for an individual, the Information Officer would work with the individual to try and locate their records elsewhere (usually with another Local Authority).
- Feedback from victims and survivors has highlighted that they find the process helpful and more accessible. It helps for them to have a named point of contact.

Action 3: *To complement our wider strategic work with survivors and their representatives, we will continue to offer to meet with individual victims and survivors (accompanied by their representatives if required) to offer an apology in person and in writing.*

Improvements have been made to the way that non-recent abuse claims are handled following the Inquiry including:

- A written apology letter is offered on settlement of every claim with the offer of a face to face meeting.

- A more empathetic handling of abuse claims, acknowledging that the handling of these cases demands a different approach to a standard public liability claim
- Closer working relationship built with the County Council to improve joint working on claims which span both periods of cover i.e. claims jointly managed by City and County (Information Sharing Agreement to be introduced)
- Regular claim review meetings with County and our legal provider

A system has been set up to ensure that the Corporate Director receives monthly updates on civil claims (new claims received and claims settled) which will ensure no apologies are overlooked.

Action 4: *To consider with safeguarding partners the outcome of the needs assessment being undertaken by Lime Culture and use their conclusions to inform future commissioning of services to support victims of violence and sexual abuse.*

- The Needs Assessment for Sexual Violence and Abuse Survivors in Nottinghamshire was published in October 2019.
- The *Support for Nottinghamshire Survivors of Childhood Sexual Abuse and Sexual Violence Task and Finish Group* have proposed that Sexual Violence and Abuse commissioning be mainstreamed into existing Domestic and Sexual Violence and Abuse governance structures.
- The recommendations from the Lime Culture Sexual Violence Needs Assessment have been reviewed and are being managed and implemented by the joint *Support for Nottinghamshire Survivors of Childhood Sexual Abuse and Sexual Violence Task and Finish Group*.
- The *Sexual Violence Action Network (SVAN)* have drafted an action plan on how they will contribute and implement the needs assessment recommendations.
- Nottingham Office of the Police and Crime Commissioner (OPCC) has been successful in its application for the NHSE High Volume Fund as a result of IICSA. The funding has been allocated to provide additional specialist support for victims and survivors of sexual violence and abuse.

Action 5: *In partnership with Police and Crime Commissioners Office and Nottinghamshire County Council colleagues, Nottingham City Council will implement the outcome of the evaluation of the jointly funded Support for Survivors Service.*

- The City Council, County Council, CCG and OPCC have confirmed their joint funding of the Support for Survivors Service and for the sexual violence hub as recommended in the needs assessment.
- The *Support for Nottinghamshire Survivors of Childhood Sexual Abuse and Sexual Violence Task and Finish Group* will re commission the sexual violence support services for the City and County.

Action 6: *Using the risk-based methodology developed to review the HR cases, NCC will assess the risks posed by current and former foster carers, including those from independent fostering agencies.*

- In partnership with Nottinghamshire County Council, we have written to all agencies who we have placed a child with (since 2013) and those on the East Midlands Commissioning Framework. A seminar was held to provide further detail. This work was scheduled to be completed by April 2020 however as a consequence of the impact of Covid 19 the timescale for completion has been put back to the end of July 2020.
- Internally, more robust measures have been developed. The Head of Service now reads and provides comment on all Schedule 6 notifications that relate to harm to a child.
- We are currently in the process of sourcing external assurance around this work.

Action 7a: *Nottingham City Council and our Safeguarding Partnership will commission an independent external evaluation of our practice using the Harmful Sexual Behaviour*

- This evaluation was launched at a partnership event by the NSPCC in November 2019.
- Individual agencies responded to the review requirements. These were considered by the NSPCC who were due to facilitate a feedback event in Nottingham on March 30th 2020. Unfortunately due to Covid-19 this meeting could not proceed.
- Arrangements are being finalised for a video conference on 23rd June to discuss findings and agree how best to disseminate learning and recommendations to the safeguarding partnership.

Follow up actions:

7b - NCC and our Safeguarding Partnership will consider the recommendations and practice improvements required from the evaluation of practice against the Harmful Sexual Behaviour Framework.

7c - Commence implementation of the recommendations of the above review and report back to the Safeguarding Partnership.

Action 8a: *To ensure that the scale of sexual abuse of children in care by individuals in a position of trust or any peer that they were placed with, is understood by senior managers and elected members, we will provide a quarterly update on any such allegations to the Safeguarding Partnership.*

- This return includes any children abused in care by people within a position of trust or their peers. The return forms part of the performance framework, which goes to the Safeguarding Business Management Group and then the Safeguarding Partnership.

Subsequent action: to set a protocol at regional LADO network and send a letter nationally (As there is a risk that our children are considered by other LA LADO's)

- We have written to the National LADO Network recommending that when an allegation of "sexual abuse of children in care by individuals in a position of trust or any peer" is made that the LADO in the area where the allegation is made also notifies the LADO for the Local Authority who hold responsibility for that child, this applies to both victim and perpetrator.

Action 8b: We will also introduce a sub section within the Independent Reviewing Officers (IRO) Annual Report that separately identifies allegations of sexual abuse of children in care by individuals in a position of trust or any peer that they were placed with.

- The IRO annual report is being written and will be complete by June 19 2020.

Action 9: *Ensure that learning from all relevant sources, including complaints, and regulatory and inspection activity is regularly reviewed to continually improve our services.*

- Our Children's Integrated Service has recently refreshed its quality assurance framework. The new framework contains specific measures relating to reports of concern regarding foster carers and significant information notifications relating to children's homes. This information is shared with senior managers and the Portfolio Holder, and is led by our Head of Children's Strategy and Improvement. The quality assurance framework is complemented by other sources of learning, including the Complaints Service Annual Report and Independent Reviewing Officer's Annual Report. These reports are presented to the Corporate Parenting Board, as is the Annual Children in Care survey, which enables young people to contribute their views about the care that they receive. Learning is shared in a variety of ways, including the departmental learning and development programme, for example:
 - Every Colleague Matters training was held in February 2020 ('learning from reviews' and 'learning from IICSA' session).

- Our Head of Children in Care has worked with survivors to develop training for foster carers, specifically drawing on learning from the Inquiry.

NEW - Action 10: *Review the approach to responding to allegations of historical abuse (and in particular the role of the LADO).*

- A meeting took place with Nottinghamshire County Council in March to review chapters in our procedures which relate to non-recent abuse. They are now being revised to ensure that our LADO processes are consistent.

Next Steps

- We continue to closely monitor our Action Plan and have a monthly Governance Group to review progress.
- We continue to work in partnership with Nottinghamshire Police to actively support the ongoing criminal investigations, help to identify perpetrators and whenever possible, bring them to justice. We also work in partnership with Nottinghamshire County Council to progress Civil Claims and with Nottinghamshire CCG to help victims access the support they need.
- The safety and wellbeing of children and young people in the care of the City is and always will be our highest priority.

Catherine Underwood
Corporate Director for People

Audit Committee – 26 June 2020

Title of paper:	Children’s Integrated Services Ofsted Focused Visit and Improvement Programme	
Director(s)/ Corporate Director(s):	Catherine Underwood, Corporate Director for People	Wards affected: All
Report author(s) and contact details:	Michelle Roe, Executive Officer – People Directorate Michelle.roe@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Recommendation(s):		
1	Audit Committee note and comment on the outcome of the Focused Visit.	
2	Audit Committee note and support the actions being undertaken to address the two Priority Actions, including the establishment of a Children’s Services Improvement Board, commitment to an improvement fund and the contribution of the wider council..	

1 Reasons for recommendations

- 1.1 Ofsted is very clear that its methodology is focused on the experience of and outcomes for children and families. Achieving good outcomes for the most vulnerable children in our city is a benefit for their future but also for the future of our city, improving life chances and helping our most disadvantaged children to become happy, healthy and contributing in their adulthood too.

2 Background

- 2.1 In November 2018, Ofsted undertook an inspection of Nottingham City Council’s children’s services where Inspectors found that the service ‘Requires Improvement to be Good’. NCC acted on the findings and in response developed an improvement Action Plan which was led by the Director and Heads of Service.
- 2.2 In February 2020, Ofsted undertook a Focussed Visit to look specifically at the City Council’s arrangements for children in need and those subject to a child protection plan, with a focus on children at risk of neglect.
- 2.3 There is no inspection rating given during a Focussed Visit, but overall inspectors concluded that the experience of children in need of help and protection has deteriorated since the last inspection.
- 2.4 Given the issues they found in the service areas they looked at, Ofsted issued two Priority Actions:
- a) Address the systemic failures in social work practice to ensure that planning and intervention for children improve their experiences, and that new and emerging risks are identified and responded to.
 - b) Stabilise the workforce and address the significant shortfall in capacity to enable social workers and first line managers to respond effectively to children in need of help and protection.

2.5 In response to the findings of the Focussed Visit, an action plan was developed and shared with Ofsted in March this year. This report sets out progress to date on the key actions taken to address the identified Priority Actions.

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

3.1 Appendix detailing progress undertaken in relation to improvement.

4 Published documents referred to in compiling this report

4.1 Children's Services focused visit report (Nottingham City Council) – Ofsted 4 February 2020



Report to Audit Committee Children’s Integrated Services Ofsted Focussed Visit and Improvement Programme

26 June 2020

The Wider Context

Nottingham’s vision, as set out in our Children and Young People’s Plan, is for ‘A city where every child and young person can enjoy their childhood in a warm and supporting environment, free from poverty and safe from harm; a city where every child grows up to achieve their full potential’.

The experience and outcomes of the most vulnerable children in our city are of paramount importance. The Focused Visit specifically looked at the arrangements put in place by Nottingham City Council. We know that achieving outcomes for children who need help and protection takes place in partnership and we will also be working with partners both within the council and in partner organisations to secure the improvements needed.

The requirement for these improvements is set in the context of the high and increasing levels of deprivation and need experienced by our families in Nottingham and the impact of national government budget cuts to the local authority.

Action Undertaken

In response to the two priority actions, and wider recommendations made around practice improvement, an action plan was developed and provided to Ofsted in March. The improvement programme is led by the Director of Children’s Services and the Portfolio Holder for Children and Young People.

The key headline actions are:

Priority Area for Action 1 – Social Work Practice

Address the systemic failures in social work practice to ensure that planning and intervention for children improve their experiences, and that new and emerging risk are identified and responded to.

1.	Ensure that there is sufficient capacity for strong leadership of immediate and ongoing practice improvement.
2.	Ensure that Nottingham City Council has an operating model which enables good practice and workforce capacity
3.	Ensure that all staff and managers are clear about Nottingham’s social work practice models and ‘what good looks like’
4.	Ensure that assessments and plans are of good quality and accurately evaluate risk and address the needs of children
5.	Assertive practice ensures that children’s needs are understood and appropriate action/intervention is put in place to improve outcomes for children, including those experiencing neglect.

6.	Ensure that all managers are clear about the expectations of their oversight on casework, to ensure children's needs are understood and effectively addressed
7.	Develop an effective audit framework which provides an accurate appraisal of the experience of children and drives systematic improvements in practice.
8.	Ensure that senior managers and leaders have an accurate understanding of the experience of children
9.	Ensure effective Independent Reviewing Officer service which ensures effective plans and progress for children in care and children in need of protection
Priority Area for Action 2 – Workforce Capacity	
<i>Stabilise the workforce and address the significant shortfall in capacity to enable social worker sand fine line managers to respond effectively to children in need of help and protection.</i>	
10	Stabilise the social work workforce increase capacity in the short-term.
11	Develop a sustainable plan to ensure the sufficiency of social workers in the long-term.

To drive delivery of this action plan and to secure sustainable improvement which will make a real difference for children, young people and families, the Children at the Heart Improvement Board has been established. The Improvement Board is chaired by the Chief Executive and membership includes both the Leader of the Council and the Portfolio Holder for Children and Young People, along with senior officers of the Council. Key health, education and police partners are members. At the time of writing this report, the Board has met twice.

An Improvement Fund of £1.5m one-off funding has been identified to support short-term work force capacity and delivery of the improvement plan.

We have recruited a temporary Practice Improvement Director to provide additional senior leadership capacity to drive improvement, working with the Children's Services leadership team.

To support our improvement, the Department for Education have enabled to us access support from the Partners in Practice (PiP) innovation programme, which provides peer support from a partner local authority to support improvement. Our Partner in Practice is Essex County Council. The scope of the programme was co-produced between Nottingham City Council and PiP colleagues. In spite of an initial delay and the continuing covid-19 restrictions, the PiP team has been able to start work with us during May to understand practice issues, undertaking sampling of case files as well as discussions with senior managers, Team Managers and a range of practitioners, including those with specific case involvement. A series of feedback workshops are taking place with front line teams and the senior leadership team and this work will help to shape the plan for further work which they will undertake with us.

A prioritised practice development programme has been scoped to address the issues identified in the Focused Visit. Training workshops are in train, using virtual training events to support strong and focused learning founded on a clear practice model and directly relating to current practice examples.

We are reviewing other elements of our Learning Improvement Framework, particularly to strengthen our audit process, to ensure that audits reflect a consistent and accurate appraisal of the quality of practice and that effective learning is secured both by individual practitioners and by the wider service in response to audit findings.

Both the full inspection in 2018 and the Focused Visit in 2020 told us that workforce capacity was not sufficient to the demands and complexity of meeting children's needs in a city like Nottingham. An urgent priority has been to address the practitioner and front line manager workforce. Staffing gaps were swiftly filled, initially with agency staff, but it is vital to further stabilise staffing and to continue to strengthen recruitment with the support of our human resources team. We have revised our pay and progression model for social workers and have refreshed our rolling recruitment with a campaign launch due in coming weeks.

The improvement plan includes a review of the operating structure for sustainable services which will need to be considered within the council's financial priorities.

We are actively engaged in the Association of Directors of Children's Services Regional Improvement and Innovation Alliance, Local Government Association and the Department for Education to support improvement. We are also maintaining ongoing dialogue with Ofsted around our progress and our response to covid-19.

Next Steps

Planned improvement activity has been impacted by covid-19, but plans have been reprioritised where necessary and we are seeking to close delays wherever possible. We have had to be creative to deliver some of the planned activities, such as training workshops, but we have sustained positive engagement and created powerful learning opportunities. The improvement is closely monitored by the Children at the Heart improvement board to ensure delivery of the improvement plan but most importantly the impact on the outcomes and the experience of children.

Catherine Underwood
Corporate Director for People

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Audit Committee – 26 June 2020

Title of paper:	Audit Committee Terms of Reference and Annual Work Programme	
Director(s)/ Corporate Director(s):	Strategic Director of Finance	Wards affected: All
Report author(s) and contact details:	Head of Audit and Risk 0115-8764245 shail.shah@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Recommendation(s):		
1	Note the role and functions of the Audit Committee, which comply with best practice in the 2018 revision of CIPFA guidance on Audit Committees (the 2018 Guidance), including the additional elements prescribed by the Public Sector Internal Audit Standards (PSIAS), as set out in Appendix 1.	
2	Consider, comment on and endorse the outline work programme at Appendix 2.	

1 Reasons for recommendations

- 1.1 The Terms of Reference should be reviewed by the Committee on a regular basis, to ensure that they remain relevant and reflect best practice. The current Audit Committee Terms of Reference were last amended by the Council in May 2019 to enable reviewing the Constitution in order to recommend to Council proposed non-executive amendments. The Terms of Reference are primarily based on the Position Statement on Audit Committees in Local Authorities and Police issued by CIPFA in 2018.
- 1.2 Audit Committees are necessary to satisfy the legal and governance requirements for sound management and internal control. Specifically they help satisfy
- section 151 of the Local Government Act 1972 which requires every local authority to ‘make arrangements for the proper administration of its financial affairs’, and
 - the Accounts & Audit Regulations 2015 which require that the authority ensures that it has a sound system of internal control which:
 - (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk.
- 1.3 In local authorities an Audit Committee reports to Council, is independent of both the executive and the scrutiny functions, acts as the principal non-executive advisory function to those charged with governance, has clear rights of access to other committees/functions and includes an independent member.

1.4 This report outlines the core functions of the Audit Committee, the benefits that will arise for the City Council and an outline annual work programme.

Role of the Audit Committee

1.5 The overarching purpose of an Audit Committee is to provide independent assurance on the adequacy and integrity of the governance and control environment, the Risk Management Framework, and the annual financial reporting process.

1.6 The Committee last considered its work plan in February 2020, the May meeting of the Audit Committee was cancelled as legislation was awaited to enable remote meetings.

1.7 The outline work programme has been revised and updated accordingly and is presented at Appendix 2. The Committee is asked to consider, comment on and endorse the outline work programme. Members will be aware that they can update the work programme or request any further items to be considered by the Committee if appropriate to the terms of reference.

Benefits of the Audit Committee

1.8 The benefits to be gained from operating an effective Audit Committee are shown in the diagram below:



Constitutional Role

1.9 The Audit Committee aims to improve corporate focus on governance by:

- Providing assurance on the adequacy of the Risk Management Framework and the associated control environment;
- Scrutinising the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment;
- Overseeing the financial reporting process
- Approving the Council's Statement of Accounts;
- Commenting on the scope and nature of external audit;

- Overseeing proposed and actual changes to the Council's policies and procedures pertaining to governance, including making recommendations to Council on non-executive amendments to the Constitution.

Functions of the Committee

- 1.10 The Audit Committee fulfils the functions listed in Appendix 1
- under delegations from Executive Board / Leader as noted in the Constitution – Responsibilities for Functions and Terms of Reference
 - under PSIAS as a consequence of the Accounts and Audit Regulations 2015.

2 Background

2.1 An Audit Committee is central to the provision of effective corporate governance, which partly depends on a systematic strategy, clear framework and processes for managing risk. Good governance also helps to deliver improved services and maintains and increases public confidence in the objectivity and fairness of financial and other reporting. It is important that local authorities have independent assurance about the mechanisms underpinning governance.

2.2 It is recognised that high performing councils develop effective financial and non-financial control mechanisms. The development of expertise made available by the establishment of an Audit Committee, meeting on a regular cycle, and with Terms of Reference focussed on the key audit, control and risk management areas critical to the Council's performance is a key part of these mechanisms.

2.3 The Committee's outline work programme is attached as Appendix 2 and aims to meet:

- the Terms of Reference for the Committee approved by the City Council and
- the requirements of PSIAS.

The work programme supports the Council's aim to improve its efficiency and effectiveness.

2.4 In accordance with CIPFA guidance, the Committee is politically balanced and will not have Executive membership. Membership will continue to be reviewed in accordance with guidance from the Ministry of Housing Communities & Local Government (MHCLG).

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 Audit Committees – Practical Guidance for Local Authorities and Police (CIPFA 2018)
- 4.2 Public Sector Internal Audit Standards (Local Government Application Note) (CIPFA 2019)

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Audit Committee Terms of Reference

Title	Audit Committee
Powers / Remit	
<p>(a) Main Purposes:</p> <ol style="list-style-type: none"> 1. The audit committee is a key component of Nottingham City Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. 2. Provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment. 3. Provide independent review of the Council's governance, risk management and control frameworks. 4. Oversee the financial reporting and annual governance processes. 5. Oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. 6. Scrutinise the council's financial and non-financial performance to the extent that it affects the council's exposure to risk and weakens the control environment. 7. Oversee proposed and actual changes to the council's policies and procedures pertaining to governance, including making recommendations to Council on non-executive amendments to the Constitution. <p>(B) Main Functions: Governance, Risk & Control</p> <ol style="list-style-type: none"> 1. Review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance. 2. Review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control. 3. Consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements. 4. Consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council. 5. Receive and consider the results of reports from external inspectors, ombudsman and similar bodies and from statutory officers. 6. Monitor the effective development and operation of risk management in the council. 7. Monitor progress in addressing risk-related issues reported to the committee. 8. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. 9. Review the assessment of fraud risks and potential harm to the council from fraud and corruption. 10. Monitor the counter-fraud strategy, actions and resources. 11. Review the governance and assurance arrangements for significant partnerships 	

or collaborations, including the Partnership Governance Framework, annual health checks and the Register of Significant Partnerships.

12. Commission work from internal and external audit.
13. Consider arrangements for and the merits of operating quality assurance and performance management processes.
14. Consider the exercise of officers' statutory responsibilities and of functions delegated to officers.
15. Effectively scrutinise, review and monitor treasury management strategies and policies in accordance with guidance issued to local authorities, and make appropriate recommendations to the responsible body.
16. Consider any appeals made by an employee against decisions made by the Appointments and Conditions of Service Committee relating to a grievance made against the Chief Executive. Members involved in considering these will not be able to participate in any further consideration of the matter at other committees.

Financial Reporting

17. Review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
18. Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
19. Approve the Council's Statement of Accounts and associated governance and accounting policy documents

External Audit

20. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
21. Consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
22. Consider specific reports as agreed with the external auditor.
23. Comment on the scope and depth of external audit work and to ensure it gives value for money.
24. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Internal Audit

25. Undertake the duties of the Board mandated by PSIAS (as identified in Table 2 below).
26. Consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services.
27. Consider the head of internal audit's annual report.
28. Consider summaries of specific internal audit reports as requested.

Accountability Arrangements

29. Report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial

- reporting arrangements, and internal and external audit functions.
30. Report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
31. Publish an annual report on the work of the committee.

Accountable To: Council

Meetings: Normally six per annum plus specials where required

Membership: 9 non-executive members (politically balanced)

Established Sub Committees: None.

TABLE 2: DUTIES OF THE BOARD (AUDIT COMMITTEE) MANDATED BY PSIAS

PSIAS ref	Duty of the Board
1000	Approve the Internal Audit charter
1110	Approve the risk-based internal audit plan, including internal audit's resource requirements, including any significant changes, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
1110	Approve decisions relating to the appointment and removal of the Chief Audit Executive
1110	Receive an annual confirmation from the Chief Audit Executive with regard to the organisational independence of the internal audit activity
1110	Make appropriate enquiries of the management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations
1110	The chair to provide feedback for the Chief Audit Executive's performance appraisal
1111	Provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.
1112	Consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
1130	Approve significant additional consulting services agreed during the year and not already included in the audit plan, before the engagement is accepted
1312	Contribute to the QAIP and in particular, to oversee the external quality assessment of internal audit that takes place at least once every five years.
1320	Receive the results of the Quality Assurance and Improvement Programme from the Chief Audit Executive
2020 & 2030	Receive communications from the Chief Audit Executive on internal audit's audit plan and resource requirements including the approach to using other sources of assurance, the impact of any resource limitations and other matters
2060	Receive communications from the Chief Audit Executive on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.
2600	Receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

Appendix 2 - Audit Committee Work Programme

1 Proposed Work Programme

2020

Jun

IICSA Update
Ofsted Review
External Audit Update
Audit Committee TOR & Work Programme

Jul

2018-19 Statement of Accounts & AGS
External Audit Update
Budget Update
High Level Corporate Risk Register
EMSS Annual Report
Brexit update
Treasury Management Annual Report
Major Projects Outcomes Overview TOR

Sep

Draft Statement of Accounts 2019-20
Interim AGS 2019-20
Customer Experience / Complaints and Ombudsman
Annual Assurance
Audit Committee Annual Report
IA Annual Report & Opinion including Ethics & Culture,
Counter Fraud Strategy & Whistleblowing Policy
Major Projects Outcomes Overview (Exempt item)

Audit Committee Training (*not an item for public meeting*)
- Treasury Management Scrutiny
- Risk Management

Nov

Treasury Management Half Year
Risk Management & Corporate Risk Register Update
Equality / HR Assurance
Companies Governance Assurance
Internal Audit Update
Governance and Accountability of 3rd Party Arrangements
Statement of Accounts 2019-20
Final AGS 2019-20
External Audit Report

2021

Feb

AGS actions update & 2020-21 process
Covid-19 & Emergency Plan Review
Council Plan & Corporate Performance Assurance
Partnership Governance Framework & Annual Health Checks
External Audit plan
Treasury Management and Capital Strategy
Internal Audit Update
Health & Safety Annual Assurance
Review of Accounting Policies 2020/21
Information Governance & Information Security Annual Assurance
Brexit Update

2021

Apr / May

- Major Projects Assurance
- Equality & HR Assurance
- Risk Management & Corporate Risk Register Update

Jun

- Audit Committee Terms of Reference & Work Programme
- IA Annual Report & Opinion
- EMSS Annual Report
- Accounts Update & Draft Statement of Accounts 2020-21
- Interim AGS 2020-21
- Treasury Management Annual Report
- Governance and Accountability of 3rd Party Arrangements

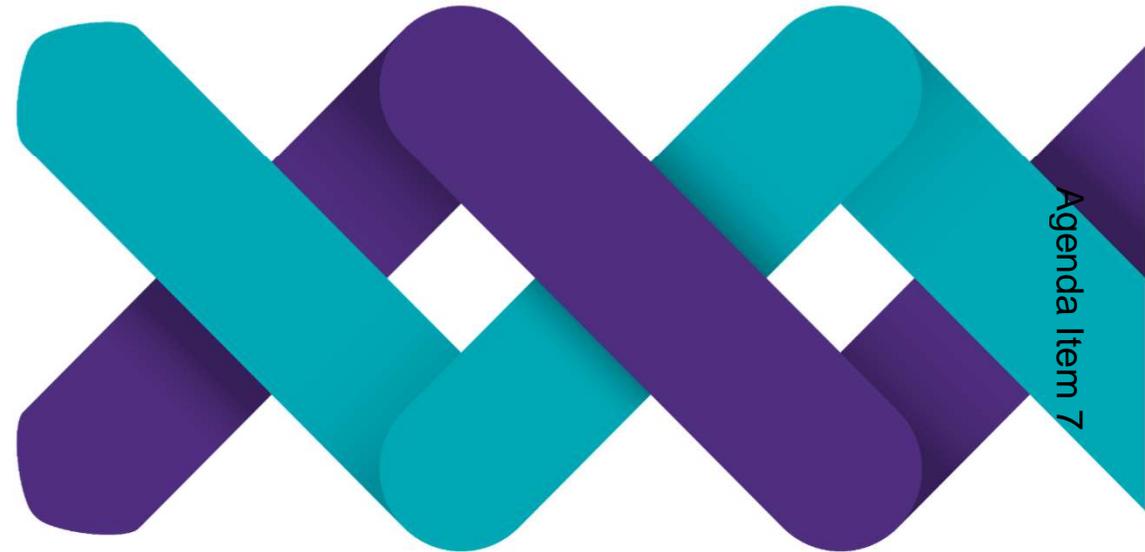
Jul

- Audit Committee Annual Report
- External Audit Report
- Statement of Accounts
- Final AGS 2019-20

External Audit Plan update

Nottingham City Council
Year ending 31 March 2020

Page 35
April 2020



Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of Nottingham City Council ('the Authority') as reported in our Audit Plan dated 28 February 2020, for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan in February, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020. We continue to be responsible for forming and expressing an opinion on the Authority's financial statements and VfM arrangements and will liaise with management to agree appropriate timescales for the delivery of the audit.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf
- Reviewed the materiality levels we determined for the audit . We have revised performance materiality from £8.925m as reported in our audit plan, to £8.2m to reflect the logistical challenges of remote working on the delivery of the financial statements.
- **Changes to our VfM approach**

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Significant risk identified – COVID-19 pandemic

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid-19	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> • Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation • Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates • Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. 	<p>We will:</p> <ul style="list-style-type: none"> • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic. • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.
<p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>		

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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