



Wednesday, 25 March 2020

Dear Sir/Madam

A meeting of the Policy and Performance Committee will be held on Thursday, 2 April 2020 in the Council Chamber, Council Offices, Foster Avenue, Beeston NG9 1AB, commencing at 12.00 pm.

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

Yours faithfully

Chief Executive

To Councillors: S A Bagshaw
S J Carr (Vice-Chair)
M J Crow
S Easom
M Hannah
R I Jackson
E Kerry

G Marshall
P J Owen
M Radulovic MBE (Chair)
P D Simpson
T Hallam
E Williamson

AGENDA

1. APOLOGIES

To receive any apologies and notification of substitutes.

2. DECLARATIONS OF INTEREST

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 1 - 4)

The Committee is asked to confirm as a correct record the minutes of the meeting held on 5 February 2020.

Council Offices, Foster Avenue, Beeston, Nottingham, NG9 1AB

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4. EXTERNAL AUDIT PLAN 2019/20 (Pages 5 - 24)

This report provides the Committee with an overview on progress in delivering Mazar's responsibilities as the Council's external auditors.

This report was due to be presented at the Governance, Audit and Standards committee dated 16 March 2020.

5. STATEMENT OF ACCOUNTS 2019/2020 - ACCOUNTING (Pages 25 - 38)

To provide Members with any updates made to the Council's accounting policies in relation to the production of the 2019/2020 financial statements.

6. INTERNAL AUDIT PLAN 2020/21 (Pages 39 - 48)

To approve the Internal Audit Plan for 2020/21.

7. REVIEW OF STRATEGIC RISK REGISTER (Pages 49 - 60)

To recommend approval of amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

8. GRANTS TO VOLUNTARY AND COMMUNITY ORGANISATIONS, CHARITABLE BODIES AND INDIVIDUALS INVOLVED IN SPORTS, THE ARTS AND DISABILITY MATTERS 2020/21 (Pages 61 - 64)

To consider requests for grant aid in accordance with the provisions of the Council's Grant Aid Policy.

9. GRANT AID 2020/21 - VOLUNTARY ACTION BROXTOWE AND RUSHCLIFFE COMMUNITY VOLUNTARY SERVICE (Pages 65 - 78)

To consider a joint application for grant aid from Voluntary Action Broxtowe (VAB) and Rushcliffe Community Voluntary Service (RCVS) for consideration in accordance with the provisions of the Council's Grant Aid Policy.

10. CAPITAL PROGRAMME 2019/20 UPDATE (Pages 79 - 90)

To report upon capital expenditure incurred in 2019/20 up to 29 February 2020 along with the planned financing of the 2019/20 capital programme and to seek approval for a number of capital budget variations in the current and next financial year.

11. ADDITIONAL POSTS TO DELIVER THE HOUSING DELIVERY PROGRAMME (Pages 91 - 92)

To seek committee approval for the appointment of 2 new fixed term posts in the Housing and Legal Services departments to assist in the delivery of the housing delivery programme.

12. WORK PROGRAMME (Pages 93 - 94)

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

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POLICY AND PERFORMANCE COMMITTEE

WEDNESDAY, 5 FEBRUARY 2020

Present: Councillor M Radulovic MBE, Chair

Councillors: S A Bagshaw
S J Carr
S Easom
L Fletcher (substitute)
T Hallam
R I Jackson
E Kerry
G Marshall
P J Owen
P D Simpson
H E Skinner (substitute)
E Williamson

Apologies for absence were received from Councillors M J Crow and M Hannah.

1 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

2 **MINUTES**

The minutes of the meeting held on 4 December 2019 were approved as a correct record.

3 **TERMS OF REFERENCE FOR COMMITTEES**

Members considered amendments to the terms of reference to committees and suggested that there should be increased concentration on decision making rather than noting reports submitted to meetings. It was further suggested that there was concern over the number of committees appointed to.

It was proposed by Councillor S J Carr and seconded by Councillor G Marshall that an amendment be made to the terms of reference to Full Council to state that members note the recommendations of the Independent Remuneration Panel before the adoption or amendment of the Councillor's allowance scheme, furthermore the addition of the inclusion of responsibilities for food hygiene and the Health and Safety Policy in the terms of reference for the Community Safety Committee. On being put to the meeting, the proposals were carried.

RECOMMENDED to Council that the Terms of Reference be approved, as amended above, and the consequential changes to the Constitution be made.

4 PROPOSED REMOVAL OF PUBLIC PAYPHONES

Members considered a proposal from British Telecommunications to remove seven public payphones from locations around the Borough. It was suggested that the Carwood Road box be adopted to house a defibrillator.

RESOLVED that an objection be raised to the proposed removal of 6 of the 7 payphones in the Borough (not being that on Carwood Road, Beeston), with a request being made to British Telecommunications that these boxes are adopted by the Council.

5 BEESTON SQUARE PROGRESS REPORT

The Committee noted an update on progress on The Square Phase 2 Beeston and members were informed that the majority of suppliers and sub-contractors involved with the site were from the local area.

RESOLVED to continue to delegate to the Deputy Chief Executive all key approvals, in consultation with the cross-party Project Board, and subject to the overall project cost remaining within the financial limits already set for subsequently changed by the Finance and Resources Committee and/or Full Council as appropriate.

6 CORPORATE PLAN 2020/24

The Committee considered the Corporate Plan 2020-24 prior to its submission to Full Council and suggested that the Plan was a progressive document that was realistic yet ambitious. A number of minor amendments were suggested to alter the tone of the document, however, the Plan was positively received.

RECOMMENDED to Council that the Corporate Plan 2020-24 be approved.

7 REVIEW OF CORPORATE PLAN PROGRESS AND FINANCIAL PERFORMANCE

The Committee noted a report which provided information on progress against outcome targets linked to Corporate Plan priorities and objectives in addition to an update as to the latest financial performance as measured against the budget.

8 WORK PROGRAMME

It was agreed that information regarding the Stapleford Town Bid be added to the Work Programme.

RESOLVED that the Work Programme, as amended, be approved.

9 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 items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.

10 BEESTON TOWN CENTRE REDEVELOPMENT - APPENDIX 2

Members noted the confidential appendix to agenda item number 6.

11 REFERENCE FROM THE BRAMCOTE CREMATORIUM JOINT COMMITTEE - POTENTIAL LAND SALE

The Chair had agreed that under S100B(4) of the Local Government Act 1972 the following report be considered on the grounds that the matter needed to be determined urgently for the benefit of the Council.

RESOLVED to declare the land surplus to the Crematorium's requirements and approve that the executives of both constituent authorities that delegated authority be given to Broxtowe's Deputy Chief Executive and s.151 officer, in consultation with the Chair and Vice Chair of this Committee and Erewash's s.151 officer, the initial negotiations with the prospective land purchaser, subject to appropriate buffering arrangements between the Crematorium and the proposes housing developments.

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Audit Strategy Memorandum
Broxtowe Borough Council
Year ending 31 March 2020





CONTENTS

1. Engagement and responsibilities summary
2. Your audit engagement team
3. Audit scope, approach and timeline
4. Audit risks and key judgement areas
5. Value for Money
6. Fees for audit and other services
7. Our commitment to independence
8. Materiality and misstatements

Appendix A – Key communication points

Appendix B - Forthcoming accounting and other issues

Appendix C – Mazars' client service commitment

This document is to be regarded as confidential to Broxtowe Borough Council. It has been prepared for the sole use of the Governance, Audit and Standards Committee as the appropriate sub-committee charged with governance . No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Governance, Audit and Standards Committee Members
Broxtowe Borough Council,
Town Hall,
Foster Avenue
Beeston
Nottingham
NG9 1AB

March 2020

Dear Sirs / Madams

Audit Strategy Memorandum – Year ending 31 March 2020

We are pleased to present our Audit Strategy Memorandum for Broxtowe Borough Council for the year ending 31 March 2020.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 7 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Broxtowe Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

This document also contains specific appendices that outline our key communications with you during the course of the audit, and forthcoming accounting issues and other issues that may be of interest.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07875 974291.

Yours faithfully



Mark Surridge
Mazars LLP

1. ENGAGEMENT AND RESPONSIBILITIES SUMMARY

Overview of engagement

We are appointed to perform the external audit of Broxtowe Borough Council (the Council) for the year to 31 March 2020. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>

Our responsibilities

Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below:

Audit opinion

We are responsible for forming and expressing an opinion on the financial statements.

Our audit is planned and performed so to provide reasonable assurance that the financial statements are free from material error and give a true and fair view of the financial performance and position of the Council for the year.

Reporting to the NAO

We are required to issue an assurance statement to the National Audit Office confirming the income, expenditure, asset and liabilities of the Council.

Value for Money

We are required to conclude whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

Electors' rights

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 consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Our audit does not relieve management or those charged with governance, of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of disclosures made.

For the purpose of our audit, we have identified the Governance, Audit and Standards Committee as those charged with governance.



2. YOUR AUDIT ENGAGEMENT TEAM



Mark Surridge
Director and Engagement Lead

E-Mail: mark.surridge@mazars.co.uk
Tel: 07875 974291



Anita Pipes
Manager

E-Mail: anita.pipes@mazars.co.uk
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3. AUDIT SCOPE, APPROACH AND TIMELINE

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

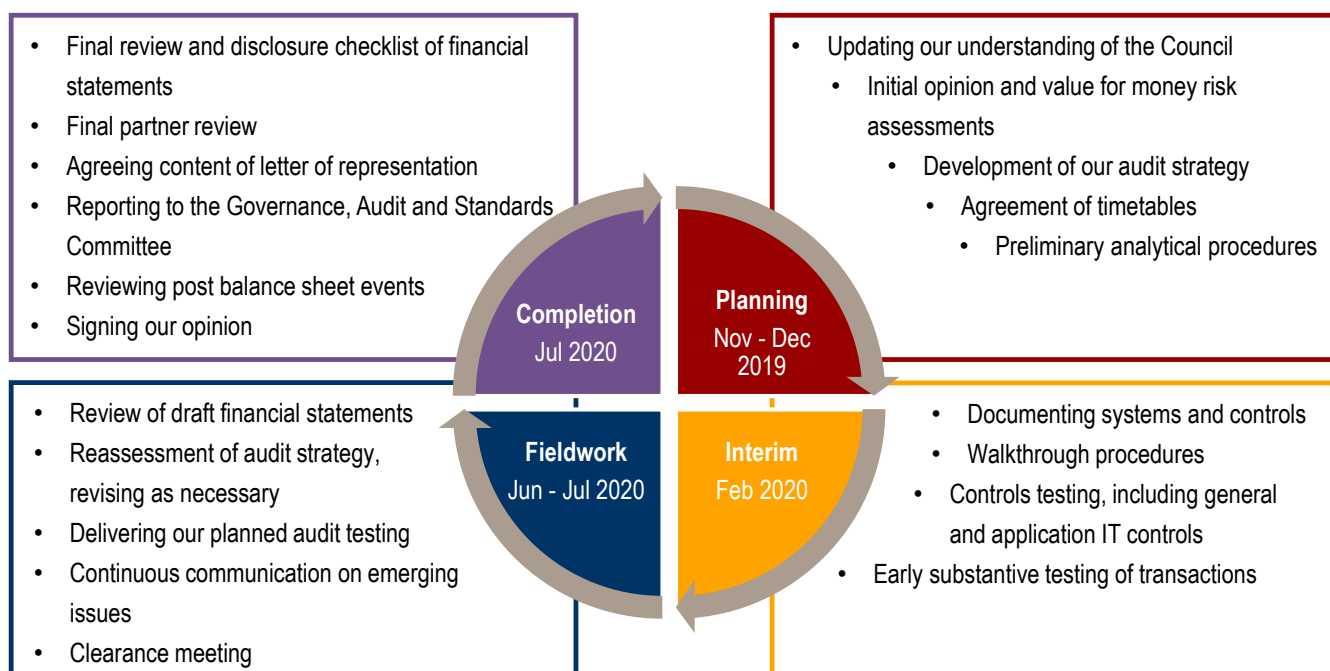
Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram below outlines the procedures we perform at the different stages of the audit.



3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

Reliance on internal audit

We do not plan to rely on the work of internal audit.

Group Scope

The Council has obtained an exemption from audit for Liberty Leisure, which forms part of the Council's group accounts. The subsidiary is judged to be out of audit scope, but we will perform certain procedures to inform our view on the group accounts.

Management's and our experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Items of account	Management's expert	Our expert
Defined benefit liability	Barnett Waddingham <i>Actuary for Nottinghamshire Pension Fund</i>	PWC <i>Consulting actuary appointed by the NAO</i>
Property, plant and equipment valuation	M Kirk (MRICS) <i>The Council's internal valuer</i>	Not applicable
Financial instrument disclosures	Arlingclose <i>Treasury management advisors</i>	Not applicable

Service organisations

International Auditing Standards (UK) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Council and our planned audit approach.

Items of account	Service organisation	Audit approach
Pension cost (cost of services) Net interest on defined benefit liability Re-measurements of the net defined benefit liability (OCI) Net pension liability	Nottinghamshire Pension Fund <i>The IAS 19 pension entries that form part of the Council's financial statements are material and are derived from actuarial valuations. The process of obtaining these is co-ordinated by and uses information held and processed by the service organisation.</i>	We will review the controls operating at the Council over these transactions to gain an understanding of the services provided by the service organisation. Where we conclude that we do not have a sufficient understanding of the services provided by the service organisation we will seek to obtain assurance by using another auditor to perform procedures that will provide the necessary information about the relevant controls at the service organisation.

4. AUDIT RISKS AND KEY JUDGEMENT AREAS

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard, as defined below:

- Significant risk**

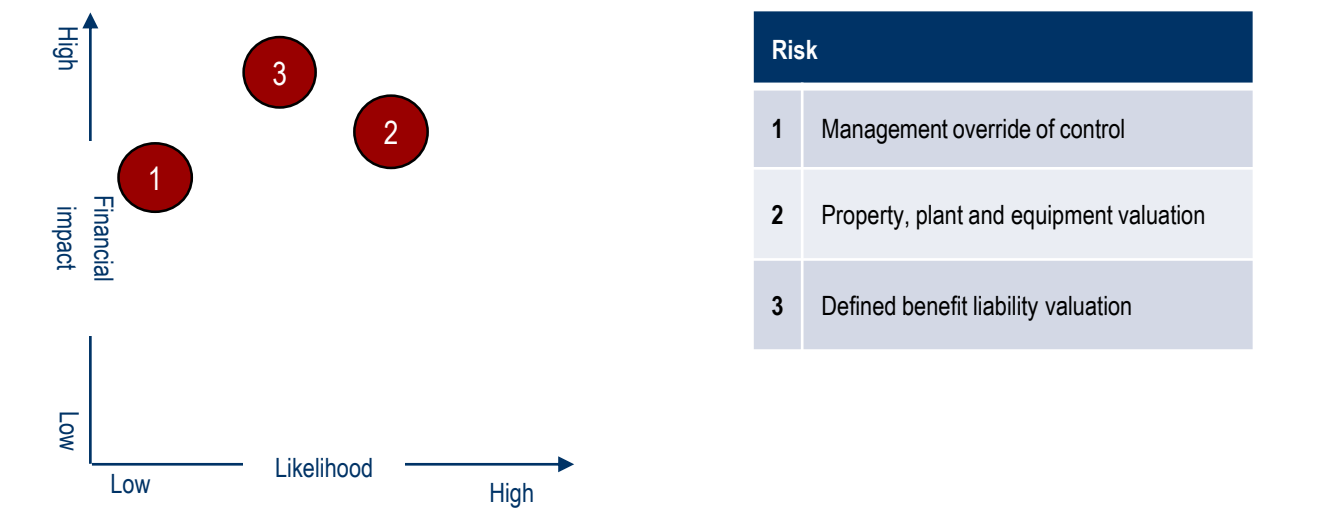
A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.
- Enhanced risk**

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to:
 - key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
 - other audit assertion risks arising from significant events or transactions that occurred during the period.
- Standard risk**

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the tables below, highlight those risks which we deem to be significant or enhanced. We have summarised our audit response to these risks over the next pages.

At the time of writing this memorandum we are yet to complete our detailed risk assessment work over the Council’s key financial systems and general IT controls. We will update the Governance, Audit and Standards Committee where we subsequently identify any additional risks.



4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Governance, Audit and Standards Committee.

Significant risks

	Description of risk	Planned response
1	Management override of controls Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual. We will use a computer audit analytical technique (CAAT) to efficiently identify journals with risk characteristics and test 100% of such adjustments to the financial ledger.
2	Valuation of land and buildings, investment properties (where material) and assets held for sale (where material) The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's Property, Plant and Equipment that is held at a valuation. The Council uses an internal valuation expert to provide information on valuations because there is a high degree of estimation uncertainty caused by significant judgements and number of variables involved in providing valuations. We have therefore identified the valuation of material balances of land and buildings, investment properties (if material) and assets held for sale (if material) to be an area of significant audit risk.	We will consider the Council's arrangements for ensuring that PPE values are reasonable and will assess whether valuation movements are in line with market expectations using available indices where appropriate. We will also assess the competence, skills and experience of the valuer. We will test a sample of revaluations in year to valuation reports and supporting calculation sheets to ensure these are consistent with underlying source records (such as floor plans) in addition to challenging the methods and assumptions used by the valuer. Where necessary we will also perform further audit procedures on individual assets to ensure that the basis and level of revaluation is appropriate. In addition, we will assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2019/20 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer.

4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Significant risks (continued)

	Description of risk	Planned response
3	<p>Valuation of net defined benefit liability</p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. Moreover, in 2019/20 the local government pension assets and liabilities are subject to triennial revaluation, which will set the contribution rates for 2020/21 onwards. This results in an increased risk of material misstatement.</p>	<p>In relation to the valuation of the Council's defined benefit pension liability in addition to our standard programme of work in this area we will:</p> <ul style="list-style-type: none"> • review the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PwC, the consulting actuary engaged by the National Audit Office; • agree the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements; • critically assess the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary, Barnett Waddingham; and • liaise with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate.

4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Consideration of other mandatory risks

Auditing standards require us to consider two standard risks for all organisations:

- Management override of controls; and
- Fraudulent revenue recognition.

We have already considered and identified management override of controls as a significant risk above, but set out our considerations in respect of fraudulent revenue recognition below:

	Description of risk	Planned response
1	<p>Fraudulent revenue recognition</p> <p>Our audit methodology incorporates this risk as a significant risk at all audits, although based on the circumstances of each audit, it is rebuttable.</p>	<p>We do not consider this to be a significant risk for Broxtowe Borough Council as:</p> <ul style="list-style-type: none">• there is an overall low risk for local authorities;• there are no particular incentives or opportunities to commit material fraudulent revenue recognition; and• the level of income that does not derive from either grant or taxation sources is low relative to the Council's overall income streams, and generally represents a number of low value, high volume transactions. <p>We therefore rebut this risk and do not incorporate specific risk procedures over and above our standard fraud procedures to address the management override of controls risk.</p>

5. VALUE FOR MONEY

Our approach to Value for Money

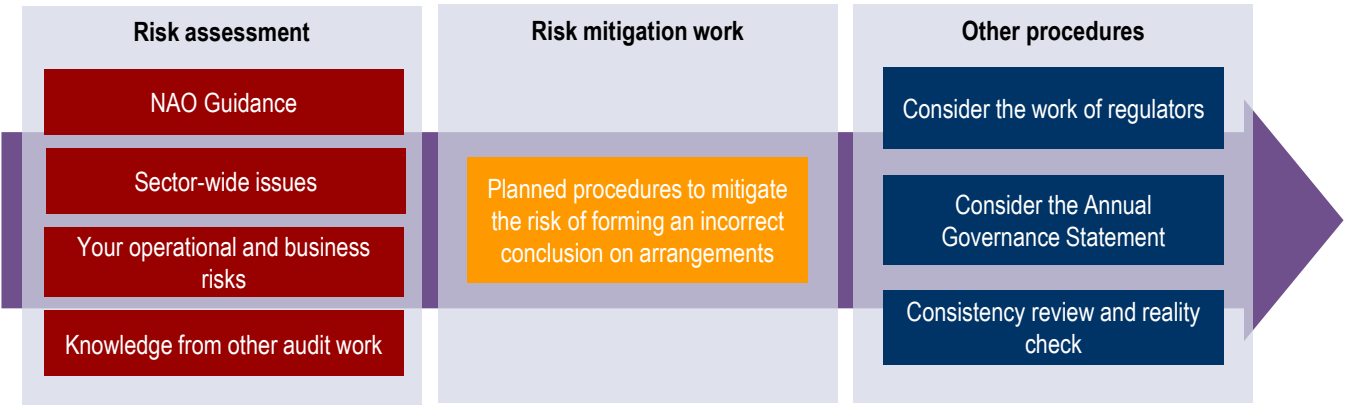
We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out, and sets out the overall criterion and sub-criteria that we are required to consider.

The overall criterion is that, ‘in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.’

To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

A summary of the work we undertake to reach our conclusion is provided below:



Significant risks

The NAO’s guidance requires us to carry out work at the planning stage to identify whether or not a Value for Money (VFM) exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As outlined above, we draw on our deep understanding of the Council and its partners, the local and national economy and wider knowledge of the public sector.

For the 2019/20 financial year, we have identified a significant VFM risk in relation to financial resilience, as described on the following page.

We will continually assess whether any matters come to our attention through the course of our audit that lead us to conclude that a further risk to our VFM conclusion does exist and where any such risk is identified, these will be reported to the Governance, Audit and Standards Committee as part of our Audit Completion Report.

5. VALUE FOR MONEY (CONTINUED)

Significant risks (continued)

For the 2019/20 financial year, we have identified the following significant risk to our VFM work:

Description of significant risk	Planned response
<p>Financial Resilience</p> <p>The continual pressures on Local Government finances are well documented and led to another challenging budget setting process for 2019/20. In order to set a balanced budget a funding gap of £0.615m was met from General Fund reserves and this was approved by the Council in February 2019.</p> <p>The latest forecast shows that the Council is now anticipating withdrawing £1.269m from balances in 2019/20 as opposed to the initial £0.615m as shown above. This is due to the effect of budget carry forwards from 2018/19 of £0.327m plus other changes approved by the Policy and Performance and Finance and Resources Committees. Moving forward there will be continuing pressure on the Council's General Fund reserve to plug each years' budget deficit. The Council's 2020/21 budget papers show that the General Fund reserve is expected to fall from £6.048m at 1 April 2019 to 3.876 at 31 March 2021.</p> <p>The Medium Term Financial Strategy (MTFS) which projects the Council's position up to 2023/24 based upon a series of assumptions shows that the General Fund reserve will continue to be utilised each year and fall below the minimum balance required of £1.5m in 2022/23 before becoming negative in 2023/24. This pressure upon the General Fund places the Council at increased risk should any adverse unknown or unexpected events occur.</p> <p>There will be significant changes in local government finances over the next few years, which will culminate in a major change in the way local government is financed from 2021/22 onwards. These include the anticipated Comprehensive Spending Review 2020, the Fair Funding Review and the introduction of 75% local retention of business rates (up from 50%). As the funding from 2021/22 onwards is unclear at this stage, the need for savings (or income generation) will continue to have a significant impact on the Council's financial resilience and reduce the burden on the need to utilise reserves to balance any deficits in the budget</p>	<p>We will consider whether the Council has arrangements in place to secure its financial resilience, specifically:</p> <ul style="list-style-type: none"> That the MTFP has been updated to reflect known changes in funding, spending plans and the impact on Useable Reserves. That the MTFP includes sensitivity analysis given the degree of variability and uncertainty in funding. How and whether the Council has delivered planned savings in 2019/20. Whether sufficient progress has been made to identify savings for 2020 onwards.

6. FEES FOR AUDIT AND OTHER SERVICE

Fees for work as the Council's appointed auditor

At this stage of the audit we expect to need to reflect the scale fee set by PSAA as communicated in our fee letter of 24 April 2019 and other matters listed below:

Service	2018/19 fee (plus VAT)	2019/20 fee (plus VAT)
Code audit work – scale fee	£35,807	£ 35,807
Additional work undertaken following changes to pension liabilities to take account of the McCloud/GMP adjustment. These additional fees were reported in our 2018/19 Audit Completion report which went to the Governance, Audit and Standards Committee meeting in September 2019.	£750	
Additional work to audit the transactions of the subsidiary company Liberty Leisure Limited.	£3,500	£3,500
Additional work in response to regulatory recommendations to increase level of audit work on defined benefit liability schemes.	£0	To be confirmed*
Additional work in response to regulatory recommendations to increase level of audit work on the valuation of property plant and equipment.	£0	To be confirmed*
Total	£40,057	To be confirmed

* Subject to agreement with the Authority and approval by PSAA

Additional Work:

In common with all local government external auditors we are required to carry out additional procedures which were not expected when fees were set.

Regulatory recommendations

We continually strive to maintain high standards of audit quality. One mechanism for doing this is to consider the outcome of independent quality reviews, in particular by the Financial Reporting Council, of our audit work and that of other audit suppliers. In particular we are planning increases in the level and depth of work we do on:

- defined benefit pension schemes; and
- valuation of property, plant and equipment

We will discuss the driving factors with Council officers and the audit fee for 2019/20 will be revisited to reflect the increased level of work that was not considered when the scale fee was set. Any agreed additional fee is also subject to detailed scrutiny by the PSAA as part of the approval process.

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work on the transactions of the subsidiary Liberty Leisure at a fee of £3,500 plus VAT as set out in the table above. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Should the Council or entities within the Council's group wish us to undertake any other additional work, before agreeing to this we will consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

7. OUR COMMITMENT TO INDEPENDENCE

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethics training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Mark Surridge in the first instance.

Prior to the provision of any non-audit services Mark Surridge will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

8. MATERIALITY AND MISSTATEMENTS

Summary of initial materiality thresholds

Threshold	Group Materiality	Single Entity Materiality
Overall materiality	£1,332,000	£1,213,000
Performance materiality	£999,000	£910,000
Trivial threshold for errors to be reported to the Governance, Audit and Standards Committee	£40,000	£36,000

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set at 2% using the benchmark of 2018/19 total gross expenditure at the surplus / deficit level. We have calculated a headline figure for materiality but have also identified separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Governance, Audit and Standards Committee.

We consider that total gross expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

8. MATERIALITY AND MISSTATEMENTS (CONTINUED)

We have set our materiality threshold at 2% of the benchmark based on the 2018/19 audited financial statements.

Based on the 2018/19 audited financial statements we anticipate the overall materiality for the year ending 31 March 2020 to be in the region of £1,332,000 for the audit of the Group financial statements and £1,213,000 for the audit of the Council's single entity financial statements.

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. We have set our performance materiality at 75% (increased from 65% last year) of our overall materiality being £999,000 for the Group and £910,000 for the Council's financial statements.

As with overall materiality, we will remain aware of the need to change this performance materiality level through the audit to ensure it remains to be set at an appropriate level.

Specific items of lower materiality

We have also calculated materiality for specific classes of transactions, balances or disclosures where we determine that misstatements of a lesser amount than materiality for the financial statements as a whole, could reasonably be expected to influence the decisions of users taken on the basis of the financial statements. We have set specific materiality for the following items of account. After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Item of account	Specific materiality
Officers' remuneration	£5,000 *
Members' allowances and expenses	£44,000
External audit costs	£8,000

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Governance, Audit and Standards Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £40,000 for the Group and £36,000 for the Council single entity financial statements based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Mark Surridge.

Reporting to the Governance, Audit and Standards Committee

To comply with International Standards on Auditing (UK), the following three types of audit differences will be presented to the Governance, Audit and Standards Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).

APPENDIX A – KEY COMMUNICATION POINTS

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Audit Strategy Memorandum	Audit Completion Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

APPENDIX B – FORTHCOMING ACCOUNTING AND OTHER ISSUES

Financial reporting changes relevant to 2019/20

There are no significant changes in the Code of Practice on Local Authority Accounting for the 2019/20 financial year.

Financial reporting changes in future years

Accounting standard	Year of application	Commentary
IFRS 16 – Leases	2020/21	<p>The CIPFA/LASAAC Code Board has determined that the Code of Practice on Local Authority Accounting will adopt the principles of IFRS 16 Leases, for the first time from 2020/21.</p> <p>IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes to the way bodies account for leases, which will have substantial implications for the majority of public sector bodies.</p> <p>The most significant changes will be in respect of lessee accounting (i.e. where a body leases property or equipment from another entity). The existing distinction between operating and finance leases will be removed and instead, the new standard will require a right of use asset and an associated lease liability to be recognised on the lessee's Balance Sheet.</p> <p>In order to meet the requirements of IFRS 16, all local authorities will need to undertake a significant project that is likely to be time-consuming and potentially complex. There will also be consequential impacts upon capital financing arrangements at many authorities which will need to be identified and addressed at an early stage of the project.</p>

Forthcoming audit changes

Matter	Year of application	Commentary
Value for Money Conclusion	2020/21	<p>The National Audit Office (NAO) has published the final draft of the new Code of Audit Practice 2020, confirming more robust narrative reporting requirement.</p> <p>The new Code comes into effect from April 2020 and will apply to the Council's 2020/21 financial year.</p> <p>There a number of changes to the Code, the most noticeable being the introduction of external audit commentary on a local authority's overall arrangements in securing value for money, with a focus on financial sustainability, governance, and improving value for money.</p>

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Report of the Deputy Chief Executive

STATEMENT OF ACCOUNTS 2019/2020 - 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 2019/2020 financial statements.

This report was due to be presented at the Governance, Audit and Standards committee dated 16 March 2020.

2 Introduction

Prior to the completion of the Statement of Accounts 2019/2020, 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 2020.

The 2019/2020 Statement of Accounts will be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 (the Code), based upon International Financial Reporting Standards (IFRS).

3 Updates to the Statement

The 2019/2020 Code introduces amendments to:

- transfers of investment property
- foreign currency transactions
- treatment of income tax
- prepayment of financial instruments

These changes do not impact on any of the Council's policies.

Policy (vi) Charges to Revenue for Non-Current Assets has been updated to include the basis and useful life used to calculate depreciation on each asset type. This was previously disclosed as within the Notes to the Accounts.

The proposed Accounting Policies for 2019/2020 are set out in the appendix.

4 Financial Implications

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

Recommendation

The Committee is asked to RESOLVE that the Accounting Policies for 2019/2020 be approved.

Background Papers - Nil

APPENDIX**Accounting Policies****(i) General Principles**

The Statement of Accounts summarises the authority's transactions for the 2019/20 financial year and its position at the year end of 31 March 2020. 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 2019/20 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 IAS 1, 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. For 2019/20 this has led to 53 weeks of Housing Rent due being charged on the Rent Accounting system. In accordance with proper accounting practice week 53 rent debit has been allocated in proportion between the 2019/20 and 20/21 financial year within the financial statements.

(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) Exceptional Items

When items of income and expense are material, their nature and amounts is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

(v) 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. See note 2 for more details.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. See note 6 for more details.

(vi) 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 - 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 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 2019/20.

(vii) 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.

The 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.

(viii) 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.

(ix) 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 cashflow 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.

(x) 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.

(xi) 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 2017 in accordance with the Council's 5-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.

(xii) 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.

(xiii) 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 Ltd 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 IAS 27. See also policy xvi below.

(xiv) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at cost. Whilst the Code of Practice on Local Authority Accounting 2019/20 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

(xv) 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.

(xvi) 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.

Whilst the Council does not strictly have any jointly controlled operations and jointly controlled assets in line with the definitions above, the Council has a 50% interest in the Bramcote Bereavement Services Joint Committee with the other 50% relating to Erewash Borough Council. Whilst the Bramcote Bereavement Services Joint Committee is a separate entity in its own right, its decision making and operational arrangements fulfil many of features associated with a jointly controlled operation. Therefore, the Council recognises 50% of the assets and liabilities of the Joint Committee on its Balance Sheet and debits and credits the Comprehensive Income and Expenditure Statement with 50% of the expenditure and income of the Joint Committee. This is also recognised in the Movement in Reserves Statement and the Cash Flow Statement as appropriate.

(xvii) 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.

Accounting standards yet to be adopted – Leasing

New standards in respect to leasing come into effect from 1 April 2020 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.

Report of the Chief Audit and Control Officer

INTERNAL AUDIT PLAN 2020/21

1. Purpose of report

To approve the Internal Audit Plan for 2020/21.

This report was due to be presented at the Governance, Audit and Standards committee dated 16 March 2020.

2. Detail

The Public Sector Internal Audit Standards (the 'Standards') requires the Chief Audit and Control Officer, as the Council's designated 'chief audit executive', to prepare an annual risk based audit plan.

The Internal Audit Plan governs the activity for the year. An audit report is produced at the completion of each assignment with recommendations for improvement. Regular progress reports covering all internal audit activities are submitted to this Committee for scrutiny. The Committee can request further audit reviews to be undertaken and can request other Committees to investigate matters arising from any activities within their remit.

The proposed Internal Audit Plan for 2020/21 is included in the appendix for consideration. The plan has been prepared in accordance with the principles of the Internal Audit Charter. The plan has recognised the Council's priorities as outlined in the Corporate Plan and links closely to the corporate risk management and business planning processes having been prepared with due consideration to the identified strategic risks. The Chief Audit and Control Officer has also considered the valuable comments received regarding key risks and sources of assurance from individual members of the General Management Team and Heads of Service.

Recommendation

The Committee is asked to RESOLVE that the Internal Audit Plan for 2020/21 be approved.

Background papers

Nil

APPENDIX

INTERNAL AUDIT PLAN 2020/21

1. INTRODUCTION

1.1 Background

The Internal Audit Plan sets out the proposed coverage for Internal Audit work in 2020/21. The mandate for the plan is derived from the Public Sector Internal Audit Standards ('the Standards') produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in collaboration with the Chartered Institute of Internal Auditors (IIA).

The Standards require the periodic preparation of a risk-based plan, which must be linked to a strategic high-level statement of how the service will be delivered and developed in accordance with the Internal Audit Charter and how this links to the Council's objectives and priorities.

The core work of Internal Audit is derived from the statutory responsibility in the Accounts and Audit Regulations 2015 that requires the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. The Standards and the Local Government Application Note constitute proper practices so as to satisfy the requirements for larger relevant bodies as set out in the Regulations.

The Governance, Audit and Standards Committee (the designated 'audit board') should review and assess the annual internal audit work plan, although the development of the risk-based plan remains the responsibility of the Chief Audit and Control Officer after consultation with senior management and the Committee.

1.2 Internal Audit Charter

The Standards require the purpose, authority and responsibility of internal audit activity to be formally documented in a charter document. The Governance, Audit and Standards Committee approved the current Internal Audit Charter on 29 November 2017.

Internal Audit will govern itself by adhering to the Standards, which are based upon the Institute of Internal Auditors' mandatory guidance including the *Definition of Internal Auditing*, the *Code of Ethics* and the *International Standards for the Professional Practice of Internal Auditing*. Supplementary guidance issued and endorsed by the relevant internal audit standard setters as applicable to local government will also be adhered to along with the Council's relevant policies and procedures and the internal audit manual. Non-conformance with the Standards shall be reported to the Deputy Chief Executive and the Governance, Audit and Standards Committee.

1.3 Aims of the Plan

Internal Audit activity is planned at all levels of operation in order to establish priorities, achieve objectives and ensure the efficient and effective use of audit resources. The Internal Audit Plan will support an opinion based on an assessment of the design and operation of the internal control environment and the adequacy and effectiveness of controls noted from risk-based audit assignments carried out during the year. The aim of the plan is to:

- Deliver a risk-based audit programme through a detailed risk assessment of systems and services across the Council
- Be proactive in looking at what risks the Council is facing and trying to minimise the impact of these risks through audit work
- Add value by providing practical, value-added recommendations in areas of significant risk and by working with senior management in attempting to save resources and enhance controls wherever possible
- Provide assurance to senior management and the Governance, Audit and Standards Committee.

1.4 Developing the Plan

The Internal Audit Plan is designed to support the Chief Audit and Control Officer's annual opinion on the overall adequacy and effectiveness of the control environment. The required basis for forming this opinion is:

- An assessment of the design and operation of the overall internal control environment, governance and risk management arrangements
- An assessment of the adequacy and effectiveness of controls, based upon the results of the risk-based audit assignments that are reported during the course of year.

It follows that an effective risk-based audit plan should focus resources into areas of principal risk. The plan has been prepared in accordance with the requirements of the Internal Audit Charter and has been informed by:

- A review of the risks contained within the Strategic Risk Register and Business Plans;
- Consideration of progress made with the action generated by the Annual Governance Statement process;
- Consultation with Chief Officers and other senior managers to identify key auditable areas based on an assessment of corporate priorities and current and anticipated future issues and risks; and
- An understanding of the challenges to the Council to deliver its objectives within legislation and the current environment.

The allocations set out in the plan for each review will include time spent on researching and preparing the audit programme, terms of reference, completing site work, testing and the drafting and reviewing of the audit report. The timings assume that the expected key controls are in place and working effectively. Further substantive testing may be required should an assessment of key controls provide limited assurance and additional time may be required to carry out such testing.

The Internal Audit Plan will be regularly reviewed. If additional risks are identified and/or there are changes to priorities during the year, the plan will be reconsidered in conjunction with the Deputy Chief Executive. Any significant changes to the plan will be reported back to the Governance, Audit and Standards Committee for approval.

1.5 Resourcing the Plan

The net resources available in 2020/21 are 361 audit days.

The amount of assurance work proposed is set at 286 days. This equates to an increase of 4% when compared to planned assurance work delivered in the current year. This is due to a full establishment being anticipated in 2020/21. The coverage in terms of the number of high risk assurance audits proposed to be delivered will be similar.

A further 10 days will be provided to support the Council and its wholly owned leisure company, Liberty Leisure Limited, with assurance work relating to its leisure centre operations and the museum. The plan currently includes provision for 25 days to be completed as part of the Internal Audit collaboration with Erewash Borough Council.

In addition, the plan includes 40 days for corporate fraud and corruption prevention activity. The Governance, Audit and Standards Committee approved an updated Fraud and Corruption Policy in March 2017. The Council's approach to fraud and corruption proposes that Internal Audit will take a prominent role in leading and co-ordinating anti-fraud and corruption activities. Internal Audit will be supported in this by engaging specialist fraud investigation services as necessary from local authority partners.

Finally, 25 days are allocated towards audit follow-up work and 'contingency' for special investigations, projects, value for money work and consultancy.

1.6 Reporting and Relationships

The Internal Audit Charter establishes the reporting and relationships, including the reporting arrangements for individual assignments and for the periodic reporting of activities to the Governance, Audit and Standards Committee. The relationships with elected Members; Chief Officers and Senior Management Team; the external auditors; and other assurance providers are also determined in the Charter.

In accordance with the Standards, the Chief Audit and Control Officer will deliver a formal assessment of the design and operation of the overall internal control environment, governance and risk management arrangements and an opinion on the adequacy and effectiveness of controls, based upon the results of the risk-based audit assignments reported during the year. This opinion will be formally recorded in the Internal Audit Annual Review Report to be presented to the Governance, Audit and Standards Committee.

Internal Audit will bring to the attention of the Deputy Chief Executive and the Committee any significant internal control issues that it feels should be declared in the Council's Annual Governance Statement.

1.7 Performance Monitoring

The work of Internal Audit is regularly reviewed to provide assurance that it complies with the Standards, conforms to other relevant professional standards and meets the requirements of the Internal Audit Charter.

Service delivery will be monitored as part of a quality assurance and improvement programme. This will include the regular reporting of progress to the Governance, Audit and Standards Committee, self-assessment and external quality assessment against the Standards, assessment of client feedback and production of performance indicators.

2. SUMMARY OF AUDIT DAY ALLOCATIONS

The following table summarises the allocation of days to each department.

	<u>Audit Days</u>
Deputy Chief Executive's Department	
- Corporate	10
- Revenues, Benefits and Customer Services	43
- Finance Services	19
- Other Department	26
Chief Executive's Department	
- Corporate	18
- Housing	59
- Other Department	43
Strategic Director's Department	
- Corporate	5
- Environment	35
- Other Department	28
Assurance Work	286
Trading Companies – Liberty Leisure Limited	10
Corporate Counter Fraud Activities	40
Contingency (including Internal Audit Follow-up Work, Special Investigations, Projects, Value for Money and Consultancy)	25
Net Audit Days	361

3. DETAILED INTERNAL AUDIT PLAN

The following tables provide a detailed breakdown of the audits planned for 2020/21. These reviews have been categorised as follows:

- Category A, being the review of key financial systems, such as Council Tax, Rents and Benefits that are the Section 151 Officer's audit priority areas and which are reviewed annually.
- Category B, being high risk/profile areas that should be reviewed and followed-up on a yearly basis.
- Category C, being the audit of operational activities that have been identified as medium to high risk that should be reviewed on at least a cyclical basis.

DEPUTY CHIEF EXECUTIVE'S DEPARTMENT	Category	Days
Corporate		
Procurement and Contract Management	B	10
Revenues, Benefits and Customers Services		
Benefits (including Welfare Reform)	A	15
Business Rates	A	10
Council Tax	A	10
Sundry Debtors	A	8
Finance Services		
Bank Reconciliation	A	3
Creditors and Purchasing	A	10
Treasury Management	A	6
Property Services		
Health and Safety (Strategic)	B	10
Car Parks (including inspection and maintenance)	C	8
Utilities – Water and Energy	C	8
Total Deputy Chief Executive's Department		98

CHIEF EXECUTIVE'S DEPARTMENT	Category	Days
Corporate		
Governance (including Culture and Ethics etc.)	B	10
Climate Change	B	8
Housing		
Rents (including Welfare Reform; Evictions Protocol)	A	12
Housing Delivery Plan (including New Builds; Property Buy-Back)	B	10
Housing Management System	B	8
Gas Servicing and Maintenance	B	8
Housing Voids Management	B	8
Garages	C	5
Leasehold Properties (Service Charges)	C	8
Neighbourhoods and Prosperity		
Planning Applications Process (Consultancy)	C	8
Planning Enforcement	C	10
Section 106 Agreements	C	5
Public Protection (including Human Resources)		
Human Resources (including Skills; Sickness; Apprenticeships)	B	10
HiMO Licences	C	5
Public Health Funerals	C	5
Total Chief Executive's Department		120

STRATEGIC DIRECTOR'S DEPARTMENT	Category	Days
Corporate		
Declarations of Interest	C	5
ICT and Corporate Communications		
Computer/Cyber Risk	B	12
Payroll		
Payroll (including Officers Allowances)	A	8
Administration and Electoral Services		
Cash Receipting	A	8
Environment		
Operational Risk Management (incl. Risk Assessment)	C	5
Fuel Management	C	10
Waste Management	C	10
Neighbourhood Wardens	C	10
Total Strategic Director's Department		68

LIBERTY LEISURE LIMITED	Category	Days
Leisure Centre Operations (Kimberley Leisure Centre)	LLL	8
DH Lawrence Birthplace Museum (Stock/Sales)	LLL	2
Total Liberty Leisure Limited		10

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Report of the Deputy Chief Executive

REVIEW OF STRATEGIC RISK REGISTER

1. Purpose of report

To recommend approval of amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

This report was due to be presented at the Governance, Audit and Standards committee dated 16 March 2020.

2. Detail

Further to earlier reports to this Committee and in accordance with the timescales set out in the Risk Management Strategy approved by this Committee in December 2018, the Strategic Risk Management Group met on 5 February 2020 to review the Strategic Risk Register. The General Management Team (GMT) has since considered the proposals from the Strategic Risk Management Group. The objectives of the review were to:

- Identify the extent to which risks included in the Strategic Risk Register are still relevant
- Identify any new risks to be included in the Strategic Risk 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 proposed amendments to the Strategic Risk Register and the actions resulting from the process are attached in appendix 2. The revised Strategic Risk Register incorporating the proposed amendments is available on the intranet. Further reviews of the Strategic Risk Register will be reported to future meetings of this Committee.

Recommendation

The Committee is asked to RESOLVE that the amendments to the Strategic Risk Register and the actions to mitigate risks as set out in appendix 2 be approved.

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.

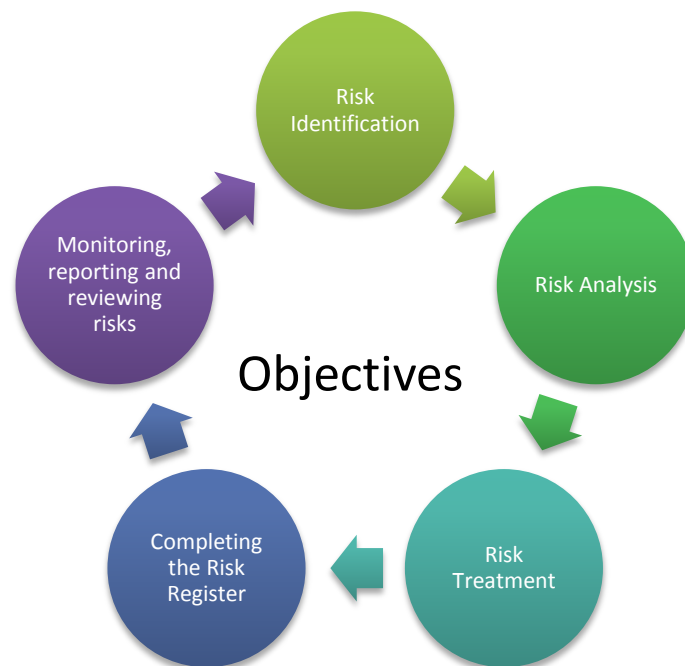
Risk management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with public image (reputation), environment, technology and breach of confidentiality amongst others.

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

Risk Matrix

		Risk – Threats				
Likelihood	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
		Impact				

Risk Rating	Value	Action
Red Risk	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
Amber Risk	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
Green Risk	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 residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	20	6	<p>An action was updated to present the Corporate Plan 2020-2024 to Policy and Performance Committee on 5 February 2020 and recommend to Council on 4 March 2020 for adoption.</p> <p>An action was updated to prepare for the Local Government Association (LGA) peer review in May 2020.</p> <p>As the level of uncertainty facing the Council has reduced following the conclusion of the May 2019 Borough elections and significant progress has been made with the production of a new Corporate Plan, the residual risk score was reduced from 9 to 6.</p>
<p>2. Failure to obtain adequate resources to achieve service objectives</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 Improved.</i></p>	25	12	<p>An action was updated to respond to the loss of car parking income from Nottinghamshire County Council.</p> <p>An action was amended to implement the advice provided by specialist external solicitors and counsel to support the tram compensation claim against Nottingham City Council.</p> <p>The completed actions removed from the action plan include:</p> <ul style="list-style-type: none"> • Complete the disposal of the Town Hall in Beeston • Present an updated Business Strategy to the Finance and Resources Committee.

Risk	Inherent Risk	Residual Risk	Changes
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</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 Improved.</i></p>	25	12	<p>The Acquisitions Policy and the Rent Setting Policy have been added as key controls.</p> <p>The number of void properties and the level of rent arrears have been added as risk indicators.</p> <p>An action has been updated to assess any potential implications from the Social Housing White Paper.</p> <p>An action has been updated to develop the Housing Delivery Plan Phase 1 sites.</p> <p>The completed actions to undertake a review of the Housing Repairs service and to present the Housing Neighbourhood Strategy to the Housing Committee can be deleted.</p>
4. Failure of strategic leisure initiatives	25	15	An action added to review the exit clauses in joint use agreements.
5. Failure of Liberty Leisure trading company	25	12	Updated reference to scrutiny by the Leisure and Health Committee.
6. Failure to complete the re-development of Beeston town centre	25	15	<p>The alignment of Core Strategies by Greater Nottingham local planning authorities has been deleted as a key control.</p> <p>An expired action point to respond as appropriate to any legal challenge arising from the awarding of contracts has been removed.</p>
7. Not complying with domestic or European legislation	25	12	<p>A completed action to present the Equality and Diversity Annual Report to the Policy and Performance Committee has been deleted.</p> <p>Whilst there is an action to react to the impact of legislative changes arising from the United Kingdom leaving the European Union, the uncertainty surrounding this process and its potential legislative, financial and other implications will require close scrutiny. There may be a significant impact upon a number of strategic risks and these will have to be addressed in due course.</p>

Risk	Inherent Risk	Residual Risk	Changes
8. Failure of financial management and/or budgetary control and to implement agreed budget decisions	25	12	An action point to present an updated Medium Term Financial Strategy to Finance and Resources Committee on 13 February 2020 as part of the Budget Proposals and Associated Strategies report was added.
9. Failure to maximise collection of income due to the Council <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had improved.</i>	20	9	<p>The Income Collection Policy has been added as a key control.</p> <p>An action has been added to review the outcomes of the data submitted to the National Fraud Initiative (NFI) premium service in February 2020.</p> <p>An action to undertake a procurement exercise for bill payment services has also been added.</p> <p>The completed and expired tasks removed from the action plan include:</p> <ul style="list-style-type: none"> • monitor the use of different payment methods by customers of the garden waste service. • ensure an appropriate balance between tenancy sustainment and rent collection with regards to the Council's housing tenants.
10. Failure of key ICT systems <i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i>	25	10	<p>The completed action point to resolve outstanding service issues in anticipation of the disposal of the Town Hall has been deleted.</p> <p>Given that the transfer of ICT staff and facilities to the Council Offices was concluded before the Town Hall was sold on 31 January 2020 and that this did not have a significant impact upon service delivery, the residual risk score was reduced from 15 to 10.</p>
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations	20	8	An action was updated to present a report to the Jobs and Economy Committee on 27 February 2020 on proposals to further regulate houses in multiple occupation (HMOs).

Risk	Inherent Risk	Residual Risk	Changes
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose 2018-2020	15	6	No changes.
13. Failure to contribute effectively to dealing with crime and disorder	15	6	An action point was added to present a Knife Crime Action Plan to the Community Safety Committee on 4 June 2020.
14. Failure to provide housing in accordance with the Local Development Framework	20	12	An action to monitor progress on the potential creation of a Development Corporation, including land at Toton and the Chetwynd Barracks site was added.
15. Natural disaster or deliberate act, which affects major part of the Authority <i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i>	15	12	Following the increase in the number of coronavirus cases across the world and in response to measures being taken at national and international level to address this, new actions to brief the Senior Management Team on the Flu Pandemic Plan (and implement this plan if necessary) and to provide a coronavirus awareness module accessible to all staff within Broxtowe Learning Zone (BLZ) have been added. Given the severity of the coronavirus outbreak and the potential impact this may have upon Council employees and their families as well as upon the local community (particularly the most vulnerable), the residual risk score be increased from 8 to 12.
16. Failure to mitigate the impact of the Government's welfare reform agenda <i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i>	20	6	Given the various measures that the Council has implemented to mitigate the impact of the Government's welfare reform agenda and the recent announcement of a delay in the full rollout of universal credit to 2024, the residual risk score was reduced from 10 to 6.

Risk	Inherent Risk	Residual Risk	Changes
17. Failure to maximise opportunities and to recognise the risks in shared services arrangements	20	9	An action point was updated to report annually on shared car parking management arrangements to the Environment and Climate Change Committee.
18. Corporate and/or political leadership adversely impacting upon service delivery <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had improved.</i>	20	8	The Member Induction Programme has been added as a key control. The completed action to deliver the Member Induction Programme has been deleted.
19. High levels of sickness <i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had worsened.</i>	16	9	An action point to provide wellbeing checks for any employees who may be interested has been added.
20. Lack of skills and/or capacity to meet increasing initiatives and expectations. <i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i>	20	16	An action to present a report on future skills requirements to Personnel Committee on 30 June 2020 was added. A further action point to present a Learning and Development Strategy to Personnel Committee on 30 June 2020 was also added. Given the difficulties that have been encountered in recruiting suitably qualified and experienced staff in a number of key areas including ICT Services, Finance Services and Planning and the impact that this is having upon service delivery, the residual risk score was increased from 12 to 16. There is a significant degree of overlap with Risk 21 "Inability to attract or retain key individuals or staff". Consideration will be given as to whether these could be consolidated into a single risk.

Risk	Inherent Risk	Residual Risk	Changes
<p>21. Inability to attract/retain key individuals or groups of staff</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	20	16	<p>An action has been updated to present the findings of the recent work undertaken by East Midlands Councils on the Broxtowe Borough Council pay and reward model to Personnel Committee on 30 June 2020.</p> <p>Given the difficulties that have been encountered due to the inability to attract or retain key individuals or groups of staff, the residual risk score was increased from 12 to 16.</p> <p>There is a significant degree of overlap with Risk 20 above. Consideration will be given as to whether these could be consolidated into a single risk.</p>
<p>22. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc.</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 improved.</i></p>	20	9	<p>The Disclosure and Barring Service Policy was added as a key control.</p> <p>The following completed/expired actions have been deleted:</p> <ul style="list-style-type: none"> • Produce a Disclosure and Barring Service (DBS) Policy • Maintain face-to-face/phone access for service users who may be digitally excluded • Review the Legionella Policy • Present a review of the armed forces covenant to the Community Safety Committee.
<p>23. Unauthorised access of data</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 improved.</i></p>	20	9	<p>The action point to introduce the latest preventative software for the Council's ICT systems to deny unauthorised access (as launched at Rushcliffe) has been deleted.</p>
<p>24. High volumes of employee or client fraud</p>	20	9	<p>The actions to conduct a fraud risk assessment exercise, in conjunction with GMT, and to develop a fraud risk register has been amended to include a revised date of 31 March 2020.</p>

Further Details

The following items are highlighted for the attention of Members.

1. Climate Change

On 17 July 2019 the Council resolved that a 'climate emergency' be declared and that a new Carbon Management Plan be produced which will include the setting of a net carbon neutral target by 2027.

It was agreed that climate change should be considered further by the Strategic Risk Management Group with a view to establishing a specific risk within the strategic risk register, with a dedicated risk owner, inherent and residual risk scores, key controls, risk indicators and action points. The outcome of this consideration will be reported to the next meeting of this Committee.

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Report of the Deputy Chief Executive

GRANTS TO VOLUNTARY AND COMMUNITY ORGANISATIONS, CHARITABLE BODIES AND INDIVIDUALS INVOLVED IN SPORTS, THE ARTS AND DISABILITY MATTERS 2020/21

1. Purpose of Report

To consider requests for grant aid in accordance with the provisions of the Council's Grant Aid Policy.

This report was due to be presented at the Finance and Resources Committee dated 2 April 2020.

2. Applications and Financial Position

Details of the grant application received is included in the appendix for consideration. The amount available for distribution in 2020/21 is as follows:

	£
Revenue Grant Aid Budget	168,800
Less: Estimated requirements for:	
Citizen's Advice Broxtowe	73,750
Rent Awards and Other Commitments	49,900
Less: Grant Awards to Date	0
BALANCE AVAILABLE FOR DISTRIBUTION	45,150

A joint application for grant aid from Voluntary Action Broxtowe (VAB) and Rushcliffe Community Voluntary Service (RCVS) is considered elsewhere on this agenda.

Members are reminded that they will need to suitably constrain grant awards in 2020/21 if the budget is not to be exceeded. The total amounts requested across the two reports total £9,200. The additional sums requested in this report, when compared to the previous year, would amount to £2,200 if all applications are fully supported.

Recommendation

The Committee is asked to consider the request in appendix 1 and RESOLVE accordingly.

Background papers

Nil

APPENDIX

Applications

The following grant applications have been received for consideration in 2020/21:

<u>Applicant</u>		<u>Grant Award 2019/20</u> £	<u>Grant Request 2020/21</u> £
VAB/RCVS	*	7,000	7,000
1360 (Stapleford) Squadron Air Cadets	1	Nil	2,200
		Total	9,200

* Note that the joint application for grant aid from Voluntary Action Broxtowe (VAB) and Rushcliffe Community Voluntary Service (RCVS) is considered elsewhere on this agenda.

Uniformed Groups Category**1. 1360 (STAPLEFORD & SANDIACRE) SQUADRON AIR CADETS**

A grant application has been received from the 1360 (Stapleford & Sandiacre) Squadron Air Cadets. The squadron was formed in 1941 and is based on Ilkeston Road in Stapleford. Although serving Stapleford and Sandiacre, the squadron also has cadets from Trowell, Toton and Beeston. Overall, there are currently 58 regularly attending cadets, nine staff and a padre, with around 52 living in Broxtowe. Over the years, many thousands of people will have directly benefitted from the squadron.

The main activities of the squadron are youth activities, including flying and gliding, target shooting, adventure training, sports, Duke of Edinburgh's award and leadership training. The squadron also attends carnivals and events, providing the 'light blue footprint' of the RAF in the community.

The squadron is now planning a trip to the Normandy beaches to educate the cadets about the events of 1944 and how those events have impacted the world to this day. The benefits will directly impact the cadets and how they see the world. Upon return from such a poignant place, the cadets will have greater compassion and respect for what true bravery and sacrifice means. The cost of the trip is dependent on the number of attendees, currently with 22 cadets and five staff, the costs is £10,536.

The squadron has requested grant aid of £2,200 (£100 per cadet) towards this cost. The remaining cost will be split between a subsidy of £500 from the squadron committee, a donation from Cleve Lodge in Long Eaton (£500) and payment by the cadets themselves.

The squadron provided their financial statements for the year ended 31 March 2019 for scrutiny. Annual receipts of £18,940 were generated from cadet subscriptions, social and fund raising activities and other receipts and donations. Annual payments of £15,736 included divisional subscriptions, cadet camp, events and other activities. The overall cash and bank balances as at 31 March 2019 amounted to £17,624.

This is the first application that the Council has received from the 1360 (Stapleford & Sandiacre) Squadron Air Cadets and for 2020/21 the squadron has requested a grant of £2,200 towards the cost of a proposed trip to Normandy.

Any grant award would be provisional on the trip going ahead, in light of any likely travel restrictions imposed as a result of the coronavirus outbreak.

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Report of the Deputy Chief Executive

GRANT AID 2020/21 – VOLUNTARY ACTION BROXTOWE (VAB) AND RUSHCLIFFE COMMUNITY VOLUNTARY SERVICE (RCVS)

1. Purpose of Report

To consider a joint application for grant aid from Voluntary Action Broxtowe (VAB) and Rushcliffe Community Voluntary Service (RCVS) for consideration in accordance with the provisions of the Council's Grant Aid Policy.

This report was due to be presented at the Finance and Resources Committee dated 2 April 2020.

2. Grant Aid Application

The Council has supported Voluntary Action Broxtowe (although not regularly) with grant aid. The latest award was in July 2019 when a grant of £7,000 was approved towards the cost of providing volunteer services and network development support across the Borough.

VAB has now submitted a joint bid with Rushcliffe Community Voluntary Service (RCVS) for consideration towards this work in 2020/21. This is a joint bid as VAB will cease to operate at some stage later in 2020. Trustees have been planning for closure and are determined to leave a positive legacy for the community. The need for action has escalated due to the lease at its premises at Oban House ending on 31 October 2020. VAB will formerly tender notice on this building.

Initially, voluntary and community sector infrastructure support will continue to be delivered by VAB from Oban House. However, from 1 July 2020, the volunteer brokerage service, along with the Volunteer Co-ordinator, will transfer to and be managed by RCVS, subject to due diligence and approval by all stakeholders. The role will remain dedicated to Broxtowe and the employee will be located in the area with a partner organisation. RCVS is based in Cotgrave.

VAB and RCVS have jointly requested a grant of £7,000 towards their core costs to provide volunteer services and network development support in Broxtowe. Further details are provided in the appendices to this report.

3. Financial Position

Whilst the grant aid budget does not include any specific provision earmarked for Voluntary Action Broxtowe, there are sufficient funds available in the new year budget to cover this request.

Recommendation

The Committee is asked to consider the request and RESOLVE accordingly.

Background Papers

Nil

APPENDIX 1

VOLUNTARY ACTION BROXTOWE (VAB)**Executive Summary**

A joint application for grant aid has been received from Voluntary Action Broxtowe (VAB) and Rushcliffe Community Voluntary Service (RCVS) for consideration. The request is towards the continued the voluntary and community sector infrastructure support for the Borough of Broxtowe.

This is a joint bid as VAB will cease to operate at some stage later in 2020. Trustees have been planning for this closure and are determined to leave a positive legacy for the community of Broxtowe. An accompanying Legacy Planning document submitted with the application is reproduced for Members at appendix 2.

Initially, voluntary and community sector infrastructure support will continue to be delivered by VAB from Oban House in Beeston. However, from 1 July 2020 the volunteer brokerage service, along with the Volunteer Co-ordinator, will transfer to and be managed by RCVS, subject to due diligence and approval by all stakeholders. The role and employee will still be dedicated to the Broxtowe area and located in the area with another partner organisation. This action has been escalated due to the lease for Oban House ending on 31 October 2020. VAB has met with the landlords to make them aware of the intention not renew the lease and will formerly tender its notice.

The Council has supported Voluntary Action Broxtowe previously (although not regularly) with the latest award being in 2019/20 when a grant of £7,000 was approved.

For 2020/21, Voluntary Action Broxtowe and Rushcliffe Community Voluntary Service have jointly requested a grant of £7,000 towards their general running costs to provide volunteer services and network development support across the Borough. The grant aid budget does not include any specific provision earmarked for Voluntary Action Broxtowe. Members should note that the grant aid policy requires that grant awards of £5,000 or above may be subject to a Service Level Agreement.

Background

Voluntary Action Broxtowe (VAB) is the current voluntary sector infrastructure support provider for the Borough. It provides a wide range of practical and advice services for local voluntary and community groups across the Borough.

The Rushcliffe Community Voluntary Service (RCVS), established in 1984, provides a similar service across Rushcliffe. RCVS is based at The Cotgrave Hub in Cotgrave.

VAB effectively fulfils all the functions of a Council for Voluntary Service (CVS) with its mission to “provide high quality infrastructure support to local organisations and

through this, help strengthen communities and deliver more appropriate and effective services for the residents of Broxtowe”.

The stated aims and objectives of the charity are to promote the benefit of local inhabitants by associating together the inhabitants, local authorities, voluntary and other organisations in a common effort to improve the quality of life of said inhabitants and in particular, not exclusively, to:

- advance the education, learning and skills of volunteers through the provision of training, advice, assistance and associated activities so that they are better equipped to carry out their role and provide a valuable contribution to their community
- promote the voluntary sector and volunteering generally, the provision of education, learning and skills and services for the social benefit of the local community and similar charitable activities, and to enhance those services provided by the statutory sector by providing a wide range of infrastructure support services including the setting up of networks and forums to facilitate partnerships.

VAB is a fully accredited Volunteer Centre providing volunteer recruitment, support, training and placement with other organisations. The benefits of volunteering are considerable as it enables people to overcome the challenges they face, to learn skills through specialist training and find solutions that benefit the wider community. For older people volunteering is a social activity and thus provides a means to counter social isolation and loneliness. Local organisations also benefit from the experience, expertise, capacity and commitment of older people. Volunteering is a recognised route back into paid employment. VAB assists young people, typically students, with volunteer placements to assist them in gaining work experience and new skills.

VAB responds to over 1,000 enquiries for volunteering each year. VAB directly supports specialist volunteer placements, currently include 80 placements. It has developed specialist volunteering opportunities through an innovative Day Service Framework Agreement. This service offers training and volunteer opportunities with health and social care support for people with disabilities and long-term conditions.

VAB also delivers a preventative support service to people over-75 who live in Broxtowe who are socially isolated. Caring Companions is a staffed by trained volunteers who visit isolated older people in their own homes on a weekly basis to provide company and to monitor their well-being and safety. This service links to the Vintage Cafe providing further support to this cohort of service users.

Over 600 individual residents and volunteers from across the Borough benefit from VAB services each year. These include around 40 people, aged over 75 years, who are isolated and receive befriending services on a weekly basis to provide company and to monitor their well-being and safety.

Another scheme, 'Move It', assists older people when moving into residential and care homes, as well as supporting families who require low cost services to move locally. Around 150 people per annum benefit from this service.

VAB has established ESOL classes, employment workshops and a language café promoting social integration. These interventions enable resettled people such as Syrian refugees to learn English and employment skills to fully integrate into the community. The project promotes social inclusion; contributing to Community Safety by raising awareness of the value cultural differences can bring. Participants speak 35 different languages. A range of partners are involved with the project: Public Protection, Police Fire Service, Sure Start, schools and Broxtowe Celebrations Community Group.

VAB currently supports over 200 voluntary and community sector organisations across the Borough. VAB helps to ensure that these groups are kept well informed, well-funded and are working safely and in line with current charity legislation. VAB has provided essential courses and qualifications in health and safety, first aid, food safety and health awareness to over 200 volunteers and staff from a range of community organisations.

VAB also provides free, dedicated meeting space for small business start-ups and fledgling community organisations to develop and deliver business ideas. These measures contribute to a more vibrant town centre, attracting new visitors and local businesses to Broxtowe. Six local organisations operate from Oban House, namely Age Friendly Nottingham, Barnardo's, Beeston Shopmobility, Chilwell and Toton Neighbourhood Forum, Beeston and District Local History Society and Global Grains. VAB also provides a weekly vintage tea room for older people to meet and socialise.

In 2010, VAB moved into Oban House on Chilwell Road in Beeston, having secured a 10-year lease from private owners. The decision to move to Oban House provided VAB more spacious accommodation and provided the opportunity to diversify and maximise a greater variety of income streams through renting out meetings rooms, training facilities and office space to other community groups and charities.

VAB has provided its annual report and financial statements for the year ended 31 March 2019 for scrutiny. The charity separates its accounts between restricted and unrestricted funds. Total income generated in the year amounted to £81,569. This included £57,624 of unrestricted core funding from grants and donations, rent/room hire and sales income. Other sizeable restricted funding was received from the Big Lottery Fund (£19,633). Total expenditure amounted to £121,914, including £65,332 in respect of core funds. This mainly related to staff costs (£44,855 for an average four employees), rent and services (£35,000), other premises expenses and general operating costs. Total cash/bank balances at 31 March 2019 was £46,738.

The reserve policy is that VAB carries sufficient free reserves to cover its liabilities should it ever fold. The trustees do not believe in amassing large amounts of reserves and feel that donations and other funding entrusted to VAB should be used for the benefit of those in need of its support in the community. It is suggested that

the value of unrestricted fund balances held as at 31 March 2019 was sufficient to meet with this reserves policy.

RCVS has similarly provided its annual report and financial statements for the year ended 31 March 2019 for scrutiny. The charity separates its accounts between restricted and unrestricted funds. Total income generated in the year amounted to £188,732. This included £91,480 of unrestricted core funding from grants and donations, rent/room hire and sales income, including unrestricted funding from the Prison Advice and Care Trust (£35,000) Notts Healthcare Foundation (£15,000), Rushcliffe Borough Council (£15,000), Rushcliffe CCG (£9,879) and Nottinghamshire County Council (£8,847). Other sizeable restricted funding was received from Nottinghamshire County Council (£40,325) and the National Lottery Community Fund (£27,679). Total expenditure amounted to £185,077, including £86,438 in respect of core funds. This mainly related to staff costs (£147,229 for an average 11 employees), rent and services, other premises expenses and general operating costs. Total cash/bank balances at 31 March 2019 was £221,150, including £172,010 held as an unrestricted fund.

VAB believes the importance of volunteering in terms of both individual empowerment and social action for the community has intrinsic value. VAB is actively talking to its partners in an attempt to sustain this in the Beeston area. The grant aid funding would ensure that VAB can continue to build on the work it has done and move forward.

APPENDIX 2**VOLUNTARY ACTION BROXTOWE LEGACY PLANNING POST-2020**Introduction

It has become apparent in recent years that it would be difficult for an organisation like Voluntary Action Broxtowe (VAB) to continue to function in the current climate. The decision to rent Oban House from a private landlord made nearly ten years ago at a high rent and the changes in funding streams and austerity over the period had seriously depleted financial resources. At one point it looked probable that the organisation would fold and shut completely. However, the commitment and passion of the trustees and volunteers have enabled the organisation to re-invent itself and continue to offer some services.

The organisation has functioned on minimal staff since September 2018 and this has only been possible due to substantial support from other local organisations and our own volunteers who offer an average of 30 volunteer hours each week. A Volunteer Coordinator working part-time (24-hours a week) and a Support Worker/Receptionist (zero-hours contract) have been the only staff since January 2019.

It is only because of dedicated trustees and volunteers who give their hours on a weekly basis that VAB has continued to function and provide a valuable service to the Community. Over the past year VAB has rebooted several projects, all of which are now volunteer led projects, none of which are currently funded. Each of these have been developed with best practice and these continue to function weekly.

It is clear that in the long-term it is not viable to continue to rent Oban House. The 10-year lease on the building ends on 31 October 2020 and this provides a sensible timeline for reconsidering the functionality of the organisation.

There is now a clear plan that VAB will cease to exist after June 2020, although the organisation will continue to operate for some time after this. It is hoped that all current VAB projects and volunteers will be successfully transferred to appropriate settings by Easter 2020.

Caring Companions

Caring Companions is a befriending project which matches volunteers with people who are struggling to maintain any social support and are often housebound due to age or disability.

This project requires home visits to assess clients need and capacity. This information is cross-matched with the befriender team so that an appropriate volunteer can join the assessor for a second visit to introduce a befriender to the client.

All working guidelines, policy and procedure, training and monitoring paperwork for the project has been refined over the last year. All currently placed volunteers are trained and DBS checked to an appropriate standard.

Ongoing support to volunteer befrienders is provided by the Volunteer Coordinator via team meetings, regularly scheduled supervision, as well as emergency supervision, as required.

VAB also hosts a weekly café (CommuniTea) on Fridays which targets this client group, and is attended by befriender volunteers to facilitate conversation and offer companionship.

This project was funded by the NHS until March 2019. On review, it was agreed that this project fits well with the work of one of the other two volunteer community bureaux in Eastwood and Stapleford. These organisations focus on service provision and have other service based provision including volunteer transport. The Helpful Bureau in Stapleford covers the south of the Borough. VAB has negotiated that any referrals for the north of Broxtowe would be forwarded to Eastwood Volunteer Bureau.

The work of this project is demanding and needs to be completed to a high professional standard. It was clear that funding would need to be sought for a dedicated part-time worker. VAB and The Helpful Bureau worked in partnership to make a successful application for a Boots charitable fund. Eastwood Volunteer Bureau recruited a worker who commenced employment in October 2019.

VAB has worked closely with The Helpful Bureau during late 2019 and this project has now been successfully transferred.

Oban House Based Activities

A number of activities are run from Oban House. These include Crafternoon; CommuniTea; Talk Together; ESOL classes for Syrian families/individuals on the VPRS (Vulnerable Persons Resettlement Scheme); room hire; training offered to local volunteers; and brokerage service.

Since November 2018, VAB has been meeting with the Beeston Resource Centre, a CIC run by a board of trustees. Beeston Resource Centre is the nearest organisation with a building and there is commonality in objectives. Both groups have met regularly to ensure a smooth transition of activities in Spring 2020. Unfortunately, due to demand on room space, not all projects have been accommodated.

The Crafternoon sessions at Oban House will cease on 2 April 2020 but all attendees will be offered the opportunity to attend the session at Beeston Resource Centre.

The CommuniTea café at Oban House will cease on 3 April 2020 and will be located in the Beeston Resource Centre café area on Friday mornings.

The Talk Together language and conversation class is the busiest activity project currently at Oban House. It caters for anyone for whom English is not their first language. It regularly gets up to 20 participants (peaking at 26 participants at one session). The class is held during term time on Thursday mornings and is run by

dedicated volunteers with backgrounds in hosting language cafes, delivering language therapy and teaching.

The client group demographic and motivations for accessing this activity is varied. Some attend short term to build up confidence in English speaking or to bolster their knowledge related to English exams or the Home Office English Citizenship Test. Others come to boost their resilience being in group/mixed settings having been removed from traumatic situations. Five attendees have obtained employment since attending.

Referrals from BEGIN, Job Centre, library, Refugee Forum and local councillors, as well as word of mouth referrals from past and present attendees. This venture is a natural signposting route for students at beginner to intermediate level. It is the only free opportunity for individuals to gain help with their spoken and written English in the area. The volunteers also provide the group with information about other activities in the local area and help with a wide range of queries. VAB regularly provides referrers with evidence of attendance as a qualifying factor in their citizenship application and evidence of their attempts to integrate within the community.

It is hoped to transition this project to the Beeston Resource Centre; the management and the volunteer team have identified Monday afternoons (term time) would be a mutual fit to support delegates with children at school.

The Final Talk Together session at Oban House will be on 2 April 2020 and sessions will restart at Beeston Resource Centre on 20 April 2020.

There are issues with long-term viability of this group, with the project having had no funding since 2018. Since then, VAB has offered free room hire, covered costs, such as refreshments, printing and stationery, and the Volunteer Coordinator has managed the project. The Beeston Resource Centre may wish to charge room hire for this activity and the project needs a part-time worker to coordinate the volunteers, design and lead on delivery of content. Ideally this individual would have an ESOL background. Supervision and support of the volunteers is extremely important as many of the beneficiaries of the project have experienced significant trauma and may talk about this in sessions. Many bring queries about daily living, benefits or just want advice from the volunteers who they trust and have strong bonds with; beneficiaries often express gratitude towards our volunteer team for being among the first members of the community who have been extremely welcoming and patient.

Currently the Volunteer Coordinator offers a debrief to volunteers after each session and coordinates quarterly team meets as well as bi-annual supervision sessions. They also lead on a lot of content and resource development for the sessions. While recruitment and support of volunteers for this project is part of the brokerage role, offering this level of support ongoing would be problematic.

The current legacy plan is to seek a small grant for the project, on that would cover ongoing costs, volunteer training and expenses, as well as pay for the wage of a part time worker to lead on coordinating the sessions and supporting the volunteers. It is not clear at this point who would host the funding bid or the worker.

It is anticipated that this project and the volunteers involved will continue to be managed by VAB until a legacy plan comes to fruition.

ESOL

Currently, the Beeston Resource Centre lacks the capacity to offer a venue for these classes at a suitable time for the tutor and students. Classes currently run at Oban House on Monday to Thursday for three-hours 10.30am.

VAB has since identified a suitable venue in Beeston Youth and Community Centre at West End. It is planned to end sessions at Oban House on 28 May 2020 and restart sessions in the new location from June 2020.

Tenants and Room Hire

VAB is currently sub-letting a number of rooms, which has provided a valuable income stream. The current tenants are a mixture of private businesses and charities, who would ideally like to stay in the area. All tenants are aware of the plans and VAB will give six months' notice. The major tenants are Beeston Shopmobility (two rooms plus storage and parking spaces) and Barnardos (three offices and three parking spaces).

Casual room hire on an hourly basis is also a source of income. VAB has a number of regular bookings from businesses and charities. VAB has informed these clients. Whilst some may choose to source alternative venues themselves, VAB will pass on its knowledge of the local area.

Volunteer Brokerage and Infrastructure Functions

This is the traditional Community Voluntary Service (CVS) role, which is concerned with improving quality of life and addressing local needs and issues through developing and enabling a vigorous and diverse voluntary sector.

Since September 2018 VAB has concentrated on developing this aspect of its work. It appointed an experienced and dedicated Volunteer Coordinator who reviewed all existing VAB working guidelines, policy and procedure. VAB then developed a new training, induction and supervision process for volunteers, which is open source and shared with all relevant organisations connected with via the brokerage service.

VAB has worked closely with other partners, including the Council, to avoid duplication and to ensure organisations' special interests and views were respected.

In March 2019, VAB re-launched the brokerage service which has two main functions. Firstly, VAB offers a match making service for individuals wanting to volunteer in the community; pairing them with appropriate vacancies being offered by volunteer involving organisations. These are primarily within the Broxtowe area. Secondly, it promotes best practice for organisations seeking to involve volunteers by providing document templates, support with governance and appropriate advice. VAB runs a weekly brokerage clinic as well as individual support sessions.

VAB offers support to community groups and charities by hosting regular free training sessions. In the past year, VAB offered 38 training and support sessions open to all partner organisations; and 11 specialist training events (four of which were delivered by VAB staff or trustees).

The Volunteer Coordinator is also working in partnership with the Nottingham and Nottinghamshire VCS network, collaborating on solving sector wide problems and developing best practice documents that will hopefully remove barriers to accessing volunteering. The VAB training bulletin includes a range of free training opportunities and clinics available to organisations, volunteers as well as members of the public.

This brokerage and infrastructure role is now the key element of functioning that defines VAB. As a member of the Nottingham Together partnership, VAB can keep up to date with good practice and are made aware of new opportunities and shifts in the sector landscape.

VAB believes that it is essential that this role continues for the Beeston Area.

The key elements for this role to continue are accommodation; further funding beyond 2020; and a host organisation with appropriate infrastructure to provide management support for the Volunteer Coordinator. Other issues to consider are the transfer of post (TUPE), parity of salary with other employees in a similar roles and adhering to GDPR legislation with regards to any data transfer relevant to the transition.

Accommodation

A number of meetings have been held with the Council about accommodation. The requirements are a shared space with a desk for Volunteer Coordinator. This needs to be in central Beeston and would ideally provide with the Coordinator with like-minded colleagues.

The Coordinator would need access to private interview room space on a regular basis and to larger group rooms on a more occasional basis.

The Council has been very supportive of the work of VAB. They have issues with space themselves and have recently given more space to Citizens Advice Broxtowe in Beeston. It was therefore suggested that VAB explores options with CAB and since January 2019 there have been meetings with the local office.

The plan is to move the brokerage to Citizens Advice Broxtowe at the end of March 2020. There is a great deal of commonality between the two organisations and CAB have agreed to supply accommodation at no cost provided that it fits around their primary service and room usage.

This idea has been passed in principle by CAB Board of Trustees. Work on drawing up a SLA is set to begin. The move would be to a shared office space with access to the interview rooms when they were not being used by CAB. The Volunteer Coordinator would bring any office furniture and equipment from Oban House. If additional equipment was required, this would be purchased by VAB.

Ongoing Management of the Brokerage CVS Function

Initially approaches were made to Eastwood Volunteer Bureau and The Helpful Bureau in Stapleford to discuss their current situation and their potential to expand. Both of these organisations concentrate on service delivery offering community transport schemes and help targeted primarily at older people. Neither organisation felt they would be the appropriate body to host this function.

VAB then explored the option of this transferring to another local organisation in Broxtowe. Initially there was some interest in doing this role from Beeston Community Resource, but after further discussion they felt it would not be something they could undertake as it had the potential to dilute their focus from their main charitable aims.

After discussion with the Community and Voluntary Sector Officer at Nottinghamshire County Council, Trustees met with the Chair of the Notts Together Partnership and CEO Bassetlaw CVS. She explained in some detail why there might be difficulty in a service based organisation taking on the role and directed us to guidance from the National Association for Voluntary and Community Action.

It became apparent that it might be appropriate to look at the option of another CVS remotely managing the South Broxtowe based brokerage CVS in the longer term. There is precedent for this happening elsewhere and indeed locally.

When Gedling CVS closed in October 2015 specific services were transferred to Rushcliffe. RCVS is an infrastructure organisation with expertise in the sector, is an accredited volunteer centre and a member of Nottinghamshire Together. The organisation delivered and managed First Contact across the South of the Nottinghamshire from 2007 until the project ceased in 2016.

VAB met with the RCVS Chief Executive and Trustees early in March 2019 to discuss the possibility of RCVS being involved in the future. Since then there have been a number of meetings involving their staff getting to know the issues and the area. The two Volunteers Coordinators have been meeting regularly and doing joint work since July, developing resource and training materials for the sector that focuses on best practice and inclusivity, building and developing an effective working relationship between the two organizations and staff.

This would mean that while the brokerage service to the local community of Broxtowe remains situated in Beeston based at the CAB and the training is delivered locally in partnership with the Council. The management and supervision of the Volunteer Coordinator and the brokerage service would be with RCVS.

This would be supported by the other local partnerships in the same way as they do now. The Lone Worker policy has another local organisation as support in any urgent situation when advice or additional manpower is needed.

VAB hope that Broxtowe will not lose but actually gain from this arrangement. It will be possible to write into any SLA conditions that work towards ensuring there

remains a strong Broxtowe influence e.g. attendance at Broxtowe partnership meetings, recruitment of Broxtowe borough based Trustees.

In November 2019 there was a further meeting with RCVS Trustees and in principle they have agreed to manage the service. Although initially there was discussion about this happening from April 2020, however it has now been agreed to aim for this to happen on 1 July 2020 which fits with the LIS funding. VAB Trustees have been invited onto the RCVS Board.

The next stage is working on the detail of this transition, which will include identifying funding, advice on HR concerns e.g. TUPE

Further Funding

The final year of the three-year Nottingham Together LIS partnership money could be transferred. This has been agreed in principle.

A grant aid application will be submitted to this Council for £7,000. If a similar amount was awarded for 2020/21, albeit partly to another organisation in RCVS, this would ensure the future of volunteering in Broxtowe.

Without additional funding to support the volunteer brokerage function there is a risk that this would cease and therefore impact on the residents of Broxtowe

Partnership Working

Since 2018, VAB has closely with the Council's Communities officers and regularly used the Council's networks to share information about activities and training opportunities.

VAB has regularly met with the Council's Housing managers and the Independent Living Scheme team as a key referrer for befriending services. VAB has also worked closely with the Oxjam Team, developing their volunteer involvement strategy and gifting Oban House as an operational hub for the weekend in October 2019.

Project partnership or strategic development work has been completed with numerous partners via the brokerage, including The Helpful Bureau, Broxtowe Women's Project, Broxtowe Community Celebration, Chilwell School, Beeston Resource Centre and Nottingham Bike Works.

VAB make volunteer referrals to partners on a weekly basis. It has not run regular forum meetings recently, but did host an event in June 2019 to celebrate National Volunteer week which attracted 21 organisations. VAB regularly sends out information using the Council's weekly bulletin and host a number of free training events for partner organisations and their staff and volunteers

Future plans for partnership working, agreed with the Communities Officer, are to capture data from partners connected with the CVS sector via a SWOT consultation in the coming months. This will serve as a foundation for the March partnership board meeting which is dedicated to examining and pulling together the CVS, with

task and finish groups being created to problem solve or research any areas identified as needing attention. At this meeting there will be discussions about the best way to develop a regular partnership forum.

VAB believes that a cohesive and robust CVS network needs to be developed in the area, to encourage joined up working, the sharing of resource, including information, as well as discussing the strategy for ideas like the universal volunteer passport scheme. It is hoped that this structure will also generate resources (e.g. an open source funding register) and a digital network for sharing information between CVS partners. Also, that some form of panel could be generated, who would speak on behalf of the sector, both to represent the CVS at meetings and in a lobbying capacity.

Preliminary discussions with CVS lead organisations and the Council's Communities Officer have identified the following themes for the forum meets: social prescribing and its relationship to grant aid, best practice in the CVS sectors, funding, inclusivity, training and health.

Voluntary Action Broxtowe is committed to leaving a positive legacy for all who have been involved with it and to ensure positive volunteering opportunities and support for the local community in the future.

Report of the Deputy Chief Executive

CAPITAL PROGRAMME 2019/20 AND 2020/21 UPDATE

1. Purpose of report

To report upon capital expenditure incurred in 2019/20 up to 29 February 2020 along with the planned financing of the 2019/20 capital programme and to seek approval for a number of capital budget variations in the current and next financial year.

This report was due to be presented at the Finance and Resources Committee dated 2 April 2020.

2. Background

Appendix 1 sets out the 2019/20 capital programme on a scheme by scheme basis and shows expenditure incurred on all capital schemes up to 29 February 2020. The 2019/20 capital programme includes schemes totalling £1,805,350 that were carried forward from 2018/19. It also includes all the adjustments to the budgets that were approved by this Committee on 9 January 2020.

Appendix 1 shows that capital expenditure totalling £9,428,757 (or 62.68% of the planned 2019/20 capital programme) had been incurred by 29 February 2020.

Appendix 2 sets out how it is anticipated that the 2019/20 capital programme is to be financed along with details of the capital receipts that are likely to be available for capital financing.

Examination of progress against the approved capital programme for 2019/20 along with the receipt of additional information in respect of 2019/20 and 2020/21 has identified a number of schemes in both years where the budget needs to be amended. Further details are set out in appendix 3.

Recommendation

The Committee is asked to:

- 1. NOTE the expenditure on the 2019/20 capital programme to 29 February 2020 and the planned financing of the 2019/20 capital programme in appendices 1 and 2.**
- 2. RESOLVE that the capital budget variations for 2019/20 and 2020/21 as set out in appendix 3 be approved.**

Background papers

Nil

APPENDIX 1

	Total Budget 2019/20 £	Actual to 29 February 2020 £	Expenditure %
<u>CAPITAL EXPENDITURE SUMMARY</u>			
ENVIRONMENT AND CLIMATE CHANGE	1,589,950	1,193,090	75.04%
LEISURE AND HEALTH	235,850	49,438	20.96%
FINANCE AND RESOURCES	4,787,100	2,181,874	45.58%
HOUSING	8,137,700	6,004,020	73.78%
JOBS AND ECONOMY	291,000	336	0.13%
RESERVE LIST	0	0	0.00%
TOTAL	15,041,600	9,428,758	62.68%
<u>DETAILED SCHEMES</u>			
<u>ENVIRONMENT AND CLIMATE CHANGE</u>			
Awsorth P.C. - Play Area and Parks	16,450	13,593	82.63%
Brinsley P.C. - Play Area and Parks	18,000	0	0.00%
Brinsley P.C. – Play Area Repairs and Replacement	4,000	0	0.00%
Greasley P.C. - Play Area and Parks	28,550	28,547	99.99%
Greasley P.C. – Play Areas and Parks Open Spaces Improvements	28,550	28,547	99.99%
Kimberley T.C. - Play Area and Parks	25,400	25,399	100.00%
Nuthall P.C. - Play Area and Parks	26,800	24,864	92.78%
Nuthall P.C. – Play Area and Parks Open Spaces Improvements	0	1,196	
Trowell P.C. - Play Area and Parks	6,900	6,886	99.80%
Trowell P.C. – Play Areas and Parks Open Spaces Improvements	6,900	6,886	99.80%
King Georges Park (Bramcote) - Refurbishment	123,850	125,105	101.01%
Sherman Drive (Chilwell) – New Equipment	32,000	34,196	106.86%
Hall Om Wong – Extended Provision	22,000	2,000	9.09%
Hall Om Wong – Footpath Improvements	11,000	0	0.00%
Hickings Lane Recreation Ground - Play Area	161,500	169,692	105.07%
Real Time Bus Information (Stapleford)	5,000	5,000	100.00%
Community Transport (Stapleford)	5,000	5,000	100.00%
Attenborough Nature Reserve – Contrib'n to purchase	75,000	75,000	100.00%
Redwood Crescent (Beeston) - Pocket Park	22,800	(234)	-1.03%
Bramcote Ridge – Access Improvements	17,700	16,362	92.44%
Eastwood Town Council - Community Room Upgrade	5,000	0	0.00%
Purchase and Installation of CCTV Cameras	20,000	0	0.00%
Hall Park (Eastwood) - Access Improvements (S106 Parks & Open Spaces)	5,500	3,776	68.65%
Pedestrian Crossing - Hickings Lane	40,000	8,493	21.23%

	Total Budget 2019/20 £	Actual to 29 February 2020 £	Expenditure %
Town Centre Wi-Fi	60,000	25,351	42.25%
St Helen`s Church Gates (Stapleford)	15,000	11,538	76.92%
Victoria Street Car Park-Eastwood-Resurface	15,650	15,649	99.99%
Bennerley Viaduct	20,000	0	0.00%
Beeston Weir - Life Saving Equipment	6,400	0	0.00%
Replacement Vehicles & Plant	765,000	559,894	73.19%
St Catherines Churchyard/New construction	0	350	
Total for Environment and Climate Change	1,589,950	1,193,090	75.04%
<u>LEISURE AND HEALTH</u>			
Leisure Centres – Planned Maintenance	25,000	9,712	38.85%
Leisure Facilities Strategy	30,000	7,278	24.26%
Trent Vale Community Sports Association	12,500	-	0.00%
BLC – Combined Heat and Power Unit	140,000	13,698	9.78%
BLC - Property Condition Survey	17,250	5,614	32.54%
KLC - Replacement Water /New construction	0	2,308	
CO – Extra 5-a-Side Floodlit Area	0	10,828	
KLC – Fire Alarm Smoke and Heat Detectors and Sound	11,100	0	0.00%
Total for Leisure and Health	235,850	49,438	20.96%
<u>FINANCE AND RESOURCES</u>			
<u>RESOURCES</u>			
Beeston Square – Phase 2/Other Capital Expenditure	-	1,570,674	
Beeston Square – Phase 2	3,554,450	(14,542)	-0.41%
Town Hall Sale – Legal Costs	5,150	52	1.01%
Town Hall Migration -New/New construction	0	6,131	
NWOW – New Civic Suite/Customer Services/Staff Accommodation	295,500	262,953	88.99%
NWOW – Data Server Room Re-Location	92,900	35,902	38.65%
NWOW – Civic Suite Audio Visual Equipment	100,000	104,889	104.89%
NWOW – Planning, Finance and Estates	200,000	24,360	12.18%
GF Contingency	0	0	0.00%
<u>ICT SERVICES</u>			
Replacement Development Programme	178,850	81,453	45.54%
Replacement of MFD Photocopier Estate	63,000	50,871	80.75%
VoIP Telephony	50,000	-	0.00%
Technical Infrastructure Architecture	50,000	34,942	69.88%
Committee Administration System	11,650	10,125	86.91%
Technical Infrastructure Architecture	139,200	3,349	2.41%

	Total Budget 2019/20 £	Actual to 29 February 2020 £	Expenditure %
E Facilities Initiatives	40,000	7,512	18.78%
Replacement CRM System	6,400	3,203	50.05%
Total for Finance and ICT Services	4,787,100	2,181,874	45.58%
<u>HOUSING</u>			
Disabled Facilities Grants	802,550	601,960	75.01%
Dementia Friendly Bungalows – Willoughby St	270,850	2,573	0.95%
Central Heating Replacement	1,038,100	481,550	46.39%
Housing Modernisation Programme	1,563,000	1,566,690	100.24%
Major Relets	157,150	203,469	129.47%
Aids and Adaptations – Disabled Persons	420,000	293,359	69.85%
Window and Door Replacement	313,450	338,026	107.84%
External Pre-Paint Repairs and Decoration	735,350	670,324	91.16%
Electrical Periodic Improvement Works	298,550	256,213	85.82%
External Works-Paths Paving & Hard Standings	94,850	96,081	101.30%
Fire Safety Assessment and Remedial Work	371,800	352,251	94.74%
Bexhill Court - Scooter Storage	15,550	0	0.00%
Garage Refurbishment	444,950	375,366	84.36%
Housing System & DMS Replacement	19,150	6,200	32.38%
HRA Stock Condition Survey	100,000	43,267	43.27%
NWOW – Housing Section	100,000	68,757	68.76%
HRA Acquisition of Properties	1,133,350	629,378	55.53%
HRA Contingency	27,900	900	3.23%
Notts Warm Homes on Pres/Grants	31,150	3,896	12.51%
New Build Housing Feasibility Costs	200,000	13,760	6.88%
Total for Housing	8,137,700	6,004,020	73.78%
<u>JOBS AND ECONOMY</u>			
Walker Street (Eastwood) - Transport Feasibility Study	20,000	0	0.00%
HS2 Potential Extension Studies	100,000	0	0.00%
Former Stapleford Police Station Redevelopment	171,000	336	0.20%
Total for Jobs and Economy	291,000	336	0.12%

APPENDIX 2

Planned Financing of 2019/20 Capital Programme

Source of Financing			
	General Fund	HRA	Total
	£	£	£
Revenue Financing:			
Major Repairs Reserve		4,191,450	4,191,450
Direct Revenue Financing	17,250	1,508,350	1,525,600
Grants and Contributions:			
Better Care Fund	833,700	270,850	1,104,550
D2N2 LEP	592,150		592,150
WREN	143,500		143,500
Section 106 Receipts – Parks and Open Spaces	35,000		35,000
Section 106 Receipts – ITPS	164,450		164,450
Ministry of Housing, Communities and Local Government (MHCLG)	33,000		33,000
Insurance Settlement	24,850		24,850
Homes England	20,000		20,000
United Living	2,500		2,500
Stapleford Town Council	1,000		1,000
Usable Capital Receipts:	1,817,750	1,333,350	3,151,100
Borrowing	4,052,450		4,052,450
Total	7,737,600	7,304,000	15,041,600

Capital Receipts

(i) General Fund

General Fund capital receipts available at 29 February for the financing of capital expenditure were approximately £2,099,350. This includes receipts of £645,150 brought forward from 2018/19 plus £470,000 from the sale of Cavendish Lodge in April 2019, £500,000 received from Nottingham City Council in May 2019 in respect of tram compensation and £425,100 from the sale of the Town Hall in Beeston. Sums of £36,850 and £22,250 have also been received from the sale of vehicles and the repayment of improvement grants respectively.

The planned financing of the 2019/20 capital programme shown in the table above assumes that General Fund capital receipts of £1,817,750 will be utilised. This includes £500,000 on the Beeston Square Phase 2 development, £388,400 on New Ways of Working initiatives, £318,050 on parks and open spaces (including those owned by parish and town councils under the Pride in Parks initiative), £139,200 on technical architecture infrastructure and £472,100 on other schemes.

Based upon the above, there should be sufficient General Fund capital receipts available at 31 March 2020 to finance planned 2019/20 capital expenditure.

(ii) Housing Revenue Account

Housing Revenue Account (HRA) capital receipts available at 29 February 2020 for the financing of capital expenditure were approximately £4,592,600. This was arrived at as follows:

	£
Balance at 1 April 2019 (brought forward from 2018/19)	3,831,250
Plus: Receipts from 1 April 2019 to 29 February 2020	1,060,850
Plus: Repayment of a Discount	13,250
Less: Payment to MHCLG	<u>(312,750)</u>
Balance at 29 February 2020	4,592,600

Overall, the HRA has the following resources available for capital investment, including the construction of new build properties:

- Capital Receipts of £4,592,600
- HRA revenue contributions (NB. Balance at 31 March 2019 was £4,002,950)

The payments that are required to be made to MHCLG are comprised of the following elements:

- An assumed level of receipts under right to buy (RTB) based upon a baseline forecast in the self-financing settlement of March 2012
- Any receipts that are required to be returned in line with the agreement on the one for one replacement of the housing stock

Like most local authorities with their own housing stock, the Council entered into an agreement with the Government in 2012 to retain receipts from the sale of council houses in excess of those in (i) above to fund the replacement of stock that is sold. Under the terms of this agreement, local authorities are required to spend RTB receipts within three years and the receipts should fund no more than 30% of the cost of a replacement unit. Where a local authority is unable to spend receipts within three years they have to be returned to MHCLG, together with interest of 4% above base rate, to be spent on affordable housing through Homes England.

The table below confirms that the Council has spent a sufficient amount on new build expenditure to be at low risk in the short term of having to return capital receipts from the sale of council houses to MHCLG under the one for one replacement agreement. At 30 December 2019 the Council's cumulative new build expenditure of £2,427,978 comfortably exceeded the required new build sum of £1,983,193 at that date. The Council's required new build expenditure over the next three years is as set out in the table below.

Cumulative New	Date New Build Expenditure
----------------	----------------------------

Build Expenditure Required (£)	Required By:
1,983,192.69	31 December 2019
1,983,192.69	31 March 2020
1,983,192.69	30 June 2020
2,265,302.84	30 September 2020
2,725,242.70	31 December 2020
3,801,591.80	31 March 2021
4,145,580.91	30 June 2021
4,667,359.76	30 September 2021
5,576,040.85	31 December 2021
5,931,251.26	31 March 2022
5,946,295.29	30 June 2022
6,372,252.46	30 September 2022
6,494,649.85	31 December 2022

Given that the Council's cumulative new build expenditure presently stands at £2,427,978 there is not presently a requirement to incur further new build expenditure until the third quarter of 2020/21. This expenditure needs to have been incurred on a scheme that has been completed rather than in progress at that date to fulfil the conditions of the agreement.

APPENDIX 3

2019/20

1. Chilwell Olympia – Extra 5-a-Side Floodlit Area and Replacement MUGA

Cabinet on 3 June 2014, 4 November 2014 and 10 March 2015 approved a total allocation of £244,850 for the provision of a third 5-a-side floodlit area and a replacement multi use games area (MUGA) at Chilwell Olympia. Total expenditure on these two schemes over 2014/15 and 2015/16 amounted to £243,555.

The Council has now received an invoice of £10,527.56 in respect of a final retention payment due to the contractor. The Council has sought assurance that the required work was completed as specified in the tender documentation and that issues that arose in the first year of operation have been satisfactorily resolved. It is therefore considered that this invoice should be paid.

There is presently no provision for this additional cost within the 2019/20 capital programme. The cost can be met from General Fund capital receipts.

2. Hall on Wong – Open Space Access and Play Improvements

The 2019/20 capital programme includes £22,000 for the extended provision of facilities at Hall on Wong in Kimberley. No expenditure has, as yet, been incurred on this scheme whilst the Council looks to see if external funding can be sought to allow a larger scheme to be undertaken.

The Council was informed on 5 March 2020 that it has received an allocation of £54,033.36 from the FCC Communities Foundation towards open space access and play improvements at the Hall on Wong site. This can now be added to the £22,000 already in the 2019/20 capital programme to allow an enlarged scheme to be provided.

Approval will be requested to carry forward the total budget of £76,050 from 2019/20 into 2020/21 when the 2019/20 final outturn is presented to the Committee.

3. Dementia Friendly Bungalows - Willoughby Street, Beeston

As approved by Finance and Resources Committee on 13 December 2018, the 2019/20 capital programme includes £270,850 for the construction of two dementia friendly bungalows on the former Beeston Market site on Willoughby Street with the cost met from the Council's capital allocation from the Better Care Fund for Disabled Facilities Grants.

A procurement exercise was undertaken to identify a suitable developer to construct the bungalows. However, after post-tender discussions with the preferred developer, they withdrew before the construction phase commenced. The Council then entered into negotiations with the developer that came second in the tender process and, after some value engineering, agreement has been reached with them to construct the bungalows within the agreed budget but with a reduced contingency resulting in a greater risk of overspending should unforeseen essential expenditure be required.

2020/21

4. New Build – Oakfield Road

The 2020/21 capital programme approved at Finance and Resources Committee on 13 February 2020 includes £500,000 for a scheme to build four flats for ex-service personnel at Oakfield Road in Stapleford.

It has now been determined that the site could provide five as opposed to four units but that the build costs will be higher than originally envisaged due to the design and ground conditions on site.

The revised cost of the amended scheme is £700,000. As with the previous scheme, the cost will be met from Housing Revenue Account (HRA) capital receipts arising from the sale of council houses under the right to buy scheme.

5. Disabled Facilities Grants

The 2020/21 capital programme approved at Finance and Resources Committee on 13 February 2020 includes £796,850 for Disabled Facilities Grants (DFGs). These are for the provision of adaptations to the homes of those disabled persons who qualify for the grant. Funding for these is provided initially by the Ministry for Housing, Communities and Local Government (MHCLG) to County Councils who, in two tier areas, then pass this down to District Councils through the Better Care Fund.

MHCLG announced on 28 February 2020 that Broxtowe Borough Council are to receive a DFG allocation for 2020/21 of £811,138 (£867,198 less a contribution of £56,060 to the NCC Handy Person Service that is assumed to be the same as in 2019/20) to meet its statutory duty to provide home adaptations as set out above. The Council is permitted to spend part of this on wider social capital projects should it wish to do so.

The 2020/21 capital budget for DFGs can now be revised from £796,850 to £811,150 accordingly.

6. Replacement Vehicles and Plant

In December 2019 a caretaker's van used by the Housing Department was stolen and, when recovered, was discovered to be so badly damaged that it had

to be written off. The Council has submitted an insurance claim in respect of this and is due to receive a settlement of £5,350.

The Transport and Stores Manager has attempted to procure a suitable second hand vehicle to replace this van. However, the alternatives examined are considered to be of poor quality and it is considered that the purchase of a new vehicle at an estimated cost of £23,000 would represent better value for money.

The 2020/21 capital programme includes £738,500 for replacement plant and vehicles and it is presently projected that this will be financed by borrowing. It is proposed that the 2020/21 budget be increased by £23,000 to £761,500 to include the purchase of the new replacement vehicle with £5,350 of the cost financed by the insurance settlement and the remaining £17,650 met from borrowing.

7. Mushroom Farm – New Industrial Units

The 2020/21 capital programme includes General Fund schemes that are on a “reserve list” such that they will only be brought forward for approval once a source of funding has been identified.

Included on the “reserve list” is a scheme for £246,400 to construct 3 industrial units at Mushroom farm. Further information on this scheme is set out in a report to Jobs and Economy Committee on 5 September 2019.

A bid for funding towards this scheme has been submitted to the D2N2 Local Enterprise Partnership who have stated that they will provide £124,000 towards the cost of the scheme. As reported to Jobs and Economy Committee on 5 September 2019, the cost of the scheme is now estimated to be £219,000. This would require a contribution from the Council of £95,000 which can be met from borrowing. Therefore, it is proposed that the scheme is removed from the “reserve list” and approval to proceed granted.

Summary of Proposed Changes in Appendix 3 to the 2019/20 and 2020/21 Capital Programme

<u>Scheme</u>	<u>Present Budget (£)</u>	<u>Proposed Budget (£)</u>	<u>Funding Source (£)</u>
2019/20			
CO – Extra 5-a-Side Floodlit Area	0	10,550	GF Capital Receipts (£10,550)
Hall om Wong – Extended Provision	22,000	76,050	GF Capital Receipts (£22,000) and FCC Communities Foundation (£54,050)
TOTAL	22,000	86,600	
2020/21			
New Build – Oakfield Road	500,000	700,000	HRA Capital Receipts (£700,000)
Disabled Facilities Grants	796,850	811,150	NCC - Better Care Fund (£811,150)
Replacement Vehicles and Plant	738,500	761,500	Borrowing (£756,150) and Insurance Settlement (£5,350)
Mushroom Farm – New Industrial Units	246,400	219,000	D2N2 LEP (£124,000) and Borrowing (£95,000)
TOTAL	2,281,750	2,491,650	

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Report of the Deputy Chief Executive

ADDITIONAL POSTS TO DELIVER THE HOUSING DELIVERY PROGRAMME

1. Purpose of report

To seek committee approval for the appointment of 2 new fixed term posts in the Housing and Legal Services departments to assist in the delivery of the housing delivery programme.

2. Background and detail

The Housing Delivery Plan was approved by Housing Committee and the Finance and Resources Committee in the summer of 2019. A key component of the 1st phase of the housing delivery plan is the purchase of mainly ex-council houses for the HRA. The advantage of this approach is that it can provide additional affordable housing quickly and at reasonable cost. This is particularly important in the early years of the plan as new build developments take time to progress and therefore will mainly be delivered after year 2/3 of the programme.

To date 3 properties have been purchased for the HRA and a further 4 are in the process of being purchased with several others in the pipeline. Over £1.1 million has been allocated for buybacks in the 2019/20 capital programme with a further £1.5m allocated per annum from 2020/21 to 2022/23.

It has become clear that to deliver this programme effectively will require additional in-house legal and housing resources. This increase in resources is particularly required if the Council wants to accelerate the buybacks in the early years of the Housing Delivery Plan in order to deliver the annual target of 20 new homes for the HRA. The following additional resources would be required;

- a) Legal Officer – Full time (37 hours) fixed term contract for 2 years - Grade 7,
- b) Housing Acquisition Officer - Full time (37 hours) fixed term contract for 2 years – Grade 5,

Without these post the Council will not be able to process and identify sufficient opportunities for the acquisition of existing homes for the HRA as per the 2019-23 Capital Programme and the 2019-23 allocated budget will therefore be underspent. Without these posts the delivery of the adopted housing delivery programme (which in the early years is reliant on buybacks) will be adversely affected.

In addition to the RTB buyback programme, the Council's new build programme requires considerable administrative support. The legal work required for the new build programme is also considerable including undertaking the required due diligence work to ensure that the developments can proceed. Both these posts will work with the interim Housing Delivery Manager to progress the Council's new build programme.

3. Financial Implications

The financial implications are included in the appendix.

RECOMMENDATION

The Committee is asked to RESOLVE that:

- a) That a new post of legal officer (37 hours), comprising of a 2 year fixed term contract, be established in Legal Services,
- b) That a new post of Housing Acquisition Officer (37 hours), comprising of a 2 year fixed term contract, be established in Housing Services.

Background papers – Nil

APPENDIX

Financial Implications

As both roles would be exclusively involved in the delivery of a scheme (acquisition of properties) within the HRA capital programme, it is envisaged that the salary and on costs (employer's national insurance and superannuation) would be charged to the HRA capital programme and be funded from receipts from the sale of right to buy properties.

Assuming a 2% pay award from April 2020, the estimated annual costs of the posts are as follows,

1) Legal Officer

1 FTE at bottom of grade 7 (SCP 31)	£30,700*
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2) Housing Acquisition Officer

1 FTE at bottom of grade 5 (SCP 21)	£25,700*
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* Including employer's national insurance and superannuation.

Report of the Strategic Director

WORK PROGRAMME

1. Purpose of report

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

2. Background

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.

Date:	Task:
1 July 2020	<ul style="list-style-type: none"> • Beeston Square Progress Report • Peer review report • RIPA annual report • Health and Safety annual report
1 Oct 2020	<ul style="list-style-type: none"> • Beeston Square Progress Report • Shared services annual report • Customer services strategy • Communications Strategy review • Digital Strategy review
2 Dec 2020	<ul style="list-style-type: none"> • Review of Corporate Plan • Beeston Square Progress Report • Business Plans/financial estimates 2021/22-23/24 • ICT Strategy review
24 March 2021	<ul style="list-style-type: none"> • Beeston Square Progress Report • Equality annual report

Recommendation

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

Background papers

Nil

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