



Friday, 8 March 2024

Dear Sir/Madam

A meeting of the Governance, Audit and Standards Committee will be held on Monday, 18 March 2024 in the Council Chamber, Council Offices, Foster Avenue, Beeston NG9 1AB, commencing at 7.00 pm.

Should you require advice on declaring an interest in any item on the agenda, please contact the Monitoring Officer at your earliest convenience.

Yours faithfully

Chief Executive

To Councillors:	S J Carr (Chair)	K Harlow
	S Paterson (Vice-Chair)	G S Hills
	P J Bales	A Kingdon
	M Brown	J M Owen
	R Bullock	C M Tideswell
	G Bunn	S Webb
	R S Falvey	

## A G E N D A

1. APOLOGIES

To receive apologies and to be notified of the attendance of substitutes.

2. DECLARATIONS OF INTEREST

(Pages 5 - 12)

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest in any item on the agenda.

3. MINUTES

(Pages 13 - 16)

The Committee is asked to confirm as a correct record the minutes of the meeting held on 27 November 2023.

4. AMENDMENTS TO THE CONSTITUTION (Pages 17 - 48)
- To consider amendments to the Constitution regarding Portfolio Holders' Responsibilities in relation to Complaints and to recommend these to full Council to be adopted.
5. CONSTITUTIONAL REVIEW
- Members are asked to consider the formation of a Task and Finish Group with the aim of providing input and oversight of the Constitutional review. Further information will be provided at the meeting.
6. AUDIT OF ACCOUNTS AND ASSOCIATED MATTERS (Pages 49 - 84)
- To note progress with the audit of the Statement of Accounts for both 2021/22 and 2022/23 and to receive an updated Auditor's Annual Report for the year ended 31 March 2022.
7. STATEMENT OF ACCOUNTS 2023/24 - ACCOUNTING POLICIES (Pages 85 - 106)
- To provide Members with any updates made to the Council's accounting policies in relation to the production of the 2023/24 financial statements.
8. STATEMENT OF ACCOUNTS 2023/24 - UNDERLYING PENSION ASSUMPTIONS (Pages 107 - 112)
- To provide Members with information regarding the assumptions made by the pension fund actuary in calculating the IAS19 figures to be reported in the 2023/24 Statement of Accounts.
9. REVIEW OF STRATEGIC RISK REGISTER (Pages 113 - 128)
- To approve the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

10. DEBATE NOT HATE MOTION (Pages 129 - 134)

To report back the Officer and Member Task and Finish Groups recommendations having considered the Local Government Association (LGA) 'Debate Not Hate' Campaign objectives in more detail.

11. WORK PROGRAMME (Pages 135 - 136)

To consider items for inclusion in the Work Programme for future meetings.

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## Report of the Monitoring Officer

### DECLARATIONS OF INTEREST

#### 1. Purpose of Report

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest in any item on the agenda. The following information is extracted from the Code of Conduct, in addition to advice from the Monitoring Officer which will assist Members to consider any declarations of interest.

#### **Part 2 – Member Code of Conduct**

##### **General Obligations:**

#### **10. Interest**

10.1 You will register and disclose your interests in accordance with the provisions set out in Appendix A.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of Members of the Council. The register is publically available and protects you by demonstrating openness and willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting which allows the public, Council employees and fellow Councillors know which of your interests gives rise to a conflict of interest. If in doubt you should always seek advice from your Monitoring Officer.

**You should note that failure to register or disclose a disclosable pecuniary interest as defined in Appendix A of the Code of Conduct, is a criminal offence under the Localism Act 2011.**

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#### **Advice from the Monitoring Officer:**

On reading the agenda it is advised that you:

1. Consider whether you have any form of interest to declare as set out in the Code of Conduct.
2. Consider whether you have a declaration of any bias or predetermination to make as set out at the end of this document
3. Update Democratic Services and the Monitoring Officer and or Deputy Monitoring Officers of any declarations you have to make ahead of the meeting and take advice as required.
4. Use the Member Interest flowchart to consider whether you have an interest to declare and what action to take.
5. Update the Chair at the meeting of any interest declarations as follows:

‘I have an interest in Item xx of the agenda’

'The nature of my interest is ..... therefore the type of interest is  
DPI/ORI/NRI/BIAS/PREDETERMINATION  
'The action I will take is...'

This will help Officer record a more accurate record of the interest being declared and the actions taken. You will also be able to consider whether it is necessary to send a substitute Members in your place and to provide Democratic Services with notice of your substitute Members name.

**Note: If at the meeting you recognise one of the speakers and only then become aware of an interest you should declare your interest and take any necessary action**

6. Update your Member Interest Register of any registerable interests within 28days of becoming aware of the Interest.

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### **Ask yourself do you have any of the following interest to declare?**

#### **1. DISCLOSABLE PECUNIARY INTERESTS (DPIs)**

A "Disclosable Pecuniary Interest" is any interest described as such in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 and includes an interest of yourself, or of your Spouse/Partner (if you are aware of your Partner's interest) that falls within the following categories: Employment, Trade, Profession, Sponsorship, Contracts, Land, Licences, Tenancies and Securities.

#### **2. OTHER REGISTERABLE INTERESTS (ORIs)**

An "Other Registerable Interest" is a personal interest in any business of your authority which relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority; or
- b) any body
  - (i) exercising functions of a public nature
  - (ii) anybody directed to charitable purposes or
  - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a Member or in a position of general control or management.

#### **3. NON-REGISTRABLE INTERESTS (NRIs)**

"Non-Registrable Interests" are those that you are not required to register but need to be disclosed when a matter arises at a meeting which directly relates to your financial interest or wellbeing or a financial interest or wellbeing of a relative or close associate that is not a DPI.

A matter "directly relates" to one of your interests where the matter is directly about that interest. For example, the matter being discussed is an application about a particular property in which you or somebody associated with you has a financial interest.

A matter “affects” your interest where the matter is not directly about that interest but would still have clear implications for the interest. For example, the matter concerns a neighbouring property.

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## **Declarations and Participation in Meetings**

### **1. DISCLOSABLE PECUNIARY INTERESTS (DPIs)**

1.1 Where a matter arises at a meeting which **directly relates** to one of your Disclosable Pecuniary Interests which include both the interests of yourself and your partner then:

#### **Action to be taken**

- **you must disclose the nature of the interest** at the commencement of that consideration, or when the interest becomes apparent, whether or not such interest is registered in the Council’s register of interests of Member and Co-opted Members or for which you have made a pending notification. If it is a sensitive interest you do not have to disclose the nature of the interest, just that you have an interest
- **you must not participate in any discussion** of that particular business at the meeting, or if you become aware of a disclosable pecuniary interest during the meeting you must not participate further in any discussion of the business, including by speaking as a member of the public
- **you must not participate in any vote** or further vote taken on the matter at the meeting and
- **you must withdraw from the room** at this point to make clear to the public that you are not influencing the meeting in anyway and to protect you from the criminal sanctions that apply should you take part, unless you have been granted a Dispensation.

### **2. OTHER REGISTERABLE INTERESTS (ORIs)**

2.1 Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests i.e. relating to a body you may be involved in:

- **you must disclose** the interest at the commencement of that consideration, or when the interest becomes apparent, whether or not such interest is registered in the Council’s register of interests of Member and Co-opted Members or for which you have made a pending notification. If it is a sensitive interest you do not have to disclose the nature of the interest, just that you have an interest
- **you must not take part in any discussion or vote** on the matter, but may speak on the matter only if members of the public are also allowed to speak at the meeting
- **you must withdraw from the room** unless you have been granted a Dispensation.

### 3. NON-REGISTRABLE INTERESTS (NRIs)

3.1 Where a matter arises at a meeting, which is not registrable but may become relevant when a particular item arises i.e. interests which relate to you and /or other people you are connected with (e.g. friends, relative or close associates) then:

- **you must** disclose the interest; if it is a sensitive interest you do not have to disclose the nature of the interest, just that you have an interest
  - **you must not take part in any discussion or vote**, but may speak on the matter only if members of the public are also allowed to speak at the meeting; and
  - **you must withdraw** from the room unless you have been granted a Dispensation.
- 

#### **Dispensation and Sensitive Interests**

A “Dispensation” is agreement that you may continue to participate in the decision-making process notwithstanding your interest as detailed at section 12 of the Code of the Conduct and the Appendix.

A “Sensitive Interest” is as an interest which, if disclosed, could lead to the Member, or a person connected with the Member, being subject to violence or intimidation. In any case where this Code of Conduct requires to you to disclose an interest (subject to the agreement of the Monitoring Officer in accordance with paragraph 2.4 of this Appendix regarding registration of interests), you do not have to disclose the nature of the interest, if it is a Sensitive Interest in such circumstances you just have to disclose that you have a Sensitive Interest under S32(2) of the Localism Act 2011. You must update the Monitoring Officer when the interest is no longer sensitive, so that the interest can be recorded, made available for inspection and published.

#### **BIAS and PREDETERMINATION**

The following are not explicitly covered in the code of conduct but are important legal concepts to ensure that decisions are taken solely in the public interest and not to further any private interests.

The risk in both cases is that the decision maker does not approach the decision with an objective, open mind.

This makes the local authority’s decision challengeable (and may also be a breach of the Code of Conduct by the Councillor).

Please seek advice from the Monitoring Officer or Deputy Monitoring Officers, if you need assistance ahead of the meeting.



## **BIAS**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias. If you have been involved in an issue in such a manner or to such an extent that the public are likely to perceive you to be biased in your judgement of the public interest:

- a) you should not take part in the decision-making process
- b) you should state that your position in this matter prohibits you from taking part
- c) you should leave the room.

## **PREDETERMINATION**

Where a decision maker has completely made up his/her mind before the decision is taken or that the public are likely to perceive you to be predetermined due to comments or statements you have made:

- a) you should not take part in the decision-making process
- b) you should state that your position in this matter prohibits you from taking part
- c) you should leave the room.

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## Registerable Interests

These are interests that you are required to register in accordance with the Code of Conduct. They are interests that you would know about in advance of an item coming up (e.g. land you own) and you should have included them when filling in your register of interests.

What type of Registerable Interest do you have in this matter?

### Disclosable Pecuniary Interests

These are any interests that are described as DPIs under the Code of Conduct and include both the interests of yourself and of your partner.

### Other Registerable Interests

These are personal interests that relate to certain types of bodies that you may be involved in as set out in the Code of Conduct.

Does the matter directly relate to one of your Disclosable Pecuniary Interests?

No

Does the matter directly relate to the financial interest or wellbeing of one of your Other Registerable Interests?

No

Does the matter affect a financial interest or the wellbeing of yourself or of a friend, relative or close associate?

No

Yes

Is the financial interest or wellbeing affected to a greater extent than the financial interests or wellbeing of the majority of inhabitants?

No

Yes

Would a reasonable member of the public knowing all the facts believe that it would affect your view of the wider public interest?

No

Yes

Yes

You must:

- Disclose the interest;
- Not speak on the matter;
- Not participate in any discussion or vote; and
- Not remain in the room unless you have a Dispensation

You must:

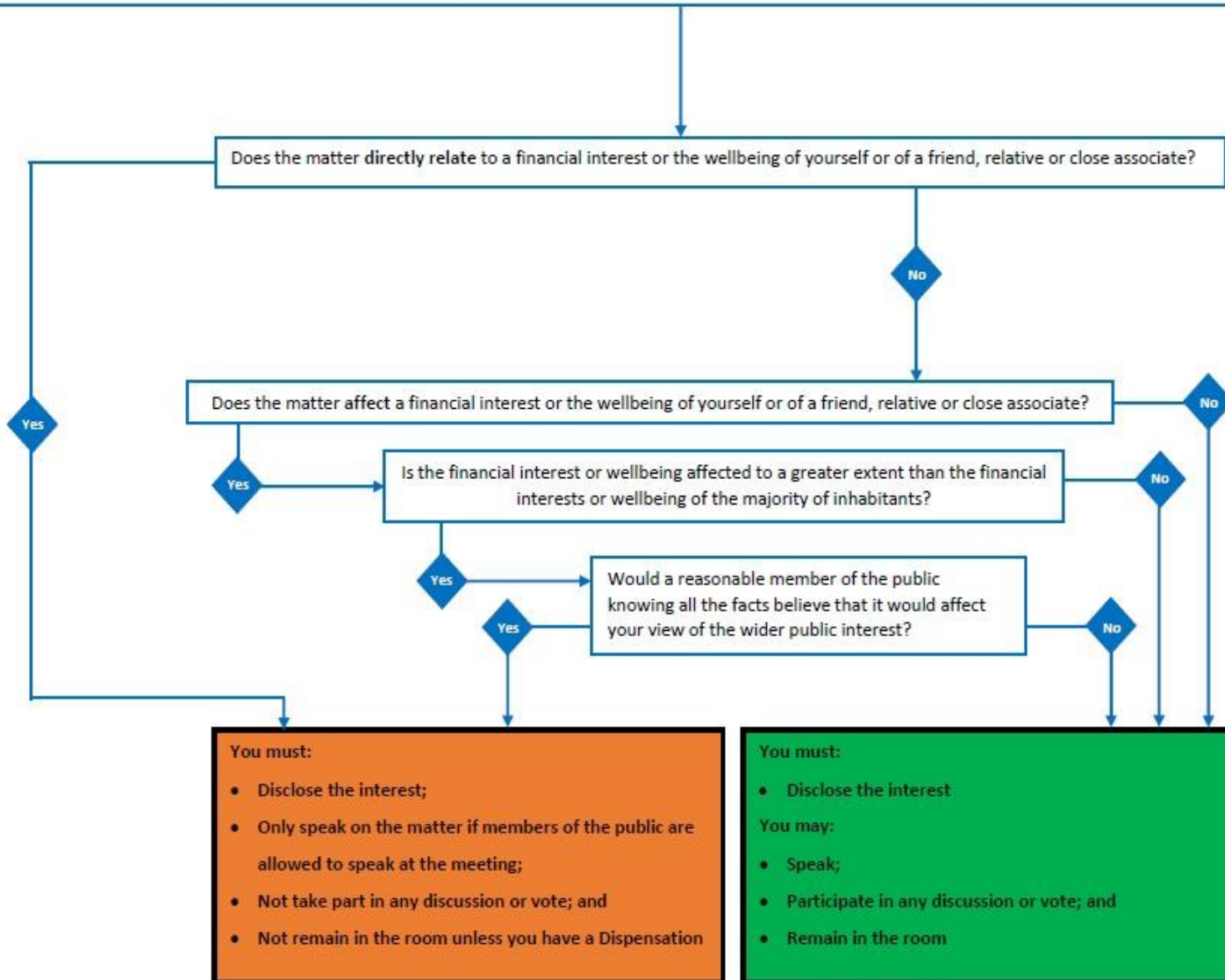
- Disclose the interest;
- Only speak on the matter if members of the public are allowed to speak at the meeting;
- Not take part in any discussion or vote; and
- Not remain in the room unless you have a Dispensation

You must:

- Disclose the interest
- You may:
- Speak;
  - Participate in any discussion or vote; and
  - Remain in the room

## Non-Registerable Interests

These are interests that you are not required to register but may become relevant when a particular item arises. These are usually interests that relate to other people you are connected with (e.g. friends, relatives or close associates) but can include your own interests where you would not have been expected to register them.



## GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

MONDAY, 27 NOVEMBER 2023

Present: Councillor S J Carr, Chair

Councillors: P J Bales  
M Brown  
R Bullock  
G Bunn  
R S Falvey  
G S Hills  
A Kingdon  
J M Owen  
P J OWen (Ex-Officio)  
S Paterson  
C M Tideswell  
S Webb

Apologies for absence were received from Councillors K Harlow.

### 40. DECLARATIONS OF INTEREST

Councillors P Bales, B Bullock, M Brown, G Hills, J Owen and P J Owen declared a non-pecuniary interest in agenda item 6 due to being a Town/Parish Councillor in an area affected by the boundary change. Minute number 44 refers.

Councillors B Bullock, M Brown, S J Carr, G Hills, A Kingdon, J Owen, P J Owen, C Tideswell and S Webb declared a non-pecuniary interest in agenda item 7 due to being a Ward Member in an area affected by the polling places change. Minute number 45 refers.

### 41. MINUTES

The minutes of the meeting held on 18 September 2023 were confirmed and signed as a correct record.

### 42. MINUTES FROM THE ADVISORY SHAREHOLDER SUB COMMITTEE

The Committee noted the minutes of the Advisory Shareholder Sub-Committee held on 16 October 2023.

### 43. EXTERNAL AUDIT UPDATE 2021/22 AND 2022/23

The Committee noted the update from the Council's external auditor, Mazars.

#### 44. COMMUNITY GOVERNANCE REVIEW

The Committee proposed arrangements for the Community Governance Review of the north of the borough.

A previous review carried out in 2020/21 concluded that further work was needed to achieve satisfactory arrangements for Brinsley, Eastwood, Greasley, Kimberley and Nuthall where they border each other and which takes into account the complex relationship between the communities in that part of the Borough.

Any changes arising from that review will come into effect for the elections in 2027. It is recommended that the Review start in December 2023

**RESOLVED that:**

1. **The Terms of Reference for the Review attached at Appendix 1 be APPROVED.**
2. **The proposed consultation programme set out in Appendix 2.be APPROVED.**
3. **The consultation proposals set out in Appendix 3 be APPROVED.**
4. **A Task and Finish Group comprising 3 members of this Committee be appointed to consider the responses received during the two consultation stages and to make recommendations on the options in light of those responses.**

(Having declared a non-pecuniary registrable interest in the item, Councillors P Bales, B Bullock, M Brown, G Hills, J Owen and P J Owen left the meeting before commencement of the discussion).

#### 45. REVIEW OF POLLING DISTRICTS AND POLLING PLACES

Members noted the proposed changes to the polling districts and polling places set out in the appendices to the report

**RECOMMENDED to Council that the proposed changes to the polling districts in appendix 2 and the designation of polling places set out in appendix 3 to the report be approved.**

#### 46. REPORT OF THE MONITORING OFFICER

The Committee note the Housing Ombudsman's finding of maladministration in respect of the Council failing to notify a complainant that their utility meters were locked behind a suited lock.

#### 47. REVIEW OF STRATEGIC RISK REGISTER

The Committee considered the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

**RESOLVED that the amendments to the Strategic Risk Register and the actions to mitigate risks as set out be approved.**

48. INTERNAL AUDIT PROGRESS REPORT

The Committee noted the recent work completed by Internal Audit. Members noted that Internal Audit had also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits.

49. WORK PROGRAMME

The Committee considered the Work Programme.

**RESOLVED that the Work Programme be approved.**

50. EXCLUSION OF PUBLIC AND PRESS

**RESOLVED that, under Section 100A of the Local Government Act, 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 2, and 3 of Schedule 12A of the Act.**

51. INTERNAL AUDIT REVIEW APPENDIX 3

The Committee noted the confidential appendix.

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## Report of the Monitoring Officer

**AMENDMENTS TO THE CONSTITUTION**1. Purpose of report

To consider amendments to the Constitution regarding Portfolio Holders' Responsibilities in relation to the Council's Complaints Service to recommend to full Council that these be adopted.

2. Recommendation

**The Committee is asked to:**

- 1. RECOMMEND to Council that the amendments to the Terms of Reference within the Constitution for the Portfolio Holder for Resources and Personnel, be approved.**
- 2. NOTE the update on Member referrals to Planning Committee.**
- 3. NOTE the update position Bramcote Bereavement Services Joint Committee Agreement.**

3. Detail

The Local Government and Social Care Ombudsman (LGSCO), in association with the Housing Ombudsman (HO), issued a draft Joint Complaint Handling Code in October 2023. The aim of the Code was to introduce consistency in the way that both bodies deal with complaints. The LGSCO and HO consulted with local authorities on its initial version of the Joint Code with a closing date of 23 November 2023. On consideration of the responses, the LGSCO informed authorities that it would not participate further in the Joint Code until 2027, while the HO stated that it would still require implementation in 2024.

Much of the Code (attached at **APPENDIX 1**) is currently contained within the process used at this Council. However, the new Code will allow for complaints to be considered 12 months after an event has taken place rather than the six-months allowed in the current guidance as agreed by the Governance, Audit and Standards Committee and previously recommended by the HO.

The Policy Overview Working Group gave consideration to the oversight and responsibility for Complaints. Currently, the Governance, Audit and Standards Committee under its terms of reference receives and scrutinise the Annual Complaints Report, and it was suggested that in order for wider Member engagement this continues to happen, in addition to submission of the report to Cabinet as recommended in the Code guidance. Further consideration was given to an appropriate Portfolio Holder overseeing the role and processes of complaints at the Council, and presenting reports and recommendations to Cabinet. As the Complaints Service currently sits under the Portfolio Holder for Resources and Personnel Policy, the Working Group considered that this Portfolio Holder be best placed to receive and challenge updates on the complaints process. The new responsibility for the Portfolio Holder would necessitate an inclusion in the Constitution under the Terms of Reference as follows:

‘To have lead responsibility for complaints to support a positive complaint handling culture.’

The Complaints Code will be considered by Cabinet at its meeting on 12 March 2024. Any updates from the meeting will be provided to the Governance, Audit and Standards Committee.

#### Member referrals to Planning Committee - Update

On 12 July 2023 Full Council resolved that Members be required to give 28 days’ notice and complete a form when referring items to Planning Committee for further consideration. The proposal was to formalise the planning referral process to ensure greater clarity for both Members and Planning Officers, and to fully detail the planning reasons why an application is being referred to Committee. The aim was to eradicate the potential for any referrals to be overlooked or human error to occur, as this issue has unfortunately arisen in the past. Therefore, any Planning Committee referral would have to be submitted through a specific form.

It was proposed that 28 days’ written notice by Members was required to make referrals to Planning Committee to enable all parties to the application to have sufficient time to prepare representations ahead of the Committee and to enable Planning Officers to manage their workloads.

The Head of Planning and Economic Development’s update is included at **APPENDIX 2**.

#### Bramcote Bereavement Services Joint Committee Agreement

The draft version of the Agreement has undergone its initial checks through this Council’s Legal Team. Erewash Borough Council have been consulted on timelines and it has been scheduled that the two Councils will consider the document at the relevant Committee meetings in May, before recommending to their respective Council meetings in July.

#### 4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no financial implications to consider with any costs being contained within existing budgets.

#### 5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

No comments

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Unison comments in relation to this report.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Climate Change Implications

There were no climate change implications as a result of this report.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil.

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# Complaints Policy

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## **1.0 Scope**

The Complaints Policy sets out the approach that Broxtowe Borough Council takes to investigate and respond to official complaints.

The Policy applies to all complainants that have registered an official complaint with the Council.

For the purpose of the Policy, official complaints relate to both stage 1 and stage 2 complaints.

## **2.0 Purpose**

The document describes how Broxtowe Borough Council will monitor, investigate and response to official complaints.

The Housing Ombudsman recommends that the Council adopt its Complaint Handling Code to ensure a consistent approach to dealing with complaints and learning from the outcome of complaints.

## **3.0 Aims and Objectives**

The aims and objectives of the Policy are:

- To ensure consistent reporting, investigating and responding to all official complaints received by the Council.
- To provide guidance on how to appropriately action complaints.

## **4.0 Regulatory Code and Legal Framework**

- Housing Ombudsman remedies guidance.
- Housing Ombudsman Complaint Handling Code.
- Local Government Ombudsman Guidance on remedies.
- Complaints Compensation Policy.

## 5.0 Policy Outline

### Introduction

An effective complaints process enables the Council to learn from the issues that arise for residents and to take steps to improve the services it provides. Complaint handling performs an important strategic role for an organisation, providing vital intelligence on its performance, culture and reputation.

Some Council's see complaints as a form of negative feedback. However, there are many benefits to be gained from having an effective and efficient complaints process. These can be:

- Complaints allow an issue to be resolved before it becomes worse. Those issues not resolved quickly can take significant resource and time to remedy.
- Involvement in complaint resolution develops staff ownership, decision-making and engagement.
- Complaints provide senior staff with essential insight into day-to-day operations allowing them to assess effectiveness and drive a positive complaint handling culture.
- Good complaint handling promotes a positive Council and resident relationship.

### The complaints process

#### 1. Definition of a complaint

1.1 Effective complaint handling enables residents to be heard and understood. The starting point for this is a shared understanding of what constitutes a complaint.

1.2 A complaint must be defined as:

*'an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the Council, its own staff, or those acting on its behalf, affecting a resident or group of residents.'*

1.3 A resident does not have to use the word 'complaint' for it to be treated as such. Whenever a resident expresses dissatisfaction The Council must give them the choice to make complaint. A complaint that is submitted via a third party or representative must be handled in line with the Council's complaints policy.

1.4 The Council must recognise the difference between a **service request** and a **complaint**. This must be set out in their complaints policy. A service request is a request from a resident to the Council requiring action to be taken to put something right. Service requests are not complaints, but must be recorded, monitored and reviewed regularly.

1.5 A complaint must be raised when the resident expresses dissatisfaction with the response to their service request, even if the handling of the service request remains ongoing. The Council must not stop their efforts to address the service request if the resident complains.



1.6 An expression of dissatisfaction with services made through a survey is not defined as a complaint, though wherever possible, the person completing the survey should be made aware of how they can pursue a complaint if they wish to. Where The Council ask for wider feedback about their services, they also must provide details of how residents can complain.

## **2. Exclusions**

2.1 The Council must accept a complaint unless there is a valid reason not to do so. If the Council decide not to accept a complaint they must be able to evidence their reasoning. Each complaint must be considered on its own merits.

2.2 A complaints policy must set out the circumstances in which a matter will not be considered as a complaint or escalated, and these circumstances must be fair and reasonable to residents. Acceptable exclusions include:

- The issue giving rise to the complaint occurred over twelve months ago.
- Legal proceedings have started. This is defined as details of the claim, such as the Claim Form and Particulars of Claim, having been filed at court.
- Matters that have previously been considered under the complaints policy.

2.3 The Council must accept complaints referred to them within 12 months of the issue occurring or the resident becoming aware of the issue, unless they are excluded on other grounds. The Council must consider whether to apply discretion to accept complaints made outside this time limit where there are good reasons to do so.

2.4 The Council decides not to accept a complaint, an explanation must be provided to the resident setting out the reasons why the matter is not suitable for the complaints process and the right to take that decision to the Ombudsman. If the Ombudsman does not agree that the exclusion has been fairly applied, the Ombudsman may tell the Council to take on the complaint.

2.5 The Council must not take a blanket approach to excluding complaints; they must consider the individual circumstances of each complaint.

## **3. Accessibility and awareness**

3.1 The Council must make it easy for residents to complain by providing different channels through which they can make a complaint. The Council must consider their duties under the Equality Act 2010 and anticipate the needs and reasonable adjustments of residents who may need to access the complaints process.

3.2 Residents must be able to raise their complaints in any way and with any member of staff. All staff must be aware of the complaints process and be able to pass details of the complaint to the appropriate person within the Council.

3.3 High volumes of complaints must not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. Low complaint volumes are potentially a sign that residents are unable to complain.

3.4 The Council must make their Complaint Policy available in a clear and accessible format for all residents. This will detail the two stage process, what will happen at

each stage, and the timeframes for responding. The policy must also be published on the Council's website.

- 3.5 The policy must explain how the Council will publicise details of the complaints policy, including information about the Ombudsman and this Policy
- 3.6 The Council must give residents the opportunity to have a representative deal with their complaint on their behalf, and to be represented or accompanied at any meeting with the Council.
- 3.7 The Council must provide residents with information on their right to access the Ombudsman Service and how the individual can engage with the Ombudsman about their complaint.

#### **4. Complaint handling staff**

- 4.1 The Council must have a person or team assigned to take responsibility for complaint handling, including liaison with the Ombudsman and ensuring complaints are reported to the governing body (or equivalent). This Policy will refer to that person or team as the 'complaints officer'. This role may be in addition to other duties.
- 4.2 The complaints officer must have access to staff at all levels to facilitate the prompt resolution of complaints. They must also have the authority and autonomy to act to resolve disputes promptly and fairly.
- 4.3 The Council are expected to prioritise complaint handling and a culture of learning from complaints. All relevant staff must be suitably trained in the importance of complaint handling. It is important that complaints are seen as a core service and must be resourced to handle complaints effectively.

#### **5. The complaint handling process**

- 5.1 The Council must have a single policy in place for dealing with complaints. Residents must not be treated differently if they complain.
- 5.2 The early and local resolution of issues between the Council and residents is key to effective complaint handling. It is not appropriate to have extra named stages (such as 'stage 0' or 'informal complaint') as this causes unnecessary confusion.
- 5.3 A process with more than two stages is not acceptable under any circumstances as this will make the complaint process unduly long and delay access to the Ombudsman.
- 5.4 Where the Council's complaint response is handled by a third party (e.g. a contractor or independent adjudicator) at any stage, it must form part of the two stage complaints process set out in this Policy. Residents must not be expected to go through two complaints processes.
- 5.5 The Council are responsible for ensuring that any third parties handle complaints in line with the Policy.

- 5.6 When a complaint is logged at Stage 1 or escalated to Stage 2, the Council must set out their understanding of the complaint and the outcomes the resident is seeking. The Policy will refer to this as “the complaint definition”. If any aspect of the complaint is unclear, the resident must be asked for clarification.
- 5.7 When a complaint is acknowledged at either stage, the Council must be clear which aspects of the complaint they are, and are not, responsible for and clarify any areas where this is not clear.
- 5.8 At each stage of the complaints process, complaint handlers must:
- a) deal with complaints on their merits, act independently, and have an open mind;
  - b) give the resident a fair chance to set out their position;
  - c) take measures to address any actual or perceived conflict of interest; and
  - d) consider all relevant information and evidence carefully.
- 5.9 Where a response to a complaint will fall outside the timescales set out in this Policy the Council must agree with the resident suitable intervals for keeping them informed about their complaint.
- 5.10 The Council must make reasonable adjustments for residents where appropriate under the Equality Act 2010. The Council must keep a record of any reasonable adjustments agreed, as well as a record of any disabilities a resident has disclosed. Any agreed reasonable adjustments must be kept under active review.
- 5.11 The Council must not refuse to escalate a complaint through all stages of the complaints procedure unless it has valid reasons to do so. The Council must clearly set out these reasons, and they must comply with the provisions set out in section 2 of this Policy.
- 5.12 A full record must be kept of the complaint, and the outcomes at each stage. This must include the original complaint and the date received, all correspondence with the resident, correspondence with other parties, and any relevant supporting documentation such as reports or surveys.
- 5.13 The Council must have processes in place to ensure that a complaint can be remedied at any stage of its complaints process. The Council must ensure that appropriate remedies can be provided at any stage of the complaints process without the need for escalation.
- 5.14 The Council must have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives. The Council must be able to evidence reasons for putting any restrictions in place and must keep restrictions under regular review.
- 5.15 Any restrictions placed on contact due to unacceptable behaviour must be proportionate and demonstrate regard for the provisions of the Equality Act 2010.

## 6. Complaints stages

### Stage 1

- 6.1 The Council must have processes in place to consider which complaints can be responded to as early as possible, and which require further investigation. The Council must consider factors such as the complexity of the complaint and whether the resident is vulnerable or at risk. Most stage 1 complaints can be resolved promptly, and an explanation, apology or resolution provided to the resident.
- 6.2 Complaints must be acknowledged, defined and logged at stage 1 of the complaints procedure **within five working days of the complaint being received**.
- 6.3 The Council must issue a full response to stage 1 complaints **within 10 working days** of the complaint being acknowledged.
- 6.4 The Council must decide whether an extension to this time scale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 10 working days without good reason, and the reason(s) must be clearly explained to the resident.
- 6.5 When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.
- 6.6 A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.
- 6.7 The Council must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.
- 6.8 Where residents raise additional complaints during the investigation, these must be incorporated into the stage 1 response if they are related and the stage 1 response has not been issued. Where the stage 1 response has been issued, the new issues are unrelated to the issues already being investigated or it would unreasonably delay the response, the new issues must be logged as a new complaint.
- 6.9 The Council must confirm the following in writing to the resident at the completion of stage 1 in clear, plain language:
  - a) the complaint stage;
  - b) the complaint definition;
  - c) the decision on the complaint;
  - d) the reasons for any decisions made;
  - e) the details of any remedy offered to put things right;
  - f) details of any outstanding actions; and
  - g) details of how to escalate the matter to stage 2 if the individual is not satisfied with the response.

## Stage 2

- 6.10 If all or part of the complaint is not resolved to the resident's satisfaction at stage 1, it must be progressed to stage 2 of the Council's procedure. Stage 2 is the Council's final response.
- 6.11 Requests for stage 2 must be acknowledged, defined and logged at stage 2 of the complaints procedure within **five working days of the escalation request being received**.
- 6.12 Residents must not be required to explain their reasons for requesting a stage 2 consideration. The Council are expected to make reasonable efforts to understand why a resident remains unhappy as part of its stage 2 response.
- 6.13 The person considering the complaint at stage 2 must not be the same person that considered the complaint at stage 1.
- 6.14 The Council must issue a final response to the stage 2 **within 20 working days** of the complaint being acknowledged.
- 6.15 The Council must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 20 working days without good reason, and the reason(s) must be clearly explained to the resident.
- 6.16 When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.
- 6.17 A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.
- 6.18 The Council must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.
- 6.19 The Council must confirm the following in writing to the resident at the completion of stage 2 in clear, plain language:
- a) the complaint stage;
  - b) the complaint definition;
  - c) the decision on the complaint;
  - d) the reasons for any decisions made;
  - e) the details of any remedy offered to put things right;
  - f) details of any outstanding actions; and
  - g) details of how to escalate the matter to the Ombudsman Service if the individual remains dissatisfied.
- 6.20 Stage 2 is the Council's final response and must involve all suitable staff members needed to issue such a response.

## **7. Putting things right**

- 7.1 Where something has gone wrong the Council must acknowledge this and set out the actions it has already taken, or intends to take, to put things right. These can include:
- Apologising;
  - Acknowledging where things have gone wrong;
  - Providing an explanation, assistance or reasons;
  - Taking action if there has been delay;
  - Reconsidering or changing a decision;
  - Amending a record or adding a correction or addendum;
  - Providing a financial remedy;
  - Changing policies, procedures or practices.
- 7.2 Any remedy offered must reflect the impact on the resident as a result of any fault identified.
- 7.3 The remedy offer must clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.
- 7.4 The Council must take account of the guidance issued by the Ombudsman when deciding on appropriate remedies.

## **8. Self-assessment, reporting and compliance**

- 8.1 The Council must produce an annual complaints performance and service improvement report for scrutiny and challenge, which must include:
- a) the annual self-assessment against this Code to ensure their complaint handling policy remains in line with its requirements.
  - b) a qualitative and quantitative analysis of the Council's complaint handling performance. This must also include a summary of the types of complaints the Council has refused to accept;
  - c) any findings of non-compliance with this Policy by the Ombudsman;
  - d) the service improvements made as a result of the learning from complaints;
  - e) any annual report about the Council's performance from the Ombudsman; and
  - f) any other relevant reports or publications produced by the Ombudsman in relation to the work of the Council.
- 8.2 The annual complaints performance and service improvement report must be reported to the Council's governing body (or equivalent) and published on the on the section of its website relating to complaints. The governing body's response to the report must be published alongside this.
- 8.3 The Council must also carry out a self-assessment following a significant restructure, merger and/or change in procedures.
- 8.4 The Council may be asked to review and update the self-assessment following an Ombudsman investigation.

8.5 If a Council is unable to comply with the Policy due to exceptional circumstances, such as a cyber-incident, they must inform the Ombudsman, provide information to residents who may be affected, and publish this on their website. The Council must provide a timescale for returning to compliance with the Policy.

## **9. Scrutiny & oversight: continuous learning and improvement**

9.1 The Council must look beyond the circumstances of the individual complaint and consider whether service improvements can be made as a result of any learning from the complaint.

9.2 A positive complaint handling culture is integral to the effectiveness with which The Council resolve disputes. The Council must use complaints as a source of intelligence to identify issues and introduce positive changes in service delivery.

9.3 Accountability and transparency are also integral to a positive complaint handling culture. The Council must report back on wider learning and improvements from complaints to stakeholders, such as residents' panels, staff and relevant committees.

9.4 The Council must appoint a suitably senior lead person as accountable for their complaint handling. This person must assess any themes or trends to identify potential systemic issues, serious risks, or policies and procedures that require revision.

9.5 In addition to this, a member of the governing body (or equivalent) must be appointed to have lead responsibility for complaints to support a positive complaint handling culture. This person is referred to as the Member Responsible for Complaints ('the MRC').

9.6 The MRC will be responsible for ensuring the governing body receives regular information on complaints that provides insight on the Council's complaint handling performance. This person must have access to suitable information and staff to perform this role and report on their findings.

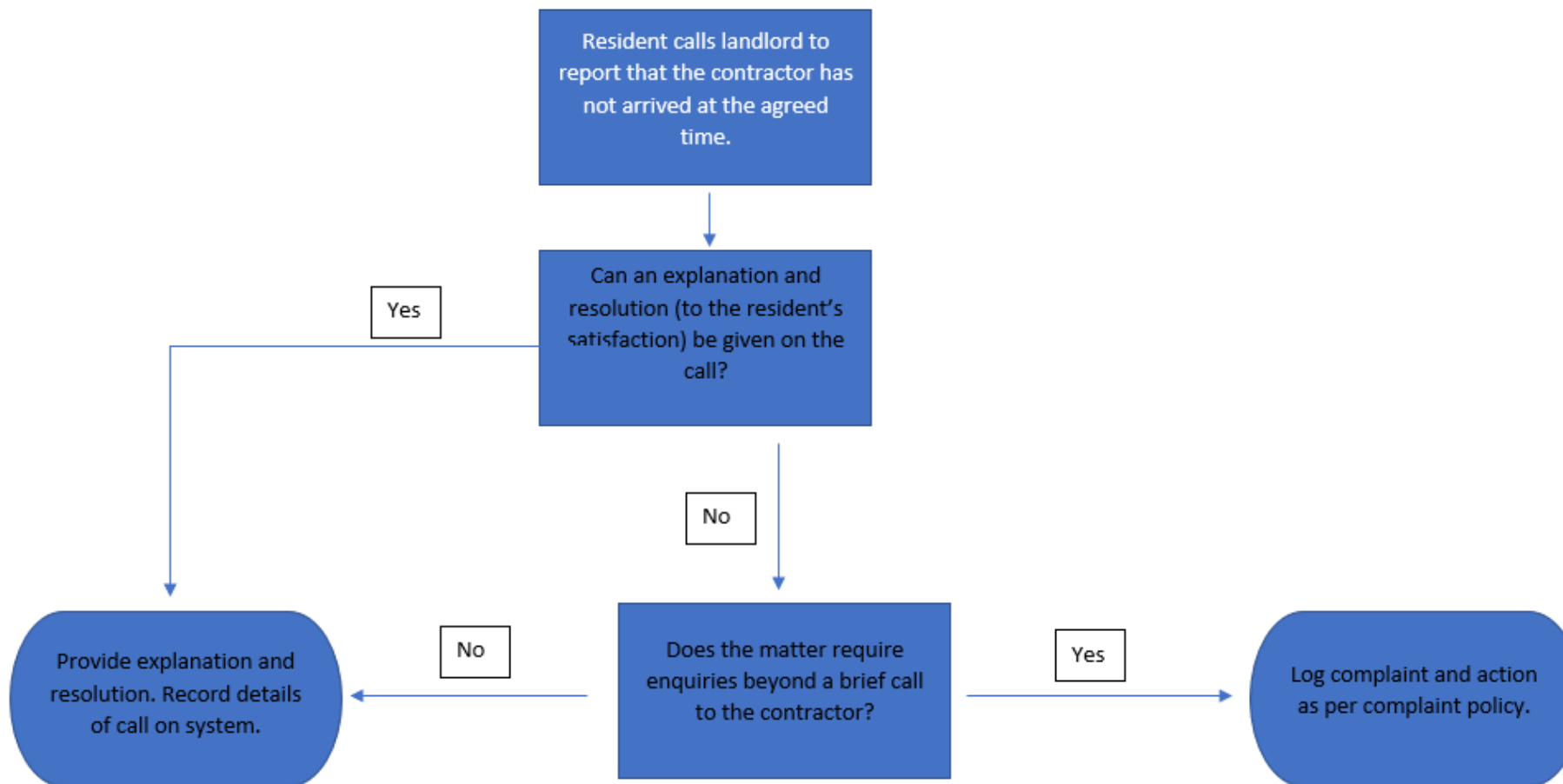
9.7 As a minimum, the MRC and the governing body (or equivalent) must receive:

- a) regular updates on the volume, categories and outcomes of complaints, alongside complaint handling performance;
- b) regular reviews of issues and trends arising from complaint handling;
- c) regular updates on the outcomes of the Ombudsman's investigations and progress made in complying with orders related to severe maladministration findings; and
- d) the annual complaints performance and service improvement report.

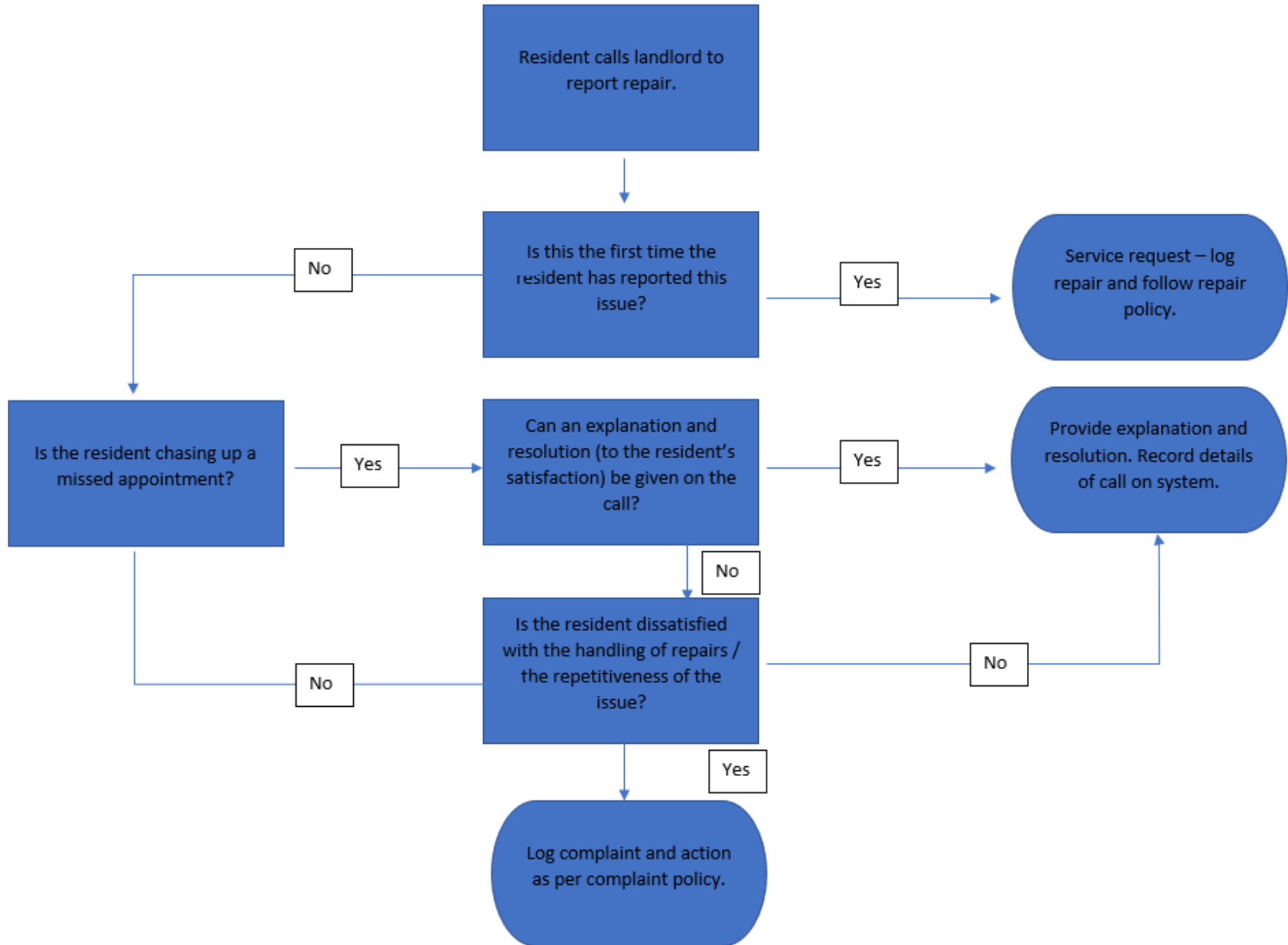
9.8 The Council must have a standard objective in relation to complaint handling for all relevant employees or third parties that reflects the need to:

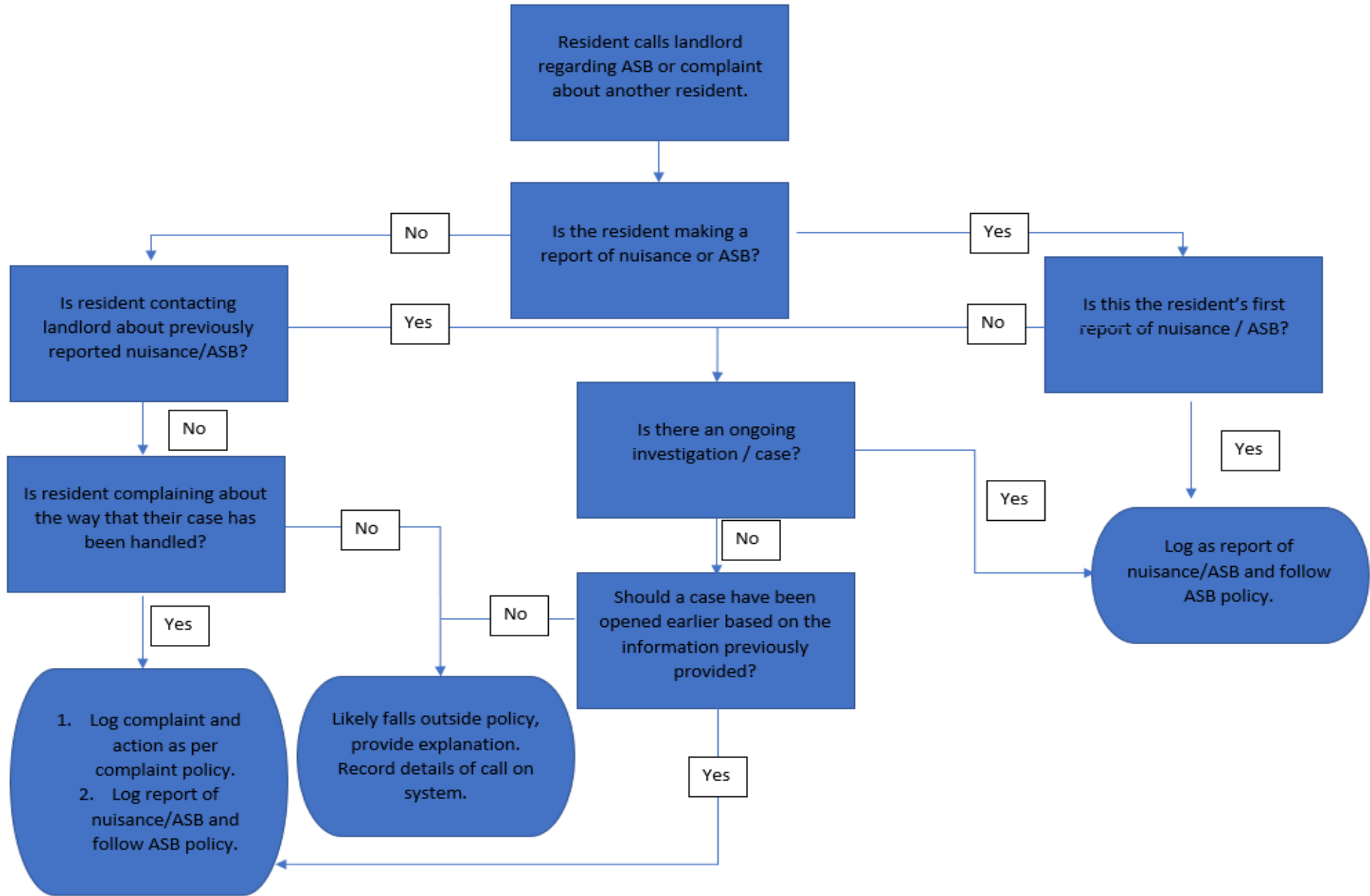
- a) have a collaborative and co-operative approach towards resolving complaints, working with colleagues across teams and departments;
- b) take collective responsibility for any shortfalls identified through complaints, rather than blaming others; and
- c) act within the professional standards for engaging with complaints as set by any relevant professional body.

Service request or complaint – flow charts and case studies











## **Case study A – Resident calls to report contractor has not arrived at the agreed time**

Ms B calls the Council to report that the contractor that was due to attend her property that morning has not arrived. Ms B is not happy as she had taken the morning off work for the appointment. The call handler checks the system but is unable to explain to Ms B why the contractor did not arrive. The call handler asks Ms B if they can try and contact the contractor and call her back within the next hour. Ms B agrees. The call handler speaks to the contractor who explains they were held up at another job that took longer than expected. The call handler calls Ms B, explains the situation, and apologises. The call handler offers Ms B another appointment at a time that suits Ms B, and Ms B is satisfied with the explanation and resolution.

*This is an example of a 'there and then' situation where the resident may be dissatisfied with the service provided on that morning, but the Council is able to quickly resolve the issue to the resident's satisfaction with minimal further enquiries. Whilst this does not need logging as a complaint, the Council should keep a record of the call and should consider if there is any learning (i.e. should the Council have been informed the contractor was delayed so it could alert Ms B and any other affected residents)*

### **Alternative scenario**

Ms B calls her Council to report that the contractor that was due to attend her property that morning has not arrived. Ms B is not happy as she had taken the morning off work for the appointment. The call handler checks the system but cannot see an appointment for Ms B that day. Ms B is adamant she had an appointment that morning and explains she received a text message from the Council with the date and timeframe. The call handler is unable to explain to Ms B why there was no appointment on the system and offers its apologies. The call handler also arranges another appointment and advises Ms B that it has opened a complaint on her behalf.

*Whilst the Council can offer Ms B another appointment, it is unable to adequately explain why Ms B was told a contractor would attend that morning when there is no appointment on its systems. The Council will need to investigate why this has happened, which could involve interrogating the system and speaking with other departments. Whilst Ms B may have been satisfied with a further appointment, a positive complaints handling culture would explore why this has happened to try to put it right for the resident and to learn from any mistakes.*

## **Case study B – Resident calls to report a repair**

Mr D calls the Council to report a leak from one of his radiators. Mr D says the radiator has been leaking for a few months, but it has recently got worse. Although it has been leaking for a few months, this is the first time Mr D has contacted the Council about it.

*This is a service request and should be handled in accordance with the Council's repairs policy.*

### **Alternative scenario A**

Mr D calls the Council regarding a leak from one of his radiators. Mr D says the radiator has been leaking for a few months and has recently got worse. Mr D tells the call handler that he has reported the leak several times and he was told each time that someone would come out to inspect the radiator, but he has never had an appointment, and no one has been out so far. He explains that his carpet underneath the radiator is starting to smell damp because of the leak. The call handler can see that Mr D has reported the issue several times but is unable to explain why it was never followed up. The call handler arranges an appointment for Mr D and opens a complaint case for Mr D.

*Whilst this is a service request, it is also clear from the information that this repair has been reported several times before and the Council has not acted on the report, which is potentially a breach of its repairs policy. Although Mr D has not specifically said he wants to make a complaint, there has been a failure in the Council's service that should be investigated and put right. The Council should also explore any learning opportunities.*

### **Alternative scenario B**

Mr D calls the Council regarding a leak from one of his radiators. Mr D says the radiator has been leaking for a few months and has recently got worse. Mr D tells the call handler that he has reported the leak several times and each time someone comes out they tell him they will do a temporary repair but that he needs a new radiator. Mr D tells the call handler he has been repeatedly told that the contractor will raise a job for a new radiator to be fitted but he has never heard anything. Mr D says he feels like he is going round in circles and that he thinks the Council is trying to save money by not fitting a new radiator. The call handler checks the repair notes and can see that previous contractors have recommended a new radiator is fitted.

The call handler raises a job for a new radiator and opens a complaint case for Mr D. *Although the resident has not asked to make a complaint, it is clear from the conversation that he is dissatisfied with the level of service he has received from the Council. It is also clear that something is not working as it should do within the Council's process, which should be investigated as part of the complaint.*

### **Case Study C – Resident calls to report noise nuisance/ASB**

Mr A calls the Council to report that his neighbour has been playing music at an excessive volume late into the night, which has stopped him and his family from being able to sleep. Mr A says this has been affecting his work and his children's school. He tells the Council that he has tried speaking to his neighbour about it, but the neighbour was aggressive and abusive to him. Mr A would like the Council to do something about the noise.

*This is a report of noise nuisance/ASB. The Council should explain the ASB procedure to Mr A and clearly outline what the next steps are. The Council should follow its ASB policy in responding to this allegation.*

Two months later Mr A calls the Council again. He explains that the loud music has continued, and the neighbour has escalated to being abusive and aggressive whenever they see each other. Mr A tells the Council that this is impacting on his mental health, and he is worried that it could escalate further. Mr A tells the Council that he has reported some instances to the police, and he has filled in the diary sheets as the Council has asked. The Council confirms it will add this new information to Mr A's case file. The Council contacts Mr A and provides an update on the ASB case, confirming it has spoken with the neighbour and is engaging with the police in relation to Mr A's reports. Mr A agrees to continue reporting issues as per the Council's request.

*Although the neighbour's behaviour is escalating, the Council continues to work with Mr A and to investigate the allegations in accordance with its policy. It is providing updates to Mr A and is working with other local agencies (i.e. the police) to resolve the matter.*

### **Alternative scenario**

Two months after his initial report, Mr A calls his Council. He explains that the loud music has continued, and the neighbour has escalated to being abusive and aggressive whenever they see each other. Mr A tells his Council that he has reported some instances to the police, and he has filled in the diary sheets as the Council has asked but he has not heard anything from the Council since his initial report. Mr A tells the Council that he has done everything asked of him, but the Council has not done anything and has left him and his family to live in fear of his neighbour. Mr A tells his Council that this is impacting on his mental health, and he is worried that it could escalate further.

*The Council has not responded to Mr A's initial report of ASB, therefore as well as following up on the reports of ASB as per the ASB policy, the Council should also open a complaint case to look at its handling of Mr A's reports of ASB.*

## **Appendix A – Self-Assessment**

This self-assessment must be completed and must be shared with the organisation's governing body (or equivalent) annually as part of the complaints performance and service improvement report.

Evidence must be included to demonstrate compliance in practice as part of the other elements of the annual complaints performance and service improvement report with additional commentary as necessary. For example, this could include records of quality assurance checks on complaint responses, exclusions and feedback from relevant staff. If the failure to meet a requirement only relates to one service area or department this must be made clear in the commentary section.

When completing the self-assessment, organisations should not focus on the number of complaints received. Recording a high number of complaints may be an indication that the organisation welcomes complaints and that individuals are able to access the complaints process easily. Organisations should focus on timescales for responding to complaints and complaint outcomes.

Members of the Housing Ombudsman must submit a copy of their self-assessment as part of their annual complaints performance and service improvement report, following the guidance for submissions. The submissions will be used to assess the organisation's compliance with the Code in line with the Housing Ombudsman's duty to monitor against this.

The Local Government and Social Care Ombudsman may consider the complaints performance and service improvement report as part of an investigation or its own annual review of complaints.

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## APPENDIX 2

**Member referrals to Planning Committee - Update**

Amendments to the Council's Constitution were agreed on the 12 July 2023, with particular regard to the process by which Members call applications to Planning Committee and allowing professional agents to speak. By allowing applicants the opportunity to let professional planning agents speak on their behalf, this has led to more focused and 'planning relevant' debates and a more efficient process overall extremely helpful to the process

On consideration of Councillors calling-in planning applications to Planning Committee, the changes relate to the need complete a form to call schemes 'in' within 28 days from when the application has been formally validated. These processes were introduced to provide an audit trail of Committee call-ins should any errors occur in the process. Furthermore, the updated process removes previous issues where errors had occurred resulting in planning applications not being taken to Committee as a result of telephone messages not being passed on correctly. The timescale was introduced to prevent the Planning Team spending significant amounts of time on reports, or associated documentation such as legal agreements, only for the 'process' to be changed, resulting in Planners having to change their reports, and some work being abandoned.

There have been no major issues raised regarding having to have a written record of the process. The majority of the Members are sending in a request to take something to committee by email, which creates the paper trail (**APPENDIX 2a**). Whilst many have not filled in the form correctly (if at all) the important issue is that there is a paper trail for indexing and audit purposes. Moving forward the form will be updated (attached at **APPENDIX 2b**) and the Members will be more rigorously encouraged to fill this form in when calling applications in. The form is far easier to find when looking through a case history (than an email for example). Furthermore, training will be offered to Members on the new planning system. This should assist in the process overall and aid Members in getting acquainted with the new system.

The timeline has been the more contentious change, with some Members raising concerns about the tightness of the deadline. Firstly, the new system enables applications to be uploaded immediately to the website, in time this will allow all comments (from all parties) to be visible and this should assist in making the process more transparent. For example, Members of the public can access the comments from key stakeholders (such as the Highway Authority), which may assist in the comments they submit themselves. This system which is being introduced at this Council has been in place many other local authorities nationally.

## APPENDIX 2a

Called-in Applications

Reference	Site Address	Planning Committee Date	Who called it in	Any issues with process	Notes
22-00894-REM	Lynncroft Eastwood	06/09/23	Major (Head of Service (HOS))	N/A	The Head of Service has authority to call in applications, where he determines it beneficial or relevant that the decision should be taken at Planning Committee level.
21-00998-FUL	Greasley Castle Farm	06/09/23	Cllr Handley	None	Called in before the new process was adopted.
21-00999-LBC	Greasley Castle Farm	06/09/23	Cllr Handley	None	Called in before the new process was adopted
23-00293-FUL	3 Willoughby St Beeston	06/09/23	Cllr VC Smith	None	Call in request submitted via email, and within 28 days. So it was accepted as 'compliant' with the Constitution as a written record was received.
23-00126-FUL	Beauvale Manor Farm	06/09/23	Cllr Brown	None	Call in request submitted via email, and within 28 days. So it was accepted as 'compliant' with the Constitution as a written record was received.
23-00577-OUT	48 Rivergreen Crescent Bramcote	06/09/23	Cllr Watts	None	Call in request submitted via email, and within 28 days. So it was accepted as 'compliant' with the Constitution as a written record was received.

Reference	Site Address	Planning Committee Date	Who called it in	Any issues with process	Notes
23-00344-FUL	32 Town Street Bramcote	04/10/23	Cllr Watts	None	Call in request submitted via email, and within 28 days. So it was accepted as 'compliant' with the Constitution as a written record was received.
23-00512-FUL	97 Lynncroft Eastwood	04/10/23	Cllr Radulovic	Phone call,	Called-in in consultation with the HOS
22-00967-FUL	East of Cov Lane 450 houses	04/10/23	Major (HOS)	N/A	The Head of Service has authority to call in applications, where he determines it beneficial or relevant that the decision should be taken at Planning Committee level.
23-00510-FUL	Willoughby Arms Houses	04/10/23	Cllr Ball	None	Called in before the process was initiated (the historic application was called in, so this scheme was taken as well).
23-00511-LBC	Willoughby Arms Houses	04/10/23	Cllr Ball	None	Called in before the process was initiated (the historic application was called in, so this scheme was taken as well).
23-00554-FUL	Land behind Old Kiln Lane	08/11/23	Cllr Radulovic	Phone call	Called-in in consultation with the HOS
23-00659-FUL	Land at 196 Cator Lane	08/11/23	Cllr Radulovic	Phone call	Called-in in consultation with the HOS
23-00676-VOC	76 Abbey Road Beeston	08/11/23	Cllr Carr	Via email	Called in prior to the new process coming in.
23-00677-VOC	74 Abbey Road	08/11/23	Cllr Carr	Via email	Called in prior to the new process coming in.

Reference	Site Address	Planning Committee Date	Who called it in	Any issues with process	Notes
23-00627-FUL	181 Nottingham Road Nuthall	08/11/23	Cllr Owen	Followed correctly.	
23-00666-REG3	3-12 Scalby Rd & 14-41 Scalby Close	08/11/23	REG 3	No need	REG 3 applications are often taken to committee due to the need for transparency on Council assets.
23-00606-REG3	68-82 Princess Street Eastwood	06/12/23	REG3	No need	REG 3 applications are often taken to Committee due to the need for transparency on Council assets.
23-00689-FUL	74 Moorgreen Newthorpe	06/12/23	Cllr Bagshaw	Followed correctly	
23-00681-FUL	70 BFD Bramcote	06/12/23	Cllr Watts & HOS	Revised scheme called in previously	This scheme was called in previously and therefore the HOS decided to take this scheme to Committee.
23-00750-FUL	5 Audon Avenue Chilwell	06/12/23	Cllr Faccio	No form filled in	Called in via email within 28 days.
23-00787-REM	Lynncroft Eastwood	07/02/24	HOS	N/A	Controversial scheme so HOS took to planning committee.
23-00792-FUL	Home Farm Strelley	07/02/24	HOS	HOS took this application to committee due to the political nature of the sites planning history.	Cllr Watts called this in was reminded of the process and the need to call applications in within 28 days. Though the HOS had already decided to take this scheme to Planning Committee.

Reference	Site Address	Planning Committee Date	Who called it in	Any issues with process	Notes
23-00783-FUL	101-103 Central Avenue Beeston	07/02/24	Cllr Carr	No form	Call in request submitted via email, and within 28 days. So it was accepted as 'compliant' with the Constitution as a written record was received.
23-00814-REG	Princess Street & Wellington Street	07/02/24	REG3	None	REG 3 applications are often taken to Committee due to the need for transparency on Council assets.
22-00892-FUL	Trowell Zoo	13/03/24	Cllr Pringle and HOS	None	The Head of Service has authority to call in applications, where he determines it beneficial or relevant that the decision should be taken at Planning Committee level.
23-00614-FUL	Trinity Farm Cossall	13/03/24	Cllr Ball	Via email,	
24-00013-FUL	193 Station Road Beeston	13/03/24	Cllr V Smith	None	
23-00903-FUL	Beeston Car Centre	13/03/24	Cllr B Carr	None	

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# Planning Committee Application Referral



**Broxtowe  
Borough  
COUNCIL**

<b>Councillor Name:</b>			
<b>Date:</b>			
<b>Planning Application Reference:</b>			
<b>Site Address:</b>			
<b>Reason for taking to committee:</b>			
<b>Request for Site Visit:</b>	Yes		No

Please return this form to [pabc@broxtowe.gov.uk](mailto:pabc@broxtowe.gov.uk)

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## Report of the Deputy Chief Executive

**AUDIT OF ACCOUNTS AND ASSOCIATED MATTERS**1. Purpose of report

To note progress with the audit of the Statement of Accounts for both 2021/22 and 2022/23 and to receive an updated Auditor's Annual Report for the year ended 31 March 2022.

2. Recommendation

**The Committee is asked to NOTE the report.**

3. Detail

The Council's appointed external auditors, Mazars, provided a verbal update to this Committee on 27 November 2023 in respect of progress with the audit of accounts for both 2021/22 and 2022/23.

a. Audit of Accounts 2021/22

Mazars have now completed their work on the Statement of Accounts 2021/22. The auditors published their initial Audit Completion Report for 2021/22, which was considered by this Committee in March 2023. With outstanding matters at a national level now finally resolved, Mazars issued its audit report on 21 November 2023 and gave an unqualified opinion on the 2021/22 accounts.

The auditors have since completed their work in respect of the Value for Money conclusion for 2021/22. Mazars did not identify any significant weaknesses in the Council's arrangements that require it to make a recommendation. An updated Auditor's Annual Report for the year ended 31 March 2022 is now included as part of this agenda.

The only outstanding matter now relates to Whole of Government Accounts (WGA). Mazars is unable to issue the signed audit certificate for 2021/22 until the National Audit Office (NAO) issues final instructions regarding sampled components for the purposes of the WGA.

b. Audit of Accounts 2022/23

In July 2023, this Committee received Mazars' Audit Strategy Memorandum – year ending 31 March 2023 setting out their approach to the 2022/23 audit of accounts, highlighting the significant audit risks and areas of key judgements.

The draft Statement of Accounts 2022/23 were approved and presented to the external auditors for review on 31 May 2023, in line with the statutory deadline required by the Accounts and Audit (Amendment) Regulations 2022. The public inspection period commenced on 1 June 2023 and ended on 12 July 2023 with details placed on the Council's website.

Mazars' subsequently commenced their review of the Council's draft 2022/23 accounts remotely. This work has involved scrutinising working papers and other supporting documentation and liaising with officers and associated third parties. Mazars' work focused upon the following significant risks being the management override of controls; net defined benefit liability valuation; and the valuation of dwellings, land and buildings and investment property.

Mazars have almost concluded their work on the 2022/23 accounts, although it is not yet in a position to present their Audit Completion Report. Instead, an Audit Progress Report is provided with this agenda and Mazars will be available virtually at the meeting to present this update and respond to any enquiries.

Mazars are looking to complete their audit testing at the earliest opportunity. The auditors have not indicated any significant weaknesses in the Council's arrangements from its audit testing to date that would require it to make a significant recommendation. The aim remains to achieve a clean and unqualified audit opinion on the 2022/23 accounts.

Once the audit is concluded, Members will receive the Audit Completion Report for the year ending 31 March 2023 from Mazars and be asked to approve the final Statement of Accounts 2022/23 and the letter of representation in accordance with the regulations.

#### 4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no direct financial implications arising from this report.

#### 5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The legislation, the Accounts and Audit Regulations (2015) and the Accounts and Audit (Amendment) Regulations 2022, sets out the timescales for the production of the Council's accounts, including the dates of the public inspection period. The Statement of Accounts must be published by that date or as soon as reasonably practicable after the receipt of the auditor's final findings.

Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Deputy Chief Executive) has the responsibility for the administration of those affairs, which include responsibility for preparing the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

The Statement of Accounts is that upon which the auditor should enter his certificate and opinion which is prepared under the Local Government Finance Act 2003.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Unison comments in relation to this report.

8. Climate Change Implications

There were no comments from the Waste and Climate Change Manager.

9. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil

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# Auditor's Annual Report

Broxtowe Borough Council – year ended  
31 March 2022

February 2024  
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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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# 01

## Section 01: **Introduction**

# 1. Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Broxtowe Borough Council ('the Council') for the year ended 31 March 2022. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



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### Opinion on the financial statements

We issued our audit report on 21 November 2023. Our opinion on the financial statements was unqualified.



### Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements.



### Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



### Wider reporting responsibilities

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.



# 02

Section 02:

## **Audit of the financial statements**

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## 2. Audit of the financial statements

### The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report, issued on 21 November 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

### Qualitative aspects of the Council's accounting practices

We reviewed the Council's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances

### Level of audit adjustments prior to completion

We report any errors or misstatements above a trivial threshold (£32k) identified from our work to the Governance & Standards Committee in our Audit Completion Reports and Addendum to ACR. Majority of the misstatements reported were adjusted by management.

### Management co-operation during the audit

We had positive co-operation from management during the audit and in particular want to thank the Head of Finance Services, Chief Accountant and Interim Project Accountant for their support throughout.

### Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

Our detailed findings and recommendations were included in the Audit Completion Report to the Council's Governance Audit and Standards Committee, confirming there were no 'high' priority recommendations with potential for financial loss, damage to reputation or loss of information that may have implications for the achievement of business strategic objectives for immediate implementation.

# 03

Section 03:

**Commentary on VFM arrangements**

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# 3. Commentary on VFM arrangements

Overall summary

Page 60



# 3. VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



**Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services



**Governance** - How the Council ensures that it makes informed decisions and properly manages its risks



**Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 12.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Council arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.


- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

# 3. VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria	2020/21 Actual significant weaknesses identified?	2021/22 Commentary page reference	2021/22 Identified risks of significant weakness?	2021/22 Actual significant weaknesses identified?	2021/22 Other recommendations made?
 <b>Financial sustainability</b>	No	13	No	No matters arising in 2021/22.	No
 <b>Governance</b>	No	16	No	No matters arising in 2021/22.	Page 16: We recommend that: as it was last revised in December 2018, the Council conducts a review of its Risk Management Strategy to ensure it remains effective and fit for the Council's needs.
 <b>Improving economy, efficiency and effectiveness</b>	No	20	No	No matters arising in 2021/22.	No

### 3. Commentary on VFM arrangements

#### Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

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# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

### Position brought forward from 2020/21

As set out in the table above, there are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from 2020/21.

### Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2021/22. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Council's service users.

### The Council's financial planning and monitoring arrangements

Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Council's arrangements for budget monitoring remain appropriate, including quarterly reporting to Members and well established arrangements for year-end financial reporting.

We have reviewed minutes of meetings and the supporting and reports relating to the Capital Programme to the Finance & Resources Committee to confirm arrangements are in place to monitor and report on the capital programme. Reports adequately explain the progress on capital projects, including funding and changes in the programme. We have discussed the approach to more granular monitoring of the capital programme with Officers and reviewed the Capital Control Statement. The Statement is prepared using information from the finance system and uses a traffic light-based risk rating against each project to help monitor progress. The report mirrors the committee and service structure to enable budget leaders to link back to business plans

In 2021/22, the Council funded capital items to the value of £14.178m. This compares with a budget of £22.730m after taking account of items carried forward from 2020/21. The net underspending of £8.552m (37.6%) was mainly due to expenditure on schemes being carried forward into the following year, many of which were outside the Council's control.

The Council monitors performance by service, integrating finance and performance management to provide a complete overview against Business Plan objectives. We have reviewed reports provided to Committees, including the Finance & Resources Committee, Policy and Performance Committee and Leisure and Health Committee throughout the year. Our review of reports confirms that Members receive information that adequately explains the main variances to budget on the Housing Revenue Account and the General Fund, which allows Members to challenge and gain assurance on services.

We have also considered the Council's historic performance of budget vs actual to understand the Council's track record of financial control and compared the Council's budget to actual position and its 2020/21 Revised Estimate to the 2021/22 budget. In doing so, we note that:

- Reports are aligned to the overall corporate plan, allowing adequate levels of oversight on performance management objectives, achievements and activity. It includes financial performance information covering employee costs and the most significant variable income streams, as well as an update on the capital programme.
- Reports are consistently presented and provide sufficient detail to enable Members to scrutinise, challenge and monitor performance by each service.
- The Council has a historical track record of spending within net. The 2020/21 net expenditure on services was of a greater variance, this was caused by additional and unplanned covid-19 funding and costs. As can be seen in table in page 15 this has also happened in 2021/22, however the variance is reducing which is a positive trend



# Arrangements for financial sustainability

## Budget planning and monitoring

Net expenditure on services	Revised budget	Actual	Variance	% Variance
2019/20	10,311	9,948	(363)	(4)%
2020/21	10,355	8,234	(2,121)	(20)%
2021/22	11,951	10,051	(1,900)	(16)%

The reasons for variance for the 2021/22 financial year have been listed on narrative report of the 2021/22 statement of accounts, with the main variances noted in fuel costs, refuse collection fees, rent allowance benefits and rent rebates. The Resources and Personnel Portfolio Holder presented a report to both the Governance, Audit and Standards Committee as well as the Cabinet meetings in July 2022.

Based on our review, we have not identified a risk of significant weakness in arrangements

## Financial Statement performance 2021/22

We have carried out a high level analysis of the financial statements subject to our audit, including the Movement in Reserves Statement and the Balance Sheet, our work has not highlighted any risks of significant weakness in arrangements or indicators of a risk to the Council's financial sustainability.

The Council's useable reserves have decreased from £25m to £21m in 2021/22, with:

- Combined General Fund & Earmarked Reserves of £11m, down from £14.7m in the prior year
- HRA Reserve of £4.9m, down from £5.9m in 2020/21
- Capital Reserves of £4.2m, up from £3.5m in 2020/21 in line with funding of capital expenditure.

The Council's reserves position does not indicate a risk of significant weakness in VFM arrangements for financial sustainability and provide some mitigation against future financial challenges, and will assist in addressing future volatility and support savings and efficiencies plans. The Council will need to continue to ensure that any use of reserves to smooth the financial position over the next few years is properly planned and the use of reserves cannot be relied on to provide a long term solution to funding gaps.

## Leisure Services

We reviewed the strategic risk register and discussed the challenges facing leisure services, including Liberty Leisure, through the ongoing impact of Covid-19. Reports show that there has been improvements income from swimming to almost 100% of pre-pandemic levels and leisure memberships to around 70%.

We have reviewed the 2021/22 financial performance of Liberty Leisure which reflected and increase in turnover from £1.7m in 2020/21 to £3.5m in 2021/22. Administrative expenditure also increased from £0.2m to £1.2m which is expected as offer of services increase.

Overall, we are satisfied that there is no indication of a significant weakness in arrangements.

## The Council's arrangements and approach to financial planning 2022/23

We have read reports to Finance and Resources Committee covering the budget setting for 2022/23 and the Medium Term Financial Strategy. We have also held a number of meetings with Officers throughout the year. The arrangements in place for budget setting and updating the Medium Term Financial Strategy are as expected for a District Council, with arrangements for: consultation, evaluation of financial risk, alignment to business plans and sources of funding. We reviewed the budget and Medium Term Financial Strategy approved by the Council in March 2021 that covered the period 2020/21 to 2024/25.

We have reviewed the Medium-Term Financial Strategy presented to the Finance & Resources Committee on the 10 February 2022 covering the period 2022/23 to 2025/26. We considered the impact of budget decisions on the general fund balance through to 2025/26. The impact on general fund balances is clearly laid out in a table, including highlighting that the Council is forecast to fall below its own recommended £1.5m minimum balance only in 2024/25. The financial outturn position for 2021/22 pushes the impact on 2024/25 into 2025/26 and the ongoing Business Planning process for 2021/22, where there is track record evidence of developing savings to mitigate the impact. Because the Council has the opportunity to address the deficit through the 2022/23, 2023/24 and 2024/25 budget setting process, this is not an indication of a significant weakness in arrangements.

**Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability for the year ended 31 March 2022.**

### 3. Commentary on VFM arrangements

#### Governance

How the body ensures that it makes informed decisions and properly manages its risks

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# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

### The Authority's governance structure

The Council has a full suite of governance arrangements in place. These are set out in the Annual Governance Statement, which is reviewed as part of our audit where we confirmed they were consistent with our understanding of the Council's arrangements in place for 2020/21.

We confirmed that the Council has an approved constitution that is regularly reviewed and updated. The Constitution explains how the Council operates and makes decisions. It ensures that the Council is transparent and accountable for what it does. Full Council comprises all 44 Members and is where decisions on important policies are made, such as the setting of Council Tax. The full Council can also make appointments to Committees and receive petitions from members of the public. Broxtowe Borough Council has a Committee system, which means that all Members are involved in the decision making process, rather than having a Cabinet and Executive. Those Committees include:

- Finance and Resources Committee
- Policy and Performance Committee
- Governance, Audit and Standards Committee

Alongside the planning committee and the Licencing and Appeals Committee are the following committees' designed to drive progress on the key objectives of the Corporate Plan

- Housing Committee
- Community Safety Committee
- Jobs and Economy Committee
- Environment and Climate Change Committee
- Leisure and Health Committee

We consider the committee structure of the Council is sufficient to provide assurance that decision making, risk and performance management is subject to appropriate levels of oversight and challenge.

Minutes are published and reviewed by each committee to evidence the matters discussed, challenge and decisions made.

### Governance, Audit & Standards Committee

The Council has an established Governance, Audit & Standards Committee. It is responsible for establishing and maintaining an effective system of governance in a way that supports the organisation's objectives.

We have reviewed supporting documents and confirmed the Governance, Audit & Standards Committee meets regularly and reviews its programme of work to maintain focus on key aspects of governance and internal control. Our attendance at Governance, Audit & Standards Committee has confirmed there is an appropriate level of effective challenge.

# Arrangements for governance

## Risk management and internal control

The Council Risk Management Strategy was last revised in December 2018 and sets out a five step process for risk management:

1. Identification
2. Analysis
3. Treatment
4. Completing the risk register
5. Monitoring, reporting and reviewing risk.

The Council's arrangements to execute the Risk Management Strategy include an Officer-led Strategic Risk Management Group that meets frequently prior to updating the Strategic Risk Register and presenting the outcome to Members. We reviewed the minutes of this Group from March 2022 as well as the updated Strategic Risk Register. The risk register contains the expected core elements, including: risk name, risk owner, inherent & residual risk ratings, key controls, risk indicators, and action points.

In the prior year we reported that as the Risk Management Strategy was last revised in December 2018, it would be shortly due for an update, the review has not been undertaken by the council.

The Governance, Audit & Standards Committee is responsible for overseeing the effectiveness of the Council's risk management arrangements, challenging risk information. Though the risk management strategy has not been reviewed, this is not an indication of a significant weakness. The Governance, Audit and Standards Committee includes the review of the council's strategic risk regularly in their meetings.

We have reviewed reports and the minutes of the Governance, Audit & Standards Committee to confirm Members have reviewed the Strategic Risk Register throughout 2021/22. We reviewed the Risk Management

Progress Report presented to Governance, Audit & Standards Committee in March 2022, and found that the register

- Adequately explains the risk
- provides an inherent and residual risk score (informed by officers and open to challenge by members)
- explains the change since the previous assessment.

In our view, the report to Members could be improved, if not at each meeting, but at least annually, by drawing out further content from of the supporting risk registers, for example:

- Tracking the risk score by quarter
- Explaining the controls and sources of assurance (including gaps in controls and gaps in assurances)
- Specifying actions required (and confirming when these have been implemented).

This was also raised in the prior year report, however the changes have not been implemented.

In our view, the Risk Management Strategy is suitably supported by a Risk Management Group, a regularly maintained Strategic Risk Register and regular reporting to Members is evidence of adequate arrangements in place..

Notwithstanding this, we **recommend** that: as it was last revised in December 2018, the Council conducts a review of its Risk Management Strategy to ensure it remains effective and fit for the Council's needs.

# Arrangements for governance

## Internal Audit

We have documented our understanding of the internal audit function, which is provided by an in-house team. The Head of Internal Audit has direct access to all levels of management, all employees and to all elected members and particularly to those charged with governance. Internal Audit produce a plan each year which is agreed by the Section 151 officer before being agreed by the G,A&S Committee. Internal Audit Reports are presented to the G&AS Committee for challenge and approval.

We have met with management and the Head of Internal Audit regularly during the year and reviewed Governance, Audit & Standards Committee reports and attended Committee meetings to observe the functioning of the Committee and receipt of Internal Audit Reports.

We reviewed the Internal Audit's annual opinion which is provided to the G&AS Committee and supports the Annual Governance Statement.

The Head of Internal Audit Annual Report was presented to Governance, Audit and Standards Committee for the 2021/22 financial year with the overall opinion being "the current internal control environment is satisfactory such as to maintain the adequacy of the governance framework"

In our view, the Head of Internal Audit Opinion is sufficiently detailed to explain how the conclusion has been determined and we have confirmed that the Head of Internal Audit Opinion has been adequately reflected in the Annual Governance Statement to provide assurance that there is no significant weakness in arrangements for 2021/22.

### 3. Commentary on VFM arrangements

#### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

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# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

### Corporate Plan

The Council's arrangements are consistent with the prior year with the Council's Corporate Plan setting out what it wants to achieve for local residents and communities and is published on its website.

The Corporate Plan for 2020-2024 was approved in March 2020 and sets out the Council's priorities to achieve its vision to make "A Greener, Safer and Healthier Broxtowe where everyone prospers." Over the period, the Council will focus on the priorities of Housing, Business Growth, Community Safety, Health and Environment. The Corporate Plan prioritises local community needs and resources are directed toward the things they think are most important. These needs are aligned with other local, regional and national plans to ensure the ambitions set out in the Corporate Plan are realistic and achievable.

### Performance monitoring

We have discussed performance monitoring arrangements with officers and reviewed a selection of business plans and committee reports. Business Plans detail the projects and activities undertaken in support of the Corporate Plan for each priority area. These cover a three-year period and are revised and updated annually. Detailed monitoring of progress against key tasks and outcome measures in the Business Plans is undertaken regularly by the relevant Committee. This will include an annual report where performance management and financial outturns are considered together following the year-end as part of the Council's commitment to closely align financial and performance management.

The Council monitors its performance using the Pentana Risk performance management system. Members have been provided with access to the system enabling them to interrogate the system on a 'view only' basis.

The Council's budget endeavours to ensure the provision of the appropriate resources required to deliver the Council's Plan, and the types of action necessary to enable them to be affordable, to allow balanced budgets to be delivered.

Overall, we believe this is sufficient evidence to demonstrate adequate arrangements for performance monitoring at the Council.

### Benchmarks

We reviewed a selection of benchmarking data available to us, including the CIPFA financial resilience index and the VFM profiles provided via the Local Government Association (called LG Inform Vfm available from the following link: <http://vfm.lginform.local.gov.uk/>).

The VFM Profiles show Broxtowe as below average cost in most areas including:

- Total net current expenditure per head
- Planned net current expenditure per head of population
- Total expenditure on culture and sport per head
- Total expenditure on environmental services per head
- Total expenditure on sustainable economy per head

CIPFA's financial resilience index puts the Council towards the higher end of risk scale.

Together, the VFM profiles and financial resilience index demonstrate a level of financial constraint for the Council, but not to a degree that indicates a risk of significant weakness in arrangements for 2021/22.

# Arrangements for improving economy, efficiency and effectiveness

## Core Spending Power

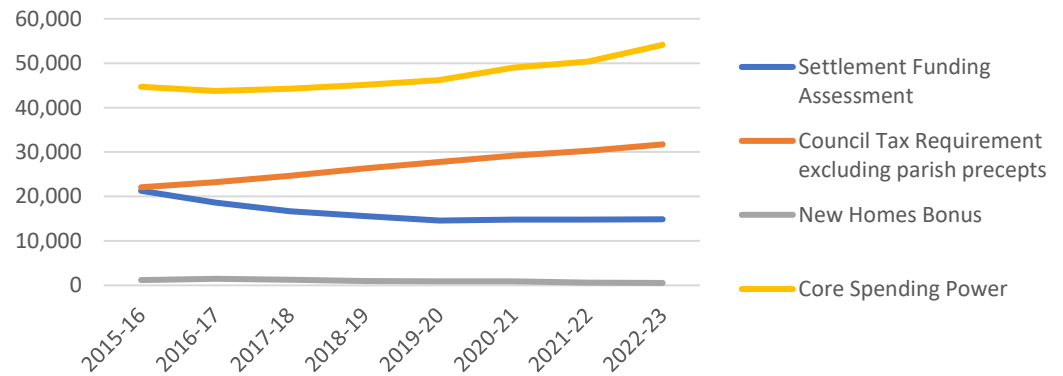
We have also considered the Council's financial position in relation to spending power using publicly available information published by the Ministry of Housing, Communities & Local Government in February 2022. There is no indication of a significant weakness in arrangements.

Overall spending there has been a steady increase in the core spending power since its trough in 2019/20. The council's settlement funding is moving gradually in line with that of the rest England with similar movements in the Council Tax Requirements.

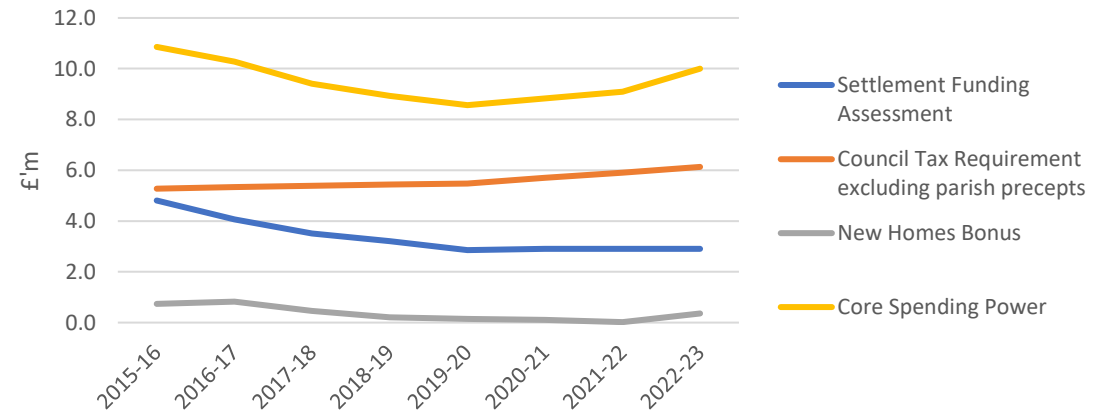
Overall, we have not identified any indicators of a significant weakness in the Council's arrangements relating to the Improving Economy, Efficiency and Effectiveness criteria for the year ended 31 March 2022.

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England: Core Spending Power (£'m)



Broxtowe Borough Council: Core Spending Power (£'m)





# 04

Section 04:

## **Other reporting responsibilities and our fees**

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# 4. Other reporting responsibilities and our fees

## Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

## Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have not received the instructions from the NAO and therefore this work remains incomplete.

## 4. Other reporting responsibilities and our fees

### Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum. Having substantially completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:

Area of work	2020/21 fees	2021/22 fees	2022/23 Scale Fee
Scale fee in respect of our work under the Code of Audit Practice	£35,807	£39,317	£47,224
Additional cost in respect of:			
• Additional testing for Group accounts		£2,530	
• Additional testing on IAS19 Pension Liabilities*	£2,567	£3,750	N/A – included in the scale fee
• Additional testing on valuation of land, buildings, council dwellings and investment properties*	£4,500	£6,200	N/A – included in the scale fee
<b>Comparable fee</b>	<b>£42,874</b>	<b>£51,797</b>	<b>£47,224</b>
Additional costs arising from:			
• Additional work from the introduction of new auditing standards (ISA 540 Estimates)	£2,016	£3,590	TBC
• Infrastructure Assets, including testing, classification and statutory override	-	£7,000	
• Additional testing –Pension Fund Audit triennial valuation		£4,000	
Additional cost in respect of the new VFM approach	£9,293	£7,500	TBC
<b>Total fees</b>	<b>£65,335</b>	<b>£73,887</b>	<b>TBC</b>

The Council received a grant of **£18,459** to cover the additional external audit costs.

*Fee variations subject to PSAA approval process.*

*PSAA hourly rates have increased*

# Mark Surridge

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\*where permitted under applicable country laws.

Broxtowe Borough Council

# External Audit Progress Report

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16 March 2024



# Audit Progress: Executive Summary

## Purpose of this report

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). This report provides the March Governance, Audit and Standards Committee meeting with an update on progress in delivering our responsibilities as your external auditors as summarised below. It also includes, at Appendix A, a summary of recent national reports and publications for your information.

## 2021/22

Our audit of the 2021/22 financial statements is complete, with our audit report issued on 21 November 2023.

We also have completed our work on the Council's value for money arrangements, having issued the Auditor's Annual Report in February 2024. This will also be presented in this meeting.

We are unable to issue the audit certificate until the NAO issues its final instructions on sampled components with regard to the Whole of Government Accounts.

## 2022/23

Our audit of the 2022/23 financial statements is still ongoing. We have had significant delays however; the audit has resumed as at 18 March 2023, with the proposed completion of the audit work date being 28<sup>th</sup> March 2024, subject to the timely receipt of outstanding information. See status of audit in page 3 of this report.

Our work on the Council's value for money arrangements, including the commentary in the Auditor's Annual Report is in progress, with our report due 3 months after we sign the audit report.

We are unable to issue the audit certificate, until the certificate for 2021/22 is signed and the NAO issues final instructions regarding sampled components for the purposes of the Whole of Government Accounts.

## 2023/24








We have been communicating with management, however we have not started with our planning discussions, as we will do so once the audit for 2022/23 has been completed.

The Government, the National Audit Office, audit suppliers and regulators are working together to find a way to clear the backlog in 2023/24, which is the first year of a new external audit contract let by Public Sector Audit Appointments Limited.

We will update the Audit Committee as soon as a way forward is agreed with all stakeholders as all parties recognise that the current situation in the public sector external audit market is unsustainable.

# Status of the audit

Our work is ongoing and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Property, Plant and Equipment	 [Red]	Numerous queries have been raised with the Council in relation to revaluations, additions and disposals of property, plant and equipment. We have received some responses of which the audit team is evaluating, some are outstanding.
Journals	 [Amber]	Evidence from the Council has been received, the audit team is in the process of evaluating the provided evidence.
Pensions	 [Amber]	We have received pension letter from the Pension Fund Auditors, this will be reviewed by the audit team.
Income, Expenditure, Debtors and Creditors	 [Amber]	Work has be started with queries raised to the Council, particularly around Grants. Responses have been subsequently received from the council and will be reviewed by the audit team.
HRA, Collection Fund, and Reserves	 [Green]	These sections have been started with a few queries raised with Council. This will be reviewed by the audit team when the audit resumes
Provisions and Contingencies	 [Green]	Supporting evidence has been subsequently been submitted by the Council. The audit team will review the evidence and the audit resumes.
Audit Quality Control and Completion Procedures	 [Green]	Our audit work is undergoing review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations



[Red]  
Likely to result in material adjustment or significant change to disclosures within the financial statements.



[Amber]  
Potential to result in material adjustment or significant change to disclosures within the financial statements.



[Green]  
Not considered likely to result in material adjustment or change to disclosures within the financial statements.

# Value for money arrangements

## The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council’s arrangements in the Auditor’s Annual Report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

## Matters under review

Throughout the year, we stay alert to any matters that may be relevant to our work, which at the point of drafting this report includes:

- The Council’s financial position, including progress in delivering cost efficiencies and stay within budget.
- The development of the Council’s budget for 2024/25 and its updated medium term financial strategy, including the extent of reliance on capital flexibilities to balance the budget.
- Reports from regulators.
- Any specific local issues .





# Appendix A: Insights and publications

# Public and Social Sector Insights

Click [here](https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights) to find and subscribe to our public and social sector articles (or copy and paste this link: <https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights>).

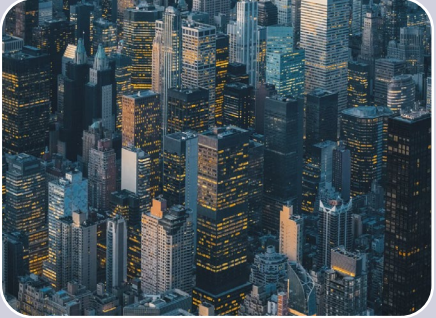
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**Beyond efficiency: what's left for local government?**  
Today, the financial stability of local authorities is no longer guaranteed, placing public services and employment increasingly at risk. All of which means: it's time to take action.  
Based on survey data, the 'Beyond efficiency report' looks to understand Councils' approaches to financial sustainability and risk



**Supporting vulnerable communities**  
Against a backdrop of political uncertainty, unprecedented strike action and the prevailing cost of living crisis – itself a consequence of the conflict in Ukraine among other factors – many of the UK's most vulnerable communities are at risk of becoming more marginalised and face more hardship.



**A global public and social sector study (2023)**  
The public and social sector is in a time of transformation. Expectations of organisations in the sector are higher than ever while financial constraints and regulatory burdens are increasing.  
To understand some of the challenges leaders in this sector face and the steps they are taking to tackle them, we surveyed more than 100 public sector executives in five countries.



**Why culture is critical to local government**  
The extent to which an organisation's culture supports the execution of its strategy, the management of risk and the treatment of its service users is increasingly under the spotlight, and weaknesses in culture are now frequently blamed for failings in these areas.

# National publications

Publication / Update	Key points	Link
<b>National Audit Office (NAO)</b>		
NAO report – Government Resilience: Extreme Weather 5 December 2023	The NAO has published its report Government Resilience: Extreme Weather which examines how well-prepared the country is for future extreme weather events	<a href="#">Government resilience: extreme weather - NAO report</a>
NAO Departmental overview: Department for Work and Pensions 2022-23 – 5 December 2023	The NAO has published its Departmental Overview of the Department for Work and Pensions (DWP) 2022-23. overview summarises information and insights gained from the NAO’s examinations of DWP and related bodies and DWP’s annual report and accounts.	<a href="#">Department for Work and Pensions 2022-23 - NAO overview</a>
NAO insight: Good practice in annual reporting – 19 February 2024	The NAO has published a good practice guide on annual reporting which sets out principles of annual reporting that includes real-world examples of good practice for annual reporting from organisations from the public, private and charity sectors, who are leading the way.	<a href="#">Good practice in annual reporting - National Audit Office (NAO) insight</a>
Whistleblowing in the civil service - 21 February 2024	The NAO has published a guide for people who deal with whistleblowers, investigate concerns or manage whistleblowing processes in government organisations.	<a href="#">Whistleblowing in the civil service - NAO insight</a>
NAO good practice - Digital transformation in government: a guide for senior leaders and audit and risk committees 27 February 2024	The NAO has published a guide for senior leaders and audit and risk committees on Digital transformation in government. The guide can support those tasked with overseeing large-scale digital change to understand the core issues and pitfalls to avoid.	<a href="#">Digital transformation in government: a guide for senior leaders and audit and risk committees - NAO insight</a>
<b>Chartered Institute of Finance and Accountancy (CIPFA) and Department for Levelling Up, Housing and Communities (DLUHC)</b>		
Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - 21 December 2023	DLUHC is consulting on the statutory guidance and final form of the Minimum Revenue Provision Regulations. The deadline for responses was 16 February.	<a href="#">Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - Department for Levelling Up, Housing and Communities - Citizen Space</a>
Consultation on the Code of Practice on Local Authority Financial Reporting in the United Kingdom short term England-only measures to aid the recovery of local authority reporting and audit – 29 February 2024	CIPFA has launched its Invitation to Comment on short term proposals intended to help address the backlog of local authority audits. After considering a wide range of options CIPFA LASAAC decided to explore two approaches. These would affect the 2023/24 and 2024/25 Codes, by providing: > An option to simplify measurement of operational property plant and equipment using specified indexation, and > Reduced disclosures for pensions reporting, by aligning that reporting with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.	<a href="#">Consultation on short term England only measures in the Code   CIPFA</a>

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# Contact

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## Report of the Deputy Chief Executive

**STATEMENT OF ACCOUNTS 2023/24 – ACCOUNTING POLICIES**1. Purpose of report

To provide Members with any updates made to the Council's accounting policies in relation to the production of the 2023/24 financial statements.

2. Recommendation

**The Committee is asked to RESOLVE that the Accounting Policies for 2023/24 be approved.**

3. Detail

Prior to the completion of the Statement of Accounts 2023/24, it is considered good practice that Members are given the opportunity to discuss and comment on the accounting policies to be used in the production of the financial statements. These policies will be applied to the treatment of all transactions that make up the Statement of Accounts to ensure the accounts present a true and fair view of the financial position of the Council as at 31 March 2024.

The Statement of Accounts 2023/24 will be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 'Code') based upon International Financial Reporting Standards (IFRS).

For the Statement of Accounts 2023/24 the policy on Exceptional Items has been removed as this is no longer considered to be necessary in supporting users of the accounts.

The 2023/24 Code introduces amendments to the following, which do not impact on any of the Council's policies:

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates
- IAS 1 Presentation of Financial Statements – disclosure of accounting policies
- IFRS Practice Statement Making Materiality Judgements – disclosure of accounting policies
- IFRS 3 Business Combinations – updating a reference to the conceptual framework

The proposed Accounting Policies for 2023/24 are set out in the appendix.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no direct financial costs associated with the accounting policy updates.

5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The legislation, the Accounts and Audit Regulations (2015) and the Accounts and Audit (Amendment) Regulations 2022, sets out the timescales for the production of the Council's accounts, including the dates of the public inspection period. The Statement of Accounts must be published by that date or as soon as reasonably practicable after the receipt of the auditor's final findings.

Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Deputy Chief Executive) has the responsibility for the administration of those affairs, which include responsibility for preparing the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. The Statement of Accounts is that upon which the auditor should enter his certificate and opinion which is prepared under the Local Government Finance Act 2003.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Unison comments in relation to this report.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Climate Change Implications

There are no Climate Change issues in relation to this report.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil

## APPENDIX

**ACCOUNTING POLICIES****(i) General Principles**

The Statement of Accounts summarises the authority's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting 2023/24 (the Code) supported by International Financial Reporting Standards (IFRS), International Accounting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

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

The Statement of Accounts has been prepared on a going concern basis. As required by IAS1, it has been assumed that the Council will continue in operation for the foreseeable future.

**(ii) Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

An exception to the above relates to electricity and other similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

As regards private sector housing benefits, payments can relate to periods partly in advance and partly in arrears. The cut-off date applied to such payments is as near to the year end as possible and ensures consistency with the figures used to calculate government subsidy received on such payments.

Council housing rents become chargeable on the Monday of each week for the week ahead. Rent income is accounted for up to and including the last Monday in the financial year. This can therefore include an element relating to the following year for which no adjustment is made.

### **(iii) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **(iv) Prior Year Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.



**(v) Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

With the exception of works vehicles, depreciation is calculated on a straight line basis over the estimated useful life of the asset. The following useful lives have been used in the calculation of depreciation:

- Council Dwellings (Non-components) – 80 years
- Council Dwellings (Components) – 15 to 40 years
- Other Land and Buildings:
  - Council Offices – 60 years
  - Pavilions – 30 years
  - Cemetery Chapels – 30 years
  - Other Land and Buildings – 40 years
- Vehicles, Plant, Furniture and Equipment – 5 years
- Infrastructure – 40 years

Any significant components identified in the revaluation of an asset are depreciated separately over their estimated useful life.

Works vehicles are depreciated over their estimated useful lives but with a greater depreciation charge in the early years to reflect the use and diminishing value of these assets.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement, but there were accumulated revaluation gains in the Revaluation Reserve for that particular asset, an amount up to the value of that loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

The Council is not required to raise council tax or council housing rents to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. This is known as the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore reversed out of the General Fund (and the Housing Revenue Account (HRA)) and replaced by the MRP. This is completed with an adjusting transaction with the Capital Adjustment Account within the Movement in Reserves Statement for the difference

between the two. This ensures that depreciation, revaluation and impairment losses and amortisations have no overall effect on council tax or housing rent levels.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, require local authorities to approve an MRP policy at the beginning of each financial year on setting aside a sum of money from revenue for the repayment of principal on outstanding debt. From 2012/13 onwards the Council has approved a policy such that, for capital expenditure incurred before 1 April 2008, the MRP is based on 4% of the authority's Capital Financing Requirement for the General Fund.

For General Fund capital expenditure incurred after 1 April 2008, the MRP is based upon the estimated life of those assets where the financing was provided by borrowing. The Council has also decided that no voluntary provision for the repayment of debt relating to the HRA should be made in 2023/24.

#### **(vi) Employee Benefits**

##### Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and sick leave and are recognised as an expense for service in the year in which employees render service to the Council.

##### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

##### Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Nottinghamshire County Council. The scheme is a defined benefit scheme in that it provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

### Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate that reflects the time value of money and the characteristics of the liability.
- The assets of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value

The change in the net pension's liability is analysed into the following components:

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year (allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked).
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years (debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Resources).
  - Net interest on the net defined benefit liability or asset (i.e. the net interest expense for the Council) – the change during the period in the net defined liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement). This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period after taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
  - The return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - Actuarial gains and losses (changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their

assumptions) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Nottinghamshire County Council Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities (not accounted for as an expense).

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

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

### **(vii) Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

### **(viii) Financial Instruments**

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument, and are initially assessed at fair value and are carried at amortised cost. Annual charges to the

Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

All borrowings shown in the Balance Sheet consist of the outstanding principal repayable plus accrued interest. Annual interest is charged to the Comprehensive Income and Expenditure Statement in accordance with the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

### Financial Assets

Certain reserves are kept to manage the accounting processes for non-current fixed assets and retirement benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies below.

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

- amortised cost
- fair value through profit or loss
- fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

### Financial Assets measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

All such assets held on the Balance Sheet consist of the outstanding principal receivable plus accrued interest. Annual interest is credited to the Comprehensive Income and Expenditure Statement in accordance with the loan agreement.

The Council has provided a number of “soft loans” to employees at less than market rates for the purchase of motor vehicles. These should be correctly shown in the Balance Sheet at fair value. However, the value of these loans is not considered to be material. Accordingly, the value as shown in the Balance Sheet represents the value of any loans made less any repayments that have been received.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

### Expected Credit Loss Model

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

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

### Financial Assets measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they occur in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

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

- Instruments with quoted market prices – the market price.

- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement technique are categorised in accordance with the following:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### Financial Assets measured at Fair Value through Other Comprehensive Income

Financial assets measured at fair value through other comprehensive income are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Annual income received from the financial instrument is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement when it becomes receivable by the authority.

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

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

The inputs to the measurement technique are categorised in accordance with the following:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

The Council can elect to classify certain instruments as Fair Value through Other Comprehensive Income, dependent on the contractual arrangements for the instrument.

For an elected financial asset fair value gains and losses are recognised as they occur in Other Comprehensive Income within the Comprehensive Income and Expenditure Statement but are balanced by an entry in the Financial Instrument Revaluation Reserve. In all other circumstances the gain or loss is recognised in the Financing and Investment Income and Expenditure line on the Comprehensive Income and

Expenditure Statement before being transferred to the Financial Instrument Revaluation Reserve via the Movement in Reserve Statement

On derecognition of an elected financial asset the balance on the Financial Instrument Revaluation Reserve is transferred to the General Fund via the Movement in Reserves Statement. In all other circumstances the balance on the Financial Instrument Revaluation Reserve is transferred to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

### **(ix) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired by using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **(x) Heritage Assets**

The Council's Heritage Assets consist of the DH Lawrence Birthplace Museum building and a painting by Dr Ala Bashir, a respected sculptor and painter, of DH Lawrence which is linked to his most famous novel, Lady Chatterley's Lover. The museum building is held for its historical and artistic significance and to promote knowledge and culture. The DH Lawrence Birthplace Museum is recognised and measured (including the treatment of depreciation and revaluation gains and losses) in accordance with the Authority's accounting rules on property, plant and equipment. The building was revalued at 31 March 2022 in accordance with the Council's five-



year revaluation cycle for such assets. The painting was donated to the Council in 2008.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment. For example, this may be where the asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

#### **(xi) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase. Research expenditure cannot be capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

**(xii) Interests in Companies and Other Entities**

The authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. Liberty Leisure Limited is a wholly owned subsidiary of the authority which manages the provision of leisure and culture services and its accounts are consolidated with the authority's in accordance with IAS27.

**(xiii) Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at cost. Whilst the Code of Practice on Local Authority Accounting requires inventories to be shown at the lower of cost and net realisable value, a departure from this is permitted under IFRS due to:

- the value of inventories not being considered to be material.
- the cost of analysing inventories between cost and net realisable value outweighing the value to the user of the accounts.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year

**(xiv) Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance.

The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

The Council does not currently have any investment properties.

**(xv) Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

**(xvi) Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent upon the use of specific assets.

The Council as Lessee:

- Finance Leases – Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. All assets acquired through finance leases have been fully written down at the Balance Sheet date.
- Operating Leases – Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The Council as Lessor:

- Finance Leases – Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

- Operating Leases – Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

New standards in respect to leasing come into effect from 1 April 2024 which will change the accounting treatment of finance and operating leases. The Council is assessing the implications but considering the low number of leases the Council currently holds as lessee the impact is not considered to be material.

### **(xvii) Overhead and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SerCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the authority’s status as a multi-functional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early

These two cost categories are defined in the Service Reporting Code of Practice but are accounted for under Resources in the Comprehensive Income and Expenditure Statement.

### **(xviii) Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

The Council operates a de-minimis level in valuing assets. Any assets valued at less than £5,000 are excluded from Balance Sheet values.

#### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH)
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both) are involved, depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from a reversal of a loss previously charged to a service).

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

### Impairment

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

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided on all property, plant and equipment assets held by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset. New specialist vehicles may also have an additional depreciation provision made from the year following acquisition as advised by a suitably qualified officer.
- Infrastructure – straight line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This applies particularly in respect of council house dwellings.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

#### Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of the disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

If part of an asset is replaced with a similar identifiable component, the carrying amount of the replaced or restored component is derecognised with the carrying amount of the new component being recognised. Any gain or loss arising from this process is credited or debited to the Comprehensive Income and Expenditure Statement as appropriate.

With regards to the de-recognition of infrastructure assets or components of an asset, typically infrastructure assets/components are de-recognised when an asset/component is replaced. In these circumstances the Council will be utilising the

Statutory Provision 'The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022'. The Council will derecognise infrastructure assets/component at £nil value (i.e. fully depreciated). The exception to this is where an infrastructure asset/component is disposed of via a means other than replacement expenditure (e.g. the sale of an asset). In this case the accounting methods for disposal as set out above will be followed.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The Council has committed to a government scheme whereby, as from 2012/13, housing capital receipts from right to buy sales can only be used towards new affordable council housing, and within five years of their receipt, otherwise they become payable to the government. The balance of receipts held is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment on council housing or set aside to reduce the underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax or housing rents, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **(xix) Provisions, Contingent Liabilities and Contingent Assets**

#### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured as the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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



A provision exists in relation to outstanding insurance claims, based upon information supplied by the Council's insurers. All insurance claims transactions during the course of the year are passed through the provision with the appropriate charge being made against the service lines within the Comprehensive Income and Expenditure Statement.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **(xx) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund or Housing Revenue Account balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund or Housing Revenue Account balance in the Movement in Reserves Statement so that there is no net charge against council tax or housing rents for the expenditure.

### **(xxi) Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or Housing Revenue

Account balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax or council house rents.

**(xxii) VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

**(xxiii) Collection Fund**

Billing authorities are required to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates. The Council acts as an agent, collecting and distributing council tax and business rates income on behalf of the major precepting authorities and central government as well as itself.

The difference between the income collected in the Comprehensive Income and Expenditure Statement and the amount by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of year end balances in respect of Council Tax and Non Domestic Rates relating to arrears, impairment allowances for doubtful debts and overpayments and prepayments and appeals.

Non Domestic Rates amounts are collected on behalf of the other partners of Central Government, Nottinghamshire County Council and Nottinghamshire Fire Authority.

Council Tax amounts are collected on behalf of the other preceptors of Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority.

As the Collection Fun is conducted on an agency basis, there is a debtor or creditor position between the Council and the major precepting authorities and central government.

**Council Tax**

The Local Council Tax Support Scheme is reviewed by Cabinet prior to the commencement of the financial year and any amendments are approved by full Council.

## Report of the Deputy Chief Executive

**STATEMENT OF ACCOUNTS 2023/24 – UNDERLYING PENSION ASSUMPTIONS**1. Purpose of report

To provide Members with information regarding the assumptions made by the pension fund actuary in calculating the IAS19 figures to be reported in the 2023/24 Statement of Accounts.

2. Recommendation

**The Committee is asked to NOTE the assumptions to be used in the calculation of pension figures for 2023/24.**

3. Detail

IAS19 (International Accounting Standard 19 – Employee Benefits) is one of the financial reporting standards with which the Council must comply when producing its annual Statement of Accounts. The basic requirement of IAS19 is that an organisation should account for retirement benefits when it is committed to give them, irrespective of when they are paid out.

In order to calculate the cost of earned benefits for inclusion in the Statement of Accounts, the scheme actuaries use certain assumptions to reflect expected future events which may affect the cost. The assumptions used should lead to the best estimate of the future cash flows that will arise under the scheme liabilities. Any assumptions that are affected by economic conditions should reflect market expectations at the balance sheet date. The proposed assumptions for 2023/24 are shown in the **APPENDIX**.

The Council will use the calculated costs and the underlying assumptions based upon the advice of the actuary of the Nottinghamshire County Council Pension Fund, Barnett Waddingham, and the administering authority (Nottinghamshire County Council) in preparing the annual Statement of Accounts. A formal actuarial valuation is carried out every three years, the latest being as at 31 March 2023. This covers the financial years 2023/24, 2024/25 and 2025/26. The Actuary's final report for 2023/24 is due to be received on 16 April 2024. All of the figures relating to IAS19 are simply accounting adjustments made to comply with accounting standards and have no direct impact on resources. The amount charged to the General Fund is the actual amount paid out in employers' contributions and not the charge calculated in accordance with IAS19.

There is an expectation that the Pension Fund for 2023/24 will be showing a surplus, whereas previous years having shown a deficit. If this should be the case, the asset shown in the balance sheet will be an estimate based on assumptions and would only ever become receivable if the Council ceased as a going concern.

**4. Financial Implications**

The comments from the Head of Finance Services were as follows:

There are no direct financial implications arising from this report, with estimated pensions costs already included within the establishment budgets.

**5. Legal Implications**

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The legislation, the Accounts and Audit Regulations (2015) and the Accounts and Audit (Amendment) Regulations 2022, sets out the timescales for the production of the Council's accounts, including the dates of the public inspection period. The Statement of Accounts must be published by that date or as soon as reasonably practicable after the receipt of the auditor's final findings.

Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Deputy Chief Executive) has the responsibility for the administration of those affairs, which include responsibility for preparing the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

The Statement of Accounts is that upon which the auditor should enter his certificate and opinion which is prepared under the Local Government Finance Act 2003.

**6. Human Resources Implications**

There were no comments from the Human Resources Manager.

**7. Union Comments**

There were no Unison comments in relation to this report.

**8. Data Protection Compliance Implications**

There are no Data Protection issues in relation to this report.

**9. Climate Change Implications**

There are no Climate Change issues in relation to this report.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil

## APPENDIX

**PROPOSED FINANCIAL ASSUMPTIONS FOR 2023/24**

The value of the Pension Fund's assets and liabilities are heavily dependent on the underpinning assumptions. The employer is ultimately responsible for the assumptions used and this year's proposed assumptions are listed below:

- Corporate Bond Yields – This is used to derive the discount rate which is applied to the employer's liabilities to calculate their future values. The rates used are those that match the duration of the employer's liability.
- Expected Return on Assets – The actuaries anticipate that a typical Local Government Pension Fund might achieve a return of around 6% in the year to 31 March 2024 although this may vary depending on the individual funds investment strategy.
- Inflation Expectations – The levels of future Retail Prices Inflation (RPI) are assessed on the basis of the yields on fixed interest and index linked government securities over the period of the duration of the liabilities. The increases in pensions in the Local Government Pension Fund are based on the Consumer Prices Index (CPI) which historically is lower than RPI. The Actuary has assessed the gap between RPI and CPI going forward to be a reduction of between 0.2% and 0.75% dependent on the duration of the employer's liabilities.

The overall impact of the assumptions for an average employer is set out below but it should be noted that individual employer's circumstances vary, in particular the average age of their overall liabilities. As such, the results for Broxtowe may be different from the assessment below.

Changes in Actuary's Assumptions upon Employer's Liability from 2022/23

Assumption	Very Mature (Liability duration under 10 years)	Mature (Liability duration between 10 and 20 years)	Immature (Liability duration over 20 years)
Effect of change in discount rate on an employer's liability	Decrease of 0% to increase of 1%	Decrease of 0% to 4%	Decrease of 4% to over 5%
Change in inflation on employer's liability	Decrease of 1% to increase of 1%	Decrease of 1% to 4%	Decrease of 2% to 4%
Overall impact	Decrease of 1% to Increase of 1%	Decrease of 1% to 7%	Decrease of 7% to over 9%

As at 31 March 2023, the Council's liability duration was 20 years.

### Supreme Court Ruling in McCloud and Sargeant Cases

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. The first case (McCloud) and the second case (Sargeant) were subsequently linked and in June 2019 the Court of Appeal ruled the reforms amounted to unlawful discrimination.

Regulations in respect of these cases came into force on 1 October 2023. These may affect the value of liabilities and an allowance may need to be included. An allowance will have been made in the liabilities which is consistent with the method adopted at the 2022 actuarial valuation.

### Impact of Lloyds Judgement

The Lloyds Banking Group court case involved a ruling that, in cases where a member exercised their right to a transfer value out of the scheme, the trustee had the duty to make a transfer payment that reflects the member's right to equalised benefits and remains liable if an inadequate transfer payment had been paid. It is not yet known if, or how, this will affect the Local Government Pension Scheme.

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## Report of the Deputy Chief Executive

**REVIEW OF STRATEGIC RISK REGISTER**1. Purpose of report

To approve the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

2. Recommendation

**The Committee is asked to RESOLVE that the amendments to the Strategic Risk Register and the actions to mitigate risks as set out be approved.**

3. Detail

In accordance with the corporate Risk Management Strategy, the Strategic Risk Management Group met on 31 January 2024 to review the Strategic Risk Register. General Management Team (GMT) has since considered the proposals made by the Group. The objectives of the review were to:

- Identify the extent to which risks included in the register are still relevant
- Identify any new strategic risks to be included in the register
- Review action plans to mitigate risks.

A summary of the risk management process is included in appendix 1. The Risk Management Strategy includes a '5x5' risk map matrix to assess both the threats and opportunities for each strategic risk in terms of both the likelihood and impact. The risk map is included to assist the understanding of the inherent and residual risk scores allocated to each strategic risk. These scores will be considered further and amended as necessary in due course.

Details of the proposed amendments to the Strategic Risk Register and actions resulting from the process are attached in appendix 2. The full Strategic Risk Register incorporating the proposed amendments is available on the intranet. An extract from the register of the entries relating to the highest rated 'red' risks are included in appendix 3 for Members consideration.

Further reviews of the Strategic Risk Register will be reported to future meetings of this Committee.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no direct financial implications that arise from this report. Any future additional budgetary requirements will be considered separately by Cabinet.

5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The Strategic Risk Register is the main mechanism used by the Council to identify, assess and monitor key risks. Whilst there are no direct legal implications arising from this report, it is important to assess whether the risks identified are being effectively mitigated and managed.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Union comments in relation to this report.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Climate Change Implications

Climate Change is considered in this report as a strategic risk.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil

## APPENDIX 1

**REVIEW OF STRATEGIC RISK REGISTER****Introduction**

The Risk Management Strategy, as revised in December 2018, aims to improve the effectiveness of risk management across the Council. Effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving its ability to deliver priorities, improve outcomes for residents and mitigating legal action and financial claims against the Council and subsequent damage to its reputation.

The Strategy provides a comprehensive framework and process designed to support both Members and Officers in ensuring that the Council is able to discharge its risk management responsibilities fully. The Strategy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that the Council has in place to manage risk successfully. The risk management process outlined within the Strategy should be used to identify and manage all risks to the Council's ability to deliver its priorities. This covers both strategic priorities, operational activities and the delivery of projects or programmes.

The Council defines risk as “the chance of something happening that may have an impact on objectives”. A risk is an event or occurrence that would prevent, obstruct or delay the Council from achieving its objectives or failing to capture business opportunities when pursuing its objectives.

**Risk Management**

Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

Risk management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with reputation, environment, technology and breach of confidentiality amongst others. The benefits of successful risk management include:

- Improved service delivery with fewer disruptions, efficient processes and improved controls
- Improved financial performance and value for money with increased achievement of objectives, fewer losses, reduced impact and frequency of critical risks
- Improved corporate governance and compliance systems with fewer legal challenges, robust corporate governance and fewer regulatory visits
- Improved insurance management with lower frequency and value of claims, lower impact of uninsured losses and reduced premiums.

**Risk Management Process**

The Council’s risk management process has five key steps as outlined below.



Process Step	Description
<b>Risk Identification</b>	Identification of risks which could significantly impact the Council’s aims and objectives – both strategic and operational.
<b>Risk Analysis</b>	Requires consideration to the identified risks potential consequences and likelihood of occurring. Risks should be scored against the Council’s risk matrix
<b>Risk Treatment</b>	Treat; Tolerate; Transfer; Terminate – Identify which solution is best to manage the risk (may be one or a combination of a number of treatments)
<b>Completing the Risk Register</b>	Document the previous steps within the appropriate risk register. Tool for facilitating risk management discussions. Standard template to be utilised to ensure consistent reporting.
<b>Monitoring, reporting and reviewing the risks</b>	Review risks against agreed reporting structure to ensure they remain current and on target with what is expected or manageable.

**Risk Matrix**

		Risk – Threats				
<b>Likelihood</b>	Almost Certain – 5	5	10	15	20	25
	Likely – 4	4	8	12	16	20
	Possible – 3	3	6	9	12	15
	Unlikely – 2	2	4	6	8	10
	Rare – 1	1	2	3	4	5
		Insignificant – 1	Minor – 2	Moderate – 3	Major – 4	Catastrophic – 5
		<b>Impact</b>				




Risk Rating	Value	Action
<b>Red Risk</b>	25	Immediate action to prevent serious threat to provision and/or achievement of key services or duties
	15 to 20	Key risks which may potentially affect the provision of key services or duties
<b>Amber Risk</b>	12	Important risks which may potentially affect the provision of key services or duties
	8 to 10	Monitor as necessary being less important but still could have a serious effect on the provision of key services
	5 to 6	Monitor as necessary to ensure risk is properly managed
<b>Green Risk</b>	1 – 4	No strategic action necessary



## APPENDIX 2






Strategic Risk Register – Summary of Proposed Changes

Inherent Risk – Gross risk **before** controls and mitigation







Residual Risk – Risk remaining **after** application of controls and mitigating measures






Risk	Inherent Risk	Residual Risk	Changes
<p>1. Failure to maintain effective corporate performance management and implement change management processes</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	20	<p><b>4</b></p>  <p><b>Green</b></p>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
<p>2. Failure to obtain adequate resources to achieve service objectives</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	20	<p><b>16</b></p>  <p><b>Red</b></p>	<p>The ongoing 'cost of living crisis' and high inflation which is keeping this risk as one of the highest rated red risks.</p> <p>The action to present an updated Medium Term Financial Strategy and Business Strategy to Cabinet for approval was completed.</p>
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	25	<p><b>12</b></p>  <p><b>Amber</b></p>	<p>High inflation and the 'cost of living crisis' continues to have an impact upon the HRA service provision and financial position.</p> <p>There remains uncertainty with the Government's rent setting policy in a high inflation environment which is impacting on key budgetary decisions in planning for reasonable and sustainable rent increases. Next year is the final year of the Government's current rent setting policy. With future plans not yet known, this is adding to uncertainty and risk. A new action was added to assess the impact of the Government's new rent setting policy from 2025/26.</p> <p>The action to complete the review of the HRA 30-Year Business Plan, in conjunction with external consultants, with the outcome to be reported to Cabinet was completed.</p>





Risk	Inherent Risk	Residual Risk	Changes
<p>3a. Failure to deliver a Housing Repairs and Compliance Service which meets Right to Repair and Compliance legislation</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>improved</b>.</i></p>	20	<p><b>12</b></p>  <p><b>Amber</b></p>	<p>The actions to recruit to all posts following restructure and to fully establish new Housing Repairs Contact Centre are completed.</p> <p>The approval to recruit a new Change Delivery Manager post in the Asset Management team was a positive move to mitigate this risk.</p> <p>In terms of the action to monitor the position regarding Housing Disrepair claims and to respond efficiently and effectively to claims being received, Cabinet recently approved the creation of a new permanent Disrepair Inspector and Disrepair Administrator posts. Further support within the Legal Services team was also approved to deal with disrepair claims.</p>
<p>4. Failure of strategic leisure initiatives</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>worsened</b>.</i></p>	25	<p><b>20</b></p>  <p><b>Red</b></p>	<p>The action to consider and respond to the request from Kimberley School regarding the financial viability of keeping the swimming pool open at Kimberley Leisure Centre was completed following the resolution at Cabinet on 7 November 2023 to withdraw from the facility.</p> <p>A new action was added to seek Cabinet approval for the planning application and development of detailed design for a new replacement Bramcote Leisure Centre (RIBA4).</p> <p>A new action was added for the Council to establish a cross-party Members group, supported by key officers in leisure, property and regeneration to, identify leisure opportunities in the north of the Borough.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>5. Failure of Liberty Leisure (LLL) trading company</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had <b>worsened</b>.</i></p>	25	<p>12</p> <p> Amber</p>	<p>As above, the action to consider and respond to the request from Kimberley School regarding the financial viability of keeping the swimming pool open at Kimberley Leisure Centre has been completed.</p> <p>A new action was added for the Council, through its Leisure Client and Finance officers, to meet regularly with Liberty Leisure Limited to review the company's cash flow and ensure that that the company has adequate liquidity to operate efficiently.</p>
<p>6. Failure to manage the Beeston town centre development</p> <p><b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></b></p>	25	<p>9</p> <p> Amber</p>	<p>The action to progress with a scheme to construct public conveniences adjacent to the tram stop at Beeston Square has been completed.</p> <p><b>Given the market conditions, it was agreed that the residual risk score be revised from 8 to 9 (Amber Risk) to more accurately reflect its current position in the risk matrix as moderate impact with possible likelihood.</b></p>
<p>7. Not complying with legislation</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	25	<p>6</p> <p> Amber</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>
<p>8. Failure of financial management and/or budgetary control and to implement agreed budget decisions</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	25	<p>4</p> <p> Green</p>	<p>The action to present an updated Medium Term Financial Strategy and Business Strategy to Cabinet for approval on 7 November 2023 was completed.</p>
<p>9. Failure to maximise collection of income due to the Council</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>9</p> <p> Amber</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>



Risk	Inherent Risk	Residual Risk	Changes
10. Failure of key ICT systems <i>The position with regards to this risk is <b>unchanged</b>.</i>	25	15  Red	The action to complete the relocation of the Backup Server from the Council Offices to Kimberley Depot by 31 December 2023 was updated to refer to a later target date and a possible alternative location.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations <i>The position with regards to this risk is <b>unchanged</b>.</i>	20	4  Green	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose <i>The position with regards to this risk is <b>unchanged</b>.</i>	15	4  Green	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
13. Failure to contribute effectively to dealing with crime and disorder <i>The position with regards to this risk is <b>unchanged</b>.</i>	15	3  Green	A new action was added to work with the Nottinghamshire Information Officer's Group (NIOG) to produce and implement a new information sharing agreement.
14. Failure to provide housing in accordance with the Local Development Framework <i>The position with regards to this risk is <b>unchanged</b>.</i>	20	12  Amber	A new action was added to monitor the situation with regard to the emerging Mayoral Corporation and any impacts this will have on the planning system, with particular regard to the delivery of the Toton and Chetwyn Strategic site for Growth.  The legacy action to develop partnership working with housing providers to identify suitable housing proposals was deleted.
15. Natural disaster or deliberate act, which affects major part of the Authority <i>The position with regards to this risk is <b>unchanged</b>.</i>	15	12  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.  The various response and recovery plans had been thoroughly tested by the recent storms. Work is underway to review actions with emphasis on reviewing communications channels in the event of an emergency.

Risk	Inherent Risk	Residual Risk	Changes
<p>16. Failure to mitigate the impact of the Government's welfare reform agenda</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>4</p> <p> Green</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p> <p>The context of this risk has changed significantly since its first inclusion on the risk register and many of the current actions are now managed under 'business as usual' activity. It may be appropriate to consolidate this with Risk 9 'failure to maximise collection of income due'.</p>
<p>17. Failure to maximise opportunities and to recognise the risks in shared services arrangements</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>9</p> <p> Amber</p>	<p>The action to report annually to Cabinet on the shared surveillance camera system arrangements was amended to also include 'out of hours service'.</p>
<p>18. Corporate and/or political leadership adversely impacting upon service delivery</p> <p><b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></b></p>	20	<p>4</p> <p> Green</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p> <p><b>Given the current circumstances it was subsequently agreed by GMT that the residual risk score be reduced from 8 (Amber Risk) to 4 (Green Risk).</b></p>
<p>19. High levels of sickness</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	16	<p>6</p> <p> Amber</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>
<p>20. Inability to recruit and retain staff with required skills and expertise to meet increasing demands and expectations.</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>12</p> <p> Amber</p>	<p>A new action was added to complete a review of Senior Officers pay in conjunction with an external partner.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>21. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc.</p> <p><b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></b></p>	20	<p>4</p> <p></p> <p>Green</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p> <p><b>Given the current circumstances it was subsequently agreed by GMT that the residual risk score be reduced from 6 (Amber Risk) to 4 (Green Risk).</b></p>
<p>22. Unauthorised access of data</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>6</p> <p></p> <p>Amber</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>
<p>23. High volumes of employee or client fraud</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>9</p> <p></p> <p>Amber</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>
<p>24. <i>Failure to achieve commitment of being carbon neutral for the Council's own operations by 2027</i></p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>12</p> <p></p> <p>Amber</p>	<p>The group considered updates in respect of the refreshed Climate Change and Green Futures Strategy which is shortly being presented back to Cabinet/Council for approval.</p>

## APPENDIX 3

**EXTRACT OF THE STRATEGIC RISK REGISTER – FEBRUARY 2024 –  
ENTRIES RELATING TO HIGHEST RATED ‘RED’ RISKS****Risk 2 - Failure to obtain adequate resources to achieve service objectives**

Risk Owner(s)	Inherent Risk	Residual Risk
Deputy Chief Executive Head of Finance Services	20	16

**Key Controls**

- Medium Term Financial Strategy
- Business Strategy
- Economic Regeneration Strategy
- Commissioning and Procurement Strategy
- Capital Strategy and Treasury Management Strategy
- Asset Management Strategy
- Energy Procurement Strategy
- Commercial Strategy
- Land Disposals Policy

**Risk Indicators**

- Formula grant
- Budget gap
- Fuel and energy prices
- Income levels
- Failed bids for external funding
- General economic indicators
- Interest rates

**Action Points**

1. Review service objectives in response to changing resources
2. Identify and assess external funding opportunities and ensure any accompanying targets are met
3. Investigate and develop opportunities for shared service working
4. Monitor the impact of the collection of business rates upon resources available to the Council
5. Seek the disposal of surplus assets to generate additional capital receipts
6. Be alert to potential funding opportunities for town centre re-generation initiatives and other capital investment schemes.
7. Identify potential budget savings and maximising income generating opportunities
8. Maximise income from Commercial Property and Industrial Units.

9. Assess the impact of the transfer of responsibility for land charges from local authorities to HM Land Registry.
10. Work collaboratively with Nottinghamshire local authorities to maximise the recovery of business rates income.
11. Assess the potential outcome of the Fair Funding Review, including proposals for greater localisation of business rates, upon the Council's finances.
12. Produce a new Commercial Strategy to replace the previous Commercial Strategy 2017-2020.
13. Respond as necessary to the outcome of the 'Town Deal' bid for Stapleford.
14. Develop Town Investment Plans for Eastwood and Kimberley.
15. Progress with the delivery of the successful Levelling Up Fund bid for Kimberley.
16. Seek full recovery of the agreed tram compensation claim against Nottingham City Council.
17. Monitor the impact of rising inflation and the cost of living crisis on the Council's service provision and its financial position.
18. Consider opportunities to utilise any identified surplus office space.
19. Assess the impact of the government's food waste policies and the potential receipt of New Burdens Funding to meet the additional capital and revenues costs associated with its delivery.

**Risk 4 - Failure of strategic leisure initiatives**

Risk Owner(s)	Inherent Risk	Residual Risk
Deputy Chief Executive	25	20

**Key Controls**

- Leisure Facilities Strategy
- Leisure and Culture Service Specification
- Liberty Leisure Limited Business Plan
- External legal advice and support

**Risk Indicators**

- Results of consultation exercises
- Progress against business plans
- Progress against capital programme
- Events impacting upon joint use agreements
- Visitor numbers at leisure facilities
- Income at leisure facilities
- Financial viability of Liberty Leisure Limited

**Action Points**

1. Determine future strategy for investment in leisure facilities.
2. Review leisure opportunities arising from major developments.
3. Produce a programme to address the issues identified in the detailed property condition survey at Bramcote Leisure Centre.
4. Utilise external legal advice and support as required.
5. Work with Chilwell School to assess leisure facilities options at Chilwell Olympia Sports Centre and report back to Cabinet.
6. Forward plan any necessary capital repair works anticipated at Bramcote Leisure Centre and to submit, consider and profile the financial impact as part of the proposed capital programme.
7. Seek Cabinet approval for the planning application and development of detailed design (RIBA4) for a new replacement Bramcote Leisure Centre.
8. Establish a cross party members group, supported by key officers in leisure, property and regeneration, to identify leisure opportunities in the north of the Borough.

**Risk 10 - Failure of key ICT systems**

Risk Owner(s)	Inherent Risk	Residual Risk
Executive Director Chief Information Officer	25	15

**Key Controls**

- ICT Strategy
- Service agreements
- Systems mainly supplied by external supplier
- Back-up server offsite
- Security Policies
- System availability
- Server virtualisation
- Provision of emergency power supply
- Identification of failure at points of entry
- Shared service arrangements with other local authorities
- Geo-location blocking on the firewall
- Warning, Advice and Reporting Point (WARP) service
- Cyber Security Information Sharing Partnership (CISP)

**Risk Indicators**

- Viruses
- Computer downtime
- Overrun/failure of overnight processing
- Key financial reconciliation processes
- Customer complaints
- Backlog of works
- Appropriate staffing resources to support key systems
- Number of security incidents

**Action Points**

1. Monitor implementation of and regularly test the Business Continuity Plan for ICT Services
2. Pursue partnership working initiatives, where appropriate
3. Assess the impact of the National Cyber Security Standard.
4. Complete the relocation of the Backup Server from the Council Offices to Kimberley Depot or a possible alternative location by 30 September 2024.
5. Address the matters raised by the independent LGA specialist review of the Council's cyber-risk arrangements and key controls.
6. Review and refresh the corporate and departmental Business Continuity Plans.

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**Report of the Monitoring Officer**

<b>DEBATE NOT HATE MOTION</b>
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1. Purpose of Report

To report back the Officer and Member Task and Finish Groups recommendations having considered the Local Government Association (LGA) 'Debate Not Hate' Campaign objectives in more detail.

2. Recommendation

**The Committee is asked to NOTE that**

- 1. The increasing levels of toxicity in public and political discourse is having a detrimental impact on local democracy and that prevention, support and responses to abuse and intimidation of local politicians must improve to ensure Councillors feel safe and able to continue representing their residents.**

**The Committee is asked to RECOMMEND to Council that**

**2. The Council commits to the following:**

- a. To signing up to the 'Debate Not Hate' campaign**
- b. To write to the Government to ask them to work with the LGA to develop and implement a plan to address abuse and intimidation of politicians and to legislate that Councillors can withhold their home addresses to ensure parity with MPs**
- c. To work together, across the political groups to promote and uphold exemplary standards of public and political debate**
- d. To improve the reporting mechanism to record and monitor incidents of harassment and abuse for Councillors facing intimidation and abuse**
- e. To regularly review the support available for Councillors and Officers who are experiencing intimidation and abuse**
- f. To work with the local police to ensure there is a clear and joined-up mechanism for reporting threats and other concerns about the safety of Councillors and their families**
- g. To include as part of the Member training programme support available and relevant training to Councillors in relation to abuse and intimidation and Councillor safety.**

3. Detail

On 11 October 2023 a Motion was brought to full Council by Councillor MacRae to sign up to the LGA 'Debate Not Hate' campaign. Council referred the Motion to Governance, Audit and Standards Committee to work with Officers to get a better understanding of what signing up to the LGA 'Debate Not Hate' Campaign would mean and to explore the range of support currently available to deal with Member abuse and intimidation and to consider what further support could be developed.

The Governance, Audit and Standards Committee nominated a politically balanced Member and Officer Task and Finish Group to meet to consider the motion in more detail and their findings are reported in the attached APPENDIX.

4. Financial Implications

There are no cost implications in signing up to the campaign. The Council will be able to access free resources, including a digital toolkit, which will enhance the support that can be offered to Members.

5. Legal Implications

By signing up to the 'Debate Not Hate' campaign, the Council can ensure that Members are fully supported when faced with harassment and intimidation. The risks in not signing up to the campaign or not supporting Members who face harassment are that reduced numbers of people choose to stand for election and that Members do not feel safe in their role and may choose to stand down early. There are no legal implications of signing up.

6. Human Resources Implications

The Human Resources Manager supports signing up to the Campaign and supporting Members with their wellbeing.

7. Union Comments

There are no comments from the Union.

8. Climate Change Implications

The campaign is run digitally and there is limited impact on climate change or the Council's carbon footprint.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report. Equality Impact Assessment As there is change to policy an Equality Impact Assessment is not required.

10. Background Papers

LGA 'Debate Note Hate' campaign:

<https://www.local.gov.uk/about/campaigns/debate-not-hate>

## APPENDIX

**Background: LGA findings and Debate Not Hate Campaign**

The Local Government Association (LGA) launched the ‘Debate Not Hate’ campaign following publication of the report ‘Debate Not Hate: The impact of abuse on local democracy’ in June 2022. It aims to “raise public awareness of the role of Councillors in their communities, encourage healthy debate and improve the responses and support for local politicians facing abuse and intimidation.”

In 2022, the LGA Census of Councillors found that seven out of 10 Councillors had experienced abuse and intimidation over the last 12 months. Councillors reported feeling that abuse is becoming more common and increasing in severity.

The abuse described by respondents was multi-faceted and took place in both the online and in-person spaces. Death threats, abusive and discriminatory language, character assassination and intimidatory behaviour, such as encroaching on personal spaces, were common forms of abuse. Destruction of property, physical assault and serious ongoing harassment like stalking or sexual harassment were reported, but these forms of abuse were rarer and more likely to result in some form of police involvement.

Overall, when the reports of abuse were grouped as either offline abuse (in-person or via telephone or post) or online abuse (social media, virtual meetings, or other online communication) they were equal, showing that online abuse happens just as much as offline abuse. However, 73 per cent of respondents said that multiple incidents of abuse they experienced took place on social media, making it the most common place for abuse to occur. Respondents were much more likely to report that abuse had occurred on multiple occasions and involved multiple perpetrators, than multiple incidents by one person or a single incident.

Respondents felt that the increased use of unregulated social media platforms had increased the likelihood of abuse and hurtful comments. Respondents mentioned ‘pile-on’ abuse which is when a number of different individuals sending harassing communication to one victim in a public (social media platform) or semi-public space (messaging service like WhatsApp). Significant amounts of abuse can accumulate very quickly in this way through individual posts, which can be difficult to remove from the platform but nevertheless have a cumulative harmful effect. The immediacy and 24-hour nature of social media and the reach into personal spaces was also cited as an area of concern, with Councillors feeling targeted within their own homes and unable to disengage from abuse being directed at them online. Respondents also suggested that the anonymity of social media emboldened perpetrators to be more extreme on

social media and allowed them to set up multiple accounts for the purpose of abusing or 'Trolling' others with impunity.

Whilst the Government's Online Safety Bill may help to address some forms of serious harmful online communication by introducing new communication offences and by introducing a duty to protect adults from harmful content, most online abuse would probably not meet the threshold for criminal prosecution or might fall below the scope of what content should be removed under this duty. We therefore have concerns that these provisions will not have the intended impact and more is needed to address non-criminal but nonetheless harmful online abuse and misinformation.

Councillors have many in-person interactions with residents. Respondents report that single incidents were more likely to happen in person than online and even single incidents had a significant impact on victims. Respondents repeatedly highlighted how visible and locally accessible Councillors are to the public, particularly compared to national politicians. In their formal role, Councillors attend clearly advertised Council events like Council meetings and make decisions about highly emotive local issues like planning, licensing and service provision that affect a lot of residents. Council meetings are rightly open to the public, but there is generally little or no security or police presence to handle incidents when they occur. This is often down to the level of resource available, and some respondents indicated that even when the police accepted there were heightened risks at certain council meetings, they often could not guarantee police support due to resourcing issues. As a consequence, some reported Council meetings being adjourned or postponed due to safety concerns.

Threats were a consistent theme throughout the responses and ranged from threats to smear a Councillor's reputation to threats to the physical person, family or property of the Councillor. These threats were seen to be more serious due to the public availability of Councillors' personal information, such as home addresses on Council websites, making Councillors more vulnerable to serious incidents and high-profile incidents over the past few years.

Councillors should therefore receive support appropriate to the level of risk associated with their role and their particular situation, just as MPs do.

This research reinforces concerns that abuse in public life and public discourse is becoming normalised and is seriously impacting civic life and local democracy.

The intimidation and abuse of Councillors, in person or otherwise, undermines democracy; prevents elected Members from representing the communities they serve, deters individuals from standing for election, and undermines public life in democratic processes.

The LGA Debate Not Hate Public Statement – “Debating and disagreeing with one another has always been, and will continue to be, a healthy part of democracy. However, the right engagement matters and abuse and intimidation crosses the line into dangerous territory and has no place in politics. We are calling on local government leaders, the Government and relevant partners, like the police, political parties and social media companies to come together through a government convened working group to produce and implement an action plan that addresses the abuse and intimidation of elected Members and candidates and ensures their safety while they fulfil their democratic roles”

This campaign has received support from across the political spectrum, as well as representatives from bodies such as the National Association of Local Councils, Compassion in Politics, the Local Government Information Unit and the National Hate Crime Awareness Week.

### **The Task and Finish Group Meetings Update**

The Task and Finish Group met on 21 December 2023 and 11 January 2024 and discussed the LGA’s findings and the Motion to sign up to the ‘The Debate Not Hate’ campaign.

The Task and Finish Group consulted their own political groups Members to understand what issues they had experienced with intimidation and abuse, as elected Members. This information was used to identify what further support and training needed to be developed by the Council to better support and address these issues.

The LGA ‘Debate Not Hate’ guidance and toolkits were explored to understand how they could be used to aid the Council approach of supporting Members. A number of Officers and the Police also attended to discuss what support already existed and explored what further support could be developed and explained in training to better inform Members.

The Task and Finish Group agreed there was a need to:

1. To write to the Government to ask them to work with the LGA to develop and implement a plan to address abuse and intimidation of politicians and to legislate that Councillors can withhold their home addresses to ensure parity with MPs
2. To sign up the ‘Debate Not Hate’ campaign
3. Improve the reporting mechanism to record and monitor incidents of harassment and abuse for Councillors facing intimidation and abuse.

4. Foster a strong relationship with police to improve coordination and advance mutual understanding of abuse affecting Councillors and the police role in addressing it and to set expectations with elected Members, as to when it is appropriate for police to get involved.
5. To regularly review the support available for Councillors and Officers who are experiencing intimidation and abuse and for each political group to consider nominating support to help Members raise and deal with these issues.
6. To include as part of the Member training programme support available and relevant training to Councillors in relation to abuse and intimidation and Councillor safety.

The Task and Finish Group consider the recommendations set out in the body of the report to be in line with the support identified and required by Members.

Further guidance from the LGA will continue to inform the support the Council will develop and implement for its Members to de-normalise intimidation and abuse, to ensure that anyone, regardless of their background or political affiliation, feels safe to become a Councillor and proud to represent their community.

**Report of the Monitoring Officer**

<b>WORK PROGRAMME</b>
-----------------------

1. Purpose of Report

To consider items for inclusion in the Work Programme for future meetings.

2. Recommendation

**The Committee is asked to CONSIDER the Work Programme and RESOLVE accordingly.**

3. Detail

Items which have already been suggested for inclusion in the Work Programme of future meetings are given below. Members are asked to consider any additional items that they may wish to see in the Programme.

20 May 2024	<ul style="list-style-type: none"> <li>• Corporate Governance Arrangements</li> <li>• Annual Constitutional Review</li> <li>• Internal Audit Progress Report</li> <li>• Internal Audit Plan 2024/25</li> <li>• External Audit Plan 2023/24</li> </ul>
22 July 2024	<ul style="list-style-type: none"> <li>• Audit of Accounts 2023/24 and Associated Matters</li> <li>• Statement of Accounts 2023/24 – Going Concern</li> <li>• Internal Audit Progress Report</li> <li>• Internal Audit Review 2023/24</li> <li>• Review of Strategic Risk Register</li> <li>• Complaints Report 2023/24</li> </ul>
23 September 2024	<ul style="list-style-type: none"> <li>• Annual Audit Letter – External Auditors Report on the Statement of Account 2023/24</li> <li>• Internal Audit Progress Report</li> <li>• Annual Counter Fraud Report 2023/24</li> <li>• Governance Dashboard – Major Projects</li> <li>• Review of Strategic Risk Register</li> </ul>
25 November 2024	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• Review of Strategic Risk Register</li> </ul>

4. Legal Implications

The terms of reference are set out in the Council’s constitution. It is good practice to include a work programme to help the Council manage the portfolios.

5. Background Papers

Nil.

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