

Public Document Pack



**Nottingham
City Council**

Nottingham City Council Audit Committee

Date: Friday, 26 February 2021

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 | |
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| 9 | External Audit Update
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10 Internal Audit Progress Report Q1-Q3 2020/21 89 - 126
Report of the Strategic Director of Finance

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 Treasury Management Strategy 2021/22 & Capital and Investment Strategy 21/22 - Exempt appendix To Follow
Report of the Strategic Director of Finance

Exempt under paragraph 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information). It is not in the public interest to disclose this information because it contains commercially sensitive information that may be used by competitors and harm future negotiations

13 Control Environment and key risks for City Council controlled companies Verbal Report
Presentation by the Strategic Advisor on Companies

Exempt under paragraph 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information). It is not in the public interest to disclose this information because it contains commercially sensitive information that may impact on future trading.

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 remotely via Zoom - and streamed at <https://www.youtube.com/user/NottCityCouncil> on 18 December 2020 from 10.32 am - 12.12 pm

Membership

Present

Councillor Audra Wynter (Chair)
Councillor Graham Chapman
Councillor Michael Edwards
Councillor Jane Lakey
Councillor Sajid Mohammed
Councillor Anne Peach
Councillor Andrew Rule

Absent

Councillor Leslie Ayoola
Councillor Jay Hayes

Colleagues, partners and others in attendance:

Beth Brown	- Head of Legal and Governance
Clive Heaphy	- Interim Director of Strategic Finance
Paul Millward	- Head of Scrutiny and Resilience
Shail Shah	- Head of Audit and Risk
Kate Morris	- Governance Officer

56 Apologies for Absence

Councillor Leslie Ayoola
Councillor Jay Hayes

57 Declarations of Interests

None

58 Minutes

Subject to the amendment of minute 51 removing Councillor Graham Chapman from the list of members of the Risk and Assurance working group, the minutes of the meeting held on 27 November 2020 were confirmed as a true record and were signed by the Chair.

59 Work Programme and Action Log

The Committee considered the Work Programme. Suggested items for bringing forward include a focused look at Nottingham City Homes, Thomas Bow and EnviroEnergy.

The Committee noted the content of the work programme.

60 Report in the Public Interest - Appointment of Councillor Directors

Beth Brown, Head of Legal and Governance, introduced the report focusing on the work undertaken to review the use of Councillors on company boards as a result of the Action Plan produced in response to the Public Interest Report. She highlighted the following points:

- (a) Committee members are invited to provide comments for inclusion in the final review due to go to the Council meeting in January 2021;
- (b) The review proposes a strengthening of the role of the Companies Governance Executive Sub Committee (CGESC) as shareholder, which will allow it more robust controls and a greater degree of influence over the companies strategic and policy objectives;
- (c) The review did not find that there was any prohibition to Councillors sitting on company boards as Directors. Where Councillors do sit as Company Directors it should further the interests and needs of the company and further consideration should be given to the use of independent Directors. Where elected members act as Company Directors they must act in the best interests of that Company;
- (d) Where elected members are on boards they should not participate in any Council decision in relation to the company they are a director of. Consideration is being given to whether members of the CGESC should serve on boards, whether executive members should sit on boards where they also act as portfolio holder, and whether they should be members of committees where the responsibility of being a Company Director conflicts with being an elected member;
- (e) Appointments to company boards should be made in the best interest of the company, ensuring that the skill set of the Board enhances and promotes the core business of that company;

During discussion the following points were made:

- (f) In the process of the review there has been an emphasis on Councillor training. Officer training also needs to be prioritised, specifically around whistleblowing and raising concerns;
- (g) A further review of Council owned companies should take place into why certain companies exist. The Strategic Director of Finance confirmed that a larger piece of work reviewing all companies was underway in order to create a more robust strategy and financial stability for the companies and for the Council;
- (h) Further information around procurement rules specifically from Council owned companies would be useful for new committee members. Officers confirmed that this would be beneficial and that this training would be included in the Member training programme;

- (i) Four specific points were made and supported by other committee members:
- Executive Board members should not serve as a member of a Board which comes within their remit as Portfolio Holders.
 - CGESC members should not be members of Company Boards as exempting themselves from discussion would not work as an overall approach to governance given the conflict of interest.
 - The role of the Portfolio Holder needs to be defined in relation to the company within their remit. There needs to be regular meetings with the shareholder representative, Portfolio Holder and the company to allow detailed conversations.
 - There needs to be definition and role of independent members needs along with the function they provide. There is a need for independence in their appointment;
- (j) A change in company boards should not take place too rapidly, as it could be destabilising, however the public, External Auditors and the Ministry of Housing Communities and Local Government (MHCLG) need to have confidence that changes will be made. Overlap of company appointments and membership of other Committees should also be closely considered. Elected members need to be able to do both roles effectively without conflict of interest arising;
- (k) A good governance framework is the aim of the review and action plan to allow companies to thrive, and drive performance. Board composition should look at aggregate skills to achieve the core business and ensure the right people are on the Board. Companies should provide board members with job specifications. There is a programme of full training for all Company directors in development which includes Induction training for new members and refresher training for existing members;
- (l) The roles of Shareholder and Shareholder Rep need to be very clearly defined. Work is taking place to finalise this distinction, with the Share Holder Rep being the conduit between the Shareholder to the Company. The Shareholder is the Council and the CGESC is the body that manages that responsibility. Shareholder Representatives should not be part of the day to day management of companies. The relationship between Shareholder and Shareholder Rep is achieved through the normal Portfolio Holder briefings;
- (m) As part of the response to the MHCLG review work is being undertaken on the Constitution to ensure more robust governance is in place across all decision making;
- (n) The role and appointment of Independent members of Company Boards is a matter for the companies to determine. The CGESC should have oversight of company performance including the skills held by board members and the behaviour of the company towards the Council;
- (o) A Good Governance framework is critical. It is a separate, but linked item to the management of the companies and cultural change to ensure that learning is embedded;

Officers committed to summarising the points made by the committee, and circulating them to Committee members prior to formal submission for Council papers at the end of December.

Resolved to

1) Approve the following for inclusion in the comments to accompany the report to Council:

- **Executive Board members should not serve as a member of a Board which are overseen by their remit as Portfolio Holders.**
- **Members of the Companies Governance Executive Sub Committee should not serve as Directors on any council-owned company (as this Committee directly oversees the activities and performance of all such companies.)**
- **The role of the Portfolio Holder needs to be defined in relation to the company within their remit. There needs to be regular meetings with the shareholder representative, Portfolio Holder and the company to allow detailed conversations.**

2) Note the work undertaken so far on the review of the use of Councillors on Company Boards.

61 'No Deal' Brexit Planning

James Rhodes, Head of Analysis and Insight, and Paul Millward, Head of Resilience, introduced the report updating the Committee on the Council's "No Deal" Brexit planning for the end of the EU Transition period. During the presentation the following points were highlighted:

- (a) Reasonable worse case scenarios against service delivery and projects are being reviewed on an ongoing basis;
- (b) Even with a trade deal some risks may develop due to regulatory changes impacting supply chains;
- (c) Risks detailed in the presentation and in the report do not necessarily represent a "cliff edge" situation with immediate impact on 1 January 2021. Most are likely to develop gradually which allows mitigation to be put into place;
- (d) General risks identified by the Government include
 - Border disruptions and supply chain disruptions.
 - Settlement scheme applications for EU Nationals – All applications must be submitted by June 2021
 - Utility supplies in terms of supply chain disruption for parts – Severn Trent Water have confirmed that there are no concerns around water treatment
 - Increase in cost of fuel and food
 - Reduction in choice of fresh fruit and vegetables.
 - Public Disorder – Local intelligence suggests there won't be issues.

- Medical supplies – Mitigations are in place nationally
 - Health and social care – Workforce issues have been mitigated somewhat due to Covid and the rise in unemployment as a result. Extra cost of service provision due to need for PPE, self-isolation etc. may become problematic, however local mitigation is in place
 - Economic impact on GDP potential for inflation and an increase in the cost of borrowing which may impact some projects in the City;
- (e) Specific local risks and mitigations include:
- Winter Pressures on NHS and Adult Social Care – the Covid pandemic has added additional pressure to this risk. There may be increased pressure on hospitals to discharge people to care, which then puts additional pressure on Social Care services: This is being monitored and will be escalated if necessary;
 - Social Care External Market – Recruitment and retention issues: Unemployment is on the rise as a result of the impact of Covid on the economy and so more people will look to the care sector for employment. The EU Settlement scheme is being promoted. There is also a recruitment and retention campaign due to take place in January;
 - PPE – increased cost and disruption to supply chain: Department of Health and Social Care have stockpiles and the Council has around 60 days stockpile of PPE supplies;
 - Data Protection and Data sharing: UK law is robust and there would be no reason why the Council would not be granted an adequacy notice should one be required. Information sharing agreements will need to be addressed to ensure that they refer to UK law – this is a work in progress;
 - Construction sector projects and supply chains: Could impact on construction projects across the city. Supply chain disruption was tested through the first wave of the Covid pandemic and the situation is being monitored closely;
 - Development industry confidence: There are regular conversations with businesses and fee income is monitored;
 - Economic downturn: consulting on the Council's Economic Recovery Plan is an ongoing piece of work
 - PFI linked to grants: If inflation increases the cost of the project will go up, but the grants from government do not increase in line with inflation. This will create a budget pressure, and it is not possible to mitigate against inflation increase. This situation will be monitored very closely;
- (f) There are two phases to the Emergency Planning arrangements, Planning which takes place prior to the event, and Response which will start on 1 January 2021. Both of these stages are split into two sections, planning and response within the Council, and planning and response by the Local Resilience Forum (LRF);
- (g) The Senior Resilience Group is a Council group of Directors who champion preparedness in their departments. A sub group, the Brexit Officers Working

Group (BOWG) is made up of the designated leads for departments and subject matter experts to assess the impact of “No Deal” on council services;

- (h) Each Departmental lead has assessed their services against the Government’s reasonable worst case scenario and the specific guidance for Local Authorities and a risk register has been developed;
- (i) The LRF Strategic Coordination Group has been meeting regularly throughout the year as a result of Covid, but has also focused on Brexit planning. Individual organisations are responsible for planning;
- (j) The LRF reports on the state of preparedness to the Government on a regular basis. This is currently on a weekly basis although this may change;
- (k) Escalation and reporting procedures have been put into place. BOWG members will report weekly on the impacts of Brexit on their services. Mitigations in the departments will be considered, and, if necessary, will be escalated to a corporate level via the Corporate Leadership Team;
- (l) Information from the BOWG will be collated and passed to the LRF who in turn collate information from across the county and report to central government. The frequency of these reports has not yet been determined by the Government;
- (m) If a cross organisational response is required then the LRF’s Strategic Coordinating Group will facilitate the organisation of that response;

During discussion and questions the following points were highlighted:

- (n) There are a number of EU funded projects that the Council is involved with. Officers have not flagged the funding for these as an issue and no concerns have been raised about existing grants from the EU;
- (o) Data sharing is a national risk and has been flagged. There may be disruption to information and intelligence sharing between national organisations, this is more national and regional risk than a Nottingham City Council specific risk;
- (p) Further information on the specific ways that Nottingham will be impacted by these risks would be beneficial, more specific information around which contracts may be impacted, which construction projects etc. Modelling around the PFI contracts, specifically the street lighting contract, can take place and be circulated to Committee members. All of these risks are monitored at the Brexit group and they can be flagged if they increase;
- (q) Risks are being monitored and being fed back to project and service managers. This is then reflected in project and service plans. The Risk & Assurance working group can look more closely at the scale of risk and add more detail to the 5 x 5 risk matrix. An indication of level of financial impact on the council of these risks would also be beneficial;

- (r) Officers will feed back to the Committee to what extent the evaluation of risk has taken into account borrowing from Earmarked reserve;
- (s) A robust Equalities Impact Assessment should take place to establish how these risks affect those people with protected characteristics, not just the economic analysis but also economic resilience within these communities. This would need to feed into the Economic Recovery Plan. The Council has a legal duty to consider equality impact assessments in all policy proposals;
- (t) Committee members asked that the full list of the risks identified be circulated;
- (u) Some software may require EU domains, and as such, their ongoing use will not be possible or significantly restricted after 1 January 2021. IT will be consulted to ensure that there are plans in place to mitigate this situation;
- (v) Nottingham City has a strong history of emergency planning. Committee members thanked officers for their work on ensuring a robust plan is in place;

Resolved to note the risks and mitigating action identified.

62 Exclusion of the Public

The Committee decided to exclude the public from the meeting to discuss the exempt minutes of the last meeting held on 25 November 2020 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. The minutes are a record of the decision(s) made in private at the meeting.

63 Exempt Minutes

The exempt minutes of the meeting held on 25 November 2020 were confirmed as a true record and were signed by the Chair.

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Audit Committee Work Programme & Action Log

Proposed Work Programme

2021

Feb

Report in the Public Interest update & MHCLG Non-Statutory
Review Report
Treasury Mgt & Capital Strategy and Treasury Mgt Half Year
Non-Executive Amendments to the Constitution
Local Government Ombudsman Report
Audit Committee Terms of Reference
Internal Audit Update
Review of Accounting Policies 2020/21

Mar

Report in the Public Interest & MHCLG Review update
Brexit Update
Risk Register Review
Statement of Accounts 2019-20
Final AGS 2019-20 & 2020-21 process
External Audit Reports and plan
Council Plan & Corporate Performance Assurance
Information Governance & Information Security Annual Assurance
Health & Safety Annual Assurance
- Financial Accounts Training Mar tbc

Apr / May

Report in the Public Interest & MHCLG Review update
Risk Management & Corporate Risk Register Update
Companies Governance update
Covid-19 & Emergency Plan Review

Apr / May ctd

Culture & Ethics
Audit Committee Terms of Reference & Work Programme
Equality & HR Assurance

Jun

Accounts Update & Draft Statement of Accounts 2020-21
Interim AGS 2020-21
Treasury Management Annual Report
Governance and Accountability of 3rd Party Arrangements
Report in the Public Interest & MHCLG Review update
EMSS Annual Report

Jul

Audit Committee Annual Report
Report in the Public Interest & MHCLG Review update
IA Annual Report & Opinion including
Counter Fraud Strategy & Whistleblowing Policy

Sep

External Audit Report
Statement of Accounts 2020-21
Final AGS 2020-21
Report in the Public Interest & MHCLG Review update
Customer Experience/Complaints
& Ombudsman Annual Assurance

Nov

Report in the Public Interest & MHCLG Review update
Treasury Management Half Year
Partnership Governance Framework & Annual Health Checks
Internal Audit Update

Key - *Italicised* items for noting, remainder for discussion

Action Log

Date of meeting	Issue	Action taken	Target Date	RAG Rating
25 Sep 20	Sub groups	Report to November meeting	Complete	Green
	Update to PIR & NSR as part of Recovery & Improvement Plan	Update quarterly aligned with other monitoring forums	Quarterly	Green
	Training	Risk training 8Dec	Complete	Green
		Accounts training Mar tbc	March	Yellow
		General Audit Committee training dates tbc (PIR action)	March	Yellow
		Treasury management training 27 Nov	Complete	Green
	AGS	To be considered as part of finalisation process and final report expected Mar 2021	Mar	Yellow
	Whistleblowing	Obligation to report is in Employee Code of Conduct	Complete	Green
27 Nov 20	Brexit	Report to December meeting	December	Green
	Culture & Ethics	Report to April meeting	April	Yellow
18Dec20	Brexit	Extent to which risk of borrowing from Earmarked reserve taken into account, to be included in MTFS update	March	Yellow
		Circulation of full list of Brexit risks	Complete	Green

Key - *Italicised* items for noting, remainder for discussion

Audit Committee – 26 March 2021

Title of paper:	Local Government Ombudsman's Report in the Public Interest following Investigation Reference 18 018 188	
Director(s)/ Corporate Director(s):	Nicholas Lee, Director of Education Services Catherine Underwood, Corporate Director for People	Wards affected: All
Report author(s) and contact details:	Anna Glozier, Special Educational Needs Service Manager anna.glozier@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Janine Walker, Head of Service SEND and Vulnerable Pupils janine.walker@nottinghamcity.gov.uk	
Recommendation(s):		
1	To consider the Local Government Ombudsman's Report in the Public Interest following Investigation Reference 18 018 188, and be assured that all recommendations contained within it have been fully enacted.	
2	To receive an annual monitoring report to ensure that new procedures and improved management oversight are effective in ensuring that the learning from the Local Government Ombudsman's Report in the Public Interest are embedded and effective in the experience of applicants for SEND travel assistance.	

1 Reasons for recommendations

- 1.1 To ensure that members of Audit committee are fully briefed on the reasons for, and outcomes of, the Investigation Reference 18 018 188, and the activity connected with it, as required by the Local Government Ombudsman.

2 Background

- 2.1 In March 2016 a parent applied for and was awarded Home to School Transport for their son to attend a mainstream primary school. At the time, the family lived further away from school than the statutory walking distance, and the family reported the son had been provided with a wheelchair due to mobility difficulties. In 2017, following a house move closer to the school, his eligibility was reviewed, and revoked. While still living at the second address, the son was assessed through the statutory education, health and care assessment process, and issued with an Education, Health and Care Plan (EHCP) naming a special academy within the statutory walking distance from his home. His placement at the new school began in September 2018. The parent applied for Home to School Transport to the new school and the request was not granted. The internal appeals process was followed through Stage 1 (reviewed by an officer not involved in the original decision-making) and Stage 2 (reviewed by an independent panel) with the same result. After submission of further information from a paediatrician in May 2019, Home to School Transport was granted on the grounds of Special Transport Need. With the agreement of the parent, the travel assistance award has taken the form of a personal transport budget of £20 per day, which the parent uses to send her son to school by taxi.
- 2.2 The parent appealed to the Local Government Ombudsman (LGO) regarding the period of time that her son was considered not eligible for Home to School Transport. The LGO's report summarises her complaint that:

- the Council unreasonably refused to provide home to school transport for her son to his previous school and the special academy for pupils with moderate learning difficulties named in his Education Health and Care Plan (EHCP);
- the Council failed to take proper account of her son's difficulty in walking long distances due to his hypermobility, or his diagnoses of autism, attention deficit hyperactivity disorder (ADHD) and oppositional defiant disorder (ODD) which make it difficult for him to use regular public transport;
- as a result, in order to get C to and from school, she has had to pay £400 a month to take C in a private taxi;
- this put her into debt on her utility bills and she was no longer able to afford the cost of a taxi for C; and
- this in turn has severely affected his school attendance and his social and educational development.

- 2.3 The LGO investigation revealed a number of ill-judged decisions and inadequate communications made by different individuals over a period of time that combine to make disappointing reading, and ultimately found 'fault causing injustice'. Comments were invited on the draft report, which were taken into account in the final report, issued on 10th November 2020.
- 2.4 The LGO made the following recommendations, to:
- apologise to the parent;
 - reimburse the costs incurred by the parent in getting C to school by taxi (based on £20 a day, plus interest based on the increase in the Retail Price Index):
 - School 1 - £568
 - School 2 - £943;
 - pay the parent £300 for her time and trouble in repeatedly having to make the same complaint and appeal;
 - pay the parent £1,000 to reflect the distress resulting from the difficulty and hardship caused to the whole family as a result of the withdrawal of transport and the cost of providing transport for her son
 - pay the parent £5,500 (11 months at £500 each), on her son's behalf, to remedy the impact of his lost schooling as a result of not receiving school transport.
- 2.5 These recommendations were agreed and met within the one-month deadline specified.
- 2.6 In addition, the LGO's report recommended that within three months of the date of the final report, Nottingham City Council will:
- review its procedures to ensure that decisions on school transport show how it has taken into account individual circumstances and the supporting evidence supplied, and explain the rationale for its decisions;
 - ensure that second stage transport appeals are properly minuted to provide a suitable record of the basis for those decisions; and
 - be able to demonstrate the new measures and procedures it will put in place to ensure its decisions and appeals are robust and defensible.
- 2.7 These recommendations were primarily based on the LGO's understanding that recommendations made following a previous unrelated investigation had not been followed. When comments were invited on the draft report, clarity was provided which has been acknowledged in the final report:

- In respect of procedural and policy changes, we accept that the Council has carried out the actions agreed in response to our earlier investigations and appreciate that the Council has already done much to avoid the circumstances which have led to the fault in this case. We also welcome the further steps that the Council has agreed to take to seek to ensure the robustness, fairness, clarity, and consistency of its decisions.

2.8 Specifically, we can confirm that:

- The Home to School Transport Policy is in line with the Government's home to school travel and transport statutory guidance for local authorities July 2014 (Annex 2) and is published correctly on the Nottingham City Council website.
- Letters to families do explain how decisions on school transport have taken into account individual circumstances and the supporting evidence supplied.
- Letters to families at second stage appeal do contain an invitation to present information in person.
- Second stage appeal hearings are minuted, and have been since January 2019.
- The process of decision-making, including the appeals process, has been reviewed to ensure decisions and appeals are robust and defensible.

2.9 To clarify the 'further steps' referred to in 2.7 above, when responding to the invitation to comment on the draft report, we provided the following information:

- Transport appeals are not commonplace, and as such we currently have no central log for them. They are investigated and responded to at Stage 1 by any senior SEN officer not involved in the original decision-making. Going forwards, we will pull together the data into a central monitoring system to allow for stronger management oversight and consistency of communication. We note particularly the advice contained at paragraphs 5, 8 and 12 [of the LGO report], which focus on transparency and consideration of the wider family circumstances, including any potential disruption to a child's education, and this is reflected in the recommended actions. We aim to ensure the consistency of this through the central monitoring system.

2.10 We believe our commitment to responding to the needs of families is reflected in a low incidence of second stage appeals, despite very clear signposting advice given in the response letters to first stage appeals. Transport appeals are not commonplace and it follows that second stage appeals are even more rare. During the three years between January 2018 and January 2021, our independent panel has heard second stage appeals from just nine families. Since we amended our policy and practice in response to LGO advice in July 2019, the panel has heard 3 second stage appeals. Our mistakes over time have been acknowledged and owned, and our policy and practice amended to reflect all learning and advice. Without detracting from the findings in the report, we believe that the failings identified in the 18 018 188 investigation, which covers a period of time between autumn 2017 and spring 2019, are guarded against under our current arrangements, and the LGO recognised this in the final version of the report.

2.11 The LGO requires that the Council consider the report at an appropriately delegated committee of elected members.

2.12 The LGO completed the investigation into this complaint by issuing a report because it was considered to be in the public interest to do so, given the significant injustice caused to the complainant, and because it was considered to be a significant topical

issue. To comply with requirements surrounding a Report in the Public Interest, a notice was put in 2 local newspapers advising of the existence of the report and how a copy could be obtained by any member of the public. A physical copy was made available at Loxley House reception. In addition, in consideration of current restrictions relating to the pandemic response, the notice advised that copies could be requested by email.

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

3.1 N/A

4 Published documents referred to in compiling this report

4.1 Local Government Ombudsman's Report in the Public Interest following Investigation Reference 18 018 188.

4.2 The Home to School and College Travel Assistance Policy, August 2019

5 Finance Observations

5.1 The total spend included in this report of £8,311 is funded from the transport service.

5.2 The cost is in addition to the budget allocation captured in the Medium Term Financial Plan and will increase the 2020/21 adverse forecast outturn position reported at Pd9.

5.2 This cost is not recurrent and therefore there is no impact the MTFS in future years.

5.3 The development of a central monitoring system would benefit from including any financial risk for such cases that may attract reimbursement and compensation.

**Final report by the Local Government and Social Care
Ombudsman**

**Investigation into a complaint against
Nottingham City Council
(reference number: 18 018 188)**

10 November 2020

The Ombudsman's role

For 40 years the Ombudsman has independently and impartially investigated complaints. We effectively resolve disputes about councils and other bodies in our jurisdiction by recommending redress which is proportionate, appropriate and reasonable based on all the facts of the complaint. Our service is free of charge.

Each case which comes to the Ombudsman is different and we take the individual needs and circumstances of the person complaining to us into account when we make recommendations to remedy injustice caused by fault.

We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems don't happen again.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

Key to names used

Miss B	The complainant
C	Her son
D	Her daughter

Report summary

School transport

Miss B complains that:

- the Council unreasonably refused to provide home to school transport for her son C to his previous school and the special academy for pupils with moderate learning difficulties named in his Education Health and Care Plan (EHCP);
- the Council failed to take proper account of the difficulty C has walking long distances due to his hypermobility, or his diagnoses of autism, attention deficit hyperactivity disorder (ADHD) and oppositional defiant disorder (ODD) which make it difficult for him to use regular public transport;
- as a result, in order to get C to and from school, she has had to pay £400 a month to take C in a private taxi;
- this put her into debt on her utility bills and she was no longer able to afford the cost of a taxi for C; and
- this in turn has severely affected his school attendance and his social and educational development.

Finding

Fault found causing injustice and recommendations made.

Recommendations

To remedy the injustice to Miss B and C, the Council has agreed, within one month of the date of this report, to:

- apologise to Miss B;
- reimburse the costs Miss B incurred in getting C to school by taxi (based on £20 a day on the days where Miss B paid for C's transport, plus interest based on the increase in the Retail Price Index):
 - School 1 - £568
 - School 2 - £943;
- pay Miss B £300 for her time and trouble in repeatedly having to make the same complaint and appeal;
- pay Miss B £1,000 to reflect the distress resulting from the difficulty and hardship caused to the whole family as a result of the withdrawal of C's transport and the cost to Miss B of providing transport for C; and
- pay Miss B £5,500 (11 months at £500 each), on C's behalf, to remedy the impact on C of his lost schooling as a result of not receiving school transport.

Within three months of the decision date of this report, it will:

- review its procedures to ensure that decisions on school transport show how it has taken into account individual circumstances and the supporting evidence supplied, and explain the rationale for its decisions;
- ensure that second stage transport appeals are properly minuted to provide a suitable record of the basis for those decisions; and
- be able to demonstrate the new measures and procedures it will put in place to ensure its decisions and appeals are robust and defensible.

The complaint

1. Miss B complains that:
 - the Council unreasonably refused to provide home to school transport for her son C to his previous school and the special academy for pupils with moderate learning difficulties named in his Education Health and Care Plan (EHCP);
 - the Council failed to take proper account of the difficulty C has walking long distances due to his hypermobility, or his diagnoses of autism, attention deficit hyperactivity disorder (ADHD) and oppositional defiant disorder (ODD) which make it difficult for him to use regular public transport;
 - as a result, in order to get C to and from school, she has had to pay £400 a month to take C in a private taxi;
 - this put her into debt on her utility bills and she was no longer able to afford the cost of a taxi for C;
 - this in turn has severely affected his school attendance and his social and educational development.

Legal and administrative background

The Ombudsman's role and powers

2. We investigate complaints of injustice caused by "*maladministration*" and "*service failure*". We have used the word "*fault*" to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1), 26A(1) and 34(3), as amended*)

The law and the statutory guidance about school transport

Suitable transport for eligible children

3. As set out in the Education Act 1996, councils must make arrangements to provide suitable free school transport to those "*eligible*" children of statutory school age who:
 - attend their nearest suitable school and live further than the statutory walking distance. This is two miles for children aged less than eight years old and three miles for children eight and above;
 - are from a low-income family, defined as receiving free school meals or in receipt of the maximum Working Tax Credit. These children are entitled to free school transport if their nearest suitable school is more than two miles away if they are aged eight to eleven;
 - cannot reasonably be expected to walk to school because of their mobility problems or because of associated health and safety issues related to their special educational needs or disability. Eligibility for such children should be assessed on an individual basis to identify their particular transport requirements. Usual transport requirements (e.g. the statutory walking distances) should not be considered when assessing the transport needs of children eligible due to special educational needs and/or disability. (*Education Act 1996 section 508B and Schedule 35B*)

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4. The Government also issued statutory guidance in July 2014 to local education authorities on home to school transport. This says:
 - When determining whether a child with special educational needs, disability or mobility problems cannot reasonably be expected to walk to school, councils must consider if the child could reasonably be expected to walk to school if accompanied. If so, councils must also decide whether the child's parents can reasonably be expected to accompany the child on the journey to school, taking account of a range of factors including the child's age and whether one would normally expect a child of that age to be accompanied. (*Home to school travel and transport guidance - Statutory guidance for local authorities 2014, paragraph 17*)
 - For a council's school transport arrangements to be suitable they must also be safe and reasonably stress free, to enable the child to arrive at school ready for a day of study. (*Home to school travel and transport guidance - Statutory guidance for local authorities 2014, paragraph 35*)

Disruption to education

5. The statutory guidance states:

"Where entitlement to extended travel rights has been established the department's opinion is that local authorities should consider the pupil to be eligible for the entirety of the school year for which the assessment has been made. If a pupil ceases to be eligible any change to provision made by the local authority must be considered in the context of the potential impact on the child. Disruption to a child's education should be avoided." (*Home to school travel and transport guidance - Statutory guidance for local authorities 2014, paragraph 25*)

Appeals process

6. The statutory guidance recommends a two-stage procedure for school transport appeals:
 - Stage 1: review by a senior officer.
 - Stage 2: review by an independent appeal panel.
7. The guidance recommends that the parent should be able to make both written and oral representations to the panel.
8. At both stages of the appeals process, the decision should set out:
 - the nature of the decision reached;
 - how the review was conducted;
 - information about other departments and/or agencies consulted;
 - what factors were considered; and
 - the rationale for the decision.

Defence against non-attendance

9. The statutory guidance states:

"Parents are responsible for ensuring that their children attend school regularly. However, section 444(3B) of the Act provides that a parent will have a defence in law against a prosecution by a local authority for their child's non-attendance at school where the local authority has a duty to make travel arrangements in relation to the child under section 508B and has failed to discharge that duty." (*Home to school travel and transport guidance - Statutory guidance for local authorities 2014, paragraph 15*)

Our Focus Report on School Transport

10. As part of our role, we periodically issue [Focus Reports](#) to highlight common or systemic issues we see. These reports share learning from complaints to help councils and care providers make improvements, contribute to public policy debates, and give elected members tools to scrutinise local services.
11. In March 2017, in response to growing numbers of complaints about school transport, we issued a Focus Report entitled [“All on board? Navigating school transport issues”](#).
12. In that report, we highlighted a range of issues. These include that:
 - councils must not only consider mobility issues, but also whether a child has non-physical problems associated with their special educational needs or disability, which mean that it is not reasonable for the child to walk to school; and
 - councils must also ensure that, in reaching decisions on school transport (whether at application or appeal stage), they properly consider a child and family’s individual circumstances. They must also demonstrate what factors have been considered and taken into account in reaching a decision.

How we considered this complaint

13. We produced this report after examining the relevant documents and correspondence from the Council and the complainant. We have had discussions with the complainant, made enquiries of the Council and considered the comments it provided in response. We have had regard to the relevant law and statutory guidance, and the Council’s Home to School Travel Assistance Policy.
14. We have given the complainant and the Council a confidential draft of this report and invited their comments. The comments received were taken into account before deciding whether to finalise the report.
15. Under our information sharing agreement, we will share this report with the Office for Standards in Education, Children’s Services and Skills (Ofsted).

What we found

What happened

The Council agreed to provide school transport for C by taxi in 2015

16. Miss B lives with her son C and daughter D. They are both of primary school age. The family are on a low income, and the children receive free school meals. C sees his father regularly, but his father lives on the other side of the city.
17. C was referred to a community paediatrician who diagnosed him with autism in September 2014. C was also experiencing pain in his legs when walking distances and the community paediatrician diagnosed hypermobility.
18. In May 2015, an occupational therapist (OT) in the Council’s Disabled Children’s Team provided a letter supporting C’s application for school transport. She confirmed C’s hypermobility and difficulty walking. The OT also commented that:

“[C]’s Autism presents as unpredictable behaviours resulting in a lack of awareness when out in the community. [C] is at a high risk of absconding and will run into the road without consideration for his own safety. [C]’s autism also

has an impact on his social skills meaning that he will trust anyone and also does not understand who he is able to talk to.”

“[C] needs to attend school to maintain his education and develop his skills. In order to attend school [C] will need to transport to ensure that he is safe. It would not be possible for [C] to walk to school due to his mobility needs and behavioural needs. C would have to rest regularly and walk slowly to ensure that he did not tire too quickly.”

19. The Council provided a wheelchair for C to help with his mobility. C was also awarded the lower rate mobility component and the highest rate care component of Disability Living Allowance.
20. C started attending School 1 in November 2015. In December 2015, Miss B applied for Special Needs Travel Assistance for him. At the time, C was under eight years old and the home to school distance was over two miles.
21. Miss B said that C could neither walk to school nor take public transport with adult supervision. She explained that he had hypermobility, walked on tiptoe, had limited balance, and sometimes used a wheelchair. He also had autism and did not understand road safety. Miss B said she could accompany C to school in a vehicle but could not walk with him to school due to her own medical issues. She provided details of C’s paediatrician and OT.
22. A second paediatrician also diagnosed C with ADHD in 2016. In March 2016, the Council agreed to provide transport for C by taxi to his school until June 2020. The stated decision reason was that C’s designated school was over the walking distance and that he used a wheelchair. The comments section on the form also stated that C had hypermobility, autism, and ADHD. C’s sister, who was attending the same school, travelled with him in the taxi.

Miss B reapplied for transport for C to attend School 1 after a house move in 2017 – the Council refused

23. Miss B and her children had to move home in 2017. Miss B and her partner also separated and understandably this had a significant impact on C. However, his school attendance in the autumn term 2017 was 90%.
24. Miss B applied for transport for C from the family’s new address to School 1. C was now over eight years old, and the family still on low income. However, the home to school distance was now around one and a half miles so there was no automatic entitlement to transport under the low-income criteria. That said, Miss B explained that she was applying for the same reasons as before and that C sometimes used a wheelchair.
25. The Council continued to provide transport but reviewed C’s transport eligibility. A special educational needs (SEN) officer contacted C’s school to ask if he still required his wheelchair in and around school. The school replied that:

“[C] has not had his wheelchair in school since the summer term of 2016, this was a similar time to an appointment with his [community] paediatrician and school had liaised closely with [the paediatrician].”
26. On 21 December 2017, an SEN team manager wrote to Miss B and advised her that C had received travel assistance from his previous address: *“as he met the transport criteria on distance”*. She refused Miss B’s application because C no longer met the distance criterion. She told Miss B she would have to make her own arrangements for C’s transport after Christmas but that she could appeal.

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27. Miss B started paying for taxis from the beginning of January 2018 to get C (and D) to school. She also appealed against the refusal of transport. She provided a copy of the OT's May 2015 letter and explained that:
- C could still not walk to school because of his hypermobility and lack of sense of danger;
 - he could not travel on public transport because of his autism, ADHD and ODD, which could lead him to him attacking people either physically or verbally;
 - she had health problems and could neither chase nor carry C;
 - she used the same taxi drivers for C wherever possible as they were familiar with his needs. She also used the same taxi company when C was not in school; and
 - stopping C's travel would affect his attendance and routine and would set back both his behaviour and education.
28. The SEN team manager contacted the second paediatrician to ask if there was a health reason why C could not take public transport to school when supported by an appropriate adult. She said she had an old letter from C's OT advising that he struggled to walk long distances, but the case was closed with the OT so she was uncertain whether this advice was still current.
29. The second paediatrician confirmed that C had problems with autism, ADHD and sleep deprivation which had led to increasingly challenging behaviour. He said that Miss B had explained about C's behavioural difficulties including him refusing to walk due to tiredness and pain in his shins, having poor awareness of danger (including from strangers), stepping out into traffic without checking, trying to jump off buses, repeatedly ringing the bell on the bus and making inappropriate comments. He was not convinced that C had hypermobility but recognised that C had intermittent pain in his legs and would investigate this with further tests.
30. The Council wrote back to Miss B in February 2018. It explained that the paediatrician's letter advised that:
- "C has no physical barriers to walking, although he states that you have identified concerns regarding the management of [C]'s behaviour on public transport."*
31. It also explained that C no longer met the distance criteria for assistance following the family's house move and:
- "there is no clear evidence that C cannot travel to school safely when accompanied by a responsible adult and therefore the decision remains not to offer travel assistance".*
32. The Council said it would refer the papers for a further appeal.
33. Miss B continued to pay for taxis for C when she could, though she could not afford to do so every day. C's attendance in the spring term fell to less than 50%. Miss B paid for taxis the days that C attended and for her daughter on several other days when C did not attend.
34. In the meantime, Miss B asked the Council to consider an Education, Health and Care Plan (EHCP) for C.
35. Miss B has explained that the disruption to C's transport affected his willingness to go to school and impacted his schooling. C was excluded by the school before the Easter holiday and, after returning to school in April 2018. Miss B paid for

taxi for her daughter for the first three weeks of term, though C only attended school the first day.

36. School 1 was concerned that C and D were not attending regularly and contacted the Council, which wrote to Miss B to warn her about the children's attendance. Miss B says the school told her that, if C were excluded once more, he would be sent to a school for children who had been permanently excluded. As C was being assessed for an EHCP and she was trying to get him into a school that was appropriate to his needs, Miss B was very concerned that a permanent exclusion would stop C getting a placement at the school she was seeking for him. She therefore felt she had to take C off roll at School 1 to prevent this. C received no schooling at home aside from some Key Stage 2 books purchased by Miss B.
37. As part of the EHCP process, the SEN team obtained information in May 2018 from a range of professionals including School 1's Nurture Team, Special Educational Needs and Disabilities Coordinator and C's paediatrician.
38. The school's Nurture Team observed that C was physically healthy, enjoyed PE and had never struggled with physical activities. They also commented on the breakdown of relations with the school, the impact they felt this had had on C's mental health and C's resulting aggressive behaviour. They commented on how the withdrawal of transport had made it difficult for Miss B to get C to school as she could not afford taxis, and this in turn had affected C's attendance and behaviour and he had regressed significantly.
39. The second paediatrician noted C's earlier diagnosis of hypermobility and Miss B's reports of C's increased leg pain. He had not observed significant pain in clinic (nor had the school during school hours) and had observed a full range of movement and normal hip and knee x-rays. He noted C's behavioural difficulties and ODD which might relate to his ADHD/autism diagnosis. He emphasised that, given C's autism, sufficient attendance at school would be crucial for his future development and learning. A third paediatrician would continue to review C.
40. The Council responded to Miss B's second stage transport appeal. The reviewing officer refused the appeal on the same grounds as the first appeal.
41. The Council completed C's EHCP in July 2018 and agreed extra provision for C. The EHCP named School 2, a local special academy for pupils with moderate learning difficulties, for C to attend from September 2018. It repeated the second paediatrician's comments on C's leg pain and autism/ADHD. The EHCP referred to C's behaviours: his fight or flight response when anxious; overreaction to events; verbally and physically aggressive behaviour; unpredictability; and inability to consider risk or danger. In the Social & Emotional Well-being and Mental Health sections of the EHCP, the desired outcomes for C included belonging and full-time attendance at school.

Miss B reapplied for transport when C moved to a special school, School 2, in September 2018 - the Council refused

42. In August 2018, Miss B submitted a transport application for C to School 2. C was now over eight years old. Although the family was on a low income, the home to school distance was also around one and a half miles, so there was no automatic transport entitlement under the low-income criteria. However, Miss B again explained that C had difficulty walking, walked on tiptoe and that this caused him pain. She again referred to C's behavioural difficulties in public and social situations. She said she was not sure that she could accompany C as her daughter was still attending School 1 which was some distance away.

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43. The SEN team manager wrote to Miss B at the end of August 2018 rejecting her transport application because it did not meet the distance criteria. Although C could walk short distances, the letter made no reference to whether C could walk one and a half miles to school, or travel accompanied on public transport.
44. In early September 2018, the SEN team received a letter from C's third paediatrician as Miss B had raised concerns about parts of the EHCP. She said that Miss B was concerned that, although the EHCP referred to the second paediatrician not having observed significant leg pain, there remained concerns that C had leg pain and that he could only walk short distances. She explained that C would be having physiotherapy to help with his walking difficulties. She also passed on Miss B's concerns that the EHCP made no reference to C's sensory difficulties.
45. Miss B appealed the school transport decision under the first stage of the Council's procedures. She explained that C had difficulty walking far and could fall to the floor in pain. She said he was awaiting a physiotherapy appointment. She referred to his challenging behaviours and that he swore, shouted, and screamed. He found it difficult to deal with a lot of noise and reacted physically if stared at.
46. She also explained the difficulty getting both children to different schools at the same time. She said the Council already had information from C's OT and former disabled children's team worker and explained that C's behaviour had worsened. She said that, if the Council would not provide transport, she would have to keep both children off school because she could not afford £400 a month for taxis.
47. The Council responded to Miss B's first stage appeal in September 2018. Its response stated:
- "the reason[s] for not granting travel assistance is that [C] does not meet the criteria on distance grounds for eligibility for travel assistance"*.
48. The appeal response referred to an available bus route, which involved 788 metres of walking. It referred to letters which Miss B had provided referring to C's leg/pains stiffness and physiotherapy referral but said that these:
- "do not state that any of the medical professionals involved are of the view that C is unable to travel to school by public transport/walking so I cannot conclude that he has a special transport need that requires the LA to offer home to school travel assistance"*.
49. After C's return to School 2 in September 2018, Miss B paid for taxis for most of the first half of the term when C attended quite regularly and for some of the second half of the term. In all, C's attendance in the autumn term was 56%.
50. C saw a paediatric physiotherapist in December 2018, and Miss B appealed again in January 2019 under the second stage of the Council's procedures. This appeal involved an independent school transport appeals panel.
51. In her appeal, Miss B again explained C's difficulty walking. She also asked the panel to consider the evidence that she had previously submitted. She said she could not afford transport for C and that, since it had been cancelled, this had significantly affected his school attendance, education, and behaviour. She referred to an incident before Christmas where C had refused to get in a taxi to come home because it was not his usual driver. In all, it had taken an hour and a half to calm him down, get him in the car and leave the school grounds. This caused further problems as she also had to meet her daughter from school.

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52. Miss B provided a December 2018 letter from C's physiotherapist. This stated that C's hypermobility, poor foot posture and reduced core stability caused C knee pain. It concluded that C "*is able to walk short distances only*" and "*is always likely to have limited walking distance...*". Miss B also referred to the difficulty that C experienced when presented with a change in his usual routine and that even a change in his usual taxi driver could prove very distressing for C.
53. The appeals panel considered Miss B's appeal. It noted that C had been refused transport on grounds of distance and considered whether C could walk to school. It noted the school's comments that C had not been using his wheelchair. It also noted the physiotherapist's comment that C was "*able to walk short distances only*" but had no clear view on what this meant. There was a comment that the Council was not saying that C would have to walk and that buses were wheelchair friendly. There was a brief reference to C's behavioural issues and the fact that the SEN team had considered C's physical and educational needs. The panel noted that C had some walking ability, that the physiotherapist was proposing insoles for C and had a plan for stretching and exercises. It also noted that he did not need an ambulance to take him to school, though Miss B had not suggested this. However, it made no reference to the physiotherapist's comment that C "*is always likely to have limited walking distance*". It considered that C's father, who lives in the other side of the city, and a grandparent could provide support. As there were three adults to assist C, the panel agreed with the decision to refuse transport.
54. The Council wrote to Miss B in late January 2019 refusing her appeal. It found that the SEN Team had considered C's application in line with the transport policy. It said it acknowledged the additional points raised and information provided, but made no specific reference to any correspondence provided or points made by Miss B. It concluded that the original decision to decline transport was correct under the eligibility criteria.
55. C did not resume at school for the first two weeks of the spring term and only attended on a few occasions when Miss B paid for taxis. So School 2 funded taxis for C for a two-week period in February 2019 to try and help him settle back into school, though C only attended two days.

Further evidence from a paediatrician in May 2019 – the Council agreed to provide C's school transport

56. Miss B then complained to us.
57. C attended school for just four days at the start of the summer term. In May 2019, Miss B obtained a further letter from C's third paediatrician which stated:
- "I was disappointed at today's assessment to hear that he has not attended school for some months. This is because he does not currently qualify for transport to and from school. He started at [School 2] as you know at the beginning of this academic year after significant difficulties at his previous school and long periods of non-attendance. He made a good start at [School 2] where he is settled, enjoys attending and was progressing. However, because of the family's proximity to school he did not qualify for transport to school and mum therefore was needing to get him there by taxi everyday which she is unable to continue to sustain financially. She is unable to get [C] to school by any other methods.*
- Walking is not possible because his hypermobility and pain problems mean that he tires very easily and can only walk very short distances. He has been*

provided with a wheelchair and the family do use this occasionally for trips out. However, at his previous school he felt that he was bullied for being a wheelchair user and he refuses to go to school in his wheelchair (he does not need the wheelchair to mobilise around the school). He struggles with going on any public transport for a number of reasons. Firstly, he finds it very difficult to tolerate a lot of people around him, or the noise and smells that he may encounter on public transport. He is frequently verbally abusive to other passengers and has on one occasion been aggressive. Because of these problems mum therefore feels that the only option is to take him to school by taxi which she cannot afford long term.

It would be a great shame if having found [C] a place at a school where he is settled, happy and making progress, that this is jeopardised by the transport issues. I do hope that some special consideration can be made in supporting the family to get him from home to [School 2] in order to maintain the placement.”

58. Following receipt of this letter, the Council reviewed its decision and agreed to provide transport for C because it demonstrated:
- “that [he] was unable to walk the required distance to his nominated school and found difficulties using public transport to undertake said journey”.*
59. The Council has since agreed to provide £20 a day as a budget for Miss B to send C to school by taxi. C resumed schooling at School 2 in July 2019 with a staged return for three and then four days a week.
60. He then attended School 2 regularly five days a week from September 2019 until the lockdown in Spring 2020 due to the coronavirus outbreak.

Analysis

Withdrawal of transport to School 1 in January 2018

61. The Council says it originally awarded transport due to C’s hypermobility and pain walking, and because the school he attended was over the statutory walking distance.
62. When Miss B re-applied for transport in 2017 after moving home, the Council checked with the school whether C was using a wheelchair but it did not check with medical professionals whether he still needed a wheelchair before deciding to withdraw transport. This was fault. The Council should not have withdrawn transport without checking with medical professionals.
63. The Council’s refusal letter says it had awarded transport based on distance and was withdrawing it because the distance criterion was no longer met. However, if the Council considered that C’s previously identified conditions no longer prevented him from walking to school, it should have stated this as a reason in its letter.
64. Miss B had applied for transport on the same grounds as before, and the Council says the transport team was aware of C’s autism/ADHD. But the May 2015 occupational therapist letter provided with the original application said that C needed transport to keep him safe. The Council did not consider this in withdrawing C’s transport and did not refer to this in its decision letter. This was fault. The Council should not have withdrawn transport without having regard to this.

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65. The statutory guidance advises councils to have regard to the need to avoid disruption to a child's education when eligibility changes mid-year. Children with autism can be particularly sensitive to changes in routine, but the Council did not consider the potential disruption to C's education or the possible impact on him of the change of routine when withdrawing transport during the academic year. Moreover, by notifying Miss B just before Christmas of the withdrawal of transport from the beginning of January it effectively gave no notice of the change. This was fault. Given C's difficulty coping with change, this would have been very unsettling for him and caused him distress.

Refusal of appeals for transport to School 1 in 2018

66. The Council's first stage appeal response said that "[C] has no physical barriers to walking". This statement does not properly reflect the medical advice. The second paediatrician was not convinced that C had hypermobility, despite the earlier diagnosis. But he recognised that C had intermittent pain and wanted to do more tests. This suggests that the medical advice was not properly considered. This was fault.
67. The second paediatrician had also referred to C's autism and explained that this was leading to increasingly challenging behaviour. This was clearly relevant to the concerns that Miss B had raised about the difficulty taking C on public transport. However, no reference was made to this in the first stage appeal response.
68. As to the refusal of the second stage appeal for School 1, the Council received information from the second paediatrician before sending the second stage appeal response. The paediatrician had not found evidence to support the hypermobility diagnosis during the EHCP process but had noted Miss B's concerns about C's leg pain. The Council refused the appeal because it considered there were no physical barriers which prevented C from walking.
69. In refusing C's second stage appeal, the Council also concluded that, although there were concerns about C's behaviour when using public transport, it was felt that he could access public transport when supervised by an appropriate adult. However, the second paediatrician had referred in his February letter to C's increasingly challenging behaviour. Moreover, during the EHCP process, both the school and the second paediatrician had referred to C's serious behavioural problems and aggressive behaviour. In view of this, it is unclear what evidence the Council had to support its conclusion that C could use public transport if supervised.
70. So, in addition to the failure to properly consider the decision to withdraw transport, we consider that there were also serious deficiencies in the way it considered Miss B's appeals against that decision.

Refusal of transport to School 2 from September 2018 and subsequent appeals

71. When Miss B applied for transport for C to School 2 in August 2018, she again referred to C's difficulty walking and his behavioural problems. However, the Council's rejection of her application did not refer to this but simply said that he did not meet the distance criteria. This was fault.
72. When refusing Miss B's first stage appeal, the Council took into account the third paediatrician's August 2018 letter but refused the appeal because:

"the letters do not state that any of the medical professionals involved are of the view that C is unable to travel to school via public transport/walking".

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73. However, the third paediatrician's letter stated that:
- “there are concerns that [C] does have pain in his legs that limit his exercise tolerance to only being able to walk short distances before he needs to rest”.*
74. We do not therefore consider that the Council's response properly represents the third paediatrician's concerns.
75. As to the refusal of Miss B's second stage appeal for transport to School 2, she was not offered the opportunity to make an oral presentation to the panel, as recommended in the statutory guidance.
76. The appeal notes show that the panel considered whether C was able to walk to school. The reference to whether C needed an ambulance to get to school was irrelevant. It does not appear that proper weight was given to the physiotherapist's view that C's walking difficulties were likely to be permanent. Moreover, the panel had no clear view on how far C could walk, so it does not appear that it was able to form any clear view as to whether he could walk to school, nor does it appear to have done so.
77. As to whether C could travel on public transport due to his autism and behavioural difficulties, despite the extensive evidence of this in the Council's possession, there was minimal reference to this and nothing to suggest that the panel was able to reach an informed view on whether C could do so.
78. Rather, the decision to refuse transport appears to be based largely on the fact that there were three adults available to assist C. The panel was entitled to consider whether someone with parental responsibility could provide transport. But one of the three was a grandparent of C, who had no parental responsibility and so was not relevant to the decision. The second was C's father. Despite the earlier reference to C's father living on the opposite side of the city, there is nothing to suggest that the panel considered whether it would be reasonable or practical for him to provide travel on a daily basis, and how this would be achieved. Moreover, the fact that the Council is now providing transport, suggests that it does not consider this to be practical.
79. Furthermore, the decision letter does not show how the Council considered the specific evidence that Miss B had put forward and sheds no light on the basis for the panel's decision. Given the lack of clarity, omissions, and irrelevant factors in the panel's consideration of C's transport request, we do not consider that the panel properly considered Miss B's appeal.

Appeal process

80. At the time of Miss B's second stage appeal for transport to School 1, the Council's policy was for a single officer to consider second stage appeals. However, we expect councils to follow the recommended two-stage appeals process, which includes an independent panel at the second stage, unless they have good reason not to.
81. Following a separate complaint to us ([18 008 390](tel:18008390)), the Council agreed to amend its policy in November 2018 so that an independent panel would consider second stage appeals. Accordingly, C's second stage appeal for transport to School 2 in January 2019 was considered by an independent panel.
82. The Council has explained that it has minuted second stage appeal hearings since January 2019. However, at this stage it had not interpreted the statutory guidance to mean that it should specifically invite the parent to attend or contribute more than already submitted by them when escalating the appeal.

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83. In response to another school transport complaint ([18 016 952](#)), we found fault in the way the Council considered the complainant's appeals, including the lack of information provided in the decision letters and that there was no right to make oral representations to the panel. In our decision statement, we noted that *"the Council has decided that in future appellants would be invited to make verbal representations"*.
84. In response to our recommendations, the Council agreed in July 2019 to:
- ensure its appeals process follows the guidance; and
 - amend the appeals section of its transport policy to reflect the guidance and ensure decision letters comply with this same guidance.
85. The Council has confirmed that it carried out the agreed actions in August 2019. Unfortunately, the Council failed to update the link to its updated policy on its website, so that parents clicking on the link would not be made aware of the up-to-date policy. However, the Council has explained that since August 2019, second stage appeal letters to families contain an invitation to parents to present information in person. The Council has also now updated the link.
86. The Council considers that it has already acknowledged and taken action to amend its policy and practice to reflect the learning and advice from the earlier complaints. As evidence of this, it has provided a copy of the updated policy and a redacted copy of a second stage appeal showing detailed reasons for the appeal decision.
87. Accordingly, it considers that it has already taken steps to address the failings identified in this investigation, which covers the period between autumn 2017 and spring 2019. It considers that the improvements to the way that it has dealt with appeals is borne out by the fact that there have been only three second stage appeals since it amended its policy and practice in response to our July 2019 recommendations.
88. That said, the Council has noted, in particular, the advice contained in paragraphs 5, 8 and 12 above, which focus on transparency and consideration of the wider family circumstances, including any potential disruption to a child's education, which are reflected in our final three recommended actions below. It agrees these recommendations and, going forward, has agreed to pull together the data from school transport appeals into a central monitoring system to allow for stronger management oversight and consistency of communication.

Conclusion

89. It is not our role to say if C should have had transport. However, we consider that there was fault by the Council both in the way it originally decided to withdraw transport for C and in the way it considered Miss B's subsequent requests to have that transport reinstated.
90. In making the original award of taxi transport for C, the Council took into account his diagnosed mobility problems and also had regard to his diagnosis of autism and behavioural problems.
91. However, the Council then withdrew transport to School 1 without seeking medical evidence regarding C's mobility and with no consideration of C's autism, behavioural difficulties or the previous evidence provided of risk to his safety. Furthermore, it did not take account of the statutory guidance that disruption to a child's education by withdrawing transport mid-year should be avoided. Given C's

diagnoses and the potential for disruption to his education, we consider that, had it considered Miss B's application properly, on the balance of probability the Council would have continued to provide transport for C to School 1 for the remainder of the school year.

92. Moreover, the fault in the appeal process for transport to School 1, and the consideration of Miss B's application and subsequent appeals for transport to School 2 means that there is doubt about whether those decisions may have been different if it were not for the fault.
93. Throughout this process, the Council has continually given considerable weight to the second paediatrician's questions over whether C has hypermobility. However, although the paediatrician questioned C's hypermobility diagnosis, he acknowledged C's leg pain, his autism diagnosis, and behavioural difficulties, but the Council gave no weight to this. The third paediatrician was even more clear in her emphasis of C's walking difficulties, yet the Council again gave no weight to this. The Council also appears to have placed little or no weight on evidence in its possession which would support Miss B's case in terms of C's difficulty walking and the risks presented by his behavioural problems.
94. The Council's decision to reinstate transport for C in May 2019 would appear to support the view that, but for the fault, C would have continued with school transport throughout 2018 and 2019.
95. Given there was fault in the process, and on balance we conclude if it had been carried out correctly the Council would have provided transport, then Miss B has suffered a significant injustice.
96. She has paid for school transport for most of 2018, when the Council should have provided this. Given her low income, this would have had a significant impact on the family. It also meant, in times of financial hardship, C did not attend school.
97. We note the breakdown of relations with School 1 and appreciate that this may have contributed to C's reduced attendance. But C's attendance in the autumn term had been 90%.
98. We consider that the Council's decision to stop providing transport and the fact that Miss B could not afford to pay for daily taxis for C meant that Miss B was unable to get C to School 1 regularly. Given C's diagnoses of autism and ADHD and his behavioural problems, on the balance of probabilities the removal of transport significantly contributed to the disruption of C's routine, the deterioration in his behaviour and the breakdown in the relationship with the school. This, together with the cost of transport, significantly contributed to his loss of schooling for half the spring term and the whole summer term of 2018.
99. On balance we also consider that, after the refusal of transport to School 2, the cost and difficulty for Miss B of getting C to School 2 was such that C's attendance was disrupted in the autumn term of 2018 and he then barely attended school in the spring and summer terms of 2019.
100. We consider that the Council's actions have resulted in very considerable disruption to C's education and personal development. In all, C has lost 11 months of schooling over an 18-month period.
101. In respect of procedural and policy changes, we accept that the Council has carried out the actions agreed in response to our earlier investigations and appreciate that the Council has already done much to avoid the circumstances which have led to the fault in this case. We also welcome the further steps that

the Council has agreed to take to seek to ensure the robustness, fairness, clarity, and consistency of its decisions.

Recommendations

102. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet, or other appropriately delegated committee of elected members and we will require evidence of this. (*Local Government Act 1974, section 31(2), as amended*)
103. We welcome that the Council has agreed to our recommendations to remedy the injustice caused to Miss B and C.
104. To remedy the injustice to Miss B and C, the Council has agreed, within one month of the date of this report, to:
- apologise to Miss B;
 - reimburse the costs Miss B incurred in getting C to school by taxi (based on £20 a day on the days where Miss B paid for C's transport, plus interest based on the increase in the Retail Price Index):
 - School 1 - £568;
 - School 2 - £943.
 - pay Miss B £300 for her time and trouble in repeatedly having to make the same complaint and appeal;
 - pay Miss B £1,000 to reflect the distress resulting from the difficulty and hardship caused to the whole family as a result of the withdrawal of C's transport and the cost to Miss B of providing transport for C; and
 - pay Miss B £5,500 (11 months at £500 each), on C's behalf, to remedy the impact on C of his lost schooling as a result of not receiving school transport.
105. Within three months of the date of this report, it will:
- review its procedures to ensure that decisions on school transport show how it has taken into account individual circumstances and the supporting evidence supplied, and explain the rationale for its decisions;
 - ensure that second stage transport appeals are properly minuted to provide a suitable record of the basis for those decisions; and
 - be able to demonstrate the new measures and procedures it will put in place to ensure its decisions and appeals are robust and defensible.

Final decision

106. We have found evidence of fault causing injustice.
107. We welcome that the Council has agreed to take the action described in paragraphs 104 and 105 to remedy that injustice. This will provide a satisfactory remedy to the complainant.
108. Notwithstanding this remedy, we have completed our investigation into this complaint by issuing a report because we consider it is in the public interest to do so, given the significant injustice caused to the complainant, and because we also consider this a significant topical issue.

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Nottingham City Council

Children and Young People With Special Educational Needs and/or Disabilities (SEND)

Home to School and College Travel Assistance Policy



Safer, cleaner, ambitious
Nottingham
A city we're all proud of



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Introduction

This booklet sets out Nottingham City's obligations to provide Home to School and College Travel Assistance to children and young people living in Nottingham who are eligible to receive it.

When considering whether to provide home to school travel assistance, Local Authorities (LA's) are under a statutory duty to have regard to the Education Act 1996 and Schedule 35B of the Act which was inserted by Part 6 of the Education and Inspections Act 2006.

Sections 508B and 508C of the Act makes provision for local authorities to ensure that suitable travel arrangements are made, where necessary, to facilitate a child's attendance at school. Nottingham City Council has developed its travel assistance policy in accordance with this legislation and equalities legislation to ensure it is able to meet its statutory duty. See page 13.

It is important that families understand whether their children meet the criteria before taking the time to make an application. In most instances, children will not meet the statutory conditions for travel assistance.

It is strongly recommended that all parents read this guidance carefully along with the information on our website at <https://www.nottinghamcity.gov.uk/education-and-schools/school-transport/children-with-special-transport-needs/>

Travel assistance principles and policy

Nottingham City Council is committed to working closely together with young people, families, schools and colleges to ensure that:

- Children and young people are safe and supported to access education
- Young people and families have confidence in the travel assistance offer

The Council recognises that:

- Travel assistance should respond and adapt to the needs of children and young people as they develop and progress
- The Council has a duty to support and enable young people to develop and achieve independence
- Encouraging young people's independence will develop their skills for life, their confidence and social skills, and increase their opportunities for continuing education, training and employment

The Council also has a duty to:

- Manage public money responsibly
- Provide value for money services
- Promote the use of sustainable travel and transport

Parents and carers have a responsibility to:

- Ensure that their children receive an education
- Make the necessary arrangements for their child to attend regularly

If eligible for travel assistance, this will only be provided from the child's home to the school at which they are on roll at the beginning and end of the normal school day.

If the child attends another school or establishment that is arranged through their school as off-site provision, it will be the school/parent's responsibility to arrange travel to and from that school or establishment, for their off-site learning.

The child's address will normally be the one that they spend the most school nights at, and any transport arrangements to or from an alternative address will be the responsibility of the parent to arrange.

Parents regular work commitments or domestic arrangements will not normally be taken into account when deciding the eligibility of a child or young person or the type of assistance offered.

Parents and carers are responsible for ensuring that their child is prepared and ready to travel, at their pickup points at the right time, and that any behavioural concerns whilst travelling are addressed.

Travel assistance will not be provided for any medical appointments or domestic arrangements, or for the child to go to or from a different address other than their main residence. Travel assistance is not provided for breakfast or after school clubs or activities.

Eligibility Criteria

Pre-school children with SEND

Travel assistance for children under the age of five is discretionary as Council's have no legal duty to provide or arrange free transport for children who have not yet reached the statutory school age. However, travel assistance applications will be considered for children below statutory school age in exceptional circumstances. In these circumstances, the Council may ask parents for a contribution towards the cost of providing travel assistance.

In considering these circumstances, the Council will need to be satisfied that, without such assistance, the child would be prevented from attending an appropriate nursery or early years' education setting.

In considering assistance for pre-school children, the following factors will be taken into account:

- The age of the child
- The distance between home and nursery
- The SEN and disabilities of the child
- The reasons for the pre-school placement

Compulsory school-aged children aged 5-16 with SEND

Compulsory school age begins at the start of the term following the child's fifth birthday and ends on the last Friday in June of the school year in which a child or young person turns 16.

There are four factors which may determine if children and young people aged 5-16 are eligible for travel assistance:

- Statutory walking distance eligibility
- SEND or significant mobility problems eligibility
- Unsafe route eligibility
- Extended rights eligibility

Eligibility will be reviewed at least academic year and the type of travel assistance will be reviewed termly. This review will confirm whether a child or young person continues to be eligible for travel assistance, and where eligible, that the type and level of assistance is most appropriate to their needs as they develop independence and make progress.

Statutory Walking Distance

The council is required to provide free travel assistance for all children and young people of compulsory school age (5-16) if their nearest suitable school is:

- Beyond 2 miles, if below the age of 8; or
- Beyond 3 miles, if aged between 8 and 16.

The nearest suitable school is defined as the nearest school with places available and which the Council deems to provide education appropriate to the age, aptitude and ability of the young person, and any special educational needs or disability they may have.

When establishing whether the nearest suitable school is within walking distance, the distance between home and school will be measured by the shortest available safe walking route,

accompanied as necessary. The route may include footpaths and other pathways as long as it is safe to walk along them.

SEND or mobility difficulties

The Council is required to provide free travel assistance for children and young people unable to walk to school by reason of their special educational needs, disability or significant mobility difficulty.

Unsafe walking route

The Council is required to make travel assistance arrangements for children who cannot reasonably be expected to walk to their nearest suitable school because the nature of the route is deemed unsafe to walk even when accompanied by an adult.

Extended rights eligibility (for low income families)

For low income families i.e. for children entitled to free school meals or whose parents are in receipt of the maximum level of Working Tax Credit, eligibility for free travel assistance is extended as follows:

- For children aged between 8 and 11, the walking distance is reduced from 3 to 2 miles;
- secondary age children (11 – 16) can receive free travel assistance to any of their three nearest suitable schools but only where the distance between home and school is more than 2 miles but less than 6 (**Note:** schools below 2 miles are included when assessing which are the 3 nearest);
- for secondary age children (11 – 16), the Council will provide free travel assistance to the nearest suitable school preferred by reason of a parent's religion or belief (including any single sex school in the City), if it is over 2 miles and under 15 miles from the home address. The Council will normally seek documentary evidence of faith or belief e.g. a minister's letter.

The Council will review travel assistance under the extended rights eligibility rules on an annual basis. Free transport may be withdrawn in subsequent years if a child ceases to qualify under low income extended rights.

Post 16 (young people 16-19) with SEND

The Council does not have a statutory responsibility to provide travel assistance to young people aged 16-18.

Schools with sixth form provision and colleges of further education have some funding available to help students age 16-19 with expenses connected with their study, including travel costs. This is known as bursary funding.

Bursary funding is paid to schools and colleges who decide how they allocate their funds. Enquiries about support for school or college travel expenses should be made directly to the schools or colleges concerned.

Students who are in one or more of the groups below can apply for a vulnerable student bursary of up to £1,200 (if they are participating on a study programme that lasts for 30 weeks or more - institutions should pay a pro-rata amount for students on study programmes of less than 30 weeks). This reflects that students in these groups may need a greater level of support to enable them to continue to participate.

The defined vulnerable groups are students who are:

- in care
- care leavers
- getting [Income Support](#) (IS), or [Universal Credit](#) (UC) in place of Income Support, in their own right
- getting [Employment and Support Allowance](#) (ESA) or Universal Credit (UC) and Disability Living Allowance (DLA) or [Personal Independence Payments](#) in their own right

Enquiries about applying for a vulnerable student bursary should be made directly to the schools or colleges concerned. Further details are available on this government website: <https://www.gov.uk/guidance/16-to-19-education-financial-support-for-students>

Many young people with SEND are able to travel independently using public transport, and the Council encourages parents and carers to work with us to support young people to do so.

However, The Council may provide travel assistance for Post-16 students who have significant SEND which affect their ability to travel or use public transport independently.

To be considered for travel assistance, a young person needs to:

- be resident in Nottingham City
- have started their current programme of education/training prior to their 19th birthday
- be attending the nearest appropriate education or training provider that is more than 3 miles walking distance from their home unless the young person's disability impacts on their ability to walk this distance or the walking route is deemed unsafe
- be attending a full-time, publicly funded course (a full-time course is a programme of at least 540 study hours per year)

Eligibility decisions will also take into account the following factors:

- Whether the student has additional needs or a disability that places them or others at a serious risk of danger during the journey to and from school;
- Whether the student has a mobility difficulty which requires specialised seating or a specialised vehicle, e.g. tail-lift access;
- Whether the student is likely to require medical intervention or personal care during the journey to and from school;
- The complexity of the journey.

Where a young person is eligible for travel assistance, the Council may ask young people or their parents and carers for a contribution towards the cost of providing this.

Young people aged 19-25 with SEND

Travel assistance arrangements made for a young person aged under 19 may continue to be provided up to the end of the academic year in which a young person turns 19 years of age. However, the Council recognises that that a learner with significant special educational needs and disabilities may take longer to complete a programme of learning and training, therefore the Council may extend the travel assistance arrangements until a learner has completed their programme, even if that is after they have reached the age of 19.

The Council will consider providing travel assistance for young people aged 19 to 25 (who are subject to an EHC plan) in the following circumstances only:

- Where the Council considers it necessary to facilitate the attendance of a learner receiving education at institutions which are maintained or assisted by a local authority and are providing further and/or higher education or other institutions within the further education sector.

Or

- Where the Council has secured the provision of education or training outside the further education sector and the provision of boarding accommodation in connection with that education or training, and the Council considers that the provision of travel assistance is necessary to facilitate the learner's attendance.

Type of travel assistance available

Independent travel training (ITT)

Independent travel training provides young people with tailored and practical assistance to travel safely by public transport, on foot or by bicycle to their school, college and placement. It also supports young people socially, to access other key services and connect with friends and family.

Independent travel is an essential life skill, and helps to better prepare young people for adulthood, and for accessing further education and employment by raising their confidence in their abilities.

The Council's Independent Travel Trainer is training Nottingham schools and colleges to be able to deliver travel training to their students.

If a young person is identified as potentially suitable for travel training, their parent/carer will be contacted by the Council or their school to arrange a consultation with the nominated travel trainer.

Following the consultation, the young person will then be supported to undertake the training programme. If they are not ready or suitable for training, a future review date will be set and they will continue to be provided with travel assistance.

Should a child be deemed suitable and the family refuse the programme, the travel assistance will be withdrawn and a bus pass will be issued with the expectation that the young person is accompanied on their journey by a responsible adult.

Public transport bus pass

Pupils who are entitled to free travel assistance will be awarded a Robin Hood Scholar bus pass for the academic year. This bus pass allows the holder to access all public bus operators in Greater Nottingham including the NET (Tram) and local train services.

Mileage allowance

Where a pupil has a special transport need and is attending their designated school, the LA may offer a mileage allowance (equal to the Local Government Casual Car User Allowance) for parents/carers to transport them to school. Allowances are paid on a mileage basis for a maximum of 2 return journeys per day from the home address to the designated or nearest school/college, irrespective of the number of pupils making the journey.

Where the parents/carers have been provided with a Motability vehicle through the Disability Living Allowance on the grounds of a child or young person's disability, they will be expected to consent to transport their child to school themselves, and will be offered a mileage allowance to do so.

Personal transport budget

Families and young people can use this flexibly to make their own travel assistance or other arrangements.

Contracted minibus, private hire vehicle or taxi, including:

- Pick up and drop off from/to a collection point or central location locally
- Individual taxi, private hire vehicle or minibus for groups of young people
- Individual taxi, private hire vehicle or minibus for solo travellers (exceptional circumstances only)

TRANSPORT SERVICE PROVISION

The LA aims to make travel assistance arrangements that allow eligible pupils to travel in safety and reasonable comfort, without the journey being unreasonably long or complicated, and arrive at school without such stress, strain, or difficulty that they are prevented from benefitting from the education provided.

It is the LA's policy to review travel assistance arrangements termly or at times of transition, in consultation with service providers, to minimise surplus places on vehicles and the total number of vehicles used. The LA will endeavour to coordinate dedicated school transport journeys and local public bus services to ensure that best value for money and efficiency of service is achieved.

The LA will determine the overall level of service, the number and type of vehicles, and the seating capacity requirements to meet the travel needs of pupils and students, taking the following into account:

- the regulations relating to the provision of passenger transport services;
- that a single journey to or from school should ideally not exceed 75 minutes including the time taken for a change of bus – though this is not always possible where services operate to more than one school or site;
- that pupils should not be expected to change buses more than once within a single journey to or from school;
- that it is desirable in the interests of safety and comfort to provide a seat for each pupil/student – though this is not always possible when local public transport services are used.
- that services coordinate with school or college session times (provided that the appropriate notice and procedures required by education legislation have been followed). Head Teachers, Principals and Governing Bodies are requested to consult with the LA as soon as possible on proposed changes to session times, so that the effect of any change can be assessed.
- that Head Teachers, parents and other interested parties must be consulted regarding proposed changes to the travel assistance policy;
- that service delivery must be monitored and complaints dealt with as soon as possible to ensure quality, efficiency and reliability;
- the promotion of the use of sustainable travel and transport modes;
- the promotion of equal opportunities.

Travel Escorts

The LA will determine whether it is necessary to provide an escort, supervisor or other facilities (e.g. on-bus communication facilities) on any of the vehicles used.

Some pupils with special transport needs may require a personal escort for the home to school journey. The SEN Officer will decide if a personal escort is necessary, taking individual circumstances into consideration:

Under these circumstances, the parent/carer may be required to act as the escort for their child. If the journey is beyond the maximum walking distance, the parent would be driven home from the morning school drop and picked up in the afternoon for the return journey. If the journey is less than the maximum walking distance, the parent would be expected to walk home after the morning drop, and walk back to the school for the afternoon pick-up.

Children and Young People with SEND and Disabled Adults transport

On some occasions, it may be appropriate for children and young people with SEND and adults with learning or physical disabilities to be transported on the same vehicle. For example, pupils going to a special school and adults going to a day centre. Before arrangements of this type are agreed by the LA, a robust risk assessment will be undertaken. For any such arrangements, there will be a trained escort on the vehicle.

Transport To and From Pick-up / Drop-off Points

In most cases parents/carers will be expected to accompany their child to a pick-up point identified by the Passenger Transport Team. Pick-up points will be safe and appropriate places for vehicles to pull up and wait. Every effort will be made to minimise the distance to and from pick-up and drop off points but the nearest pick-up point may be up to half a mile away from home for primary age pupils and up to 1 mile away from home for secondary age pupils and Post-16 students.

The pick-up points and times may change throughout the year, as routes will be regularly reviewed following changes to passenger lists. The LA will endeavour to give reasonable notice (4 weeks) of any such changes.

Parents/carers must ensure that appropriate supervisory arrangements are in place for their child's walk between home and the pick up point at the beginning and end of the school day.

Transport To and From Home Addresses

The duty placed on the LA does not extend to the provision of a "door to door" service, however, for a very few applicants, exceptional circumstances may result in transport arrangements being made to and from the home address. If a pupil has more than one place that may be considered a home address, parents/carers must nominate a single address for transport purposes. Arrangements cannot be made for multiple addresses.

Review of Travel Assistance Arrangements

All travel assistance arrangements will be reviewed termly or at times of transition to assess whether the basis for entitlement has changed or whether the mode of travel assistance provided remains appropriate. Travel assistance entitlement will be re-assessed if the home address, pupil needs, educational establishment or course details change.

Parents/carers and/or Post-16 students will be given reasonable notice (4 weeks) if it is decided to withdraw or significantly alter the means of travel assistance.

If parents/carers and/or Post-16 students request a variation to the current travel arrangements, the LA will require reasonable notice (3 weeks) of the change, and will apply the relevant assessment criteria. Parents/carers and/or Post-16 students may be required to make and pay for their own interim travel arrangements in the period between application and, if approved, the receipt of any travel assistance provided under this policy.

Post-16 students will be expected to maintain both satisfactory attendance and progress, and these factors will be taken into account when reviewing entitlement to travel assistance.

Any amendment to, or withdrawal of, travel assistance does not excuse a child of compulsory school age from attending school and it will remain the responsibility of the parent/carer to ensure their child's continued attendance at school.

Behaviour Whilst Travelling

The health and safety of drivers and passengers is dependant on good pupil behaviour. The LA takes a serious view of incidents of poor conduct.

The Education and Inspections Act 2006 empowers head teachers to take action to address unacceptable behaviour even when this takes place outside the school premises. Persistent poor behaviour on the journey to and from school can be grounds for exclusion.

In some cases, if either the LA or a transport operator refuses to allow a pupil to continue to access a particular vehicle due to the pupil's poor conduct, an alternative arrangement may be offered, but only after an assessment of the nature and seriousness of the case.

In the event of a serious incident of indiscipline, vandalism, or anti-social behaviour, or persistent offences of this nature, transport provision may be permanently withdrawn. In these cases the LA would not be implying that travel arrangements were not necessary and should not be provided, but rather that travel arrangements were necessary and had been made but the pupil's behaviour was such that they were unable to take advantage of them. If these circumstances arise, no alternative travel assistance arrangements will be made.

How to apply

Applications for travel assistance for young people with special educational needs or disabilities (excluding those attending a college of further education) should be made to:

Special Educational Needs Service
Glenbrook Management Centre
Wigman Road
Bilborough
Nottingham
NG8 4PD
0115 8764300 or by email at special.needs@nottinghamcity.gov.uk

Applications for travel assistance for students age 16 and above in colleges of further education to commence at the start of the Autumn Term should be made wherever possible by the last day of the summer term prior to the start of the new academic year. The LA cannot guarantee to provide travel assistance from the first day of the Autumn Term if applications are received after this date. Where late applications are submitted, parents/carers and/or sixth form students may have to make their own interim travel arrangements, the cost of which cannot normally be reimbursed.

Applications should be made to:

Children & Adults Schools Transport Team
LH Box 6
Loxley House
Station Street
NOTTINGHAM
NG2 3NG

Telephone: 0115 8765049
Email: transport.team@nottinghamcity.gov.uk
Web: www.nottinghamcity.gov.uk/school_transport

Young people attending Further Education establishments will need to re-apply annually, providing evidence of both satisfactory attendance and progress.

How Decisions are Made

For all children and young people with SEN and disabilities, a travel assistance eligibility assessment will be undertaken by the Special Educational Needs Service at the point of application, and reviewed yearly or when circumstances change, e.g. a change of educational establishment, change of home address.

The information used for the assessment is gathered from various sources including:

- School reports
- Parents
- The young person
- Medical reports (including CAMHs)
- Social care
- Education, health and care plans

The travel assistance eligibility assessment or review will consider the individual needs of the child or young person in 6 key areas:

- Mobility
- Medical needs
- Behavioural issues
- Vulnerability
- Practicality
- Independence and Independent Travel Training suitability

When the assessment is completed, the SEN Service will decide whether or not a child or young person is eligible as a result of their SEN and disability to travel assistance, the type of travel assistance to be offered, and whether or not it is appropriate to offer Independent Travel Training.

How to appeal if you are unhappy with a decision

Appeals Process for pupils with a special educational need or disability

The Local Authority has a 2 stage review and appeals process as recommended by the Department for Education. The timings for responses may be extended if additional time is required to gather supporting information, or delayed by school/college holidays.

Please note that whilst the review and appeal process takes place the parent/carer will remain responsible for arranging and funding for any travel arrangements that a parent/carer may feel is necessary.

The appeals procedure is in two stages:

Stage 1: Review by a Senior Officer of the council.

- A parent/carer has 20 working days from the date of the transport decision letter, to make a formal written request asking for a review of the decision.
- The written request should detail why the parent/carer or young person believes the decision should be reviewed and give details of any personal and/or family circumstances, including medical evidence, they believe should be considered when making the decision is reviewed.
- Within 20 working days of receipt of a written request, a Senior Officer will review the original decision and send a detailed written notification of the outcome of their review, including information about how the parent/carer can escalate their case to stage two (if appropriate)

Stage 2: Review by an Independent Appeal Panel:

- If a parent/carer are dissatisfied with the outcome of the review of their case, they have 20 working days from the receipt of their decision letter to make a written request to escalate the matter to stage two.
- Within 40 working days of receipt of the parent/carer's written request an Independent Appeal Panel will be arranged to consider both written and (if the parent /carer wishes to attend the panel hearing) verbal representations from both the parent/carer and officers involved in their case.

The Independent Appeal Panel members will be independent of the original decision making process (but not required to be independent of the local authority) and suitably experienced, to ensure a balance between meeting the needs of the parent/carers and the local authority.

If a parent/carer or student is still not satisfied with the outcome of the appeal, there is no further right of appeal to the Council. However, there is still the right to appeal to the Secretary of State or to take independent legal action.

If a parent/carer or young person feels that their appeal has not been treated fairly or in accordance with the LA's policy, the Local Government Ombudsman can be contacted for help and advice on 0300 061 0614 or at www.lgo.org.uk

The Legal Framework

S508B and 508C of the Education Act (the “Act”) make provision for local authorities to ensure that suitable travel arrangements are made, where necessary, to facilitate a child’s attendance at school. The provisions apply to home to school travel arrangements and vice versa.

Under s444 of the same Act, parents are responsible for ensuring that their children attend school regularly.

S508B of the Act deals with the duty on local authority to make such travel arrangements as they consider necessary to facilitate attendance at school for eligible children. Schedule 35B of the Act defines eligible children – those categories of children of compulsory school age (5 – 16) in an authority’s area for whom free travel arrangements will be required.

The categories of eligible children include those who cannot reasonably be expected to walk to school because of their mobility problems or because of associated health and safety issues related to their special education needs or disability. Eligibility, for such children, should be assessed on an individual basis to identify their particular transport arrangements.

In determining whether a child cannot reasonably be expected to walk the Local authority will need to consider whether the child could reasonably be expected to walk if accompanied, and if so, whether the child’s parent can reasonably be expected to accompany the child.

The Council has a statutory duty under Section 10 of the Education and Skills Act 2008 to exercise its functions so as to promote the effective participation in education or training of persons belonging to its area with a view to ensuring that those persons participate in appropriate full time education or training, an apprenticeship, or are in full time occupation and participate in sufficient relevant training, all pursuant to section 2 of the 2008 Act.

The Council also has a statutory duty to publish a Post 16 Transport Policy Statement every year. This statement should set out the arrangements for the provision of transport or otherwise that the authority considers it necessary to make for facilitating the attendance of persons of sixth form age at:

- schools,
- institutions maintained or assisted by the authority which provides further education or higher education or both
- institutions within the further education sector, any 16-19 academy or any other establishment at which the authority secures the provision of education or training.

Post 16 transport to education and training statutory guidance dated February 2014 requires the council, in planning transport provision to take into account its duty to promote effective participation under the 2008 act and the duty under section 2 of that act on young people to participate in education or training up to age 18.

Sen Code of Practice 2015.

The Code of Practice (Special Educational Needs and Disability 2015) indicates that transport should be recorded in an Education, Health Care Plan only in exceptional cases where the child has very specific transport needs.

Equality Act 2010

The Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it: Equality Act 2010 section 149(1).

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation: section 149(7)

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low
- The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.
- Compliance with the duties in this section may involve treating some persons more favourably than others.

Audit Committee – 26th February 2021

To ensure the report is accessible, please do not use any italic or underlined text, or fully capitalise any words

Title of paper:	Review of Accounting Policies 2020/21	
Director(s)/ Corporate Director(s):	Clive Heaphy Strategic Director of Finance	Wards affected: All
Report author(s) and contact details:	Susan Risdall, Team Leader – Technical Accounting susan.risdall@nottinghamcity.gov.uk 0115 8763653	
Other colleagues who have provided input:	Sam Hawrylak, Senior Accountant – Financial Accounting Tom Straw, Senior Accountant – Capital Programmes Richard Pearson – Senior Accountant – Capital Accounting	
Recommendation(s):		
1	Review and agree the Statement of Accounting Policies for inclusion in the 2020/21 annual accounts (within appendix 1).	
2	Review and agree the proposals where International Financial Reporting Standards (IFRS) allow a degree of choice.	

1 Reasons for recommendations

- 1.1 Part 3 of the Annual Accounts and Audit Regulations 2015 (the Regulations) requires the Council to produce an annual Statement of Accounts. In accordance with International Financial Reporting Standards (IFRS), the Statement of Accounts must include a statement of accounting policies.
- 1.2 The Regulations also require a draft of the Statement of Accounts to be prepared and certified by the responsible financial officer by 31 May. In accordance with best practice for local authorities, the draft accounting policies should be reviewed by Audit Committee before the draft 2020/21 Statement of Accounts is produced.
- 1.3 In addition, where IFRS allows a degree of choice, Audit Committee should be aware of and confirm the choices made.

2 Background

- 2.1 The draft 2020/21 accounting policies are included in Appendix 1. The finance team review the accounting policies each year to ensure that they comply with accounting standards. Any policies, which are no longer relevant or have no material effect to the Statement of Accounts for 2020/21 are removed. Following the 2020/21 review there are no significant changes to the accounting policies from 2019/20, any changes from the 2019/20 accounting policies have been marked blue.

2.2 Accounting Policies

The following significant accounting policies provide the fundamental bases for producing the Statement of Accounts and warrant particular consideration:

Accruals of Expenditure and Income

The revenue and capital accounts of the Council are maintained on an accrual basis. This means that income and expenditure are recognised in the accounts in the period in which they are earned or incurred and not when money is received or paid. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet.

Government Grants and Contributions

Government Grants and contributions are credited to income in the Comprehensive Income and Expenditure Statement (CIES) only when there is reasonable assurance that any attached conditions will be met. Specific grants are credited to the relevant service line, while non-ring fenced and capital grants are credited to Taxation and Non-specific grant income.

Any grants received where conditions have not been met are carried in the Balance Sheet as creditors.

Valuation of Non-Current Assets

Generally, non-current assets are valued initially at cost and subsequently revalued at current value for operational properties and fair value for investment properties. The main exceptions are infrastructure, which are generally valued at depreciated historical cost and heritage assets, which are valued at market value by an external valuer.

Interests in Companies and Other Entities

Inclusion in the Council's Group Accounts is, in accordance with the Code, dependent upon the extent of the Council's interest and control over an entity. In the Council's single-entity accounts, the interests in companies and other entities are shown as investments and valued at cost less any provision for losses.

2.3 Choices made under IFRS

For some policies, International Reporting Standards provide different options that can be used. The choices made in these instances have been applied consistently over the years and will be reviewed by the external auditor but in accordance with best practice, Audit Committee are asked to consider and reaffirm the choices made. The three policies to which this applies are:

De Minimis Capital Expenditure

All assets acquired can be included in the Balance Sheet, regardless of their cost. However, where the current value is less than the following amounts the Council may choose to exclude the asset from the Balance Sheet:

	£m
Vehicles and Plant	0.003
Computer Equipment	0.005
Land & Buildings	0.010
Heritage Assets	0.005

Componentisation

Where an asset consists of significant components that have different useful lives, these components are separately identified and depreciated over their respective useful lives. Examples of the components of property could be land, roof, walls, boilers

and lifts. The Council has chosen to only apply componentisation where the value of the asset is in excess of £3m.

Depreciation (including amortisation of intangible assets)

Certain Property Plant and Equipment components and Intangible Assets are written down over time and charged to revenue. International Financial Reporting Standards allow the Council to assess the asset life as well as the depreciation method. The following assets are depreciated on a straight-line basis over estimated useful life:

- Buildings, vehicles, plant, furniture and equipment
- Infrastructure and Community
- Intangible assets

2.4 The draft accounting policies will also be reviewed by the external auditors, Grant Thornton and so are still subject to change. Any major changes will be highlighted to Audit Committee at a future meeting.

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 Statement of Accounts 2019/2020
Accounting and Audit Regulations 2015
Code of Practice on Local Authority Accounting in the United Kingdom 2020/21

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4.1 Accounting Policies

This section explains the accounting policies applied in producing the Statement of Accounts.

4.1.1 General Principles

4.1.1.1 Statutory Guidance and Accounting Standards used

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003. The Statement of Accounts is prepared on a going concern basis.

4.1.1.2 Accounting Convention

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

4.1.1.3 Accounting Developments and Changes during 2020/21

The following accounting standards have been introduced by the Code for 2020/21:

- *Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material. This amendment is not anticipated to have a material impact on the Council's Statement of Accounts.*
- *Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures. This amendment is not anticipated to have a material impact on the Council's Statement of Accounts.*
- *Annual Improvements to IFRS Standards 2015-2017 Cycle affecting:*
 - *IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – Previously Held Interest in a Joint Operation. This is not applicable to the Council.*
 - *IAS 12 Income Taxes – Income Tax consequences of Payments on Financial Instruments Classed as Equity. This is not applicable to the Council.*
 - *IAS 23 Borrowing Costs – Borrowing Costs Eligible for Capitalisation. This is not applicable to the Council.*

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- *Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement. The effect of these amendments will depend on future actuarial assessments so it is not possible to determine if there will be a material impact on the Council's Statement of Accounts.*
- *Amendments to References to the Conceptual Framework in IFRS Standards. This is not applicable to the Council.*
- *Amendment to line item specifications for the net assets statement as detailed in Section 6.5, paragraph 6.5.3.6b (re Pension Funds). This is not applicable to the Council.*

The application date and initial adoption date of the above standards is 1 April 2020.

The CIPFA/LASAAC Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 Leases in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) until the 2022/23 financial year. This aligns with the decision at the Government's Financial Reporting Advisory Board to establish a new effective date of 1 April 2022 for the implementation of IFRS 16.

IFRS 16 will be a substantial change in accounting policy affecting the treatment of leases. In summary the current distinction between operating and finance leases will no longer apply for lessees; all assets used under leases will be recognised on the Balance Sheet under a new category of "Right of Use Assets", together with a related lease liability, with certain limited exceptions. CIPFA is proposing for this change in accounting policy to be applied retrospectively but without restating prior years, achieved by adjusting carrying values at 1 April 2022 via an opening adjustment to reserves. As such, the balance sheet values at 31 March 2021 will be unaffected. It is not yet possible to determine the adjustments that will apply at 1 April 2022 as this will be based on the leases in place at that date.

4.1.1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

A prior period adjustment will be made to the accounts as a result of a change in accounting policies and the effect is material. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates will be accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to prior period adjustment.

Material errors in prior periods are corrected retrospectively by amending opening balances and comparative amounts for the prior period. A full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

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4.1.1.5 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date of 31 March and the date when the Statement of Accounts is authorised for issue. The two types of events and the accounting treatment are given below:

- For any material events after the balance sheet date which provide additional evidence regarding conditions existing at the balance sheet date, an adjustment has been made to the Statement of Accounts.
- Material events after the balance sheet date which concerned conditions not existing at 31 March have been disclosed as a separate note to the accounts.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

4.1.1.6 Accruals of Expenditure and Income

The revenue and capital accounts of the Council are maintained on an accruals basis i.e. activity is accounted for in the year it takes place, not simply when cash payments are made or received. Further details are given below:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure in the period during which they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. For some quarterly payments including gas and electricity, expenditure is recorded at the date of meter reading rather than being apportioned between financial years. This practice is consistently applied each year and therefore does not have a material effect on the year's accounts.
- Expenses for goods or services are recorded as expenditure when the goods or services are received by the Council rather than when payments are made.
- Where income and expenditure has been recognised but cash has not been received or paid, an appropriate class of asset or liability for the relevant amount is recorded in the Balance Sheet. Cash received or paid and not yet recognised as income or expenditure is shown as a creditor (receipt in advance or contract liability) or debtor (payment in advance) in the Balance Sheet and the Comprehensive Income and Expenditure Statement (CIES) adjusted accordingly. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made against the loss allowance or to revenue (where there is no specific loss allowance). Loss allowances are set up for expected future credit losses and are offset against the debtor balance on the Balance Sheet. The level of loss allowance is

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periodically reviewed with any movements being debited or credited to the CIES.

- Works are charged as expenditure once complete, prior to completion (work in progress) they are carried as inventories on the Balance Sheet.
- For significant accruals such as pay awards, estimates are made based on the best information available at the time. Cost of pay awards not yet settled but likely to apply to part of the financial year to which the accounts relate are based on forecast cost.
- Interest payable on borrowings and interest receivable on investments is accounted for as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Income and expenditure are credited and debited to the relevant service in the CIES. Capital expenditure creates a fixed asset which is shown on the Balance Sheet.
- Accruals have been made on the basis of the known value of the transaction wherever possible. Where estimates have been required to be made, they are based on appropriate and consistently applied methods. In the case of highways and building works, the related assets or liabilities will be valued at the year-end by colleagues working in the relevant service. Where there has been a change to an estimation method from that applied in previous years and the effect is material, a description of the change and if practicable, the effect on the results for the current period is separately disclosed.
- A de minimis level of £5k is used for accruals.

4.1.1.7 Schools

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

4.1.1.8 Choices permitted under IFRS

For some policies, IFRS provides different options that can be used and the Council has for a number of years, chosen to apply the following:

De Minimis Capital Expenditure

All assets acquired can be included in the Balance Sheet, regardless of their cost. However where the current value is less than the following amounts the Council may choose to exclude the asset from the Balance Sheet:

Appendix 1 – SoA Section 4.1 Accounting Policies

	£m
Vehicles and Plant	0.003
Computer Equipment	0.005
Land & Buildings	0.010
Heritage Assets	0.005

Componentisation

Where an asset consists of significant components that have different useful lives and/or depreciation methods, these components are separately identified and depreciated accordingly. The Council has chosen to only apply componentisation where the value of the asset is in excess of £3m.

Depreciation (including amortisation of intangible assets)

Certain property, plant and equipment components and intangible assets are written down over time and charged to revenue. IFRS allows the Council to choose the asset life over which this write down occurs as well as the depreciation method. The following assets are depreciated on a straight line basis over their individually assessed useful life, unless otherwise stated:

- Buildings, dwellings, vehicles, plant, furniture and equipment.
- Infrastructure and Community – general life spans are 25 years.
- Intangible assets are depreciated – general life spans are 5 years.

4.1.2 Policies primarily affecting the CIES

4.1.2.1 Government Grants and Contributions

Government grants and other contributions are recognised as being due to the Council when the attached conditions have been satisfied and there is reasonable assurance that the grant or contribution will be received.

Grants and contributions are credited to income when there is reasonable assurance that the attached conditions will be met. Any grants received where conditions have not been met are carried in the Balance Sheet as creditors. When all conditions are satisfied, the grant is credited to the relevant portfolio line and non-ring fenced grants and capital grants are credited to Taxation and Non-specific grant income in the CIES.

4.1.2.2 Business Improvement Districts (BID)

A BID scheme applies across the city. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council is the BID billing authority and acts as agent under the scheme. The BID transactions are therefore not recognised in the CIES.

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4.1.2.3 Operating Leases

Receivable (Council as lessor)

Where the Council has granted an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight line basis over the life of the lease and any direct costs incurred in negotiating and arranging the lease are added to the carrying amount and charged as an expense over the lease term on the same basis as rental income.

Payable (Council as lessee)

Rentals paid under operating leases are charged to the service benefiting from use of the leased asset in the CIES. Charges are made on a straight-line basis over the life of the lease, regardless of the pattern of payments.

4.1.2.4 Employee Benefits

Benefits Payable During Employment

Wages and salaries, paid annual leave and paid sick leave are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of the holiday entitlements or for any form of leave allowed under terms and conditions of service, which employees have earned during the year and are able to carry forward into the next financial year.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. They are charged on an accruals basis to the Corporate Items line or the relevant portfolio line in the CIES (depending on reason for termination) when the Council is demonstrably committed to the termination of the employment of an employee or group of employees or are making an offer to encourage voluntary redundancy.

NHS Pension Scheme

Pension costs relating to the NHS Pension Scheme have been treated as defined contribution schemes and the costs are charged to the relevant portfolio line in the CIES.

Teachers' Pension Scheme

Pension costs relating to Teachers' Pension Scheme have been accounted for as defined contribution schemes and the costs are charged to the Early Years, Education and Employment portfolio line in the CIES. The arrangements for the teachers' pension scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

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Defined Benefit Schemes (Local Government Pension Scheme)

Within the CIES, services have been charged with their current service cost. This represents the extent to which the pension liability has increased as a result of employee service during the year.

Past service costs (the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years), and settlements have been charged to Corporate Items in the CIES.

Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority (the change during the period in the net defined benefit liability (asset) that arises from the passage of time) is charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

The CIES shows the re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

4.1.2.5 Charges to Service Revenue Accounts for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the

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service, and other losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

- Amortisation of intangible fixed assets attributable to the service.

4.1.2.6 Financing and Investment

The financing and investment line of the CIES is charged or credited for the following amounts relating to investments:

- Income, expenditure and changes in the fair value of investment properties – comprising of upward and downward movements in the value of properties, together with any gains and losses arising on disposal and rentals receivable and expenses incurred in relation to properties.
- Gains and losses of financial instruments including:
 - Interest revenue calculated using the effective interest method.
 - Gains and losses arising from de-recognition of financial assets measured at amortised cost.
 - Impairment losses (including reversals of impairment losses or impairment gains).
- Net interest on Defined Benefit Pension Schemes.

4.1.2.7 Other Operating Expenditure

Other operating expenditure includes charges for:

- The proportion of receipts relating to HRA disposals payable to the Government.
- Gains or losses on sale and de-recognition of non-current assets (excluding investment properties).
- Levies.

4.1.2.8 Overheads and Support Services

Overheads and support services are reported within portfolio lines of the CIES, based on the organisational structure under which the Council operates.

4.1.2.9 Council Tax and National Non Domestic Rates (NNDR)

As a billing authority the Council acts as agent, collecting Council Tax and NNDR on behalf of the major preceptors and central government and, as principal, collecting rates for themselves. The Council maintains a separate Collection Fund that shows the transactions for the collection from taxpayers and distribution to preceptors, the Council and the Government of Council Tax and NNDR. The Council's share of the Council Tax and NNDR is credited to the CIES. The transactions presented in the Collection Fund statement are limited to the cash flows permitted by statute for the financial year, whereas the Council will recognise income on a full accrual basis.

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There is no requirement for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting Council Tax and NNDR belong to the bodies (i.e. preceptors, the Council and the Government) on behalf of which the Council collects these taxes.

The Council's balance sheet includes its share of the end of year balances in respect of Council Tax and NNDR relating to the arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood that payments due under statutory arrangements will not be made, the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

4.1.2.10 Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that use the assets and resources of the venturers but is not a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

4.1.2.11 Acquired Operations

Operations acquired by the Council are accounted for in accordance with the Code and are disclosed in the accounts. If these are material they will be disclosed separately in the CIES under the heading of 'acquired operations'.

4.1.2.12 Exceptional Items

Normally any material exceptional items are separately identified on the face of the CIES in order to give a fair presentation of the accounts. Where these items are less significant they are included within the cost of the relevant service.

4.1.2.13 Value Added Tax

Income and expenditure excludes any amounts related to VAT, except for input VAT that is irrecoverable under legislation which is charged to the service that incurs the cost.

4.1.3 Policies primarily affecting the Balance Sheet

4.1.3.1 Property, Plant and Equipment (PPE), Heritage Assets and Intangible Assets

PPE - Recognition

General

All expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, if it is probable that the future economic benefits or service potential associated with the item will flow to the Council

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and the cost of the item can be reliably measured. Expenditure that maintains but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as an expense when it is incurred.

Surplus Assets

Assets that are surplus to service needs but that do not meet the classification of Investment Property or Assets Held for Sale are classified as PPE 'Surplus', and held at fair value pending a decision on the future use of the asset.

Private Finance Initiative (PFI) and Similar Contracts

In accordance with the code, the Council accounts for its PFI contracts in accordance with IFRC 12 Service Concession Agreements. The Council is deemed to control the services that are provided under its PFI schemes and ownership will pass to the Council at the end of the contracts for no additional charge (with the exception of LIFT Joint Service Centres for which there is an option to purchase). The Council carries the assets used under the contracts, on its Balance Sheet as PPE and they are accounted for in the same way as the other assets. The original recognition of assets is at fair value with a corresponding liability for the amounts due to the scheme operator.

The amounts payable to the PFI operators are comprised of 5 elements. The Current Value of Services received during the year, Finance Cost, Contingent Rent, and Lifecycle replacement costs are all posted to the CIES. The final element is a payment towards the outstanding liability on the balance sheet.

Finance Leases - General

Leases are classified as finance leases where substantially all of the risks and rewards incidental to ownership of the PPE transfer from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Finance Leases – where the Council is Lessee

The asset is matched by a liability for the obligation to pay the lessor. Any initial direct costs of the Council are added to the carrying amount of the asset.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the PPE – applied to write down the lease liability and
- A finance charge which is debited to the Financing and Investment Income and Expenditure line in the CIES.

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Finance Leases – the Council as Lessor

Where the Council grants a finance lease over a property or an item of plant or equipment, the carrying amount of the asset is written off and a long term debtor raised in the Balance Sheet.

Lease rentals receivable are apportioned between the principal repayment which reduces the debtor balance and interest which is credited to the Financing and Investment Income and Expenditure line in the CIES.

Heritage Assets

Acquisitions are either purchased by the City Council or donated by a third party. Purchases are initially recorded at cost while donations are held at nil value until the assets related collection is externally valued within the heritage asset valuation cycle.

Items are omitted from the Balance Sheet where the Council is unable to obtain the valuations at a cost which is commensurate with the benefits it would provide to users of the financial statements.

Intangible Assets

Intangible assets where the Council has control of the asset through either custody or legal protection, for example software licences, are capitalised at cost.

Measurement

Assets are initially measured at cost, i.e. purchase price plus any costs incurred in bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs. Assets are then carried in the Balance Sheet using the following measurement bases:

- Community and Infrastructure assets for example parks and land used for cemeteries and crematoria are generally valued at depreciated historical cost.
- Council dwellings are valued at Existing Use Value for Social Housing as defined in the Royal Institute of Chartered Surveyors valuation manual. The valuation exercise was carried out in accordance with guidance issued by the Department for Communities and Local Government in 2016 based on a *desktop* revaluation of beacon properties by the Council's internal valuers.
- Other land and buildings are valued at current value, the amount that would be paid for the asset in its existing use. Where insufficient market based evidence of current value is available because an asset is specialised in nature, Depreciated Replacement Cost has been applied.
- Finance leases are recognised at present value of the minimum lease payments.
- Heritage assets are reported in the Balance Sheet at market value and have been valued periodically by an external valuer. These external valuations have been carried out by a variety of qualified experts in the

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relevant field. These external valuations are adjusted annually by the Council to provide an internal valuation which is used until the collection is periodically externally revalued. Acquisitions are held at their purchase price, adjusted annually each year (except in year of purchase), until the next valuation.

- All other assets are valued at current value.

Assets included in the Balance Sheet at current value are revalued as a minimum every 5 years. If there is evidence that there have been material changes in the value a further valuation will be undertaken.

Increases in valuations are credited to services within the CIES where they arise from the reversal of a revaluation or an impairment loss previously charged on the same asset. Any gains in excess of previous revaluation losses are matched by credits to the Revaluation Reserve.

Any revaluation losses are firstly written down against any previous revaluation gains held in the Revaluation Reserve. Where there are no previous revaluation gains, the losses are charged to the relevant portfolio line of the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Asset values are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains on the Revaluation Reserve for the relevant asset, the impairment loss is charged against that balance until it is used up. If there is no balance of revaluation gains the impairment loss is charged to the relevant portfolio line of the CIES.
- For intangible assets there will be no Revaluation Reserve balance, so impairment losses are charged to the relevant portfolio line of the CIES only.

Depreciation and Amortisation

Depreciation is provided for on all PPE assets. The annual charge to the CIES is calculated by dividing the value less any residual value of the asset by the estimated asset life. There is no depreciation on the assets in the year of acquisition, although a full year of depreciation is charged in the year of disposal. In accordance with recommended accounting practice, depreciation is not provided for in respect of freehold land, Heritage Assets, certain Community Assets and assets under construction.

Depreciation is calculated on the following bases:

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- Buildings and Dwellings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life.
- Infrastructure and Community – straight-line allocation generally over 25 years.
- Finance leases - over the lease term. If the lease term is shorter than the asset's estimated useful life and ownership of the asset does not transfer to the authority at the end of the lease period.
- Intangible assets – amortised on a straight line basis over the economic life, which is generally assessed to be 5 years.

Where an item of PPE asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Revaluation Reserve is reduced for the depreciation relating to revaluation gains with a corresponding credit to the Capital Adjustment Account.

Componentisation

Where an asset consists of significant components that have different useful lives and/or depreciation methods to the remainder of asset, these components are separately identified and depreciated. A component value must be at least 20% of the whole asset. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, the parts have been grouped to determine the depreciation charge. Componentisation only applies to enhancement and acquisition expenditure and revaluations carried out from 1st April 2010 with a de-minimis level of £3m.

Fair Value Measurement

Some non-financial and financial assets of the Council are measured at fair value at the reporting date. Fair value assumes the transaction takes place either:

- In the principal market for the asset or liability, or
- The most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques are used which maximise the use of observable inputs and minimise the use of unobservable inputs. After reviewing the inputs used the valuation is categorised within the following fair value hierarchy:

Appendix 1 – SoA Section 4.1 Accounting Policies

Level 1 – quote prices (unadjusted) in active markets for identical assets / liabilities that can be accessed at the measurement date.

Level 2 – inputs other than quoted prices within level 1, that are observable either directly or indirectly.

Level 3 – unobservable inputs

Disposal

Assets are written out of the balance sheet on disposal through sale, granting of a finance lease, donation and transfer. This includes assets transferred because of schools academisation.

4.1.3.2 Investment Property

Investment properties are those used solely to earn rentals and/or for capital appreciation. It does not apply to properties which are being used to deliver services for the Council.

Investment properties are measured initially at cost. They are not depreciated but are revalued annually at fair value as outlined in note 4.1.3.1.

4.1.3.3 Interests in Companies and Other Entities

Inclusion in the Council's group accounts is, in accordance with the Code, dependent upon the extent of the Council's interest and control over an entity. In the Council's single-entity accounts, the interests in companies and other entities are shown as financial assets at cost, less any provision for losses.

4.1.3.4 PPE Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. Assets held for sale are carried at the lower of carrying value and fair value less costs to sell.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets. They are valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

4.1.3.5 Inventories

Inventories are largely valued at latest purchase price and any difference between this and actual cost is not considered to be material. Other less significant stocks are valued at average or actual cost.

4.1.3.6 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- *amortised cost*

Appendix 1 – SoA Section 4.1 Accounting Policies

- *fair value through profit or loss (FVPL), and*
- *fair value through other comprehensive income (FVOCI). The Council does not currently have any financial assets designated at FVOCI.*

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (that is, where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Appendix 1 – SoA Section 4.1 Accounting Policies

The Council has extended the simplified approach to lease receivables and trade receivables and contract assets where there is a significant financing component.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has a portfolio of a significant number of loans to local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

The Council has grouped the loans into three groups for assessing loss allowances:

Group 1 – these loans were made to companies under control of the Council and within the group accounts. A scoring matrix system has been used to assess the risk of default for each loan. Loss allowances for these loans can be assessed on an individual basis.

Group 2 – these loans were made to non-controlled companies (outside of the Council group accounts). A scoring matrix system has been used to assess the risk of default for each loan. Loss allowances for these loans can be assessed on an individual basis.

Group 3 – for the residual group of loans/debtors, the Council relies on past due information and calculates losses based on lifetime credit losses for all loans more than 30 days past due.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

Appendix 1 – SoA Section 4.1 Accounting Policies

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

The Council may, where it sees fit, and within the guidelines of the Code decide to designate investments in equity instruments to FVOCI or transact reclassifications, modifications or de-recognition or transfer of financial assets when applicable transactions occur.

4.1.3.7 Financial Liabilities

Financial liabilities except those held for trading are recognised on the Balance Sheet initially at fair value and carried at their amortised cost. Interest payable is charged to the Financing and Investment Income and Expenditure line of the CIES. The amount shown in the Balance Sheet is the carrying amount of the loan as at 31st March.

Financial liabilities held for trading are recognised at fair value through profit and loss.

Financial guarantees are recognised as a provision held at fair value based on the expected probability of the guarantee being called as at the balance sheet date.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

4.1.3.8 Provisions

Provisions have only been recognised in the accounts where there is a legal or constructive obligation to transfer economic benefits as a result of a past event and where such an amount can be reliably estimated. Provisions are charged to the CIES and, depending on their materiality, are either disclosed as a separate item on the Balance Sheet or added to the carrying balance of an appropriate current liability. When expenditure is eventually incurred, it is charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it is apparent that the provision is not required or is lower than originally anticipated, the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, for example from an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Appendix 1 – SoA Section 4.1 Accounting Policies

4.1.3.9 Contingent Liabilities

Where a potential provision cannot be accurately estimated or an event is not considered sufficiently certain, it has not been included in the accounts but is instead disclosed in the notes as a contingent liability. A contingent liability also occurs where a liability may arise but is dependent upon the outcome of future events before it can be confirmed.

4.1.3.10 Defined Benefit Schemes (Local Government Pension Scheme)

For defined benefit schemes, pension fund assets are accounted for at fair value.

Pension liabilities are measured on an actuarial basis, using an assessment of the future payments that will be made for retirement benefits earned to date by employees. This assessment includes assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted at the Balance Sheet date using a discount rate that takes into account the duration of the employer's liabilities and the requirements of IAS19. The discount rate chosen is the Single Equivalent Discount Rate which uses the annualised Merrill Lynch AA rated corporate bond yield curve and assumes the curve is flat beyond the 30 year point. The estimate of the Council's past service liability duration is 20 years.

4.1.3.11 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Transfers to and from reserves are shown in the MIRS and not within services. Expenditure is charged to the CIES and not directly to any reserve. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, and employee benefits and are not usable resources for the Council.

4.1.4 Policies affecting the Cash Flow Statement

4.1.4.1 Cash and Cash Equivalents

The Council's Cash Flow Statement reflects the movements in cash and cash equivalents during the year and is shown net of bank overdrafts that are repayable on demand. Cash is represented by cash in hand and deposits with the Council's own bank. Cash equivalents are deposits with financial institutions repayable without penalty on notice of not more than 24 hours. This includes Council deposits in other UK bank call accounts and Money Market Funds.

4.1.5 Policies used to account on a Funding Basis

In a number of areas statutory provisions require the Council to account for transactions relating to the General Fund (and subsequently the amount to be

Appendix 1 – SoA Section 4.1 Accounting Policies

raised from Council Tax) differently from the treatment required by IFRS. In each case the adjustment required is offset by a transfer to a specific reserve. The adjustments are shown within the MIRS as adjustments between accounting basis and funding basis under statutory provisions.

4.1.5.1 Depreciation, amortisation, revaluation gains and losses and impairment

Instead of these charges the Council is required to make an annual provision from revenue to contribute towards the reduction in its borrowing requirement (in line with the Council's published Minimum Revenue Provision policy). The difference between the two transactions is adjusted within the Capital Adjustment Account.

For the HRA, depreciation is replaced by a contribution to the Major Repairs Reserve.

4.1.5.2 Gains and Losses on Sale of Assets

Where sale proceeds are in excess of £10k, the gain or loss on sale or disposal (including finance leases) is removed from the CIES and adjusted with the Usable Capital Receipts Reserve (sale proceeds) and the Capital Adjustment Account (carrying value in the Balance Sheet).

A proportion of receipts relating to HRA disposals is payable to the Government and a corresponding sum is therefore transferred back from the Capital Receipts Reserve to the General Fund.

4.1.5.3 Capital grants

Capital Grants are reversed out of the General Fund to the Capital Grants Unapplied Account. When the grant is applied to fund capital expenditure, it is posted to the Capital Adjustment Account.

4.1.5.4 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Certain items of expenditure and related grant funding charged to the CIES under IFRS may be treated as capital for funding purposes. A transfer is made between the General Fund and the Capital Adjustment Account reserve for these items.

4.1.5.5 Employee Benefits

Accruals made for holiday entitlements or leave are reversed out of the General Fund to the Accumulated Absences Account.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being

Appendix 1 – SoA Section 4.1 Accounting Policies

required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

4.1.5.6 Termination Benefits - Pension Enhancements

Pension costs calculated according to IAS 19 are replaced by the actual pension payment for the year. The difference between the two transactions is transferred between the General Fund and the Pensions Reserve.

4.1.5.7 Use of Reserves

The Council may make a charge against the General Fund to set aside specific amounts as reserves for future policy purposes or to cover contingencies. The Council may then also choose to use these reserves to reduce the impact on the General Fund when the expenditure is incurred.

4.1.6 Accounting Policies not relevant or not material

The accounting policies are reviewed each year to assess whether it is appropriate for individual policies to be included. There are a number of accounting policies that have not been included above, because the statements are not materially affected by their implementation or they are not relevant. These policies include:

- Use of capital receipts to fund disposal costs
- Intangible Assets – Recognition of website development and other internally generated assets
- Restructuring of loan portfolios and treatment of bonds
- Community Infrastructure Levy
- Subsequent revaluation of assets held for sale
- Provision for back pay arising from unequal pay claims
- Treatment of foreign currency translations
- Discontinued operations
- Contingent Assets

Audit Committee – 26 February 2021

Title of paper:	Audit Committee Terms of Reference	
Director(s)/ Corporate Director(s):	Clive Heaphy, Strategic Director of Finance	Wards affected: All
Report author(s) and contact details:	Shail Shah Head of Audit and Risk 0115 8764245 shail.shah@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Malcolm Townroe, Director of Legal & Governance Nancy Barnard, Governance Manager James Schrodell, Policy & Performance Manager Elaine Fox, Policy Officer	
Recommendation(s):		
1	To recommend to Council that it approves the adoption of a revised Terms of Reference for the Audit Committee and amends the Constitution accordingly	
2	To note the outcome of the review by CIPFA	
3	To note the end of Audit Committee oversight of the Partnership Governance Framework, including annual health checks and the Register of Significant Partnerships and the associated workstream	

1 Reasons for recommendations

- 1.1 A review of the Audit Committee Terms of Reference was mandated as part of the Report in the Public Interest on which the Committee have been consulted. An internal review was conducted followed by an external review of the existing and proposed terms of reference by CIPFA which included consultation with the Chair. The report presents the resulting draft terms of reference for review by committee and endorsement.
- Appendix 1 Proposed Audit Committee Terms of Reference
- 1.2 This report supports the Audit Committee in fulfilling its purpose and function within the Council's governance system. The Committee's role should support the Council over its 3 year Recovery & Improvement Plan.
- 1.3 The Partnership Governance Framework was put in place by Executive Board Commissioning Sub-Committee in May 2009, and oversight was transferred to Audit Committee's in October 2012. The strategic context for the Council has changed significantly since these dates. In addition some of the reasons for the decision to set up such a framework are achieved through other means, for example in respect of accountable body responsibilities and joint committees. Ending Partnership Governance Framework oversight enables the Audit Committee to focus on broader priorities within the Council's Recovery & Improvement Plan 2021-24 which envisages rationalisation of modes of delivery under a coherent strategy.

2 Background

- 2.1 The Committee's Terms of Reference were last amended 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. The proposed Audit Committee Terms of Reference at Appendix 1 are set out in the new standard form for Committee terms of reference.

- 2.2 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.
- 2.3 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.

Purpose and Functions of the Committee

- 2.4 The Audit Committee fulfils the purpose and 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.

3 Proposals

- 3.1 It is proposed to discontinue the annual Partnership Governance process for the following reasons:
- The way the City Council works in partnership with other organisations has changed since this process began and the partnerships themselves have changed; many do not operate with significant finances or a formal secretariat function.
 - Most of the partnerships are subject to other scrutiny arrangements, especially where they deliver services or control money. Therefore, the Partnership Governance process is effectively a duplication of other processes already in place – these processes include the Annual Governance Statement, official inspections and formal oversight via various organisations’ Accountable Body status.
 - For any partnerships for which the Council is the Accountable Body, the Constitution states (pg29) that “an Accountable Body Team shall be appointed to ensure that the requirements of the Chief Finance Officer are met”, so any financial risk from a relevant partnership would be identified by this team who would have access to budgets and all financial decisions.
 - Where a partnership is City Council-led, they may have a Board Manager or are well supported with their governance by the Council’s Governance Services, so this scrutiny would not be required.
 - Where Nottingham City Council is one partner of several making up a partnership Board, it would be more appropriate for the whole partnership to conduct a review where necessary, rather than just one member.
 - The process looks only at governance, it does not look at deliverability of plans and how these sit alongside the Council’s priorities.

- It explicitly does not examine the partnerships' financial transactions and decisions, so if the aim of this process is to mitigate against financial risk this process is not robust.
 - The process is currently led by the Policy, Performance and Partnerships team who have no other auditing responsibilities or experience. Policy and Performance therefore act as an in-between point in the process, and must refer technical questions and final views on scoring to the Internal Audit team.
- 3.2 In order to achieve the proposal objective 11 has been changed. In practice this does not prevent the audit committee reviewing partnership arrangements, the report suggests removing the formal partnership governance framework and formal partnership health assessment.
- 3.3 A draft of these terms of reference was submitted for external review by CIPFA. The review concluded that the terms of reference
- cover the important key areas CIPFA would expect see in enabling an effective Audit Committee
 - are in accordance with recognised good practice including the PSIAS and CIPFA guidance
 - fare well against a substantial grouping of similar unitary authorities that CIPFA looked at and are generally more extensive in scope.
- 3.4 However CIPFA suggest that additional emphasis be placed on areas that have emerged as constituting some high level risk to the Council as follows:
- **Company assurance** – specific emphasis on the need for stronger governance of linked incorporated bodies
 - **Value for Money (VfM)** - more emphasis could be made of the focus on VfM and on demonstrating that the Council's overall approach to VfM is in line with governance objectives and the assurance provided within the Annual Governance Statement (AGS)
 - **Capital Programme Management and Financing** – On affordability, comparative data and resilience analysis suggests borrowing sustainability issues and asset realisation as a source of financing has been challenging with emerging market conditions highlighting potentially more difficult sale optimisation with variable valuations –this should come under the scope of work within the terms of reference to recognise a lack of traction on the management of Capital Projects and related spend.
 - **Financial Strategy and Reserves** – The 'Role of the Chief Financial Officer (CFO) in Local Government (CIPFA, 2016)' emphasises the importance of having an effective audit committee in supporting the CFO as well as the Chief Executive and Council itself. Within proposed terms of reference Purpose 6, the Audit Committee should more explicitly recognise governance risks around high level financial strategy and take an active role in considering the implications of the potential for
 - The CFO having to issue a s114 Notice (s114 Local Government Finance Act 1988)
 - The External Auditor issuing a Report in the Public Interest (s24 Local Audit & Accountability Act 2014)
 - **Accountability and Reporting** - PSIAS requires that "*The chief audit executive must report functionally to the board. The chief audit executive must also*

establish effective communication with, and have free and unfettered access to, the chief executive (or equivalent) and the chair of the audit committee.” CIPFA were not sure whether that position is reinforced within Table 2 – Duties of the Board.

- 3.5 Regard has been given to CIPFA’s views above and emphasis has been added to Purpose 6. In respect of accountability and reporting, it is considered that the Duties of the Board taken together with the responsibilities of Senior Management set out in the Audit Charter (approved by this Committee at its September 2020 meeting within the Internal Audit Annual Report), provide the reinforcement of the PSIAS requirements. In practice the Head of Audit & Risk carries out this role and the role conforms to the access, communication and reporting requirements of PSIAS set out above.

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

- 4.1 CIPFA - Preliminary comments on proposed terms of reference for the Audit Committee

5 Published documents referred to in compiling this report

- 5.1 Local Government Act 1972
- 5.2 Accounts and Audit Regulations 2015
- 5.3 Public Sector Internal Audit Standards (2017 update)
- 5.4 Position Statement on Audit Committees in Local Authorities and Police (CIPFA, 2018)
- 5.5 Nottingham City Council Recovery & Improvement Plan 2021-24
- 5.6 Local Government Finance Act 1988
- 5.7 Local Audit and Accountability Act 2014
- 5.8 Role of the Chief Financial Officer (CFO) in Local Government (CIPFA, 2016)

Audit Committee

Terms of Reference

Updated 26Feb2021

Description

Balance requirements: The members of the committee drawn from the Council will be non-executive and numbers will be politically balanced

Status: Audit Committee is a Non-Executive Committee

Overview of purpose: Audit committees in local authorities are necessary to satisfy the requirements of the Accounts and Audit (England) Regulations 2015, which state that a local authority is responsible

“for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk”.

Also, in England, Section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs”.

CIPFA’s ‘Audit Committees - Practical Guidance for Local Authorities and Police 2018’ is recognised best practice for audit committees in local authorities throughout the UK.

Best practice also encompasses the relevant sections of

- Delivering Good Governance in Local Government (CIPFA)
- the Public Sector Internal Audit Standards 2017 (IIA & CIPFA)
- the Local Government Application Note 2019 on PSIAS (CIPFA)
- the Code of Practice on Managing the Risk of Fraud and Corruption 2014 (CIPFA)

Accountable to: Full Council

Reporting arrangements: Annually, the Chair will present to Full Council, a report on the work of the committee.

Purpose

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. Consider assurance of 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 including emphasis on
 - Governance risks around high level financial strategy and reserves
 - Governance risks connected to asset realisation
 - Governance of Capital Programme and projects
 - Value for Money and Delivering Objectives
 - Governance of linked incorporated bodies

The Council has already established an Overview & Scrutiny Committee and Companies Governance Executive Sub-Committee which are responsible for detailed scrutiny. Work programmes should be coordinated.
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.

Objectives

The Committee will achieve its purpose by carrying out the following functions:

Governance, Risk & Control

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 Council owned companies, significant partnerships or other collaborations, including reports of companies assurance.
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 1 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.

Table 1: 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.

Membership and Chairing

The membership will consist of 9 non-executive members (politically balanced) and up to 2 external independent members.

Make-up of membership

- Councillors may not be a member of the Executive
- The Chair cannot be a Chair of the Board of any of the Council's Group of companies.
- From March 2022 an additional exclusion to membership for any Councillor or external independent member serving as a director of any of the Council's Group of companies

- External independent members will have full voting rights

Substitutes

Councillor member substitutes are permitted

No substitutes will be accepted for independent members

Quorum

The standard quorum will apply

Frequency of Meetings

There will normally be six meetings per year. Additional meetings may be called at the discretion of the Chair.

Duration

The committee will meet as set out above unless and until the constitution determines otherwise.

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Audit Committee – 26 February 2021

Title of paper:	Internal Audit Progress Report Q1-Q3 2020/21	
Director(s)/ Corporate Director(s):	Clive Heaphy, Strategic Director of Finance	Wards affected: All
Report author(s) and contact details:	Shail Shah Head of Audit and Risk 0115 8764245 shail.shah@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Recommendation(s):		
1	To note the performance of Internal Audit during the period and the effect of Covid-19	
2	To note the proposed approach to the Public Sector Internal Audit Standards compliance review, i.e. a Core Cities peer review	

1 Reasons for recommendations

- 1.1 This report outlines the work of the Internal Audit service (IA) for quarters 1 to 3 of 2020/21.
- Appendix 1 Executive Summaries from all Final Audit Reports issued in the period
 - Appendix 2 - List of Final Audit Reports and Follow Up Reports issued in the period with analysis of recommendations and level of assurance
 - Appendix 3 - Summary of position against updated Internal Audit Plan 2020/21
 - Appendix 4 Summary of position against local performance indicators
- 1.2 The report sets out the approach to the planned external compliance review of Internal Audit.
- Appendix 5 – Terms of Reference for External Assessment

2 Background

- 2.1 The report supports the Audit Committee in fulfilling purpose and function elements of its terms of reference including Public Sector Internal Audit Standard (PSIAS).

Standards

- 2.2 The Internal Audit service works to a Charter endorsed by the Audit Committee. This Charter governs the work undertaken by the service, the standards it adopts and the way it interfaces with the Council. IA colleagues are required to adhere to the code of ethics, standards and guidelines of their relevant professional institutes and the relevant professional auditing standards.
- 2.3 In the last external assessment of NCC Internal Audit in March 2017, the service was found to substantially comply with the principles contained in the Public Sector Internal Audit Standards (PSIAS), which is a requirement of the Account and Audit Regulations 2015, and associated regulations, in respect of the provision of an IA service. The service continues to ensure that it adheres to the requirements of the PSIAS.

- 2.4 Internal Audit is required to undergo an external assessment every 5 years to ensure compliance with the PSIAS. To this end there have been discussions between core cities and an agreement that, in a similar approach to 2017, there will be a peer review to achieve these assessments. It is hoped that this committee is in agreement with this proposal. The Terms of Reference for this process is attached as Appendix 5.
- 2.5 The factors impacting on the availability of assurance from internal audit and other sources of assurance include:
- the changing risks and impacts on the organisation itself
 - whether key governance, risk management and internal control arrangements have deteriorated or been maintained
 - changes to the resource base of internal audit, whether staff or budget related
 - demands on internal audit for any advisory or non-audit support that will not directly support the HIA opinion
 - operational disruptions that impact on the access of internal auditors to key staff, information or systems resulting in greater inefficiency and reduced outputs.
- 2.6 Whilst all of these factors have been present in 2020/21 to a greater or lesser extent it is still envisaged that the work completed by Internal Audit together with reliance which the Head of Audit & Risk is able to place on work by other assurance providers, will allow an internal audit opinion to be given for 2020/21.
- 2.7 It is envisaged that the resources available to the Internal Audit Section for 21/22 onwards may be reduced due to a member of the team being eligible for retirement and the continuing freeze on recruitment. This will affect our ability to provide the same level of coverage as has been experienced over the last few years. We will be reporting to a future meeting of this committee with details of our audit plan for 21/22 and our view on the resources available to us.

Activity

- 2.8 The Internal Audit Plan is produced annually and allocates audit resources throughout the year to review risks to the Council's vision, values and strategic priorities, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The construction of the plan is informed by consideration of a range of factors including the Council Plan, the Council's Risk Register, previous internal and external audit activity, emerging themes and priorities, professional networks, the Council's transformation and improvement activity, and changes to national, local and regional policy. It is also informed by consultation with stakeholders. The Plan is regularly reviewed and adapted as risks and priorities change and develop through the year. Minor adjustments to the plan have been made which do not require further approval.
- 2.9 Appendix 3 summarises the progress made against the overall internal audit plan for 2020/20, which includes all time spent on audits for NCC and other organisations.
- 2.10 Appendix 4 indicates the performance of the section against its local performance indicators. We would expect these all to be achieved by the end of the fourth quarter.
- 2.11 Table 1 shows that actual days achieved to date are on track and we would expect to be close to achieving the planned days at the end of the financial year.

TABLE 1: ACTUAL v PLANNED AUDIT DAYS		
Total Planned Days	Actual to date	Comments
2384	1816	On track

2.12 Table 2 shows that in the year to date, acceptance of audit recommendations is above the target of 95% for all recommendations and is meeting the 100% target for high recommendations.

TABLE 2: RECOMMENDATIONS ACCEPTED				
	To Date		Period	
	All	High	All	High
Total new recommendations made	87	28	87	28
Rejected	0	0	0	0
Total recommendations accepted	87	28	87	28
% accepted	100%	100%	100%	100%

Summary of Activity

2.13 COVID-19 has had an impact on the team's ability to complete the Audit Plan as initially intended. In particular the ability of managers to respond to our draft reports from March onwards has delayed finalisation because managers were otherwise occupied in responding at short-notice to emerging issues, often at the behest of Government, for example, adapting our processes to allow grants to be processed. We note that within Appendix 1, there are 6 Executive Summaries which record Interim Final Reports; these do not feature management responses.

2.14 This pressure has also impacted on our ability to obtain time with the relevant colleagues to complete our fieldwork. We have limited our travel within the City to meet colleagues or to visit business owners or citizens to pursue certain parts of our work. Our team is working at home which has largely required us to obtain evidence in digital form.

2.15 Since March 2020 Internal Audit has provided resources to assist the Council's response to COVID-19, namely:

- Seconding team members to assist with the Shielding Service
- Seconding team members to assist with the processing of business grants
- Providing advice to colleagues on proposed changes to procedures
- Undertaking pre and post payment checks

This is consistent with our aim to add value to the organisation. Where this has fallen outside the internal audit role, team members have been given advice on maintaining objectivity and close monitoring of auditor independence and allocation of audits has taken place. We have considered the guidance issued by the IASAB (Internal Audit Standards Advisory Board) as we have worked through the pandemic.

2.16 The executive summaries from all Final Audit Reports issued in the year are included in Appendix 1. A summary of recommendations within the reports issued to NCC within the last 9 months is included in Appendix 2. The following sections highlight any key issues and outcomes from these audits:

Key Financial Systems

- 2.17 Work on the 2020/21 key financial systems commenced during quarter 2 and will continue through to the end of quarter 4. Typically this work is planned to commence at a point in the year where there is sufficient data available to test. External auditors typically consider the reports IA have issued in planning the annual audit of the statement of accounts. To date, the work that has been completed on the key systems has not provided any significant areas of concern that need to be reported to this committee with the exception of the following. We note as part of preliminary work for this year's Housing Benefits audit that a significant amount of subsidy previously withheld by DWP has now been received.
- 2.18 **Business Rates**
Our annual review continues to highlight the need for management to review the level of resources along with the inspection arrangement to assist with maximising collection.
- 2.19 **Capital Programme**
Areas of concern highlighted within our report included lack of assurance with regard to linkage to strategic objectives and priorities and delivery of objectives/budget. We have reported a number of outstanding recommendations that include transparency over funding allocation, project assessment and scrutiny, monitoring, reporting and decision making. As we re-visit these issues, we will take into account the relevant information within the Council's Recovery Plan.
- 2.20 **Housing Benefits**
We note as part of preliminary work for this year's Housing Benefits audit that a significant amount of subsidy previously withheld by DWP has now been received.

Compliance and Risk-Based Audits

- 2.21 We complete compliance and risk based audits across the organisation, undertake follow up reviews and have completed a series of grants audits during the early part of the year. Our comments on those audits completed during 2020-21, that feature significant findings are as follows:

Transforming Cities

- 2.22 We have undertaken the first of a two-part review of the Transforming Cities Fund to consider the governance and administration arrangements in place. The funding is the result of a joint funding bid by Nottingham and Derby cities and with a total scheme cost of £186m. Our work on the first part of this review has provided positive results in respect of reporting, reviews and governance arrangements.

Grants

- 2.23 We have undertaken work to certify grants to the Council totalling £11.4m so far in 2020-21, where such certification is a condition of funding.

Selective Licensing Follow Up

- 2.24 We have followed up on previous recommendations that relate to performance and budget monitoring which has identified a positive response from management. We will be undertaking further work in this area.

Traffic Capital Projects Follow Up

- 2.25 We have reported upon the implementation of a high number of recommendations previously made in respect of the management of capital projects. We reported some positive progress made but there are still further improvements to be made in respect of planning, monitoring and reporting.

Public Transport Follow Up

- 2.26 We have highlighted that there are still a number of high rated recommendations outstanding in this area that relate to tendering of services, reporting, management of risk, operator agreements and team guidance.

Governance and Ethics

- 2.27 We have undertaken a process to update the Annual Governance Statement (AGS) for 2019/20, and an interim AGS has been brought to committee. We anticipate that this will be finalised in March. We provide advice to departmental colleagues, which supports them in making good decisions and setting up procedures, which comply with the organisation's values, policies and processes.
- 2.28 Over the last year we have been supporting the Section 151 Officer and Monitoring Officer in respect of our companies and assurance obligations for accountable bodies.
- 2.29 We have undertaken work across a number of audits in the last 3 years to ensure that appropriate assurance reporting exists, and as a result assurance reports have and will continue to be brought to Audit Committee, including new areas of assurance.
- 2.30 We have also considered the outcome of the independent review into the arrangements in place to support the transparency and quality of local authority financial reporting and external audit in England (Redmond Review), and have fed its recommendations into the review of the Audit Committee terms of reference.
- 2.31 Our follow up review of the council's risk management arrangements indicated an improved direction of travel which includes all departmental risk registers in place with scheduled monitoring and continuing work within departments to embed risk management at all levels of the organisation.
- 2.32 Where necessary we will update the committee in respect of any legislative and other changes to the Council's Counter Fraud Strategy in a later report.

Decision Making

- 2.33 Prompted by some previous work that commented upon decisions, we have considered the decision making process, colleague guidance and commented upon the advice provided by colleagues in a sample of decisions. Our review suggests a wider assessment of the decision making process should be carried out as part of the Constitution work stream; a quality check within the decision making process and training for colleagues.

Gifts, Hospitality and Declarations

- 2.34 We undertake annual reviews of colleague's awareness and compliance with the Code of Conduct and supporting guidance in respect of gifts, hospitality and

declarations. In our opinion, there remains a need for clearer guidance for colleagues and more thorough management review.

Organisation

- 2.35 Our Audit Plan provides for a number of reviews across the City Council or allocations of time to provide advice and support.

Sickness Management

- 2.36 Our review of sickness management highlighted the need for improved reporting and monitoring of sickness data.

Disciplinary Process

- 2.37 Our review encompassed the whole process including the role of HR colleagues and identified a need to improve the standard of documentation and a need for HR to assist colleagues in improving the quality of case investigation.

Supreme Court Ruling – Increments

- 2.38 During 2020 we have continued to work with colleagues within HR to discuss and provide assurance for consistent methodology and complex calculations, to identify relevant pay elements, and control over settlements in respect of employees affected by this ruling. This work is now nearing completion but has required a significant resource on our part.

Fraud and Investigations

- 2.39 The Internal Audit Section includes the Corporate Counter Fraud Team (CCFT) which is currently tasked with identifying additional income and savings for the Council.
- 2.40 The CCFT are the Council's key contact for the National Fraud Initiative (NFI) data match which involves organising and submitting the required datasets from numerous service areas and coordinating the review and reporting to the NFI of the matching data. Where necessary we will pursue any concerns raised by this exercise.
- 2.41 As mentioned earlier in this report, Internal Audit has been providing support to assist with the Council's response to Covid-19. This has impacted greatly on the Counter Fraud Team's ability to undertake their proactive role which has typically been focused on identifying income. As a consequence the annual income target will not be achieved this year. The team has continued to undertake reactive work to support the teams in Local Taxation, Right to Buy and also Nottingham City Homes, with a view to increasing income or identifying savings.

Whistleblowing

- 2.42 We support the Monitoring Officer in respect of whistleblowing allegations, most of which are received by Internal Audit. We advise on, monitor or carry out investigations as agreed with the Monitoring Officer. During 2020/21 we have so far recorded 2 instances of whistle blowing, which is somewhat lower than would normally be expected. These investigations have not evidenced any instances of fraud against the council.

Other / Consultancy

- 2.43 We have responded to management requests to conduct specific pieces of work throughout the year, to support assurance for the following.
- Working with partners to distribute Covid-19 related aid to community
 - Programme governance
 - Decision making process
 - Safety at events
 - Disposal of asset
 - Company governance

Information and Technology

- 2.44 We carry out a range of information and technology audits during the year that supports management in understanding and addressing the related governance, risk and control issues. We continue to work on a number of ICT governance audits which will support the Head of Internal Audit opinion and we consult closely with ICT Management in respect of any observations or issues identified. We continue to review and provide assurance regarding the Fit for the Future project.

Empowering Communities Inclusion Neighbourhood System (ECINS)

- 2.45 E-CINS is a cloud-based case management system which allows for closer partnership working and information sharing between different partners, the aim of which is to improve the level of support for citizens. We have undertaken a review of this application and have highlighted a number of concerns regarding ownership of the system, the agreement for using the system and user management.

Cloud-Based Applications

- 2.46 Our review has been prompted by ongoing concerns highlighted during a previous applications review. Our use of cloud-based applications will continue to increase and in our opinion, the City should introduce clear policies and processes to govern our investment and management of such applications.

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 Accounts and Audit Regulations 2015
- 4.2 Audit Plan 2020/21
- 4.3 Public Sector Internal Audit Standards (2017 update)
- 4.4 Internal Audit Standards Advisory Board (IASAB) - Conformance with the PSIAS during the coronavirus pandemic
- 4.5 CIPFA Guidance to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies (November 2020)

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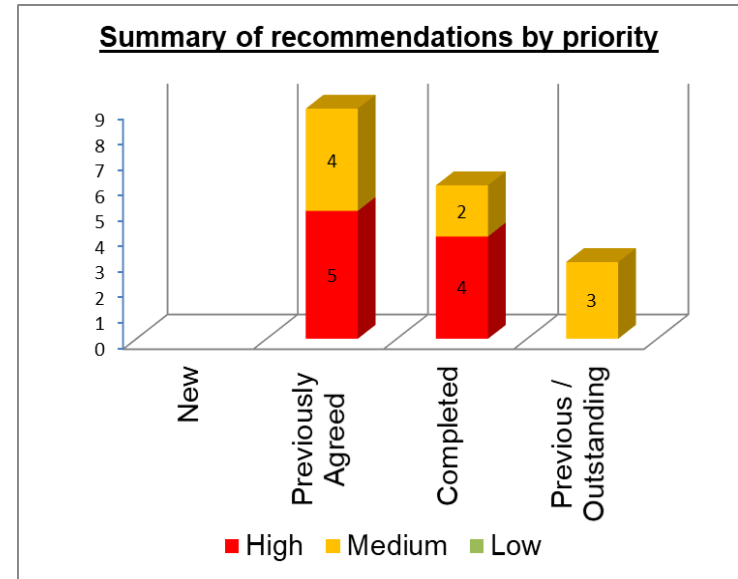
Selective Licensing – Follow-up

Executive Summary

<p>Organisation: Nottingham City Council Directorate: Commercial and Operations</p>	<p>Overall Opinion: Moderate </p>	<p>Direction of Travel: </p>
<p>Previous review: Selective Licensing 2018/19</p>	<p><u>Scope and Approach:</u> Follow up of the recommendations made in the 2018/19 report</p>	



High Priority Recommendations

There are no high priority recommendations outstanding



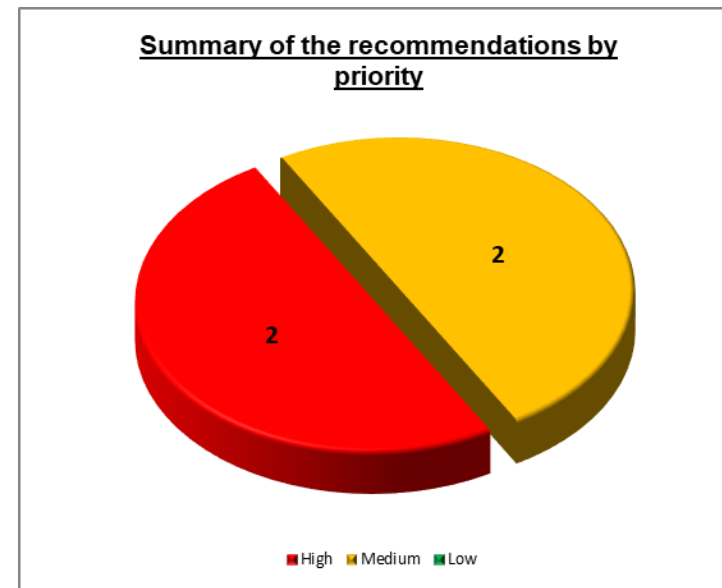
Gifts & Hospitality – Interim Final Report

Executive Summary

<p>Department: Commercial & Operations</p>	<p>Overall Opinion: Limited Assurance </p>	<p>Direction of Travel: </p>
<p>Previous review: 22nd September 2017</p>	<p>Scope and Approach: This review considered the following in Commercial & Operations:</p> <ul style="list-style-type: none"> • Awareness of the Code of Conduct for Employees and its requirements. • Completion of the required forms for declaring gifts and hospitality and declaration of interests. • Monitoring arrangements to ensure that the code is complied with. 	



High Priority Recommendations

- 2019/20 R1 The G&H guidance should be reviewed and refreshed to ensure it is clear and in line with The Code.
- 2019/20 R4 An annual review of interests declared and G&H received during the year should be instituted by senior management.



Corporate Maintenance

Executive Summary

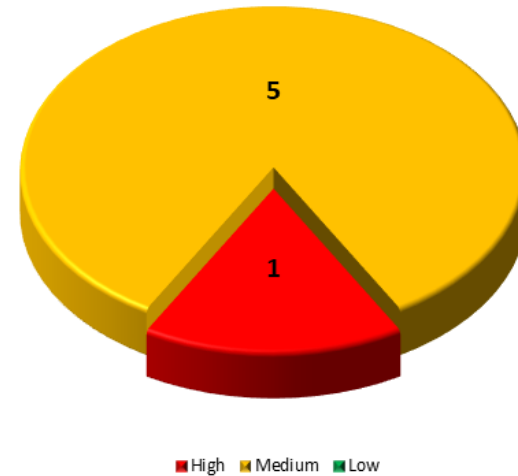
Department: Neighbourhood Services, Strategic Assets & Property	Overall Opinion: Significant Assurance 	Direction of Travel: 
Previous review: Repairs & Maintenance Follow Up July 2017	<u>Scope and Approach:</u> <ul style="list-style-type: none">• Procurement of contractors• Service Asset Management Plans and Forward Maintenance Plan• Condition Surveys• Testing of sample of repair and maintenance jobs• Reporting	

High Priority Recommendations

2019/20 R2 Senior management should consider the level of service required to provide VFM and the consequences if these are not met.



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Summary of the recommendations by priority



Traffic Capital Projects Follow-Up

Executive Summary

Department: Commercial & Operations Previous review: April 2019	Overall Opinion: Limited Assurance 	Direction of Travel: Planned improvements have not been embedded 
<u>Scope and Approach:</u> This review considered whether the processes outlined in the previous audit follow-up report had been embedded <ul style="list-style-type: none"> Traffic capital projects 		

High Priority Recommendations

2020-21 R1 The Head of Traffic should set out steps to resolve the issue of trust and improve transparency and effectiveness

2017-18 R3 Standardisation and transparency of capital estimates should be defined and followed. The level of service and the price of a project should be defined and agreed by all parties at the feasibility stage. All parties should be held accountable to the SLA.

2017-18 R6 A more effective way of monitoring and reporting of risk management should be established

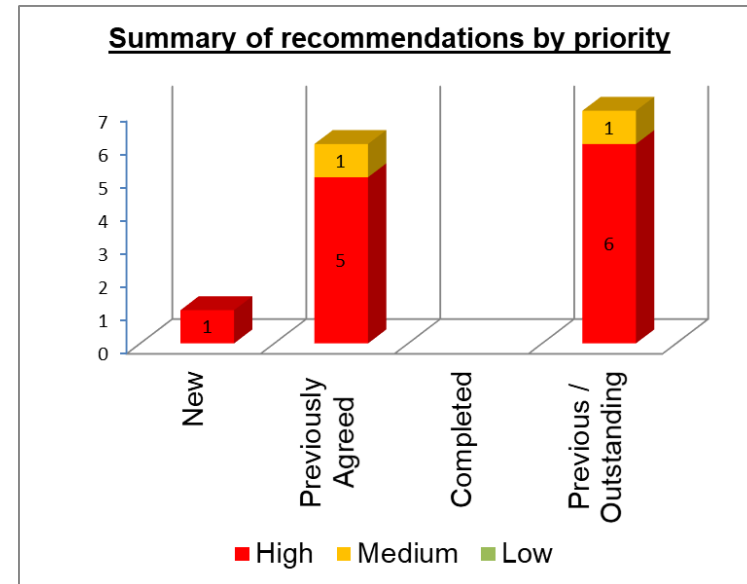
2017-18 R7 Reporting requirements and responsibilities should be determined and followed.

2017-18 R8 A process of quality checks should be embedded into the Traffic and Safety project management.

2017-18 R9-12

- [R9]Project Managers should receive training on the use of Oracle Project Module. This should enable them to track the expenditures effectively and to act accordingly when required.

- [R10]Project Managers should be aware of the charges made against their codes.





Continued

- [R11]Project Managers should be aware of the total spend on their projects. They should take full accountability for the projects managed.
- [R12]Traffic and Safety should develop better ways of audit trail on Oracle to ensure that capital codes can be verified with the revenue codes and to ensure that the total declared cost can be verified with the capital codes. There should be a clear link on Oracle between the capital and revenue codes. Budget monitoring processes should be established and followed by all Project Managers.

Public Transport – Follow-Up

Executive Summary

Directorate: Development & Growth	Overall Opinion: Limited Assurance 	Direction of Travel: 
Previous reviews: Public Transport 2018/19, 28 September 2018	<u>Scope and Approach:</u> Follow up of the recommendations in the 2018/19 Public Transport audit report.	

High Priority Recommendations:

Tendered services:

2018/19 R2 Link services should be reviewed and a timetable created with Procurement to ensure tendering exercises take place for all routes.

Concessionary Card Scheme:

2018/19 R5 The team should work to improve independent reporting and routinely use this to evaluate and monitor operator information received.

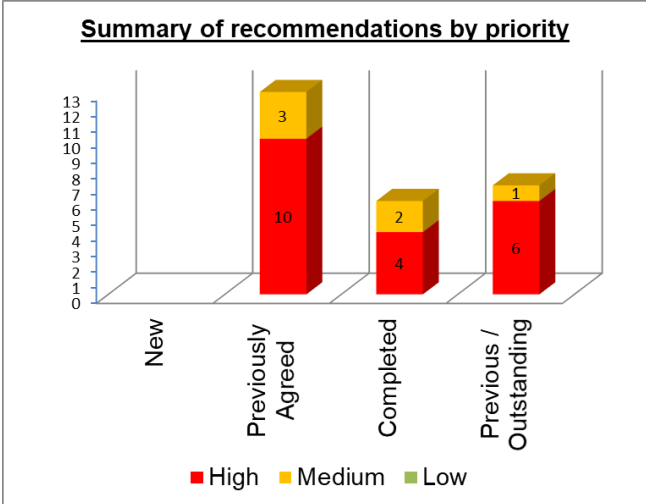
Robin Hood Scheme:

2018/19 R8 The team should work with operators to finalise the agreement as soon as possible.

2018/19 R10 Written instructions for key tasks should be created.


2018/19 R11 Additional staff should be trained to provide cover, support and review of key tasks.

2018/19 R13 An NCC risk register should be created for the scheme and reviewed and reported on a regular basis to senior management.




Transforming Cities Fund

Executive Summary

<p>Department: Development & Growth</p> <p>Previous review: This area has not previously be audited</p>	<p>Overall Opinion:</p> <p>Significant Assurance </p>	<p>Direction of Travel: N/A</p>
	<p><u>Scope and Approach:</u></p> <ul style="list-style-type: none">❖ Governance❖ Resourcing❖ Reporting mechanisms❖ Delivery planning❖ Finance and budget control❖ Sources of assurance❖ Monitoring and evaluation	
<p>High Priority Recommendations</p> <p>No recommendations have been made.</p>		

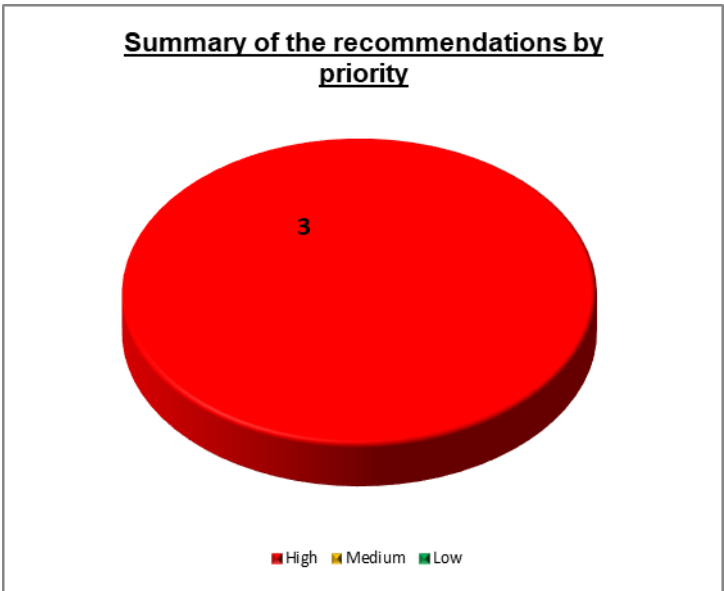
Decision Making

Executive Summary

Department: Council wide	Overall Opinion: Limited Assurance 	Direction of Travel: N/A
Previous review: N/A	<u>Scope and Approach:</u> <ul style="list-style-type: none">• Decision making process• Guidance and training available for officers• Review of a sample of decisions to ensure information and advice provided in support was accurate, clear and complete.	


2020/21 High Priority Recommendations:

- Page 104
- R1 A wider assessment of the decision making process should be carried out as part of the Constitution Workstream.
 - R2 A quality control check should be created within the decision making process to ensure supporting information is adequate.
 - R3 Training offer should be mandatory and reviewed to ensure issues identified in this report are addressed.



Sickness Management – Interim Final Report

Executive Summary

<p>Department: Strategy & Resources</p> <p>Previous review: N/A</p>	<p>Overall Opinion:</p> <p>Limited Assurance </p>	<p>Direction of Travel:</p> <p>N/A - No previous audit</p>
<p><u>Scope and Approach:</u> This review considered the following aspects of the sickness absence management:</p> <ul style="list-style-type: none"> • communication of issued policies and procedures • absence management training and awareness • roles and responsibilities • sickness absence process • absence management monitoring and recording • organisational reporting and governance 		

High Priority Recommendations

2019-20 R2 HR should obtain management information on managers' receipt of absence management training and report it to corporate management for action which HR should track. This will ensure that managers are equipped to fulfil their role in relation to management of staff absence.

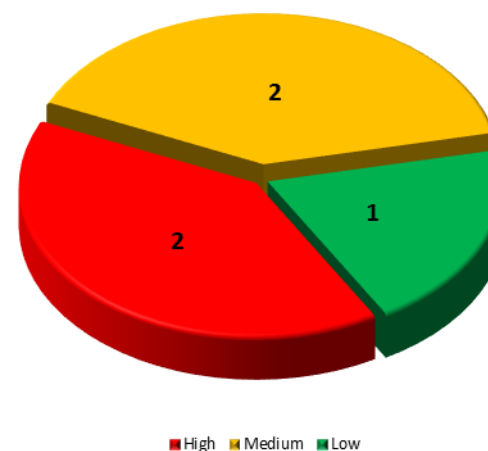
2019-20 R5 HR should ensure that Sickness Absence figures are:

- collated, reported and challenged at board level
- scrutinised by Councillors, Corporate Leadership Team, Departmental Management Teams, Health and Safety meetings to identify areas for improvement .

We are aware that sickness absence has been a core element of Covid-19 dashboard to leadership – it should continue as part of post-Covid-19 resumption of BAU. In addition, an annual report on the sickness absence should be produced and discussed at CLT and Audit Committee. This should include assurance reporting on KPIs


Sickness absence data should be used in a holistic way to ensure that the Council's objectives are met.

Summary of the recommendations by priority



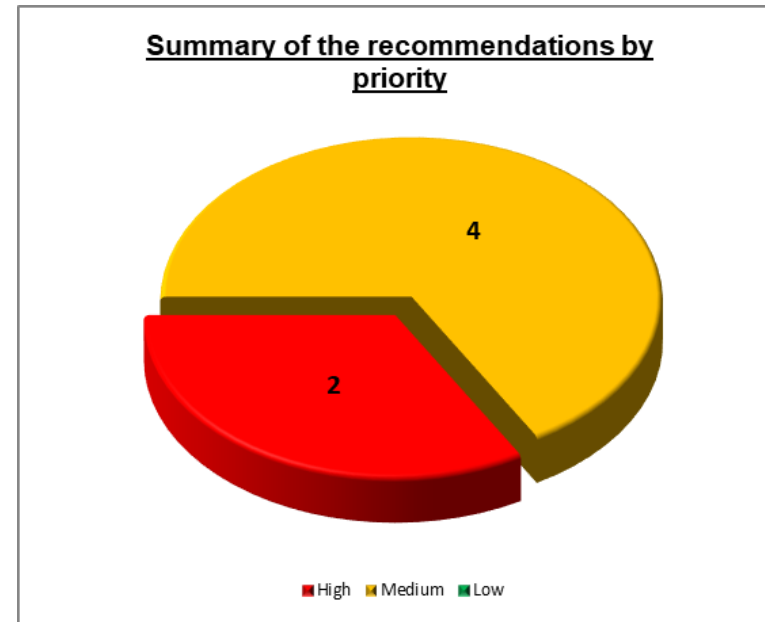
Disciplinary Process – Interim Final Report

Executive Summary

Department: HR & Customer	Overall Opinion: Moderate Assurance 	Direction of Travel: N/A
Previous review: No recent reviews	<u>Scope and Approach:</u> <ul style="list-style-type: none">• Disciplinary process and documentation• Training and support• HR monitoring and quality control• Assurance framework and reporting• Analysis of key reporting data• Review of a small sample of cases	



High Priority Recommendations

- 2019/20 R2 HR should ensure all case files are complete and adequately organised.
- 2019/20 R5 HR officers should undertake a greater role in providing quality control for all aspects of their allocated cases.



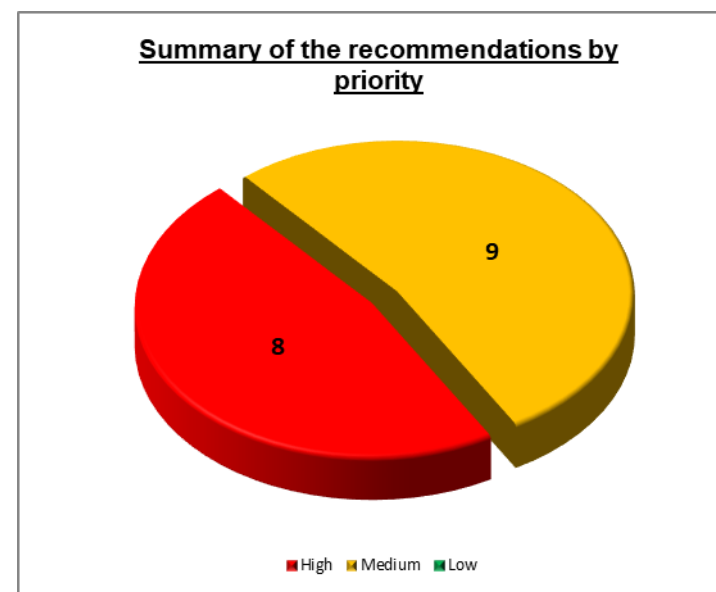
ECINS Application Review

Executive Summary

<p>Departments: Commercial and Operations and People</p> <p>Previous review: None</p>	<p>Overall Opinion:</p> <p>Limited Assurance </p>	<p>Direction of Travel:</p> <p>This review has not been previously undertaken </p>
<p><u>Scope and Approach:</u> The scope of the audit will encompass the following:-</p> <ul style="list-style-type: none"> ❖ Access controls to ensure that access to the system / data is appropriate ❖ Reviewing data sharing arrangements are appropriate ❖ Governance arrangements 		



High Priority Recommendations

- Page 7
- 2020-21 R1 System ownership and governance structures should be established in order that there is clear accountability for its current and future use.
 - 2020-21 R3 In order that all partners are aware of their responsibilities a formally signed and an up to date version of the ISA should be obtained.
 - 2020-21 R4 The City Council should nominate a SPOC to ensure compliance with the ISA in order that the terms and conditions of the ISA are complied with.
 - 2020-21 R11 Team Admin accounts should be subjected to periodic review.
 - 2020-21 R13 The status of these two users should be determined and where appropriate there access should be terminated.
 - 2020-21 R14 All user accounts should be reviewed annually to ensure that the user based meets the operational requirements
 - 2020-21 R15 The system owner should receive assurance from the Team Admins that the ECINS user reports have been reviewed and action taken where dormant accounts have been identified.
 - 2020-21 R16 Heads of Service should follow up the outstanding training to ensure all colleagues complete the appropriate training.



IT Service Desk - Interim Final Report

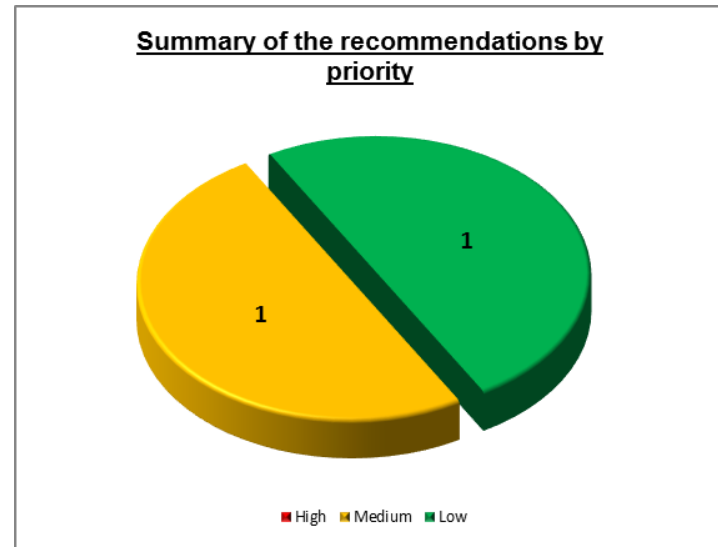
Executive Summary

Department: Strategy and Resources – Strategic & Policy	Overall Opinion: Significant Assurance 	Direction of Travel: This is the first review within this area 
Previous review:	<u>Scope and Approach:</u> The scope of the audit will involve the review of the following:- <ul style="list-style-type: none">❖ The performance reporting and governance arrangements❖ Analysis of Service Desk data to validate the performance data	

High Priority Recommendations-



There are no high priority recommendations

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Cloud-based Applications – Interim Final Report

Executive Summary

<p>Department: Strategy and Resources</p> <p>Previous review: Non</p>	<p>Overall Opinion:</p> <p>Moderate Assurance </p>	<p>Direction of Travel:</p> <p>This area has not been previously been reviewed. </p>
<p><u>Scope and Approach:</u> This review considered the use of cloud-based services across the council to ensure that the information security and the associated governance risks were being addressed.</p>		

High Priority Recommendations

2019-20 R1 The council should have clear policies and processes that govern the on-going investment and management of IT applications.

The policies and procedures should include:

- 1) An up to date IT Strategy and
- 2) An IT investment plan, which takes into account the principles of Cloud Smart and the lifecycle of the current applications.

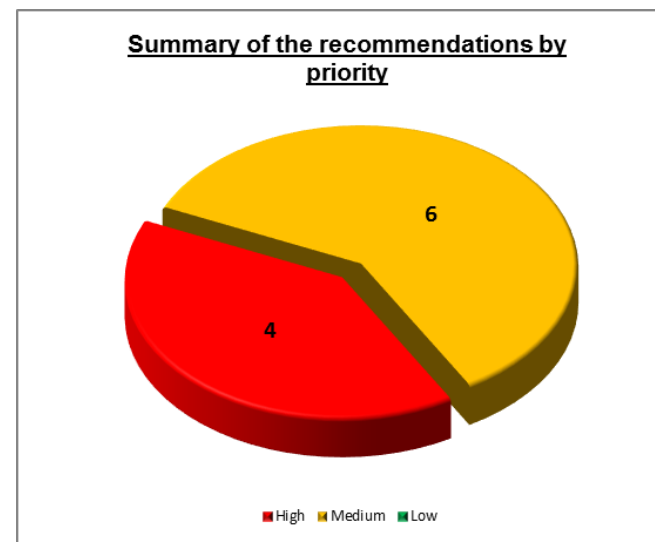
2019-20 R5 A comprehensive asset register should be compiled to ensure that there is a clear accountability for all the assets owned and managed by the City Council.

The register should include all applications, their owners, location and level of residual risk.

In addition, the register should be linked to the completed DPIA's, ISRA's and contracts register in order that a complete record is available and appropriate assurances provided to management.



2019-20 R7 IT costs should be reviewed and where found to have been incorrectly allocated, corrected to ensure that the Council's financial records are accurate and complete.

2019-20 R8 Budget holders should be instructed as to the correct codes to be used when procuring IT applications and renewing licence agreements.



Council Tax - Interim Final Report

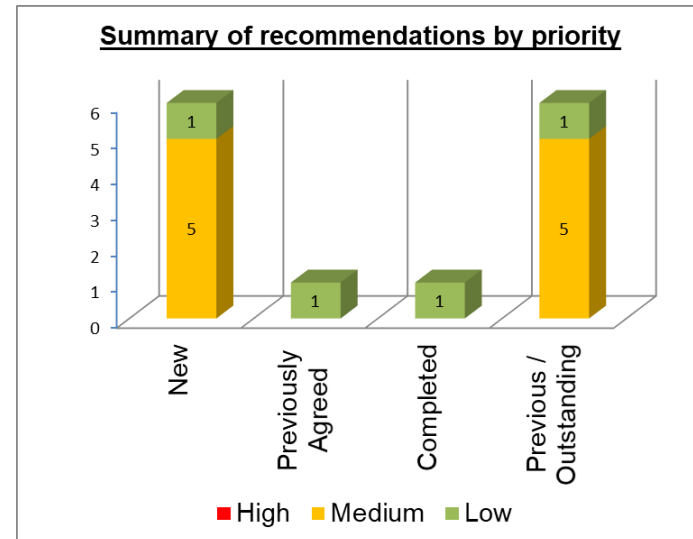
Executive Summary

<p>Department: Strategy and Resources</p> <p>Previous review: May 2019</p>	<p>Overall Opinion:</p> <p>Significant Assurance </p>	<p>Direction of Travel:</p> <p>No Change </p>
<p><u>Scope and Approach:</u> This review considered the following aspects:</p> <ul style="list-style-type: none"> • The 2018-19 close-down process (including write-offs), • Transfer of balances between old & new year • Opening debit for 2019-20. • Review of the timetable for reviewing discounts and exemptions. • Testing of discretionary and top up reliefs approved for NNDR. • Review of in year write-offs • Reconciliation of CTax and NNDR to cash receipting and to the ledger • NRB contract management 		

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High Priority Recommendations

There are no High Priority Recommendations



Business Rates

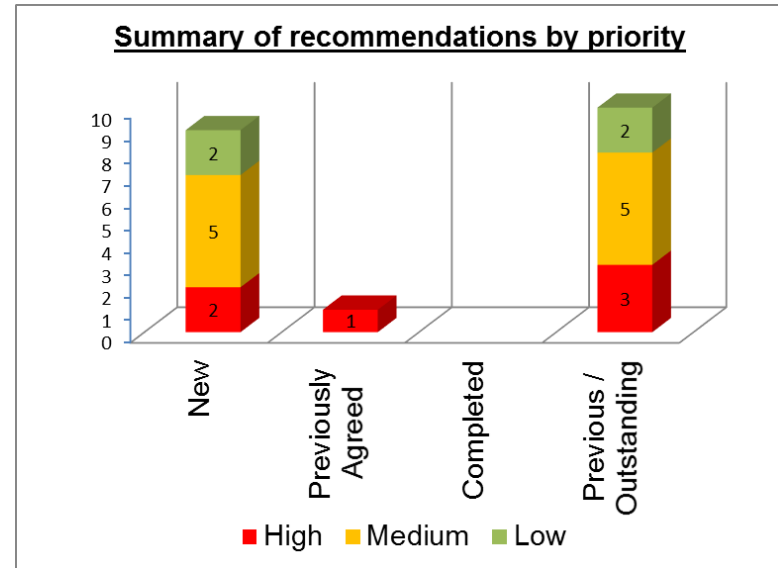
Executive Summary

<p>Department: Strategy and Resources</p> <p>Previous reviews: June 2019</p>	<p>Overall Opinion: Limited Assurance </p>	<p>Direction of Travel: </p>
<p><u>Scope and Approach:</u> This review considered the following aspects:</p> <ul style="list-style-type: none"> • The 2018-19 close-down process (including write-offs), • Transfer of balances between old & new year • Opening debit for 2019-20. • Review the timetable for reviewing discounts and exemptions. • Test Discretionary and Top up reliefs approved for NNDR. • Review of in year write-offs • Reconciliation of CTax and NNDR to cash receipting and to the ledger • The effectiveness of NNDR property inspections taking into account the potential for increases in income. 		

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High Priority Recommendations

- 2019-20 R1 The Business Rates team should be adequately resourced to enable the Council to maximise Business Rates income
- 2019-20 R2 An approved Policy should be introduced which should be used to determine all Discretionary Relief awards
- 2016-17 R1 Management should install and promote a rigorous and robust regime over the inspection process to enable the Council to benefit from increased income as highlighted by the CCFT investigations.



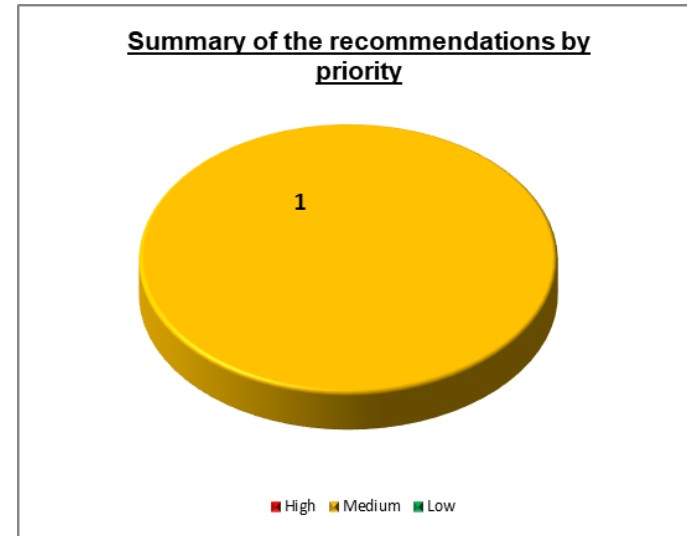
Payroll and Terms & Conditions

Executive Summary

<p>Department: Resources</p> <p>Previous review: Annual Review</p>	<p>Overall Opinion: Significant Assurance </p>	<p>Direction of Travel: No Change</p>
<p><u>Scope and Approach:</u> This review considered the following aspects:</p> <ul style="list-style-type: none">• Review policies and written guidance• Review transfer of staff to new grading structure• Review calculation of payment protection and its continual monitoring• Review business case and authorisation for ad-hoc and market supplement payments• Review of overtime and adherence to new overtime rates• Inclusion of findings from the 2019-20 EMSS Payroll Audit		



High Priority Recommendations

No high priority recommendations



Capital Programme

Executive Summary

Department: Strategy & Resources	Overall Opinion: Moderate Assurance 	Direction of Travel: Improving 
Previous review: June 2019	The scope of the review covered the following:- <ul style="list-style-type: none"> • Follow up on previously raised recommendations • Capital Programme governance • Capital project governance 	

High Priority Recommendations

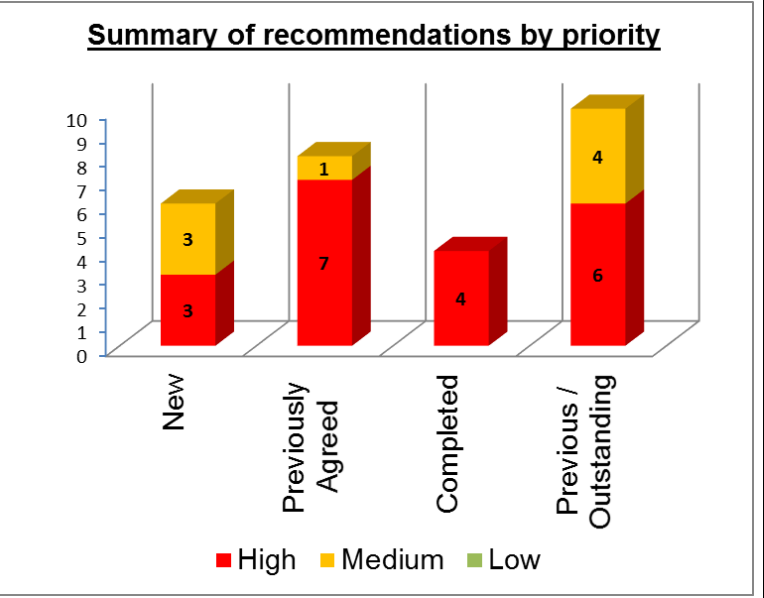
2019-20 R1 Colleagues should take stock of the impact of Covid-19 on NCC's Capital Programme and priorities and determine how this affects both the resources available for current and future capital decision, including consideration of whether to stop or reprioritise projects or programmes.

2018-19 R1 The Council should establish through the Capital Strategy a clear and transparent mechanism by which it will match and prioritise its investment needs against available funding over time. The mechanism should incorporate an assessment of

- Viability of the project
- Level and type of risk within the project
- The project's affordability within the programme (an existing requirement is to identify the revenue impact on MTFP)

2018-19 R3 The Chief Finance Officer should ensure that an appropriate 'project assessment process' is in place for all capital projects to strengthen project management and assist in assessing value for money. The following should be considered:

- Adherence to the Capital Management Framework should be mandatory for all capital projects
- The Council should continue to develop, support and promote the Portfolio Management Office (PMO) approach that has been implemented to ensure that all projects are developed in a consistent, robust and well documented manner.



- Each service area/department within the capital monitoring framework should have a programme board to manage performance of their schemes within the capital programme
- There should be a close link between the programme boards and Finance
- Capital Gateway process should be designed to help more closely track the delivery of capital projects and ensure appropriate capital project management

2018-19 R4 The level of scrutiny that a project should receive should be determined at the project concept stage. Every Project Manager should complete the Project Assessment Matrix (PAM). This should be sent to the PMO which will confirm the governance tier...


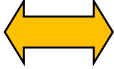
2017/18 R2 Project Managers should regularly review their transactions and the total spend on the projects they manage. The Capital Team should review the process for reporting on capital spend against the programme at project level financial status and scheme progress. Failure to forecast or monitor should be highlighted to the relevant Corporate Director who under Financial Regulations (A15) has a responsibility for managing the approved schemes in accordance with the Capital Strategy. Continued failure should be highlighted to Executive Board.

2017/18 R4 The process of disposing of Council assets should be outlined to ensure consistency and compliance. A Disposal Policy should be created and approved. (Reviewed as part of Property & Land Disposals audit)

2017/18 R6 Any valuations made should be clearly compliant with the Council's existing asset valuation guidelines. Reasons for alternative treatments should be clearly stated and supported by independent advice. (Reviewed as part of Property & Land Disposals audit)

NCC Performance Management

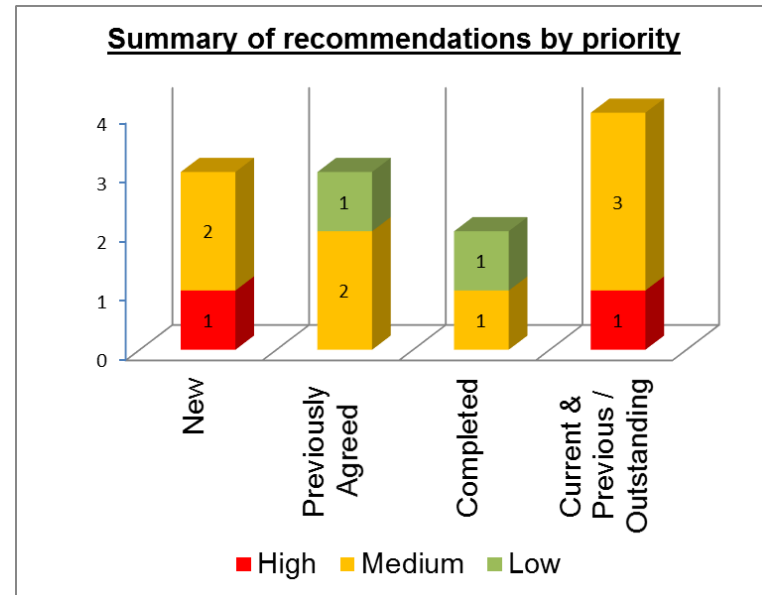
Executive Summary

Department: Strategy & Resources Previous review: April 2019	Overall Opinion: Moderate Assurance 	Direction of Travel: No change 
	<u>Scope and Approach:</u> This review considered the following aspects of Performance Management: <ul style="list-style-type: none"> • Specification of Corporate Plan and links to targets, actions, definitions, baselines and milestones, accountability and responsibility • Arrangements for reporting progress on the Corporate Plan 	

High Priority Recommendations

R3 The Council Plan and PMF should be reconsidered to reflect the fundamental changes to priorities and resources arising from the Covid-19 emergency.

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Final Audit Reports Issued in 2020/21 including level of assurance and breakdown of recommendations

Department	Division	Activity	Level of Assurance	High	Medium	Low
Commercial and Operations	Community Protection	Environmental Health & Safer Housing - Selective Landlord Licensing Follow-up	Limited Assurance	4	4	1
	Community Protection Total			4	4	1
Commercial and Operations Total				4	4	1
Counter Fraud		Counter Fraud - Proactive - Gifts, Hospitality & Declarations	Limited Assurance	2	2	0
	Counter Fraud Total			2	2	0
Counter Fraud Total				2	2	0
Development & Growth	Strategic Asset & Property Management	Corporate Property Maintenance	Significant Assurance	1	5	0
	Strategic Asset & Property Management Total			1	5	0
	Traffic & Transport	Traffic & Safety Capital Projects - Follow Up	Limited Assurance	6	1	0
		Public Transport follow up	Limited Assurance	0	0	0
		Transforming Cities Fund	Significant Assurance	0	0	0
Traffic & Transport Total			6	1	0	
Development & Growth Total				7	6	0
NCC Corporate		Decision Making	Limited Assurance	3	0	0
	Corporate Total			3	0	0
NCC Corporate Total				3	0	0
Strategy and Resources	HR & Customer (Formerly Organisational Transformation)	Sickness Absence	Limited Assurance	2	2	1
		Disciplinary Process	Moderate Assurance	2	4	0
	HR & Customer (Formerly Organisational Transformation) Total			4	6	1
	Information Technology	ECINS	Limited Assurance	8	9	0
		IT - Service Desk	Significant Assurance	0	1	1
		Management of cloud based applications (Software as a Service)	Moderate Assurance	4	7	0
	Information Technology Total			12	17	1
	Strategic Finance	LA Bus Subsidy Grant Claim	Grant Claim	0	0	0
		NPIF Grants Audit	Grant Claim	0	0	0
		Local Transport Capital Funding	Grant Claim	0	0	0
		Council Tax	Significant Assurance	0	5	1
		NNDR	Limited Assurance	4	7	5
		NCC Payroll and HR	Significant Assurance	0	1	0
	Capital Programme	Moderate Assurance	1	2	0	

Department	Division	Activity	Level of Assurance	High	Medium	Low
	Strategic Finance Total			5	15	6
	Strategy and Policy	NCC Performance Management	Moderate Assurance	0	5	1
	Strategy and Policy Total			0	5	1
Strategy and Resources Total				21	43	9
			Grand Total	37	55	10

Summary of performance against updated Internal Audit Plan 2020/21 – Quarter 3

Audit Title	Planned Days	Actual Days
Governance	251	133
Organisation	195	212
Key Financial Systems	150	103
Procurement & Projects Programme Management	150	120
Big Ticket / Risk Based Service Reviews	90	17
Compliance / Challenge	80	43
ICT and Information Governance	122	67
Counter Fraud	400	316
Corporate Fraud Strategy	45	15
Companies / Other Bodies	271	224
Consultancy, Advice and Support	490	495
Development , Redesign & Quality	140	71
Total Days	2384	1816

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Nottingham City Internal Audit Local Performance Indicators (PIs)

Table 1 : Performance v PI Targets					
Indicator		Target	Period	Actual Year	Comments
1	% of all recommendations accepted.	95%	100%	100%	On Target
2	% of high recommendations accepted.	100%	100%	100%	On Target
3	Average number of working days from draft agreed to the issue of the final report	8 days	9	3	Above Target
4	% of staff receiving at least three days training per year.	100%	33%	cumulative	
5	% of customer feedback indicating good or excellent service.	85%	cumulative		None issued
6	Number of key / high risk systems reviewed	12	-	Complete in Qtr4	All ongoing

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Core Cities Chief Internal Auditor Group

External Assessment – Peer Review

Terms of Reference

Background Information

External Assessments:

The Public Sector Internal Audit Standard (PSIAS) introduced a requirement for an external assessment to be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation as part of an ongoing quality assurance and improvement programme.

There are two possible approaches to external assessments outlined in the standard: a full external assessment; or an internal self-assessment which is validated by an external reviewer.

External reviewers should:

- possess a recognised professional qualification;
- have appropriate experience of internal audit within the public sector / local government;
- have detailed knowledge of leading practices in internal audit; and
- have current, in-depth knowledge of the Definition, the Code of Ethics and the International Standards.

The Head of Internal Audit should discuss the proposed form of the external assessment with their line manager (where relevant) or Section 151 Officer (or equivalent) or Chief Executive prior to making recommendations to the Audit Committee regarding the nature of the assessment. The scope of the external assessment should have an appropriate sponsor, such as the Chair of the Audit Committee or Section 151 Officer.

The Head of Internal Audit should report the results of their quality assurance improvement programme (ongoing activity, internal and external assessments) to stakeholders. Such stakeholders should monitor the implementation of actions arising from internal and external assessments.

Purpose of the Review

The purpose of the external assessment is to help improve delivery of the audit service and establish whether governance requirements relating to the provision of service are embedded. The assessment should be a supportive process that identifies opportunities for development and enhances the value of the audit service to the authority.

Proposed Approach

Members of the Core Cities group have elected to adopt the internal self-assessment approach validated by an external peer reviewer. The key benefit to this approach is cost. The peer group has assessed potential cost per assessment if commissioned externally at between £12.5k and £30k. Under proposed arrangements there will be no external cost, the time spent on providing an external peer review will be resourced within the audit plan and existing budget.

There are clear financial savings to members of the Core Cities group by adopting a peer review approach. In addition, the approach is in keeping with the promotion of collaborative working arrangements.

Each authority will determine an appropriate member of their team to conduct the external assessment, taking into account qualifications and relevant experience.

Upon conclusion of the external assessment, the reviewer will offer a 'true and fair' judgement and it is proposed that each authority will be appraised as **Conforms**, **Partially Conforms** or **Does Not Conform** to the PSIAS.

Independence and Objectivity

Prior to the assessments taking place all parties will agree the programme of peer reviews and an appropriate timetable, including the number of days required to undertake the reviews. It is important to ensure the independence of the auditor undertaking the peer assessment. Any known or perceived conflicts of interest should be disclosed. It should be acknowledged at the outset that all Core City Internal Audit services have some knowledge of each other.

The Assessment Process and Indicative Timescales

Completion of the Checklist:

Each Head of Internal Audit must complete the Checklist for Conformance with the PSIAS which is attached to the Local Government Application Note in advance of the external assessment. It is essential that the basis of the assessment is documented.

Pre Assessment Phase (2 days):

- Confirm the terms of reference for the review, timescales and dates for the review – this should include any specific issues that the authority may want to be considered as part of their quality assessment.
- Obtain:
 - relevant background information to gain an understanding of the service. This should include the Internal Audit Charter / Strategy or Terms of Reference (independence, scope authority, purpose and the relationship with the Audit Committee and senior executives);
 - details of responsibilities, resources, structure and activities;
 - details of any external client organisations e.g. Joint Authorities and consider whether such organisations may have different outcomes in terms of compliance with the PSIAS and whether separate assessments may be required;
 - the completed self-assessment and supporting evidence; and
 - evidence of how quality is maintained, and performance measured and reported.

- Issue a questionnaire to key stakeholders at the Council to obtain feedback on the internal audit procedures and process.
- Evaluate all documentation supporting the self-assessment prior to the on-site visit.

Assessment Phase (on-site visit) (1 day):

- Raise and resolve any queries arising from the review of the self-assessment.
- Examine a sample of audit engagements to verify compliance to the PSIAS and procedures.
- Interview key staff and stakeholders to confirm audit procedures and process.
- Undertake an exit meeting with the Head of Internal Audit.

Post Assessment Phase (1 day):

The review should conclude with a detailed report providing an evaluation of the team's conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The report should highlight areas of partial conformance / non-conformance and include suggested actions for improvement, as appropriate.

Reporting Phase (1 day):

- Discussion of the draft report with the Head of Internal Audit.
- Issue of draft final report and agreed actions to the Head of Internal Audit to confirm accuracy.
- Issue final report to the Head of Internal Audit and Sponsor.
- Head of Internal Audit / Sponsor to report outcomes to their Audit Committee, together with an action plan and proposed implementation date(s).

It is envisaged that the assessment process should take approximately 5 days in total.

Proposed schedule

Liverpool review Birmingham
Bristol review Liverpool
Manchester review Sheffield
Glasgow review Leeds
Leeds review Manchester
Sheffield review Nottingham
Nottingham review Bristol
Birmingham review Glasgow