



Nottingham City Council Audit Committee

Date: Friday, 28 May 2021

Time: 10.30 am

Place: Dining Room - at the Council House

Please see information at the bottom of this agenda front sheet about requirements for ensuring Covid-safety.

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 Appointment of Vice Chair**
- 2 Apologies**
- 3 Declarations of Interests**
- 4 Minutes** 3 - 10
To confirm the minutes of the meeting held on 26 March 2021
- 5 Work Programme and Action Log** 11 - 14
Work Programme and Action Log for noting
- 6 Working Group updates** Verbal
Verbal updates from the Working Groups
- 7 Brexit Update** Verbal
- 8 Verbal Update from External Auditor** Verbal
A verbal update from the External Auditor on progress of the 19/20 and 20/21 audit process
- 9 Annual Report of health and safety within the council** 15 - 22
Report of the Director of Legal and Governance
- 10 COVID-19 and Emergency Planning** 23 - 26

Report of the Director of Legal and Governance

11	Culture & Ethics Report of the Interim Corporate Director Finance and Resources	27 - 42
12	HR Annual Assurance Report of the Director for HR & Equality, Diversity and Inclusion	43 - 54
13	Audit Committee Terms of Reference Report of the Interim Corporate Director of Finance & Resources	55 - 62
14	Future meeting dates To agree to meet on the following Fridays at 10.30am 30 July 2021 24 September 2021 28 October 2021 26 November 2021 25 February 2021	
15	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	
16	Exempt Minutes To confirm the exempt minutes of the meeting held on 26 March 2021	63 - 66
17	Companies Governance Update Report of the Interim Corporate Director for Finance and Resources	67 - 68

If you need any advice on declaring an interest in any item on the agenda, please contact the Governance Officer shown above, if possible before the day of the meeting

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In order to hold this meeting in as Covid-safe a way as possible, all attendees are asked to follow current Government guidance and:

- remain seated and maintain distancing between seats through the meeting.
Please also remember to maintain distancing while entering and leaving the room.
- wear face coverings throughout the meeting.
- make use of the hand sanitiser available and, when moving about the building follow signs about traffic flows, lift capacities etc
- comply with Test and Trace requirements by scanning the QR code at the entrance to the building and/or giving name and contact details to the Governance Officer at the meeting.

Nottingham City Council

Audit Committee

Minutes of the meeting held remotely via Zoom -
<https://www.youtube.com/user/NottCityCouncil> on 26 March 2021 from 10.32
am - 1.24 pm

Membership

Present

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

Absent

Councillor Leslie Ayoola

Colleagues, partners and others in attendance:

Richard Beckett	- Head of Major Projects
Beth Brown	- Head of Legal and Governance
Theresa Channell	- Head of Strategic Finance
John Gregory	- Grant Thornton External Auditors
Jackie Handley	- Insurance & Risk Manager
Clive Heaphy	- Interim Director of Strategic Finance
Naomi Matthews	- Data Protection Officer and Information Compliance Team Leader
Sue Risdall	- Team Leader, Technical Finance
Shail Shah	- Head of Audit and Risk
John Slater	- Group Auditor
Simon Salmon	- Head of IT
Caroline Stevens	- Principal Risk Specialist
Kate Morris	- Governance Officer

78 Apologies

Councillor Leslie Ayoola – Personal

79 Declarations of Interests

None

80 Minutes

The minutes of the meeting held on 26 February 2021 were confirmed as a true record and were signed by the Chair.

81 Work Programme and Action Log

The Committee considered the Work Programme and Action Log and the following points raised:

- (a) The Ministry of Housing, Communities and Local Government has confirmed that 2020/21 accounts have to be published in September 2021 so the work programme is likely to change because of this announcement;
- (b) Committee members queried the companies governance update item, which is a twice yearly update on the work of the Executive Board Companies' Governance Sub Committee, and the reference to the Companies working group which refers to the separation of the Capital and Commercial working group into two different groups, one to focus on Capital and one to focus on Companies. Further information will be circulated to Committee members by email;
- (c) Committee members also raised concerns about the volume of reports brought to the Audit committee and questioned whether Audit Committee is always the most appropriate place for them to be heard;

The Committee noted the Work Programme.

82 Update from Working Groups

The Chair invited updates from the Working groups.

Councillor Graham Chapman gave an update on the Fraud working group. He highlighted these points:

- (a) The TOR have been set for the group with a focus on recovering income to the Council and emerging issues;
- (b) The group confirmed that the main areas they will focus on is Council Tax fraud and Business Rates as well as East Midland Shared Services billing and debt collection. The group will look at how systems can prevent fraud and when detected how it will be followed up systematically;
- (c) Nottingham City Council is one of the only Local Authorities in the Country that has a dedicated fraud team. Resourcing is important and there may be cost benefits to expanding the team in the longer term if their work continues to be successful;

Councillor Edwards gave an update on the Risk and Assurance working group highlighting the following points:

- (d) The group has reviewed the Corporate risk register, raising one issue that the group feel should be on the register that is not. Suggestions for accurately reflecting the information associated with risks have been made to risk owners and the group has also highlighted elements of risk for focus to senior officers;

- (e) There has been a debate on how risk information is presented to members making it readable within papers for the committee.

83 Recovery and Improvement Plan Implementation – Process and Controls

Richard Beckett, Head of Major Programmes, introduced the report highlighting the control and processes around the Recovery and Improvement Plan. He highlighted the following points:

- (a) Following the non statutory review in November 2020 one of the recommendations made was the creation of a 3 year recovery and improvement plan to be overseen by an independent Improvement and Assurance board. The plan covers areas across finance, the Council plan, amendments to the constitution and cultural change;
- (b) A programme management process has been put into place to ensure delivery of the plan and incorporate change management and risk management. The plan is split into 8 themes, each allocated to an officer at Director level or above and a responsible portfolio holder. These officers are accountable to the Chief Executive for delivery and the Chief Executive is accountable to the Leader of the Council;
- (c) The Improvement and Assurance Board is required to provide quarterly reports to the Ministry of Housing Communities and Local Government detailing the progress against the Plan. It can meet more frequently if the members feel it is necessary;
- (d) An internal governance route has been established to ensure that information provided to the Board is robust and accurate, it includes an Officer Board chaired by the Chief Executive and a Member Board chaired by the Leader, both of which meet monthly. Each individual theme has a separate structure tailored to the requirements of the work;
- (e) Progress is monitored through monthly reports to the Programme Management Office, who provide a check and challenge function to the themes. This process allows for escalation of issues where necessary, highlights interdependencies and identifies risks and mitigations following the corporate standard method. These are include within departmental and corporate risk registers as appropriate. There will be coordination with Risk Management to ensure consistency and link with corporate reporting. Interdependencies have been plotted to enable effective management and risk and interdependencies are standing items at the officer board meetings;
- (f) The plan is a 3 year plan and it is likely that changes will be needed throughout the life of the plan. Change management arrangements will ensure the changes are justified, and well-understood including their implications. They will be recorded and considered using a standard template. any changes to be made will need to be approved by the Officer and Member Board.

Following detailed comments and questions from Committee members the following points were made:

- (g) Audit committee need to be satisfied that the processes put in place are effective at making change, and that the changes are the correct focus;
- (h) Given the complexity of the programme management a flowchart detailing the themes and how Audit connects into the reporting mechanisms would be beneficial for subsequent reports. Audit Committee need to be able to feed into the process and raise issues if necessary;
- (i) The key issue is ensuring that these transformations occur in the correct culture and Audit Committee needs to ensure that the culture facilitates and works with processes put in place. The Plan does include a number of milestones where new documents have been approved, however culture is key to enacting the changes. Audit Committee need to be assured around cultural change as well as process change;
- (j) Members would like to see a focus on outcomes, to then address the process where the outcomes are not being achieved. The Risk working group will continue to consider the Corporate Risk Register and will review the risks that are identified by the Programme Management Office that do not then appear on the risk register;

Councillor Michael Edwards moved that the recommendations be amended as follows, this was seconded by Councillor Graham Chapman:

- 1) To agree that arrangements are in place for the management of the Recovery and Improvement Plan;
- 2) To receive additional risk information identified by the Programme Management Office to the Risk Working Group, this information will be fed into the corporate risk register and outcome orientated and further reported back to the Audit Committee;
- 3) to establish a way to feedback, critique, observations and recommendations on recommendations made by the Improvement Board to the Council, to the Improvement Board;

After discussion and revision the amendment was put to the vote and was carried

Resolved to

- (1) Agree that arrangements are in place for the management of the Recovery and Improvement Plan;**
- (2) Receive additional risk information identified by the Programme Management Office to the Risk Working Group, this information will be fed into the corporate risk register and outcome orientated and further reported back to the Audit Committee; and**

(3) Establish a way to feedback, critique, observations and recommendations on recommendations made by the Improvement Board to the Council, to the Improvement Board;

84 Statement of Accounts 2018/19 and Addendum to Annual Governance Statement

Theresa Channell, Head of Strategic Finance, introduced the Statement of Accounts 2018/19, addendum to Annual Governance Statement 2018/19 and Audit Findings– Value for Money and going concern report to the Committee. She reminded the Committee that the unaudited accounts had been approved in July 2019. The External Audit report had been presented in 2020, but the value for money conclusions were delayed due to the Report in the Public Interest, and the non-statutory review. The following points from the report were highlighted:

- (a) The External Audit report issues an adverse value for money conclusion stating that in 18/19 there were not adequate arrangements in place. Issues set out include financial stability, company governance and management of significant projects, all of which have been included within the Recovery and Improvement Plan;
- (b) A revised version of the Draft Statement of Accounts was presented to this committee in July 2020 (minute 18) with changes as suggested by the External Auditor. These have subsequently been signed off by the Chair of the Audit committee (as per the authority granted in Resolution 2 minute 18 2020/21);
- (c) There were no changes to the core statements within the Accounts. Changes were made, with the agreement of the External Auditors, to post balance sheet events to take into account Covid-19 impacts and the going concern conclusions, along with presentations changes to the financial asset notes;
- (d) The Annual Governance statement is required to be published with the Statement of Accounts and the changes made reflect those made to the Statement of Accounts;

During discussion, comments from Committee members and questions highlighted the following points:

- (e) This is the Statement of Accounts for 18/19 and the information within the report relates to that time period. A refreshed general statement about the city will be produced for this years statement of accounts reflecting the changes in demographics, the nature of the city and its needs especially in light of the Covid pandemic;
- (f) The Value for money report distinguishes between the Broadmarsh Shopping and Leisure Centre project from the Broadmarsh Car Park, bus station and Library project. These two projects were considered as part of the initial audit work in the summer of 2019 and were examples of large scale, live projects to use as examples. The view at the time was that here were strong processes in place but here were some concerns around how these were being applied and

the culture of the Council. This point around culture also becomes apparent again looking at issues around RHE and is addressed within the Recovery and Improvement plan;

- (g) Although there were strong systems in place these were overridden by the culture and the tendency for both officers and politicians to become involved in a group way of thinking. This then reduced the ability for the statutory officers to raise concerns without triggering a Section 114 notice. Separate mechanisms need to be established to ensure that statutory officers are able to intervene without triggering a Section 114 notice;
- (h) Members of the Committee commented that Corporate Governance Inspections were beneficial in the running of Local Authorities;

Resolved to

- (1) Consider the external Audit finding for Nottingham City Council and Value for Money and going concern Report;**
- (2) Note the changes to the statement of Accounts from the version presented to the Committee in July 2020; and**
- (3) Note the Addendum to the Annual Governance Statement 2018/19.**

85 Annual Governance Statement - Process for Producing 2020/21 Statement

Shail Shah, Head of Audit and Risk introduced the report updating the committee on the process for producing the 2020/21 Annual Governance Statement (AGS). He highlighted that the most notable change to previous years is the requirement to evaluate compliance with the CIPFA Financial Management Code. The requirement is that the Council reports in the AGS how it assesses itself against the code and work for this assessment is already underway.

Resolved to note the process and timetable for compiling and completing the 2020/21 Annual Governance Statement.

86 Risk Management and Corporate Risk Register Update

Jackie Handley, Insurance and Risk Manager and Caroline Stevens, Principle Risk Specialist, introduced the Risk Management and Corporate Risk Register Update to the Committee. She highlighted the following points:

- (a) The main changes within the Risk Management frame work include
- Inclusion of reference to companies as part of risk identification
 - Clear illustration on the escalation process for risks through the different Council risk registers and how company risk feeds into the structure through the Finance register
 - Update of the risk strategy and implementation plan for 2021
 - Update of roles and responsibilities for groups and individuals based on feedback received;

- (b) The Risk and Assurance Working Group has now met twice and work is ongoing to include and address the suggestions made by the Risk and Assurance working group, in particular the mechanism used to report to this committee
- (c) Risk training has been delivered by Zurich to Audit Committee members and Risk workshops are being planned for the Corporate Leadership Team to further embed the risk register and set the risk appetite;
- (d) Benchmarking work is taking place with other Core Cities with the aim to establish a Core Cities Risk Management Group.

Committee members asked a number of questions and made comments and the following points highlighted:

- (e) Committee members commented favourably on the inclusion of context to likelihood and impact judgement. This follows best practice and has been approved by Zurich Insurance. Feedback from risk owners has been positive. This has influenced the 5 x 5 scores given by risk owners which then impacts how the risk is managed.
- (f) Setting the Risk appetite is a difficult process. Zurich will be assisting to bring the global view and once work has taken place with CLT feedback can be sent to the committee;
- (g) Culture is changing. Discussion of risk is far more open and is not considered to be just a “tick box” exercise.

Resolved to

- (1) Note the refreshed Risk Management Framework and provide views and feedback on the framework and implementation plan**
- (2) Note the progress made to review existing processes and embed Risk Management across the Council**

87 Exclusion of the Public

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

88 Exempt Minutes

The exempt minutes of the meeting held on 26 February 2021 were confirmed as a true record and were signed by the Chair

89 Risk Management and Corporate Risk Register Update - Exempt appendices

The Committee considered the exempt appendices presented by Jackie Handley, Insurance and Risk Manager. Following discussion, an additional recommendation was moved and agreed.

Resolved to approve the recommendations as recorded in the exempt minute

90 Information Compliance Annual Assurance Report

The Committee considered the Information Compliance Annual Assurance Report presented by Naomi Matthews, Data Protection Officer, and Simon Salmon, Head of IT.

Resolved to approve the recommendations as recorded in the exempt minute

Audit Committee Work Programme & Action Log
Proposed Work Programme

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

2021**May**

Brexit Update
Health & Safety Annual Assurance
 Covid-19 & Emergency Planning
 Companies Governance Update
 Culture & Ethics
Equality & HR Assurance
Audit Committee Terms of Reference

Jul

- Financial Accounts Training tbc
 Draft Statement of Accounts 2020-21 & Interim AGS 2020-21
 External Audit Report 2019-20
 Statement of Accounts 2019-20 & Final AGS 2019-20
 Treasury Management Annual Report
Council Plan & Corporate Performance Assurance
 Recovery & Improvement Plan Process Update
*IA Annual Report & Opinion including Counter Fraud Strategy
 & Whistleblowing Policy*

Sep

External Audit Report
 Statement of Accounts 2020-21 & Final AGS 2020-21
 Audit Committee Annual Report
*Customer Experience/Complaints
 & Ombudsman Annual Assurance*
EMSS Annual Report

Oct

(available in case of slippage in annual accounts timetable)

Nov

Recovery & Improvement Plan Process Update
 Companies Governance Sub-Committee Update
 Treasury Management Half Year Report
 Corporate Risk Update
Internal Audit Update

Feb / Mar 2022

Recovery & Improvement Plan Process Update
 Treasury Mgt Strategy & Capital Strategy
 AGS Process 2021-22 and 2020-21 AGS update
 Non-Executive Amendments to the Constitution
 SEND Annual Assurance Monitoring 2021/22
Annual Information Compliance Assurance
Internal Audit Update
Review of Accounting Policies 2020/21

May

Corporate Risk Update
 Companies Update
Health & Safety Annual Assurance
Equality & HR Assurance

Action Log

Date of meeting	Issue	Action taken	Target Date	RAG Rating
25 Sep 20	Training	Accounts training Jun tbc General Audit Committee training dates tbc (PIR action)	July	Yellow
	AGS	To be considered as part of finalisation process and final report expected July 2021	March	Green
			July	Yellow
27 Nov 20	Culture & Ethics	Report to May meeting	May	Green
18Dec20	Brexit	Extent to which risk of borrowing from Earmarked reserve taken into account, to be included in Budget 21/22 & MTFO update – Annex 5 p18 9.14	February	Green
		Circulation of full list of Brexit risks	February	Green
26Feb21	Sub groups	Include Working Group Update from lead councillor on each sub groups as standing agenda item after the action log	March	Green
	Ombudsman / SEND	Audit committee to receive as a one-off in 21/22 SEND Annual Assurance Monitoring	February 2022	Yellow
26Mar21	Recovery & improvement Plan	Observations of Improvement & Assurance Board to be provided to Risk & Assurance working group	July	Yellow

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Audit Committee – 28th May 2021

Title of paper:	Annual Report of Health and Safety within the Council	
Director(s)/ Corporate Director(s):	Malcolm Townroe, Director of Legal and Governance	Wards affected: All
Report author(s) and contact details:	Paul Millward, Head of Resilience 0115 8792980 paul.millward@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Rob McCutcheon Team leader, Corporate Safety Advice	
Recommendation(s):		
1	To require all Corporate Directors ensure their departmental colleagues can demonstrate up to date training in the mandatory health and safety courses, and, where appropriate, asbestos management, by Friday 30th July 2021;	
2	To require all Corporate Directors ensure that all outstanding Accident/Violence/Audit recommendations are completed and recorded on the corporate system by Friday 30th July 2021;	
3	To note the absence of any Health and Safety Executive (HSE) intervention in the Council in the past three years, and	
4	To ask the Risk and Assurance Working Group, to review updated figures contained in this report after 30 th July 2021.	

1 Reasons for Recommendations

- 1.1 There are legal, financial, colleague and citizens' benefits arising from good health and safety practices. The council is required, by various legislation, to comply with health and safety practices for its own staff and for its service users.

2 BACKGROUND

- 2.1 A Key finding of Internal Audit's 2016/17 review of the council's health and Safety practice and arrangements was that there was no formal mechanism for reporting on health and safety to Councillors and/or senior management. This report is designed to be the formal mechanism recommended by Internal Audit. The first of these reports was considered by Audit Committee in November 2018, with an additional update in February 2019. A further report was considered in January 2020.
- 2.2 Internal Audit's review of health and safety within the council found that, whilst the Council's corporate policies and procedures were sufficient, the implementation of these policies and procedures by managers in the departments and service areas required some improvement. It is obviously important that our own colleagues and citizens should expect a safe environment in which to deliver and receive services. Failure to achieve this leaves the council open to Health and Safety Executive intervention and prosecution (with its associated costs to the council) and increased insurance and reputational costs. Since 2018, particular emphasis has been paid to:
- Demonstrating that our managers are trained in health and safety issues affecting their services
 - Improving Asbestos management by managers.
 - Completing Corporate Safety Advice's audit recommendations for individual service areas. Clearly, if an area for improvement has been identified and no

consideration or action is taken, the council's liability and reputation may be subsequently affected.

- Completing investigations on accidents/near misses/violence. As above, if lessons are not learned the council's liability and reputation may be subsequently affected.

- 2.3 The Health and Safety Executive are clear in their advice that effective health and safety management in an organisation requires competent staff (defined as "the combination of training, skills, experience and knowledge that a person has and their ability to apply them to perform a task safely") and clear documentation that policies and procedures are being followed by all. Improvements in the areas above will significantly progress the council's ability to demonstrate a good level of health and safety management within the council.
24. However, since March 2020, virtually all work by the Corporate Safety Advice team has centred on COVID-19 response work. One member of staff left the section for another post within the Council and the post was not filled in 2020/21 due to the council's recruitment freeze.
- 2.5 The Team Leader, Corporate Safety Advice has been central to providing health and safety advice to numerous services across the council relating to the appropriate provision and use of PPE, Service 'stops and restarts', consultation with Trades Unions, chairing the special COVID Health and Safety Panel with the Unions. Corporate Safety Advice held daily meetings with the Public Health Consultants and Procurement on the PPE standards and equipment that the Council has used through the pandemic.

Training

- 2.6 Corporate Leadership Team agreed that Health and Safety training is mandatory for all 'people' and 'building managers' to ensure an understanding of the basic principles of Health & Safety law, risk assessment, document control and where appropriate, premises management. There are three main full courses, with most managers only required to take Modules 1 and 2 covering operation safety management and risk assessment and is supported by a 2020 Module 1 update refresher E-session. The Corporate Safety Advice team has introduced a new module (module 4) which has been developed for SLT and DLT level managers. This module covers the strategic aspects of safety management.

The courses are:

- Legal Responsibilities of Management (Module 1)
- Risk Assessment & Document Management (Module 2)
- Premises Management & H&S Compliance (Module 3)
- DLT and SLG Health & Safety Management Training (Module 4)

- 2.7 The 2020 update session allows for managers to refresh their knowledge in line with the agreed three year interval in order to maintain competency. The above courses contribute to the 'training, skills and knowledge' element of that HSE definition (above in 2.2). Colleagues are aware that the Health and Safety Executive are keen to examine training records during any investigation.

- 2.8 The table below is based on the current structure chart for SLMG colleagues. Some results are skewed by vacancies/new starters/leavers.
- 2.9 There are many other colleagues required to take these courses who are not SLMG but these figures give an indication of progress made to ensure all relevant colleagues have received appropriate training.

N.B. **Figures for 2020-21 in Bold**, previous year (2019-2020) figures below. Departments have changed since early 2021 and previous and current departments are broadly, but not entirely, comparable.

Department	Mandatory Health and Safety Training (SLMG results only)*				
	SLMG posts	Module 1	Module 2	Module 4	'competency' within 3 years
People's	22	8	5	15	70%
	19	13	10	8	100%
Resident Services	20	14	13	15	75%
	26	22	21	6	100%
Growth & City Development	13	8	8	11	84%
	14	10	10	6	95%
Finance and Resources	14	6	5	11	79%
	17	6	7	12	94%

*date check 10th March 2021 on the latest NCC structure Chart

- 2.10 These figures are significantly lower than in January 2020 when the % competency averaged in the high 90s%. There has been considerable flux in staffing at this level and many colleague's focus has been on COVID rather than Training courses. Much work has centred on making the continuing services COVID-secure in terms of health and safety. However, whilst work has continued at a high level on health and safety matters, it is important, particularly in terms of any future investigation by the Health and Safety Executive, that managers can demonstrate 'competency' so steps are being taken to target those managers who need to complete relevant courses.

Audits

- 2.11 The Corporate Safety Advice team have undertaken numerous audits of services in the Council and produce recommendations for actions. The table below shows the number of recommendations that had yet* to be enacted or updated on the CSA audit system by managers. The Council puts it self of risk if, having audited services and having made recommendations, it then fails to implement those recommendations. The figures below are the results from audits over a number of years. Unfortunately, the Corporate Safety Advice team do not have the resources to revisit services or check that managers have acted on their recommendations. A list of audit recommendations has been supplied to Corporate Directors – either for action or updating the implementation of the actions on the corporate system.
- 2.12 However, since March 2020, there have been limited face to face compliance auditing undertaken but these will resume as part of returning back to normal business operation.

Module 1 (Legal Responsibilities of Management)

Department	Moderate risk	High Risk	Very High Risk
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People's	0	0	0
Resident Services	0	0	0
Growth & City Development	0	0	0
Finance and Resources	0	0	0

Module 2 (Risk Assessment & Document Management)

Department	Moderate risk	High Risk	Very High Risk
People's	3	1	0
Resident Services	24	8	0
Growth & City Development	3	1	0
Finance and Resources	0	0	0

Module 3 (Premises Management & H&S Compliance)

Department	Moderate risk	High Risk[^]	Very High Risk
People's	5	3	0
Resident Services	22	38	0
Growth & City Development	5	3	0
Finance and Resources	0	0	0

*date check 10th March 2021

[^] "High Risk" in Module 3 all relate to the mandatory three year training for relevant colleagues being out of date, rather than a direct physical risk to colleagues or service users.

It is difficult to compare the current situation with that at January 2020. However, the number of outstanding actions, from January 2020, were reduced as a direct result of action taken after the Audit Committee meeting.

Health & Safety Executive (HSE)

2.12 Interventions – last 3 years

In the last 3 years, the HSE has not formally intervened in any incidents

HSE Fines

No fines have been issued against the Council in the last 3 years and there have been no HSE Fee for Intervention claims

Asbestos Issues

Asbestos related incidents

2.13 In the last three years, four incidents were recorded re possible asbestos exposure in three sites. Two of the four cases were recorded at the Eastcroft depot, with one incident recorded at a school boiler room and one incident within the boiler room at the Theatre Royal.

Asbestos training

2.14 It is not possible for Corporate Safety Advice to know how many colleagues should have taken these courses – each Department should ensure that those colleagues who have a role in the management of asbestos are suitably and sufficiently trained.

2.15 Number of colleagues trained in asbestos issues by department:

Department	Asbestos Management	Asbestos Inspection	What is Asbestos	Asbestos Expose Process
People's	13	28	45	25
Resident Services	63	193	323	120
Growth & City Development	5	1	2	1
Finance and Resources	3	0	8	3

2.16 A list of those colleagues who are deemed competent by way of attending and passing the above modules has been supplied to Corporate Directors so that they can cross check that the relevant people in their departments are suitably and sufficiently trained.

Accident & Violence Reporting

2.17 Managers must ensure that all accidents, near misses and work related ill health incidents are reported using the online accident reporting system and that they complete a suitable and sufficient investigation. Departmentally, Resident Services also use the system to record Road Traffic Collisions, irrespective of whether a colleague was injured.

Similarly, the City Council takes violent and threatening behaviour against its colleagues seriously and any such incidents need to be recorded and investigated with the aim of ensuring safe working conditions.

Top date 01/04/2020 – 31/03/2021 (in **Bold**)

Bottom date 01/04/2019 – 31/03/2020 (in *italics*)

		Department			
		People's	Resident Services	Growth & City Development	Finance and Resources
No of accidents	Total No.	146 <i>278</i>	301 <i>555</i>	3 <i>7</i>	2 <i>20</i>
	Employee	72 <i>129</i>	290 <i>454</i>	2 <i>7</i>	2 <i>17</i>
	3 rd Party	74 <i>149</i>	11 <i>101</i>	1 <i>0</i>	0 <i>3</i>
Outstanding accidents (older than 1 month) which have yet to be fully investigated / closed		30	26	0	1
No of violent incidents		174 <i>441</i>	53 <i>121</i>	3 <i>3</i>	0 <i>4</i>
Outstanding violent incidents (older than 1		21	0	0	0

month) which have yet to be investigated / closed				
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- 2.18 The figures for 2020/21 are clearly lower than the incidents reported for the previous year. This is most likely to be due to the service reduction that occurred through the COVID restrictions and is not likely to be reflected in the incident figures that will occur once services restart.
- 2.19 It should be noted however that a number of the services offered by the Resident Services Directorate, did continue through the pandemic (but not those provided by Sports and Culture Division).
- 2.20 The number of investigations into outstanding accidents/violent incidents is lower than in previous years, indicating that managers are, generally, making timely investigations into the circumstances surrounding those events.
- 2.21 NCC has adopted the Health & Safety Executive's (HSE) accepted definition of workplace violence which is 'any incident in which a person is abused, threatened or assaulted in circumstances relating to their work'. This covers verbal abuse / assault, threats and physical assault.
- 2.22 Although the reporting parameters on accident recording has changed over the past 4 years (notably in the inclusion of road traffic collisions into the statistics) and taking into account seasonal variations, the number of accidents per 1000 FTE appears to be increasing. Some of this increase may be due to Corporate Safety Advice's efforts to encourage the reporting of all accidents. Trends and causation are monitored at the Corporate Health, Safety and Welfare Panel meetings

CHSWP Attendance

- 2.23 The Corporate Health, Safety and Welfare Panel is the main council consultation meeting with the joint Trade Unions and is held quarterly. The Council's guidance on the attendance at these meetings says:
- "The panel comprises:
- Trade Union appointed safety representatives from the recognised trades unions within Nottingham City Council;
 - Management representation / responsible person from each Directorate;
 - Supporting Representation from Corporate Safety Advice, Corporate HR and the Wellbeing and Health Improvement Team."
- 2.24 The May 2020 meeting of CHSWP was cancelled, after consultation with the Trade Unions, due to the urgency of other COVID related work by officers. However, the other scheduled meetings were held via MS Teams and the regular, ongoing, liaison between the CSA team and the Joint TU convenor have continued. At present, I believe the Panel is working well with representation from all departments and specialist advisors where necessary. Trade Unions bring issues to the meeting that have not been resolved at Departmental meetings. In addition to this Panel, a sub group, the Asbestos Working Group have the option to meet bi-annually to raise matters specifically relating to the asbestos management process or incidents. However, these meetings have not occurred this year by mutual agreement. The Trade Unions are aware that any issues relating to potential or actual failures in the

asbestos procedures can be flagged to the Chair of CHSWP and would be investigated immediately. There have been some issues upon which management and Unions have disagreed, but, overall, there is a unity of purpose between the two sides.

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 Competence in health and safety. Health and Safety Executive
<http://www.hse.gov.uk/competence/index.htm>

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Audit Committee – 28th May 2021

Title of paper:	COVID-19 and Emergency Planning	
Director	Malcolm Townroe, Director of Legal and Governance	Wards affected: ALL
Report author(s) and contact details:	Paul Millward, Head of Resilience paul.millward@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Recommendations:		
1	To be assured that specific and generic arrangements and plans were in place to deal with a pandemic emergency prior to the outbreak of COVID-19;	
2	To acknowledge that the early reviews of both the Council's and the Local Resilience Forum's (LRF) Pandemic Flu plans showed they provided effective templates for the response phase;	
3	To note that an interim debrief of the response phase was held and arrangements adjusted but that a full debrief is yet to be held whilst the pandemic is ongoing, and	
4	That, on conclusion of any full debrief, the recommendations relevant to this council be shared with Audit Committee for consideration.	

1 Reasons for recommendations

- 1.1 This report considers whether the existing emergency plans and arrangements across the council were sufficient to meet the challenges of the COVID-19 crisis and if any lessons for future emergencies can be learned. It does not assess the council's overall response to COVID-19 as that is a considerably larger piece of work and would involve many strands of enquiry. Whilst emergency planning usually deals with major crises, an emergency which affected the entire world at the same time, has lasted at least 16 months, and has affected every sector of life, is unprecedented in the last century (outside of two world wars). Emergency Planning arrangements in the UK were not specifically designed for such a rare event, but nevertheless provided a robust and effective template for a coordinated response by both the Council and the Local Resilience Forum.
- 1.2 It is usual in emergency planning arrangements for incidents to be debriefed and 'lessons learned'. Although an early debrief of arrangements was held last summer, the emergency is ongoing. At the end of the Response phase, a full debrief will be held so improvements in the council's arrangements to deal with any emergency will be made.

2 Background**Emergency Plans**

- 2.1 The novel coronavirus COVID-19 emerged at the end of December 2019 and has created the biggest peacetime emergency in the UK and around the world since 'Spanish flu' nearly a century earlier.

- 2.2 The Civil Contingences Act 2004 requires the Local Resilience Forum (of which the council is part) to maintain a local 'Community Risk Register' based on a national register created by the Government's Cabinet Office. Since the creation of the first national Risk Register in 2005, Pandemic Flu has been the highest natural threat to the U.K. Similarly, Pandemic Flu has been the highest threat in the local Risk Register.
- 2.3 As such, the Nottingham and Nottinghamshire Local Resilience Forum and the City Council has maintained, trained and exercised, their Pandemic Flu Plans. At the outbreak of COVID-19 in the U.K. in early 2020 there were a number of Emergency Plans relevant to a response to a large Flu outbreak affecting many aspects of the council's work and society in general.
- 2.4 The Nottingham and Nottinghamshire LRF Pandemic Influenza Plan had been prepared by NHS England North Midlands on behalf of the LRF. The plan formalised and clarified the multi-agency procedures and structure for co-ordination of the response to pandemic influenza in Nottingham and Nottinghamshire.
- 2.5 Nottingham City Council's Corporate Influenza Plan set out a framework to enable the City Council to respond to the consequences of an epidemic/pandemic outbreak of influenza or other infectious disease, which can cause debilitating symptoms resulting in large-scale absenteeism and excess deaths.
- 2.6 A number of other Local Resilience Forum plans were also implemented, including:
- LRF Excess Death Plan
 - LRF Humanitarian Assistance Plan
 - LRF Generic Response Guidance
 - LRF Communicating with the Public Plan
 - LRF Voluntary Agencies Directory
 - LRF Vulnerable People Directory
 - LRF Spontaneous Volunteers Plan
 - LRF Recovery Plan
- 2.7 The LRF Generic Response Guidance contains much of the structure and processes of the LRF's response, including:
- The Strategic, Tactical and Operational Cell structure
 - The Governance structure
 - The 'battle rhythm' of meetings and reporting
 - The links with Government departments
- 2.8 The Council and LRF did not have specific Coronavirus Emergency Plans (nor did any LRF) as that specific hazard was not the major threat identified in the national Risk Register. However, most emergency plans are written to deal with the consequences, rather than the causes, of any hazard. The Council and LRF considered, in March 2020, whether to write COVID-19 specific plans.
- 2.9 The Council, via the Senior Resilience Group, agreed to use the Council's Corporate Influenza Plan (v5.1, 2018) as the basis of its response to the outbreak of Covid-19. Similarly, the Strategic Coordination Group of the Local Resilience Forum, also took a similar decision in regard to its LRF Pandemic Plan 2017.

Review of plans

- 2.10 In April 2020, the council's Coronavirus Response Group (CRG), led by the then Senior Responsible Officer, Candida Brudenell, examined whether the existing Council Pandemic Flu Plan would be a sufficient model to inform the council's response to a novel coronavirus pandemic.
- 2.11 The CRG, and subsequently Corporate Leadership Team, concluded that, very largely, the plan had been implemented successfully. Although the plan was not written with Covid-19 in mind, the scope, response phases and guidance, command structure (internally and externally), specialist roles (e.g. HR, Facilities, Health and Safety, Legal, IT, Comms etc.) and Business Continuity considerations had all been implemented successfully.
- 2.11 There were, at that stage, a few parts of the plan that had not been implemented. At that stage (April 2020), the unimplemented parts of the plan were identified as;
- A need to confirm that appropriate logging systems were in place across all key meetings.
 - Maintaining capability to respond to other emergencies that may occur during a pandemic period ('concurrent emergencies').
 - Implementation of a Recovery Phase and the restoration of council services to 'normal' via business continuity plans as soon as possible.
- 2.12 As a result of this assessment, all Corporate Directors were asked to ensure that meetings were appropriately logged and stored. Similarly, the Head of Resilience was asked to ensure that the council's call out procedures could be adapted to deal with more than one emergency occurring at the same time and also to ensure that systems were in place within the LRF for concurrent incidents. Later in the year, the LRF agreed to use its COVID-19 Strategic Coordinating Group (SCG) meetings as "All Hazards" SCGs if necessary, and some minor (non-City) emergencies were dealt with by the LRF in this way. The Recovery phase began to be scoped by the LRF around May last year and discussions as to when the Recovery Coordinating Group would 'take over' from the SCG were considered. However, the second, and subsequent third, wave of infections meant that this work was postponed. The above work is now underway at an LRF level but the current thought is that SCG will continue to meet until at least June 2021 when a final decision as to 'what RCG will look like' has been agreed by the LRF.
- 2.13 At a City Council level, the Recovery phase was built into the programme management strands and has been active since summer last year.
- 2.14 The LRF also considered in April 2020 whether it considered its LRF Pandemic Flu Plan was sufficient to inform their response to COVID-19. It concluded that its Plan had formed a successful basis with which to respond in a structured multi-agency manner to COVID-19, with the command and control structure, partnership working, decision making process and specific sub groups having been all implemented. Similar to the Council's assessment above, there was only one major aspect of the Plan that then required formal implementation, and that related to the setting up of a Recovery Coordinating Group, which started work on 20th April 2020.

- 2.15 The LRF welcomed external scrutiny of its Plans and processes and participated in a MHCLG Covid-19 Task Force review to identify those critical issues that were impacting on delivery of the local Covid-19 response. The Task Force's report was considered in detail by members of the LRF's Resilience Working Group (RWG) and they reported their finding to the LRF's Tactical Coordinating Group. The TCG agreed with the RWG assessment that the large majority of the Task Force's comments were being met in Nottingham and Nottinghamshire. Areas of divergence were discussed and the LRF were satisfied that they did not impact on the efficiency and effectiveness of their Response.
- 2.16 At the Nottingham and Nottinghamshire SCG meeting on 4th June 2020, agencies agreed that some form of debrief be conducted into the LRF's response to the Covid-19 outbreak. Normal practice is for the LRF to conduct a post incident debrief whenever an incident results in a multi-agency response. However, it was felt that, because the incident has been running for some 16 weeks, it would be useful to have an interim review, in order that interim learning could be captured, and that the Response could be tailored appropriately. Some agencies were keen to have a full review, whilst others, who were still committed heavily to response, did not think the timing was right. As a compromise, a short survey was devised in order to collect interim feedback, which was used to shape the ongoing response.
- 2.17 The interim feedback indicated that responses were largely consistent and that most respondents judged that the multi-agency response was 'effective' or 'very effective'. The LRF Tactical Coordinating Group was seen as being particularly effective, while suggestions for improvement included proposals for avoiding duplication and repetitiveness. All the interim recommendations were referred to the most appropriate sub group of either the SCG or the LRF for consideration and, if necessary, implementation.
- 2.18 A full post incident LRF debrief has yet to be held, but will be done in due course.

Generic Emergency Response procedures

- 2.19 In addition to the implementation of specific Council and LRF Plans there are a raft of agreed Emergency Response procedures concerning 'Command and Control', 'battle rhythm' and Response and Recovery structures. Both the Council and the LRF's generic responses have worked well. The Council's reporting and response structures were designed to fit into the overall LRF processes and the flow of information and decisions 'up and down the chain' worked very well. The LRF's SCG has met on 58 occasions and the TCG 56 times. The sub group 'cell' structure has also worked well.

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 National Risk Register 2020
<https://www.gov.uk/government/publications/national-risk-register-2020>

Audit Committee – 28 May 2021

Title of paper:	Ethics and Culture	
Director(s)/ Corporate Director(s):	Clive Heaphy, Interim Corporate Director Finance and Resources	Wards affected: All
Report author(s) and contact details:	Shail Shah Head of Audit & Risk	
Other colleagues who have provided input:		
Recommendation(s):		
1	To note and comment on the findings	

1 Reasons for recommendations

- 1.1 The Audit Committee's terms of reference include to:
Provide independent review of the Council's governance, risk management and control frameworks.
Culture and ethics are key factors affecting the operation of these frameworks.

2 Background

- 2.1 The City Council's governance arrangements aim to ensure that it sets and meets its objectives and responsibilities in a timely, open, inclusive and honest manner. The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled, and through which it engages with and leads the community to which it is accountable. Every council and large organisation operate within a similar framework, which brings together an underlying set of legislative requirements, good practice principles and management processes.
- 2.2 The Chartered Institute of Internal Auditors (IIA) requires an internal audit function to include a review of the organisational culture within its plan of activities. This includes assessing whether business activities, behaviours and 'tone from the top' properly reflect the values, ethics, risk appetite and policies of the organisation. In addition, the Public Sector Internal Audit Standards (PSIAS) 2011 require Internal Audit to assess and make appropriate recommendations to improve the organisation's governance processes, including promoting appropriate ethics and values within the organisation.
- 2.3 We have referred to culture in our report and the text below but linked ethics are also incorporated.
- 2.4 Our Internal Audit report (Appendix 1):
- Identifies and classifies the concerns raised in the Non-Statutory Review and Report in the Public Interest
 - Draws upon recent Internal Audit reports for indicators of these concerning cultural behaviours, and identifies further areas of concern
 - Considers progress on the improvement plans created in response to the above external reviews.
 - Comments on the colleague survey, released as part of the Culture and Workforce workstream for culture mapping within the improvement plans (we

did not have access to the methodology for this survey and it should be noted that this workstream had other elements and subsequent developments).

2.5 The Director of Human Resources & Transformation has been given access to our report.

2.6 As part of the Culture and Workforce workstream, outputs from the leaders and colleagues surveys, and focus groups, and from previous culture related internal evaluations and peer challenge have been presented to Senior Leadership Forum, together with development proposals.

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 CIPFA/SOLACE - Delivering Good Governance in Local Government Framework, 2016

4.2 Executive Board 20 May 2008 – Local Code of Corporate Governance

4.3 Non Statutory Review by Max Caller November 2020

4.4 Report in the Public Interest concerning the Council's governance arrangements for Robin Hood Energy Ltd 2020

4.5 Public Sector Internal Audit Standards

Report to Audit Committee

Internal Audit Review of Culture / Ethics

Purpose and Scope

- 1.1 The Public Sector Internal Audit Standards (PSIAS) 2011 require Internal Audit to assess and make appropriate recommendations to improve the organisation's governance processes, including promoting appropriate ethics and values within the organisation.
- 1.2 This report summarises the results of this review which draws upon the recent external reports and Internal Audit reports for indicators of cultural behaviours. The report also considers progress on the improvement plans created in response to the non-statutory Review and PIR

Definition of Culture

- 1.3 Organisational Culture has been defined as: ***"... a set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations"*** Put more succinctly:
"the way things are done around here". It has been identified as a driver for the realisation of strategy and business performance success:
"the basic reality is that poorly managed cultures lead to poor customer and business outcomes."
- 1.4 There are several different methods for reviewing culture within an organisation. There are, however, key questions that need to be asked:
 - A. **What is the desired culture?** Is it defined, is it agreed, is it widely known?
 - B. **What is done to promote or drive the desired culture?** Are the organisational structure, power structures, control systems promoting the desired culture? What stories, symbols and rituals & routines assist?
 - C. **What encourages desired behaviour and challenges unwanted behaviours?** Does governance, policies, strategies, training and rules fit with the desired culture?
 - D. **What culture is currently operating?** What do management, colleagues and external sources say? What stories does the Council promote about itself? What do assurance reports including Internal Audit reports say?

Review of External Reports

- 1.5 The Public Interest Report (PIR) and the Non-Statutory Review (NSR) have identified a number of areas of concern across the activities of the Council. That these have been created in part, by a prevalent, negative culture at the council is confirmed by Max Caller in his executive summary in the NSR:

“To return to financial and operational stability the Council needs to focus its goals on what can reasonably be afforded during the necessary recovery period. It needs to move quickly to change structures, culture and mechanisms at both Member and Officer level.” and the conclusion:

“A fundamental culture shift is required together with a much simpler structure, working together, with clear accountability and a strong personal and collective performance management regime starting from Councillors and focused through the Chief Executive right down the organisation.”

The External Auditors report on Nottingham City Council’s Value-for-money has been issued with an adverse conclusion on financial sustainability, company governance and management of significant projects relating to good governance criteria of sustainable resource deployment and informed decision making. We have reviewed the reports and organised the areas of concern into six areas in **the table below:**

Area	Finding at NCC	Selected examples from External Reports
Governance	Poor governance practices and structures	Lack of sector experience and skills on company boards Lack of clarity on roles and responsibilities e.g Shareholder Rep Evidence of conflicts of interests Distinction between Company/Council and party/council business is blurred Ineffective checks and balances e.g. Audit Committee and O&S Structure of Executive and Senior officers complicated and overlapping
Risk	Poor risk management (RM)	Failure to appreciate and manage risks e.g commercialism and income generation Lack of meaningful mitigations Capital expenditure unconstrained, high debt levels Companies move beyond initial objective which brings additional risk
Decision Making	Poor preparation and consideration resulting in poor decisions	Finance outlook not reflected in decisions made Lack of business case analysis Lack of consistency in decisions Time pressured decisions

Area	Finding at NCC	Selected examples from External Reports
Holding to account	Failure to hold Companies and officers to account	Conflict between driving policy initiatives and scrutiny and monitoring function Lack of evidence of effective monitoring No template for monitoring companies No mechanism for setting targets and Goals for CEO
Challenge	Failure to heed warnings Institutional blindness Challenge not encouraged	Failure to act on internal and external warnings Challenge from Statutory Officers not encouraged Policy takes priority over financial and other interests
Appropriate and timely actions	Failure to act with pace and scale	Lack of transformational savings plans Reliance on reserves and one off savings, no sustainable MTFP No effective mechanism for budget savings plan

- 1.6 It is evident that issues traverse all activities of the council and at both officer and councillor levels. This suggests that there is a pervading culture within the organisation which both allows and encourages structures, strategies, processes and decisions to be instituted and carried out in a way that is not conducive to successfully achieving objectives within resources.

Results of Internal Audit Reviews

- 1.7 Our review of a selection of recent Internal Audit Reports has corroborated the findings of the PIR and NSR. We have identified three additional themes which indicate cultural norms within the Council. These are: a lack of compliance to processes and rules, sparsity of quality assurance functions and incomplete record keeping.

The following bullet points contain examples from IA reports, which corroborate selected themes identified:

- **Governance.** Voluntary Sector - serious concerns around blurring of Council and party business through the involvement of Councillors in operational work. Guildhall Pipeworks - poor reporting of expenditure in the capital programme and a lack of approval for the scheme. Concerns with ICT governance and management were stated in the Internal Audit Annual Report 2019/20.
- **Risk Management.** RM Audit - risk specialist role was not filled for a number of years (until 2018), meaning resourcing in this area had been poor. Whilst much progress has been made in recent years at a corporate level, other audits still reveal poor risk management at a service level e.g. Cloud based applications.
- **Decision Making.** Decision Making - identified poor preparation and due diligence in reports for decision makers.

- **Holding to account.** Decision Making and Voluntary Sector - significant weaknesses in holding providers of bought services to account. Monitoring and performance reviews did not take place or were less than robust.
- **Lack of challenge.** Identified in Decision Making and Voluntary Sector reports and Traffic Capital audit where financial oversight of the performance of capital projects was not evident.
- **Appropriate and timely actions.** NDR 2019 - continuing failure to have systematic inspection programme. IT audits: E-CINS, Cyber Risk and IT Security (draft) all highlight resourcing concerns.
- **Compliance.** Procurement - serious concerns with officers' compliance with rules and regulations including the NCC Code of Conduct, UK and EU procurement regulations and NCC Financial Regulations and Contract Procedure Rules. Latest data for IT Security awareness and GDPR training is reported as 71% overall.
- **Quality Assurance.** Disciplinary Process - no formal or owned quality assurance function which had led to questionable decisions not being challenged. Contract Management - lack of Contract Management Policy and associated standards.

Improvement Plans

- 1.8 Two improvement plans have been created in response to the PIR and NSR: the PIR Action Plan and the Nottingham City Council Recovery & Improvement Plan 2021-24. The improvement plans set out the desire and need for transformation, however, cultural factors will need to align to ensure that the necessities to achieve transformation are prioritised. The test for any transformation plan will be delivery underpinned by resourcing, particularly that of core competences and IT, and the impact delivery has on organisational culture.
- 1.9 To achieve a desired culture within an organisation, we have seen that a number of approaches are required:
- A. Define and agree the desired culture
 - B. Promote and drive the desired culture
 - C. Encourage wanted behaviours and challenge unwanted behaviours
 - D. Review the culture that is operating

We have reviewed the improvement plans through a cultural lens, to draw out the actions that correspond with these elements. A table of our findings can be found in **Appendix A**.

- 1.10 Appendix A shows that work is under way to map the current and desired culture. Quotes from the plans suggest the Council has begun to define the desired culture and how this will differ from the current/past culture. As work progresses, it is assumed the definition will be refined further and formally agreed. The Improvement plans have set out a breadth and depth of action to drive the new culture, instituting improved structures and control systems at the highest levels. New structures and governance should

require new ways of working and new systems and routines will be created. The Council needs to ensure that these are in line with the new culture. ***“In the absence of active management, a culture will develop which may not align to the aims of the overall business.”***

1.11 We note the following areas of desired culture, mechanisms for which have yet to be planned:

- evidence-based decision making
- bringing forward challenging/contrary evidence
- citizens more actively engaged with determining future service delivery

and are yet to see the extent to which in practice the Council acts on the NSR’s assertion in relation to directors of council-owned companies that ***“If the Council is to continue to be involved with a company structure in the future it needs to appraise the roles and skill sets required for specific companies and ensure they appoint the best match, even if this means the individual appointed is not a councillor.”***

1.12 A significant artefact of culture is stories that an organisation tells about itself. We are at an early stage of the improvement process and therefore this area is in its infancy, however, we have seen that there has already been consistent communication on the improvement process and why it has been necessary. Going forward, the council may wish to consider how the stories inside and outside the Council supported a negative culture and how this area could be utilised in future to support cultural transformation.

1.13 Policy, training and new strategies all appear within the action plan and will be important in guiding individuals to adopt new behaviours. The ‘Tone from the Top’ from the Leader and Chief Executive in responding to issues is already evident as seen in their regular communications to colleagues. The Council will need to consider further however, how unwanted behaviours in Councillors and Officers will be identified, measured, challenged and deterred, where responsibility for this will sit and how it will be known that action is being taken. Our previous audits in Budget Monitoring and the Disciplinary Process both noted that where roles here had been rolled out to managers, it had not led to consistent and effective management of that activity. The taking of responsibility, accountability or challenge was not in evidence.

1.14 Leadership have identified and recognised positive culture that they would like to see continued at the council, for example ***“The organisation’s pride in itself and the dedication of its employees (as evidenced by its response to the Coronavirus pandemic for example), are impressive, and are strengths that can be built on.”*** We have also identified positive culture. In the IA Annual Report 2019/20, we recognised the positive response to the Food Safety Agency (FSA) 2016 report, such as instituting a resource to tackle the backlog of work. We noted that the FSA had commented positively on NCC’s response. Also in our follow-up audit of Risk Management, we reported that significant progress had been made in corporate risk identification and management in a short period following the appointment of a risk specialist.

1.15 Grant Thornton, in their Corporate Governance Review 2020, has a Best Practice Toolkit for Culture. This is reproduced at Appendix B and promotes three key activities:

- Tone from the Top
- Embedding
- Monitoring and Measuring.

It will be important for the Council to ensure that these themes are appropriately resourced during and after the transformation period. The report makes the important point that **“Focus on culture should be continuous, not just in times of crisis”**. Any changes to the improvement plans must be made through the governance structure and affirmed by the Improvement and Assurance Board. Internal Audit are available to discuss this report and our observations and will continue to provide reports to the organisation which measure progress.

Culture Mapping Workstream

1.16 We note that senior leadership have recently been provided with the results of the work on culture mapping which have been drawn from surveys, focus groups and a desk-top review. This work has highlighted a number of areas of focus for leaders / colleagues which includes communication, collaboration, performance management and relationships.

1.17 Whilst conducting this review, the colleague survey, as part of this workstream, was released. We note that colleague opinion surveys have been carried out before, the last two being in 2017 and 2018. Within the recent analysis shared with senior leadership, there was an indication that the desk-top review considered the previous (2018) survey but there was no further commentary regarding colleague perception of the culture at the time. Leadership may wish to enquire if these had identified negative culture/behaviours operating within the council.

1.18 We have compared the latest colleague survey questions with the themes listed at 1.3, 1.7 and 1.16 to see if the survey is likely to produce any organisational cultural insight.

- We consider that none of the statements within the survey related to governance, risk or performance management and only one to decision making.
- There were however, a number of statements relating to ‘holding to account’ and ‘challenge’ and also ‘Tone from the Top’.
- There were two statements related to compliance, however, one of these was confusing as it asked if *“There are few rules or meetings that get in the way of work”*. The statement is diluted as it provides two items: rules, that suggest compliance and meetings that suggest bureaucracy. Respondents may be commenting on either one or both of the items, but this will not be known.
- There were five other statements we found to be ambiguous which may impact measurement.

- 1.19 There are a high number of statements about communication (7) and the individual versus the organisation (5). These were not items that were highlighted as an issue in the external reports and may reflect the previous Leadership's focus. Questions relating to risk, governance and compliance may have provided better insight whilst also indicating the balance between individual versus organisation.
- 1.20 An opportunity has been lost with the question: '*I feel able to speak up about problems I witness or failure in my service*' as there is no follow up question to ascertain if people DO speak up or if they don't, why not. It would have been beneficial to understand from the survey what participants' views were regarding the statements for themselves, their team, their service and the Council, as these views may differ – it will not be clear what the answer relates to. Without this additional analysis any action planning may be misdirected and ineffective.
- 1.21 We also found it interesting that the first statement which may set the tone for the survey, was '*There's too much gossip at NCC*'. This seems to have no connection with the cultural insights the external reports have provided NCC.
- 1.22 Overall the survey appeared to be aimed at surveying staff engagement in addition to culture and perhaps because of this did not appear to approach culture effectively in our view.
- 1.23 We note that the results of the focus groups, surveys and desk top review were not available to us as we undertook our fieldwork and have just recently been shared with senior leadership. We will endeavour to consider the available data as it is made available to us to enable us to refresh our view.

Opinion

- 1.24 We can report a Limited Level of Assurance on the controls in this area which is based upon the following areas of concern:-
- The significant number of issues relating to poor culture raised in external reports, corroborated by recent Internal Audit reports
 - Lack of previous progress on improving highlighted issues regarding governance, compliance, risk and the holding to account of providers, companies and managers
 - Mechanisms are yet to be planned to promote evidence based decision making, bringing forward of challenging/contrary evidence, active engagement of citizens in future service delivery
 - The extent to which new company structures will deliver against the recommendations made, and specifically the level of expertise needed at board level is not yet confirmed
 - The mechanism for effectively challenging unwanted behaviours by Councillors and Officers and by which culture will be continuously monitored is not yet set out.

- We have little confidence in the level of useful qualitative and quantitative insight that can be delivered from the existing Culture Survey.

Appendix A - Review the improvement plans through a cultural lens

Approach	NCC response
A. Define and agree the desired culture	Recovery & Improvement Plan has section dedicated to Culture and one of the eight themes is Organisation and Culture:
	<i>“Evidence-based decision-making should explicitly be part of our culture, and bringing forwards challenging/contrary evidence should not be seen as demonstrating a lack of commitment to the Council’s ambitions.”</i>
	<i>”Setting a positive future for the city and council will be less about doing for, and more about doing with our residents and communities, with our citizens more actively engaged in determining how our services are delivered.”</i>
	Values and future culture message map and vision to be agreed March 2021.
	PIR Action Plan Recommendation 12: <i>“... moving to a culture in which challenge of political priorities and how they are being implemented is seen as a positive.”</i>
B. Promote and drive the desired culture (organisational structure, power structures, control systems, stories, symbols, and rituals & routines)	<i>“... organisational, structural and developmental objectives that aim to create the conditions in which a positive culture can thrive...”</i> (Recovery & Improvement Plan)
	New Constitution
	Revised Company Governance
	New TOR for O&S ‘Whole council view’ of activities. January 21
	Member Officer Protocol. Completed
	Review of Portfolios
	New Boards: <ul style="list-style-type: none"> • Governance Improvement Programme & Board (established after PIR, to move under the Recovery & Improvement programme) • Capital Board February 2021
	New Performance Management Framework. The top level goals and approach have now been agreed
	Departments establishing a representative sample of statutory indicators. The list is being refined and due for sign-off 22nd April.
	New Senior Officer structure (ACOS report on CD restructure. February 21)
	Strengthened capital governance and control framework
	Leadership Capability Framework
C. Encourage wanted behaviours	Comms and engagement activities e.g.:

Approach	NCC response
<p>and challenge unwanted behaviours (policies, training, strategies, rules, Leadership ‘Tone from the Top’)</p>	<ul style="list-style-type: none"> • 22/1/21 email, re new officer/councillor protocol • 19/1/21 email announces publication of Recovery & Improvement Plan • 5/2/21 email Improvement and Assurance Board membership agreed. Summary of improvement plan provided. • Mel’s blog 5/2/21 reiterates Improvement Plan
	<p>Training:</p> <ul style="list-style-type: none"> • Mandatory company director training • Member development programme
	<p>Leadership Development Programme, coaching</p>
	<p>Leadership Capability Framework principles (LCF) developed and agreed March 2021</p>
	<p>Refreshed Policy Framework</p>
	<p>Executive & Non-executive Director Policy Statement</p>
	<p>Establishment of Officer Shareholder Executive Function</p>
	<p>Reinstatement of company analytics</p>
	<p>Revised/New strategies:</p> <ul style="list-style-type: none"> • Capital Strategy • Asset Management & Disposal Strategies • Overarching commercial strategy for companies • Revised Council Plan
	<p>How to effectively challenge unwanted behaviours, will need to be considered.</p>
<p>D. Review the culture that is operating</p>	<p>Culture Mapping. February/March 2021. Inc. Surveys (CLT, SLMG, wider workforce) and focus groups</p>
	<p>Senior Leadership Forum - CLT attended to introduce culture and organisation work stream February 2021</p>
	<p>How the progress of the cultural transformation will be reviewed and measured going forward, will need to be considered.</p>

Appendix B Grant Thornton Best Practice Toolkit



**Elements/
content**



Things to consider

Setting the tone from the top

The board and management are responsible for setting the 'tone from the top'. This means understanding and articulating the desired culture framework of the organisation in line with purpose and strategy, and beholding to it in their own working practices and interactions within the company and with its stakeholders. The focus should be on defining what they expect of themselves, senior management and all employees of values, behaviours and the group dynamics.

The board should be clear what sort of culture is needed to underpin the company's purpose and deliver its outlined long-term success.

The board should consider what behaviours are being driven when setting the strategy and financial targets as well as metrics used in long-term incentives for executives and all employees.

Focus on culture should be continuous, not just in times of crisis.

Embedding

The chief executive is responsible for embedding culture in an organisation. At the same time, senior and middle management are those who have the largest direct impact in daily interactions therefore they should be identified as cultural influencers within the organisation.

The board should consider how management communicate what they consider to be acceptable business practices in order to frame corporate behaviour and values.

Think how the company is embedding values and capturing behaviours at every level of an organisation:

- recruitment process should be aligned with company culture and values, at employee and board level
- reward should incentivise desired behaviours
- embed strategy and values within HR policies and performance appraisals
- training, internal and external communication should be consistent, and deliver the board's message
- culture should be consistent with risk management or internal control systems
- how middle management is involved in the process
- how company deals with breaches of company rules or codes of conduct.

Do not forget about other stakeholders, for example, what steps have been taken to ensure that suppliers meet expected standards of behaviour and practice.

Monitoring and measuring

The board should assess culture and challenge the executives on its support of both the strategic objectives and purpose over the short and longer terms. Boards should give careful thought to how culture is monitored and assessed and what sources of information are used.

Devote sufficient time and resources to evaluating culture to assure that the report provides clarity that:

- senior management are clear and supportive of the culture
- values are well defined and understood at all levels
- actions and behaviours at different levels of the firm are in line with culture.

Commenting on culture should consider quantitative and qualitative information gathered from different sources, rather than reliance on one method or measure and tracked over time.

Understand how technology can be used to collect, analyse, interpret, and present information.

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Audit Committee – 28 May 2021

Title of paper:	Equality & HR Assurance	
Director(s)/ Corporate Director(s):	Richard Henderson, Director for HR & EDI	Wards affected: All
Report author(s) and contact details:	Titu Hayre-Bennett, Head of HR & OD Titu.Hayre-Bennett@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Paul Slater, HR Business Lead Paul.Slater@nottinghamcity.gov.uk Kirsty Spencer, HR Delivery Manager Kirsty.Spencer@nottinghamcity.gov.uk	
Recommendation(s):		
1	To note the work being done within the division to ensure the Council's statutory and non-statutory obligations relating to people management and equalities are being met and/or progressed.	

1 Reasons for recommendations

- 1.1 The HR & EDI division supports the organisation in meeting its various statutory and organisational obligations in relation to employee management, employment and equality law, and other legislation. The division also adds value through the role it plays in developing organisational culture, improving employee engagement and leading on employee wellbeing and development.
- 1.2 This report seeks to provide assurances that both statutory and organisational requirements are being met or progressed and monitored through the activity in the functions/areas described below.

2 Background

Absence Management.

- 2.1 Advancing and promoting employee health, wellbeing and safety has a range of benefits for the organisation, including performance, retention and development and organisational effectiveness. It is inevitable that employees will sometimes be unfit to attend work. However, there are limits to what can be accepted by way of sickness absence. The HR team provide guidance and coaching to managers to enable them to manage absence effectively and to help reduce the overall level and cost of absence within the organisation.
- 2.2 Sickness absence is a significant cost for the Council, though overall rates of absence have reduced in the previous financial year, most likely as a result of the changes to the working environment caused by COVID. In the financial year 2020/2021, costs of £4.4m were attributed to sickness absence, this does not include the costs of providing agency cover. This translates to 9.2 days lost per year, per full time equivalent employee. It should be noted however that this is a reduction on the 12 months prior, with costs of £5.4m attributed to sickness absence in 2019/2020.

- 2.3 Absence is regularly reviewed as part of performance data presented at Directorate Leadership Team meetings (DLTs), with quarterly statistics around absence and cases presented by HR Business Leads. This information is also provided to Trade Union representatives at ‘JCNC’ meetings. This ensures that both the rates and causes of absence are being regularly reviewed, with an opportunity for management and HR to implement appropriate support and measures within individual directorates.
- 2.4 It should also be noted that elements of the Absence Policy were ‘paused’ during periods of national restrictions within 2020 and early 2021. Whilst managers were still required to undertake welfare meetings, often remotely, Absence Management Meetings and Sickness ‘Triggers’ were paused, being reintroduced on 19 April 2021. Managers have subsequently been briefed by the HR team regarding the resumption of these processes.

Employee Wellbeing

- 2.5 Analysis of corporate sickness rates demonstrate that in 2019/20 Gastro-Stomach related sickness was the primary cause of absence, nearly double the rate of any other absence. However, in 2020/21, mental health became the primary cause (see Figs 1 & 2, 2019 on the left, 2020 on the right).
- 2.6 Looking at FTE days lost, the picture is more consistent with mental health continuing to be the biggest cause of long-term absence across both years.

Fig 1 Absence causes by number of absence occasions

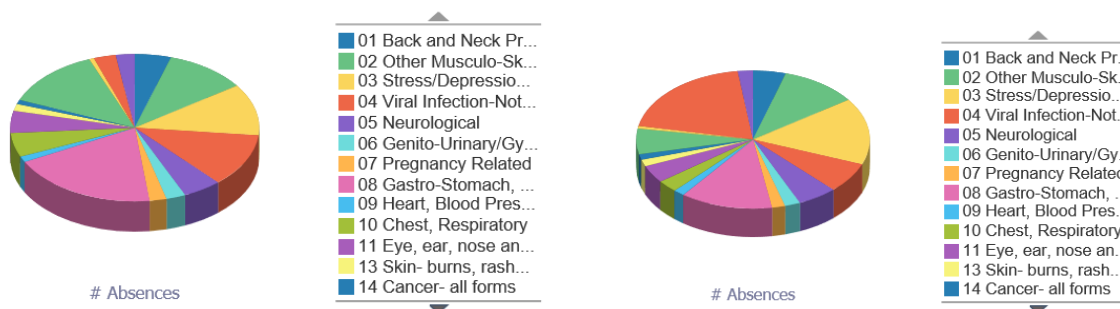
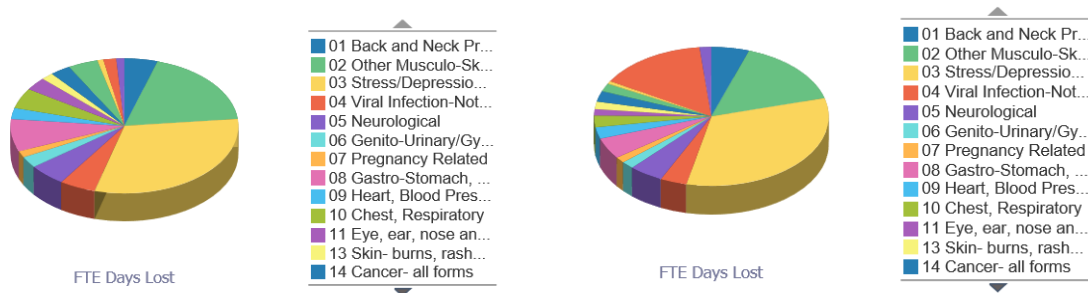
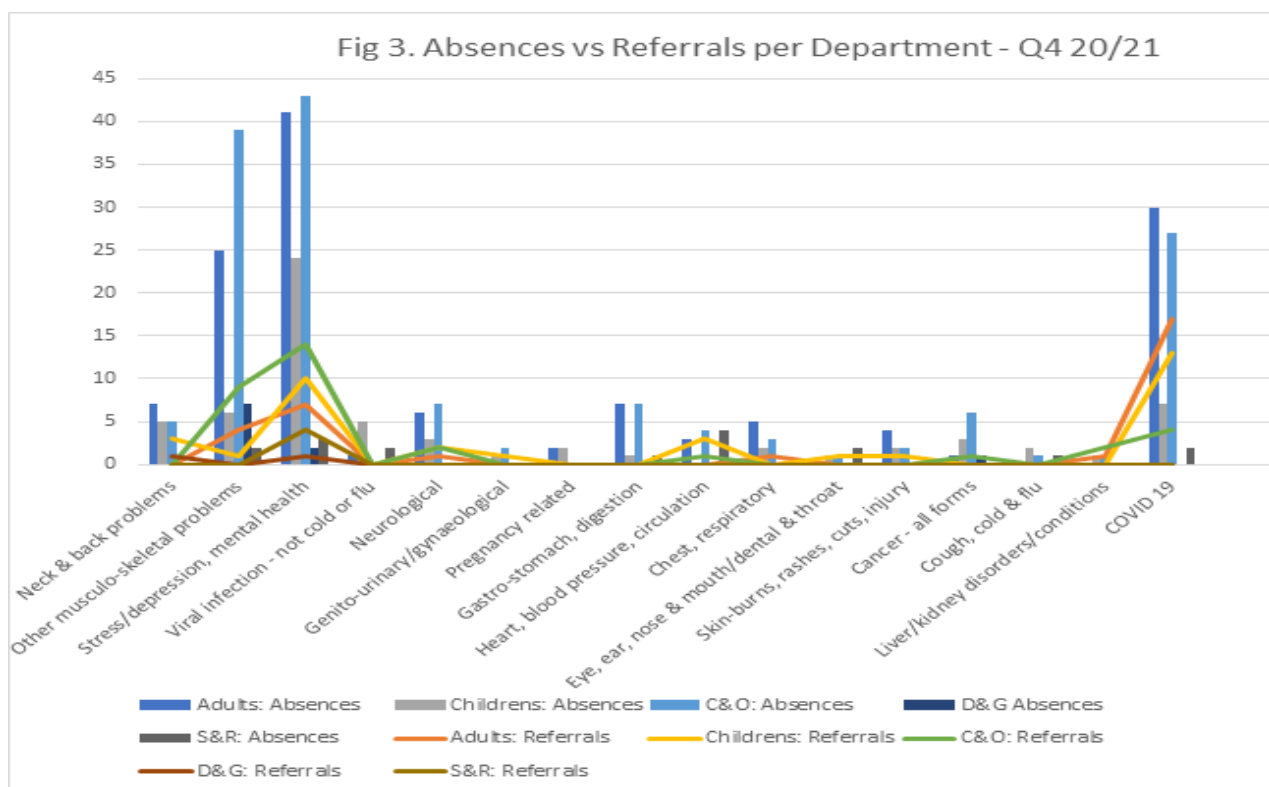


Fig 2 Absence causes by FTE Days lost



- 2.7 The Council has provision in place to support colleagues’ health and wellbeing including our Employee Assistance programme (EAP) wellbeing information, events and e-learning; colleague “well check” appointments and a council wide network of Time to Change Champions and Mental Health First Aiders. Although feedback on many of these services is positive, the EAP particularly is under-utilised so further work to promote the offer is required.

- 2.8 Specialist support and guidance is provided to managers by the EW team on specific cases. The team will also work with managers to devise and support bespoke interventions to tackle sickness in teams.
- 2.9 Managers are able to refer colleagues who are on long term sick (30 days plus) to our in-house Occupational Health service, where they will be assessed by an OH nurse or triaged to an OH physician, psychologist or physiotherapist as appropriate. Referrals are also required to support HR processes such as ill health retirement, capability and reasonable adjustments.
- 2.10 Early intervention is key in managing and reducing the duration of many causations of sickness. Analysis by department of referral rates vs new sickness cases (of 30 days plus) shows that referral rates are currently low, with fewer than 35% of colleagues in Q4 2020/21, for example, referred for stress and mental health. This may, in part, be attributable to managers delaying referral due to the temporary cessation of elements of the sickness absence policy as detailed above but may also demonstrate a requirement for further training/reminders to managers of sickness absence processes.
- 2.11 This situation will continue to be monitored and discussed at DLTs as part of wider sickness absence reporting going forward. (Fig 3 below)



Medical information

- 2.12 It is worth noting that the EW team, as an OH function, are responsible for the security and proper use of medical information which constitutes special category data under Article 9, GDPR and so requires a higher level of data protection. The team work closely with the Information Compliance team to ensure that the necessary systems and processes are in place to ensure the appropriate security and handling of this information; they have recently updated their privacy statement, for example. Previous audits have found that appropriate measures and good practice are in place to ensure

that obligations are being met. Where minor data breaches have occurred, these have been reported swiftly and managed in line with the corporate IC procedures. All team members have had enhanced training from the Information Compliance team.

HR 'Casework'

- 2.13 The HR team provide technical support and guidance to managers across the organisation in relation to conduct, performance, grievance or other similar matters. In a similar approach to the Absence Management processes, HR Casework was also paused for the majority of 2020 due to the national restrictions imposed by COVID. However, HR Casework resumed in late 2020 with a supporting framework to ensure cases could be progressed whilst adhering to national guidance and best practice. The HR team are currently supporting 67 'live' cases, with our 'Residents' department having the greatest volume of cases at present (27).
- 2.14 HR Casework is also regularly reviewed as part of performance data presented at DLTs, with quarterly statistics presented by HR Business Leads. This information is also provided to Trade Union representatives at 'JCNC' meetings. Policy decisions surrounding Casework are discussed and agreed at 'Central Panel' meetings, chaired by the Director of HR & EDI, with trade union representatives in attendance alongside senior HR colleagues. Previously, the Chief Executive had also been provided with an overview of HR Casework, particularly those cases of significant risk or those that may impact the reputation or operations of the organisation. This process has not been undertaken since the national restrictions first began in early 2020, though measures are now being implemented to reinstate this process.

Equalities

- 2.15 The Equality Act 2010 is the legal framework which protects people against discrimination, harassment and victimisation in employment, and as users of private and public services based on nine protected characteristics. NCC has specific obligations under the Equality Act 2010, as both an employer and as a public authority.
- 2.16 NCC's Equality, Diversity and Inclusion Strategy 2020-23 sets out the Council's commitment, vision and approach to tackling inequality and promoting diversity and inclusion, for both employees of the Council and citizens, with the Equality Act as the prime legislative basis under which the strategy operates. The four priority areas for NCC are;
1. A workforce that reflects the city
 2. Sustained economic growth for all
 3. Inclusive and accessible services
 4. Leading the City in tackling discrimination and promoting equality
- 2.17 The four Action Plans are each led by a Corporate Director and each has a lead Councillor aligned to provide corporate and political oversight. There is a working group for each action plan.
- 2.18 Updates against the action plans are provided at quarterly Equalities Board Meetings to monitor performance against them. The annual action plans that sit underneath the four priorities are currently being reviewed and updated to reflect the work that needs to take place over the coming year.

NCC's approach to compliance with the Public Sector Equality Duty (PSED)

- 2.19 The Equality Act 2010 requires public authorities to have due regard to the aims of the general equality duty, in the exercise of their functions, when making decisions and setting policies.
- 2.20 The general equality duty does not set out a particular process for assessing impact on equality that public authorities are expected to follow and it is up to each public authority to choose the most effective approach for doing this. NCC uses Equality Impact Assessment as a useful tool to help gather, analyse and understand the evidence and meaningfully inform decision making.
- 2.21 Currently the Equality and Employability Team provide quality assurance on EIAs. A number of improvements have been identified which would help to improve the quality and timeliness of assessments and to ensure that meaningful consultation and engagement feeds into these in order to ensure that the approach is consistent with case law principles in Equalities and supports a lawful approach to decision making. An improvement project is currently underway and is being delivered by the Equality and Employability Team, in collaboration with stakeholders and is overseen by the 'Leading the City in Tackling Discrimination and Advancing Equality' working group.

Duty to publish information to demonstrate compliance with the PSED

- 2.22 There is a specific duty under the PSED to calculate and publish our gender pay gap information. In 2020, this was paused as a requirement, however NCC still published the information, as a matter of good practice. This year, the deadline for publishing has been pushed to October 2021, as opposed to March. However, NCC published the report (with a snapshot of pay as at March 2020), in April 2021.
- 2.23 There is also a specific duty for public authorities to annually publish information that demonstrates compliance with the general equality duty. There are no explicit stipulations about what information must be included. Currently, NCC publishes pay gap data, demographic data/ equality monitoring, equality impact assessments (which contain a range of evidence) on the NCC website and the workforce profile on the open data platform. This year, NCC will publish ethnicity pay gap data and disability pay gap data for the first time.

Council Plan Commitments

- 2.24 NCC's current Council Plan (2019-2023) sets out a number of EDI priorities. Regular updates against each commitment are entered into Pentana.

Workforce Profile and Representation

- 2.25 A workforce data pack is presented quarterly at Equalities Board meetings. This pack includes data on representation of black and minority ethnic staff, lesbian, gay and bisexual staff (LGB) and staff with a disability across the NCC workforce and broken down by each department. The pack also includes recruitment data and shows trends over time to allow close monitoring of where there are issues in terms of representation.

Inclusive Initiatives

NCC has signed up to a number of inclusive initiatives.

- Disability confident employer – aiming to achieve 'Leader' Status this year
- Race at Work Charter
- BSL Charter

- Stonewall Equality Index

For each initiative, there is an action plan which details how we are delivering against the commitments we have made and allows us to monitor progress.

Training

- 2.26 The Development and Change team is responsible for the development and delivery of training to all colleagues and managers c6309 staff.
- 2.27 This is a central function that provides core management development, essential and developmental training for all colleagues and management of the LMS.
- 2.28 Training provision is aligned to corporate and departmental priorities and expected behaviours and managers are expected to discuss development needs with individuals at one to ones and performance appraisals.

These include (but are not limited to):

- a. Core Management Development programme
 - b. Essential training relating to topics such as data protection, customer service and finance.
 - c. Developmental training such as leadership skills and personal skills as well as 360 feedback
 - d. Training to support corporate change programmes such as CN28, FFTF, EDI.
 - e. Coaching and mentoring
 - f. Bespoke departmental/team interventions
 - g. Talent development programmes
 - h. Procurement and management of the Learning Management System
 - i. In addition a proportion of the team are working on the Culture workstream of the RIP.
- 2.29 There are other training teams situated in departments, who are responsible for the job specific service area training including:
- Children's Integrated Workforce Development
 - Adults Integrated Workforce Development
 - Neighbourhood Services Workforce Development
 - Corporate Safety Advice Team (training)

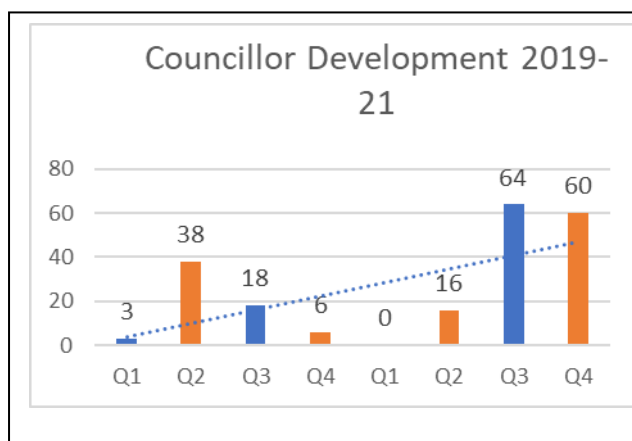
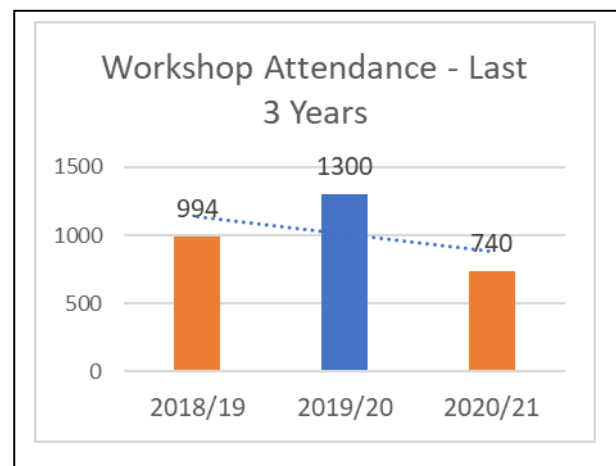
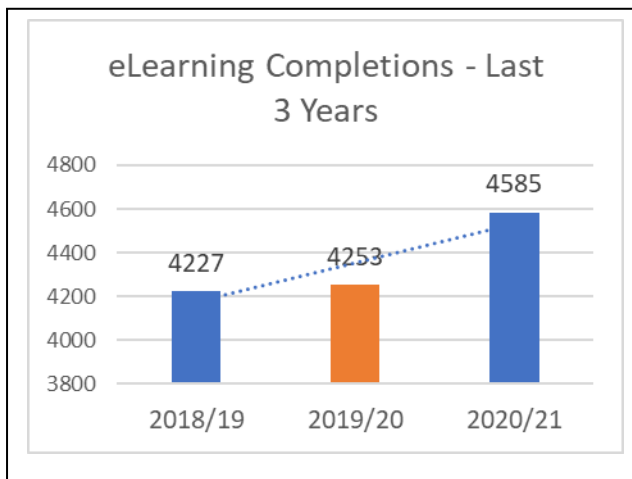
- 2.30 Development and Change has close working relationships with these teams to ensure links are made to corporate development and change activity.

Apprenticeship Levy

- 2.31 This work is led by Equality and Employability team in collaboration with Corporate Development and Change.
- 2.32 As of 12th March, there are 127 apprentices in post across the Council (of which 104 are existing colleagues).
- 2.33 Learning Pool provide the Learning Management System (NCC Learning Zone) which is used comprehensively to arrange and deliver workshops and eLearning, individual and manager access to learning records and for monitoring and reporting purposes.

D&C Performance

- 2.34 Engagement with learning and development had increased year on year prior to the Covid-19 pandemic due to an improved offer.
- 2.35 Q1 of 2020/21 saw a large reduction in development activity both in what could be offered and in what employees could complete. As a result of the pandemic. The team have been able to recover well in Q3/Q4.
- 2.36 The pandemic has shifted learning trends/preferences towards eLearning and away from workshops which was expected. It is anticipated this trend will continue, but that workshop numbers will increase as a 'blended' approach to delivery continues into 2021/22.
- 2.37 D&C took the lead for Councillor Development from May 2019 and have increased engagement during that period despite the pandemic.



D&C Evaluation

- 2.38 Delegates are asked to rate their knowledge, skills and confidence relating to the topic before they attended workshops and immediately afterwards.
- 2.39 During the last quarter of 2020/21 we have added evaluation on our eLearning modules and asked the same questions.
- 2.40 As expected, learning from a workshop (in person) scores higher than learning from eLearning, though 65% is still a high result.

2.41 Workshops: 80% of respondents said their skills, knowledge and confidence had increased

2.42 eLearning: 65% of respondents said their skills, knowledge and confidence had increased.

Benchmark: a recent People Lab study states only 37% of training led to new skills.
We also asked them to rate our performance at workshops:

	The event fully met all the stated objectives	The facilitator was knowledgeable in the subject and explained the topic in a way I could relate to	The materials were easy to understand and of good quality
Strongly Agree	58%	71%	64%
Agree	41%	28%	35%

D&C Impact

2.42 Managers are asked to provide feedback on their reportee 3 months following their attendance at a workshop. Response rates average around 28%, however the team are working on ways to increase the response rate and alternative ways to measure impact into 2021/22.

2.43 Impact on individual: 61% of managers who responded reported an improved and noticeable individual impact

2.44 Impact on wider team: 43% of managers who responded reported an improved and noticeable team impact.

Internal Communications and Engagement

2.45 The Development and Change team is also responsible for provision of Internal Comms and Engagement.

2.46 The timely, clear and supportive internal communications in response to Covid-19 has been well praised and appreciated.

Key Campaigns during 2020/21 have been:

- Covid Response
- Workplace safety
- Workplace transformation
- Welfare and Wellbeing
- Budget Process
- VR scheme
- MHCLG Rapid Review
- Recovery and Improvement Plan
- Lockdown support and Covid anniversary
- Manager and Loxley House based staff read rates remain high at c.70%
- All Colleague read rates between 40%-52%.
- 2300 regular readers of key messages.

- c.1200 colleagues signed up for Text Message service – expanded for wider usage as at Q4
- Covid staff intranet pages received 1,806 hits from the homepage
- Learning Zone button on the front page was the 4th most used button on the front page, with 13,700 hits in Q4

Transactional HR and Payroll Services provided East Midlands Shared Services (EMSS)

2.47 East Midlands Shared Services (EMSS) was created on 1 September 2012, employing HR and Finance staff across two locations. The Employee Service Centre (ESC) is based at County Hall in Leicestershire and the Finance Service Centre (FSC) at Loxley House in Nottingham. Supported by an Oracle Enterprise Resource Planning System, the Shared Service offers a sustainable solution to deliver efficient, cost effective services and a technical platform from which new ways of working can be developed and delivered.

Governance & Oversight

2.48 EMSS is constituted under Joint Committee arrangements, to process payroll/HR and accounts payable and accounts receivable transactions for Leicestershire County Council and Nottingham City Council. Nottingham City Council Internal Audit (NCCIA) is the designated Internal Audit provider for EMSS. The Council and Head of Internal Audit (HoIA) has ensured that the service has adopted and complies with the principles contained in the Public Sector Internal Audit Standards (PSIAS) and has met the requirements of the Account and Audit Regulations 2015 and associated regulations. This includes compliance with the governance requirements set down in the CIPFA Statement on the role of the Head of Internal Audit. On the basis of audit work undertaken during the 2019-20 financial year, covering financial systems, risk and governance, the Head of Internal Audit (HoIA) at Nottingham City Council concluded that a “**significant**” level of assurance could be given that internal control systems are operating effectively within EMSS and that no significant issues had been discovered.

2.49 During the FFtF Programme there have been a number of governance and review groups/boards put into place. In addition, in relation to the ESC is also the ESC Contract Meetings. These are held between EMSS Senior Managers and the Client Representative for Nottingham City Council. Here KPIs for Performance and Volume are discussed, in addition to potential organisational requirements, statutory changes (in pay, pensions and employment law) and service improvement and development.

2.50 EMSS are also obliged to produce an Annual Report to Joint Committee covers all of the above arrangements in addition to a review of their performance, achievements, financial acuity and growth.

Pay Governance

2.51 The Pay Governance Board monitors the operation of the City Council’s Pay Policy and ensure that the principles of the new model are adhered to.

2.52 Board members include:

- Director of Human Resources and Transformation
- Head of Human Resources and Transformation
- Organisational HR Manager

- Corporate Director of Commercial and Operations (*now resident services*)
- Corporate Director of Children's and Adults (*now People*)
- Team Leader, Equality, Diversity and Inclusion
- Head of Corporate Finance and Deputy Section 151 Officer

- 2.53 Pay Governance Board meetings are convened quarterly, however, during the pandemic meetings have been suspended and data is instead being shared with DLTs via HR Business Leads.
- 2.54 Pay Governance Board data sets include an overview of basic pay, market supplements, additional payments, discretionary payments, allowances, overtime and agency spend.
- 2.56 A recent audit of Payroll and Terms and Conditions 2019/20 gave a medium priority rating related to overtime payments and made a recommendation with regards to scrutiny of overtime payment in line with the Pay Policy. This is currently being looked at by HR Business Leads and Pay Governance Board data is being updated to reflect Audit's recommendations.
- 2.57 It is also worth noting that, in accordance with regulations, the Council's Annual Pay Policy Statement 2021-22 was published by the 31 March deadline.

Pensions

- 2.58 The HR Pensions team undertake pensions administration for the Local Government (LGPS), Teachers Pensions (TP) and NHS schemes for Nottingham City Council, Nottingham City Homes, Nottingham Revenues & Benefits, Associate Employers, maintained schools and one academy. They perform a range of statutory duties including year-end reporting, monthly and tri-annual auto-enrolment, starters and leavers reporting and recording of contractual changes, activities which are subject to potential fines from the Regulator (of up to £10,000 per case for starters or leaves, for example), in cases of non-compliance.
- 2.59 The team also undertake some of the functions normally performed by the Administering Authority including producing estimates and processing leavers through retirements and redundancy. The team has been integral to the corporate VR and CR programmes over the past year. In the last year, (2020/21) the team has processed 310 retirements, 325 estimates, 783 redundancies and 957 leavers, all within required timescales. Year-end calculations for NCC (2019-20) were delivered to 0.017% accuracy.
- 2.60 The work of the Pensions team is subject to internal and external audit, with the last full audit concluded in June 2017. The team will regularly respond to questions from Finance to support internal and external audits, with this most recently happening in February and March of this year.
- 2.61 Pensions team performance data is reported on a monthly basis to the HR management team to provide assurances around compliance. Any issues or bottlenecks are flagged and resources managed appropriately to ensure that these are dealt with.

- 2.62 The team manager plays an integral role in ensuring that any changes to pensions legislation and/or pensions regulations are acted on and adhered to. This year, this has included preparing for the now defunct exit pay cap legislation.
- 2.63 The team is also undertaking duties associated with the cessation in trading of Robin Hood Energy including preparatory work for the pension cessation valuation and production of the associated actuarial report.

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 Nottingham City Council's Equality, Diversity and Inclusion Strategy 2020-23

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Audit Committee – 28 May 2021

Title of paper:	Audit Committee Terms of Reference	
Director(s)/ Corporate Director(s):	Clive Heaphy, Interim Corporate Director of Finance & Resources	Wards affected: All
Report author(s) and contact details:	Shail Shah Head of Audit and Risk 0115 8764245 shail.shah@nottinghamcity.gov.uk	
Other colleagues who have provided input:		
Recommendation(s):		
1	Note the role and functions of the Audit Committee as set out in the Terms of Reference, which comply with best practice in the 2018 revision of CIPFA guidance on Audit Committees (the 2018 Guidance), including the additional elements prescribed by the Public Sector Internal Audit Standards (PSIAS), as set out in Appendix 1.	

1. Reasons for recommendations

- 1.1 The Terms of Reference (Appendix 1) are provided for information to the new membership of the Committee.

2. Background

- 2.1 The current Audit Committee Terms of Reference were reviewed and updated at this Committee in February.
- 2.2 CIPFA provided training to support Audit Committee members in their role on 30th March. Further refresher training will be provided later in the year.
- 2.3 The Terms of Reference were approved as part of Amendments to the Constitution at City Council on 8th March.
- 2.4 The Terms of Reference are primarily based on the Position Statement on Audit Committees in Local Authorities and Police issued by CIPFA in 2018.

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

- 3.1 None

4. Published documents referred to in compiling this report

- 4.1 Audit Committee papers 26th February 2021
- 4.2 City Council papers 8th March 2021
- 4.3 Audit Committees – Practical Guidance for Local Authorities and Police (CIPFA 2018)
- 4.4 Public Sector Internal Audit Standards (Local Government Application Note) (CIPFA 2019)

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Audit Committee

Terms of Reference

Updated 8Mar2021

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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