

The background of the entire page is a dense field of white umbrellas, viewed from above. The umbrellas are arranged in a somewhat regular pattern, creating a textured, geometric pattern. In the lower-middle section of the page, one umbrella stands out as a vibrant red color, contrasting sharply with the surrounding white ones.

INTERNAL AUDIT PROGRESS REPORT

RUSHCLIFFE BOROUGH COUNCIL

2024/2025

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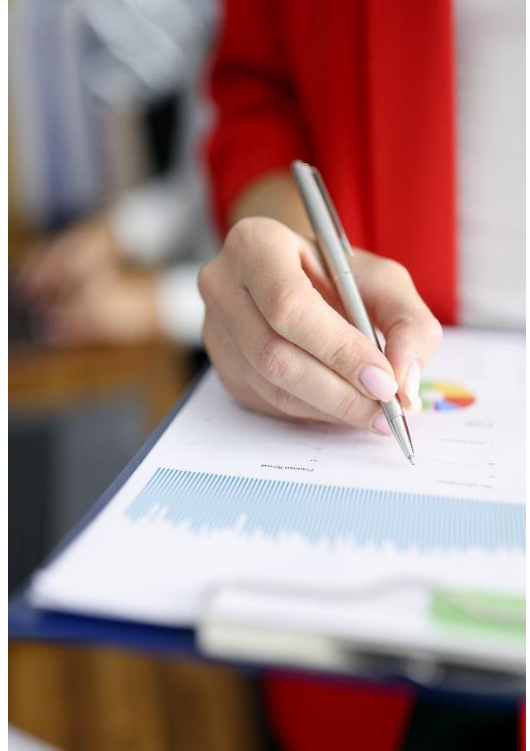
SUMMARY OF 2024/2025 WORK

INTERNAL AUDIT

This report is intended to inform the Governance Scrutiny Group of progress made against the 2024/2025 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



2024/2025 INTERNAL AUDIT PLAN

We continue to make good progress in the delivery of the 2024/25 audit plan and remain on schedule with our planned internal audit delivery. We are pleased to present the following final report to this Governance Scrutiny Group meeting:

- ▶ Carbon Management Action Plan
- ▶ Housing Benefits.

We have commenced fieldwork for 2024/25 audits and anticipate presenting the following final reports at the next Governance Scrutiny Group meeting:

- ▶ Disabled Facilities Grant
- ▶ Equality, Diversity and Inclusion.

NEW GLOBAL INTERNAL AUDIT STANDARDS

In January 2024, the Institute of Internal Auditors (IIA) published the new Global Internal Audit Standards (GIAS) to replace the International Professional Practices Framework with effect from January 2025. This was followed by the publication of the Internal Audit Code of Practice by the Chartered Institute of Internal Auditors in the UK in September 2024, applicable to internal auditors in financial services, private and third sectors with effect from January 2025, however this was not drafted with the public sector in mind.

In December 2024, the Internal Audit Standards Advisory Board (IASAB) published Application Note Global Internal Audit Standards in the UK Public Sector. This, together with the GIAS, comprises the "Public Sector GIAS", which will replace the current Public Sector Internal Audit Standards from 1 April 2025. The Application Note sets out the expectations of internal audit providers and chief audit executives under the

new standards. Auditors working in the UK public sector must follow the requirements of the GIAS subject to the interpretations and additional requirements set out in the Application Note.

BDO participated in the consultation process for the new Application Note. Ahead of the application date, we are reviewing our existing processes to evaluate any changes or amendments needed but remain confident that our existing processes will meet the new requirements with minimal change. The requirements of the new Public Sector GIAS will be explicitly outlined in the final version of our Internal Audit Plan for 2025/26, within our Internal Audit Charter.

REVIEW OF 2024/2025 WORK

AUDIT	GOVERNANCE SCRUTINY GROUP	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Budgetary Control	September 2024	✓	✓	✓	S	S
Main Financial Systems	September 2024	✓	✓	✓	M	S
Fraud Report	September 2024	✓	✓	✓	N/A	N/A
Workforce and Succession Planning	September 2024	✓	✓	✓	S	S
Cyber Security	November 2024	✓	✓	✓	S	M
Housing Benefits	February 2025	✓	✓	✓	S	S
Carbon Management Action Plan	February 2025	✓	✓	✓	S	M
Equality, Diversity and Inclusion (EDI)	February 2025 June 2025	✓	✓	✓	The report currently remains in draft	
Disabled Facilities Grant (DFG)	February 2025 June 2025	✓	✓			

CARBON MANAGEMENT ACTION PLAN

CRR REFERENCE: 38 - FAILURE TO DELIVER THE CARBON MANAGEMENT PLAN OBJECTIVES.

Design Opinion	● Substantial	Design Effectiveness	● Moderate
Recommendations	● 0	● 2	● 0

SCOPE

BACKGROUND

- ▶ Rushcliffe Borough Council (the Council) has made a commitment to work towards becoming carbon neutral by 2030 for its own operations, and to support residents and businesses in reducing their carbon footprint.
- ▶ The Council has developed a Carbon Management Action Plan (CMP) to achieve these goals.
- ▶ The Council has published a Climate Change Strategy which runs from December 2021 to December 2030 and, along with the Carbon Management Action Plan, is regularly reviewed by the Council’s Community Scrutiny Group on an annual basis.
- ▶ In 2022, BDO undertook an Environment audit, for which the Council was given a substantial assurance opinion in relation to the design of controls due to the extensive plans in place (including the CMP) and a moderate assurance opinion in relation to operational effectiveness of those controls because of the data quality in relation to emissions and other findings relating to the potential improvements that could be implemented to help fully realise the ambitious plans. These included monitoring the progress of actions and creating tangible milestones that will enable Members to measure how successfully the CMP is progressing and strengthening the decision-making processes.

PURPOSE

- ▶ The purpose of the audit was to provide assurance on the effectiveness of the Council’s Carbon Management Action Plan and its implementation and identify areas for improvement in the governance, management, and monitoring of the plan, as well as the alignment between the plan and the Council’s budget. We did not provide assurance on whether the Council is likely to hit its carbon neutral target.

AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ We reviewed the Carbon Management Action Plan and assessed whether it is specific, measurable, achievable, relevant and time-bound (SMART), has been approved at the appropriate level and is robust. We reviewed reporting and performance targets to assess whether they are accurate and monitored by management.
- ▶ We reviewed a sample of completed actions to verify the accuracy of their reported status.
- ▶ We examined the costing and budgeting processes for the Carbon Action plans and how the Council consider environmental impacts within decisions.

We identified the following areas of good practice:

- ▶ In March 2020, the Cabinet approved of the Council’s target to become carbon neutral by 2030 and granted delegated authority to the Communities Scrutiny Group to

AREAS OF STRENGTH

annually scrutinise the delivery and update of the Carbon Management Action Plan Tracker.

- ▶ We reviewed the meeting pack for the March 2024 Communities Scrutiny Group where the last annual review of the plan was undertaken. Risks, uncertainties and financial implications were discussed.
- ▶ The Carbon Management Action Plan Tracker is well structured, with a section for responsible individual, timescale, estimated carbon dioxide equivalent (CO2e) saving, estimated cost, status, latest update and evidence for each action.
- ▶ It splits Council activities into the categories Property Assets; Policy & Regulation; Contracts & Procurement; Fleet & Transport; Waste & Recycling; Operational Activities and Offsetting, which allows for clear accountability and encouraging this agenda to be embedded across all Council service areas.
- ▶ This tracker also includes a dashboard which shows:
 - Scope 1, 2 and 3 emission values, comparing these to 2008/09 figures and breaking these down between scope. This shows that as of September 2024, scope 1 and 2 emissions are down by 32% from 2008/09 and scope 3 is up by 19% (although this is likely due to the Council more accurately identifying its scope 3 emissions).
 - The tonnes of carbon dioxide equivalent (tCO2e) from the Council’s own operations (scope 1, 2 and 3) are broken down by area (such as fleet and machinery and gas for own consumption). This shows that gas consumption from externally managed leisure centres is the highest emission area.
 - A graph of tCO2e emissions since 2008/09 with a trendline estimates that the Council will hit net zero, within its own operations and with offset included, within 2027/28 and so shows that the Council is on target to become carbon neutral by 2030. However, we did not provide assurance on whether the data is correct, or the Council is likely to hit its carbon neutral target.
 - Action progress is detailed for all actions and by area, showing that 38% of actions in the tracker are complete and 5% have not yet started. However, we understand that some actions have been removed from the tracker (see finding 1).
- ▶ Costs for each action are estimated when actions are first identified using previous contracts or other knowledge, and these costs are then updated within the action plan as more information is obtained. When the actions come from projects within the annual capital programme, these projects are costed through the process of an appraisal to Cabinet and are included within the annual budget.
- ▶ In March 2020, £1m was put towards a Climate change Reserve within the 2020/21 budget and this reserve is topped up at the annual budget approval process. The Council maintains a Climate Change Reserve Monitoring workbook which is updated monthly by the Capital team and is discussed in monthly meetings between the Finance Business Partner - Capital and the Communities Manager. From the October 2024 version of this workbook, the balance as of 31 March 2024 was £201k and the projected balance as of 31 March 2025 is £1.3m. This reserve monitoring workbook details all inputs and outputs from the Climate Change reserve, commitments, and schemes funded from other funds. Approval pathways for spending out of the reserve are detailed on the reserve monitoring spreadsheet.

 **AREAS OF CONCERN**

Finding	Recommendation and Management Response
Actions in the Carbon Management Action Plan are not all SMART and some actions have been removed from the action plan tracker since the update to the March 2024 Communities Scrutiny Group, without a formal change control process Furthermore, some actions have related carbon savings when the action is only to ‘investigate’ a solution	A. Review all actions, and any new actions, to ensure these are SMART. This review could be undertaken through the Carbon Reduction_Working Group to ensure all services input into this exercise and have accountability. B. The Communities Manager should include progress status options such as

	<p>rather than implement it (Finding 1 - Medium).</p>	<p>‘investigated and not taken forward’ with a reason why, and a date at which actions are completed (such as ‘complete 2023/24’) to filter out less relevant actions rather than remove them altogether.</p> <p>C. Ensure actions to ‘investigate’ do not have associated carbon savings. Once the investigation is complete; a follow up action should be added to undertake the solution, and this action should have the associated carbon savings and be monitored separately. Again, this review could be undertaken through the Carbon Reduction Working Group to ensure all services input into this exercise and have accountability.</p> <p><u>Management Response</u> Recommendations are accepted and the refinement to the action plan will be incorporated over the next quarter to provide a golden thread for audit on our journey to Carbon Neutrality.</p> <p>Target date: 30 April 2025</p>
	<p>It is unclear whether performance targets are sufficiently monitored for each action due to a lack of meeting minutes at the quarterly Carbon Reduction Working Group. Furthermore, meeting minutes would be useful to evidence discussion of environmental considerations for non-key operation decisions (Finding 2 - Medium).</p>	<p>A. The Carbon Reduction Working Group should keep an action log with a responsible officer and target completion date for all actions arising from the meetings. This should be reviewed and updated at the start of each meeting.</p> <p>B. Meeting minutes should be taken for the Carbon Reduction Working Group. To save time, this could be done in note form rotating the minute taker, or as the meeting is via Microsoft Teams, the transcription could be downloaded after each meeting.</p> <p><u>Management Response</u> Recommendation 2a is agreed in full and 2b is agreed in part: The Team Manager for Environment will produce an action Log as per the recommendation for each carbon reduction working group meeting which will be reviewed at the start of each meeting.</p> <p>It is proposed that meeting will be recorded using MS Teams with a transcription download as a pilot over the next year. This would then be retained for two years for audit purposes. The reason it is a pilot is to understand the storage data requirements of implementing this policy as we don’t want to increase carbon by keeping data for longer than is required.</p>

Target date: 31 May 2025

**CONCLUSION**

- ▶ The Council's Carbon Management Action Plan has a comprehensive structure with all areas we would expect to see covered. However, this is not always completed correctly, and some actions have been removed from the plan, meaning there is no clear audit trail for monitoring and reporting purposes (see finding 1).
- ▶ The Carbon Clever Progress Dashboard enables figures and trends related to carbon targets to be reported and broken down by scope and area for additional detail. It shows that the council is on track to hit net zero by 2030.
- ▶ Annual reporting to the Communities Scrutiny Group was sufficient. However, we were unable to evidence monitoring of performance for all actions due to a lack of meeting minutes for the Carbon Reduction Working Group.
- ▶ We therefore conclude substantial assurance on the design of the controls and moderate assurance on the effectiveness of the controls in place to hit the Council's 2030 carbon neutral target using the Carbon Management Action Plan and its implementation and management.

HOUSING BENEFITS

CRR REFERENCE: FRAUD IDENTIFICATION - INADEQUATE OR POORLY EXECUTED INTERNAL CONTROLS FAILING TO PREVENT OR DETECT FRAUD MAY LEAD TO FINANCIAL AND/OR REPUTATIONAL LOSSES.

Design Opinion	● Substantial	Design Effectiveness	● Substantial
Recommendations	0	0	2

SCOPE

BACKGROUND

- ▶ Rushcliffe Borough Council (the Council) submit housing benefits payments to support eligible applicants to pay rent where an individual is unemployed, on a low income or claiming other benefits (ie Universal Credit). This is a means tested benefit, with the eligibility criteria for the receipt of housing benefits set nationally by central government. This guidance includes circumstances where an applicant may not be eligible for housing benefits (see: <https://www.gov.uk/housing-benefit>).
- ▶ Housing Benefit is in the process of being slowly phased out for most new claims nationally, and replaced by Universal Credit, which is managed by the Department for Work and Pensions (DWP). The transition is not fully complete and further migration notices were issued this year by the Government. Housing Benefit remains in place for pensioners and those claiming for supported accommodation.
- ▶ The Council spends around £11m a year on Housing Benefit. It uses the Capita system to process new claims and changes in circumstances, and the Northgate system for document management. The Benefits team is responsible for all aspects of service delivery to administer benefits, including all actions required to recover overpayments and investigate fraudulent claims. The Benefits team focuses on processing new benefit claims and changes in circumstances in accordance with local performance indicators and these are monitored on a quarterly basis by the Council.
- ▶ Individuals receiving Housing Benefit must inform the Council of any changes in circumstances that may affect their entitlement to housing benefits, such as moving home or changes to their partner’s or dependent/non-dependent children’s living status.
- ▶ There are currently 326 outstanding overpayments of Housing Benefit amounting to £624,413, of which 34 are over £5,000. The Council complete a write off process once or twice a year to write-off any overpayments that are considered irrecoverable. These must be approved by the Lead Specialist Benefits for write-offs under £5,000 and by the Section 151 Officer for write-offs over £5,000. There were £8,867 and £7,750 of overpayments written off in October and November 2024 respectively.

PURPOSE

- ▶ The purpose of the audit was to provide assurance over the adequacy and effectiveness of the key processes and controls in place for the processing and payment of Housing Benefit claims, including changes in circumstance applications.

AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ Verification processes in place that confirm the completeness and validity of the information provided by Housing Benefit claimants by conducting a walkthrough of

the processes and confirmed these were being appropriately followed in our sample test of Housing Benefit claims.

- ▶ The Council's website and suite of staff policies assess whether there was clear guidance for claimants on how to submit claims and eligibility requirements and for staff to assess claims.
- ▶ A sample of ten new claims and ten change in circumstances applications to verify whether these were processed accurately and in a timely manner (or confirmation that they had been subject to a quality check).
- ▶ Controls for processing of amendments to claimant details and retention of documentation to evidence the changes. This included approval processes to confirm that changes to claimant's payment details were only be made once it had been authorised by an appropriate member of staff.
- ▶ Quality assurance controls for monitoring processing times in accordance with service standards.
- ▶ The process for checking and evidencing claims and actions taken to address issues identified. We assessed whether these were clearly documented to support effective oversight.
- ▶ Walkthrough and enquiry about controls in place to cancel Housing Benefit claims where claimants have been set up to receive Universal Credit.
- ▶ Processes for identifying and recovering Housing Benefit overpayments in a timely manner.
- ▶ A sample of eight Discretionary Housing Payments (DHPs) to assess whether these were processed in accordance with the Council's policies and procedures.
- ▶ Walkthrough of the payment run process, including the past three payment runs, to assess whether the necessary checks and authorisations were obtained before payments were made to claimants.
- ▶ A sample of overpayment write-offs to assess whether these were approved in accordance with the Scheme of Delegation.




AREAS OF STRENGTH


We identified the following areas of good practice:

- ▶ There were clear instructions and guidance on the Council's website relating to the eligibility for Housing Benefit and how to submit a claim. An online form is available on the website for eligible individuals to submit a Housing Benefit claim, along with a suite of policies to advise customers.
- ▶ Internal policies and procedure notes were available to staff to process new claims or change in circumstance applications. There was also guidance on how to process claims using the Capita system to support staff. The Council have a well-established team with limited turnover, so staff are familiar with procedures.
- ▶ To prevent duplicated payments being made to recipients of Housing Benefit and Universal Credit, the Council submit monthly data to the DWP to review and report back any duplicated payments. We reviewed the DWP returns for September to November 2024 and confirmed that duplicates were actioned and payments stopped promptly.
- ▶ We reviewed ten new Housing Benefit claims between April and November 2024 and identified that:
 - Claims were consistently checked by a Team Leader, with one exception where a complex case was processed by a Team Leader
 - Claims were processed within 13 days. There were two exceptions, but these were due to delays in applicants responding to the Council with further information, which is outside of the Council's control
 - In all instances there was evidence that the Council had obtained proof of income from HMRC for the applicant

- Searchlight checks were performed in most cases, with one minor exception (see Finding 1 for details of this case).
- ▶ We reviewed ten change in circumstance requests between April and November 2024 and identified that there was evidence to support the reason for the change in circumstances in all instances
- ▶ The Lead Specialist Benefits reports bi-monthly to the Executive Management team and quarterly to the Corporate Overview Group on performance against the Housing Benefits budget and service standards. This supports adequate oversight and escalation of performance.
- ▶ A separate report is prepared for managers in the Benefits team to identify outcomes of checks completed on processed claims. They record the number of checks that resulted in no changes made and those where changes were required, to inform future training needs and staff development.
- ▶ Weekly Housing Benefit payment runs are prepared by a Team Leader and approved by the Lead Specialist Benefits, maintaining a separation of duties and controls to detect inappropriate or inaccurate payments. We reviewed three weekly payment runs on 14th, 21st and 28th November 2024 and confirmed that payments were authorised by the Lead Specialist Benefits before the payment was uploaded to claimants.

 AREAS OF CONCERN	Finding	Recommendation and Management Response
	<p>The Council conduct Searchlight checks of new claimants but do not perform ID checks or review bank statements or payslips to verify the income and investments of applicants. We identified one case where a Searchlight check was not completed as the claimant had been transferred from Universal Credit, so it was assumed that identity checks had been performed by the DWP (Finding 1 - Low).</p>	<p>A. The Accuracy Control Sheet should split out Housing Benefit and Council Tax checks to provide a clear record of which claims have been checked by a Team Leader. This could enable the Benefits team to report on the percentage of overall claims that have been checked.</p> <p>B. The Council should review its processes for performing identity checks and income/investment checks, alongside Searchlight checks, to obtain assurance that claimants are eligible. It should review the government's guidance on its website to assess the full list of suggested ID for checking.</p> <p><u>Management Response</u></p> <p>A. The Accuracy Control Sheet will have an extra column added from 01/01/25 to show whether the claim is HB on CTR, this will a percentage figure to be calculated.</p> <p>B. With regards to performing identity checks - if the claimant is in receipt of a passported benefit, such as Universal Credit, the Searchlight check, or UC file provided by the DWP is sufficient evidence to confirm the claimants identity - you cannot claim a passported benefit from the DWP without passing their ID security checks. For other non-UC / passported benefit claims, such as a pensioner who just receives their state pension, we would check Searchlight to</p>

		<p>verify their state pension and NINO and ask for another form of ID from the prescribed list. It was maybe not made 100% clear this is what the team ask for when the audit was being carried out, most of the claims we deal with are now UC based or receive a passported benefit. This is very different to a few years ago before UC was implemented, and we would be asking most claimants to provide additional evidence of their ID.</p> <p>Target date: 1 January 2025</p>
	<p>DHPs are not subject to a separate review or approval to ensure that these are being consistently accepted or rejected in accordance with the policy (Finding 2 - Low).</p>	<p>A sample of successful DHP claims should be reviewed by the Lead Specialist Benefits to moderate decision making to maintain consistency over the acceptance of DHPs. We understand that the Lead Specialist Benefits was considering implementing this process prior to this audit.</p> <p>There is already an appeals process for unsuccessful applications, therefore, this review should be limited to successful applications only.</p> <p><u>Management Response</u></p> <p>From 1 January 2025 a sample check will be conducted on successful DHP applications - this will be conducted monthly. The control spread sheet will be updated and a note annotated to the DHP summary sheet regarding the management check.</p> <p>Target date: 1 January 2025</p>

 CONCLUSION	<p>We conclude that the Council has a substantial design and effectiveness of controls for its management of Housing Benefit.</p> <p>There were clear policies and procedures for processing Housing Benefit claims, with defined roles and responsibilities of the Benefits team. This was supported by reporting to the Executive Management team and the Corporate Overview Group to monitor performance for processing claims and changes in circumstances.</p> <p><u>Control Design</u></p> <p>The control design is Substantial because there was a sound system of internal control designed to achieve system objectives. We have raised one exception relating to the absence in performing physical ID checks or obtaining bank statements from claimants. However, there were suitable arrangements for engaging with the DWP to identify duplicate payments for Housing Benefit, ie where the individual is claiming a similar benefit for Universal Credit. Additionally, robust processes were in place for quality checking of benefits claims to identify opportunities for improvement and training.</p> <p><u>Control Effectiveness</u></p> <p>The control effectiveness was Substantial as controls that are in place were being consistently applied.</p>
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Across our sample of new benefit claims and changes in circumstance, these were generally processed in line with service standard targets and separation of duties were implemented, where appropriate.

Furthermore, weekly payment runs were uploaded and approved with a separation of duties. Adequate action was taken to recover Housing Benefit overpayments in the cases we reviewed.

LOCAL GOVERNMENT SECTOR UPDATE

Our monthly local government briefing summarises recent publication and emerging issues relevant to local authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers and Governance Scrutiny Group members.

SECTOR UPDATE
<p>PROCUREMENT</p> <p>TRANSFORMING PUBLIC PROCUREMENT: PROCUREMENT ACT 2023 - SECONDARY LEGISLATION AND GO-LIVE</p> <p>On Monday 9 December, the Procurement Act 2023 (Consequential and Other Amendments) Regulations 2025 were laid in Parliament. These regulations primarily make technical amendments to references to the existing procurement regulations in other legislation and are the last that are needed to enable go-live in February 2025.</p> <p>The Procurement Act 2023 (Consequential and Other Amendments) Regulations 2025 Public Procurement Reform - Hansard - UK Parliament</p> <p>FOR INFORMATION: Governance Scrutiny Group and Senior Managers</p>
<p>FINANCIAL SETTLEMENTS</p> <p>LGA STATEMENT ON PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT</p> <p>The local government finance settlement is the annual determination of funding to local government from central government. This briefing covers the provisional local government finance settlement for 2025/26 which was announced on 18 December 2024. We expect the final 2025/26 settlement to be laid before the House of Commons, for its approval, in late January or early February 2025.</p> <p>The Governments figures indicate that total Core Spending Power will rise by 6.0 per cent in 2025/26. Core Spending Power consists of:</p> <ul style="list-style-type: none"> ▶ Settlement Funding Assessment (which consists of Revenue Support Grant, and the baseline funding level). ▶ Income from council tax assuming that the tax base grows, and Councils increase council tax by the maximum possible allowable under council tax referendum principles. ▶ Compensation for under-indexing the business rates multiplier. ▶ Social Care Grant. ▶ Local Authority Better Care Grant. ▶ Adult Social Care Market Sustainability and Improvement Fund. ▶ Children’s Social Care Prevention Grant. ▶ New Homes Bonus. ▶ Recovery Grant. ▶ Domestic Abuse Safe Accommodation Grant will be consolidated as a new, separate line in the settlement, maintaining its existing distribution. ▶ A funding floor, to ensure that no local authority sees a reduction in their Core Spending Power in 2025/26, after accounting for council tax levels. <p>Core Spending Power does not include the £515 million funding for National Insurance or a £13 million uplift to the Children’s Social Care Prevention Grant.</p>

The Government has held back some grant funding as a contingency. The Government will make clear how this contingency funding will be allocated at the final settlement. Detailed Core Spending Power figures are included in Annex A.

Employer National Insurance Contributions

The Government has announced that:

- ▶ £515 million of new funding will be provided to support Councils with the costs associated with the increase in employer National Insurance Contributions (NICs). Individual allocations will be based on 2023/24 Revenue Outturn data and published at the final settlement. A methodology note has been published as part of the provisional settlement.
- ▶ The £515 million in new funding for NICs has not been included in Core Spending Power. The Government has said this funding will be reflected in Core Spending Power figures at the final settlement.

Council tax

The Government has announced the following referendum principles for 2025/26:

- ▶ A core referendum principle of up to 3 per cent will apply to shire County Councils, shire unitary authorities, metropolitan districts and London boroughs.
- ▶ Shire districts will have a referendum principle of up to 3 per cent or £5, whichever is higher.
- ▶ Social care authorities will be able to set a 2 per cent adult social care precept without a referendum (in addition to the existing basic referendum threshold referred to above).
- ▶ Fire and Rescue Authorities will have a principle of £5.
- ▶ £14 for police authorities and police and crime commissioners (PCCs) including the PCC component of the Greater Manchester, West Yorkshire and York and North Yorkshire Combined Authorities' precepts.
- ▶ The non-police element of the Greater London Authority (GLA) will have a referendum principle of 3 per cent.
- ▶ There will be no referendum principles for mayoral combined authorities (MCAs) except where the Mayor exercises police and crime commissioner functions. In these cases the PCC principle will apply. There are no referendum principles for parish and town Councils.

The Government has announced that where a Council in need of exceptional financial support views additional council tax increases as critical to maintaining their financial sustainability, the Government will continue to consider requests for bespoke referendum principles. Local proposals will be considered on a case-by-case basis.

The Government expects that additional increases would only be agreed in exceptional circumstances, and following careful consideration of a Councils' specific circumstances, such as their existing levels of council tax relative to the average, the potential impact on local taxpayers, and the strength of plans to protect vulnerable people.

[Provisional Local Government Finance Settlement 2025/26: On-the-day factual briefing | Local Government Association](#)

[FOR INFORMATION: Governance Scrutiny Group and Senior Managers](#)

PLANNING POLICY AND DEVELOPMENT

LGA RESPONDS TO CHANGES TO NATIONAL PLANNING POLICY FRAMEWORK

The Ministry for Housing, Communities and Local Government (MHCLG) published its revised **National Planning Policy Framework (NPPF)** on 12 December 2024.

Alongside the revised NPPF, additional documents have also been published and can be found [here](#). These include:

- ▶ Government response to the proposed reforms to the National Planning Policy Framework and other changes to the planning system consultation
- ▶ Indicative local housing need (December 2024 - new standard method)
- ▶ Updated Planning Practice Guidance (PPG).

Key reforms to the planning system or National Planning Policy Framework (this is not an exhaustive list):

▶ **Reintroduction of Mandatory Housing Targets**

The Government intend to make the changes set out in the consultation, reversing the changes made in December 2023 to what was previously paragraph 61 regarding the word ‘advisory’ and removing the reference to the exceptional circumstances in which the use of alternative approaches to assess housing need may be appropriate. Revised planning practice guidance on assessing housing needs and additional guidance on setting a housing requirement have been published.

▶ **Restoration of Five-Year Housing Land Supply Rules**

The Government confirmed that local planning authorities are again required to demonstrate a five-year housing land supply. There are many authorities whose local housing need figures will be substantially larger than their adopted or emerging local plan housing requirement figures, and to help close the gap, Government are introducing a new requirement that authorities with plans adopted under the old standard method must provide an extra year’s worth of homes in their 5-year housing pipeline.

▶ **A new Standard Method**

The Government will take forward the proposals to introduce a new standard method that uses housing stock to set a baseline figure. The method will use 0.8% of existing stock as the baseline. As noted in the consultation, over the last 10 years housing stock has grown nationally by around 0.89%. Setting a baseline of 0.8% provides a consistent base for growth, which is then increased to reflect housing affordability pressures, setting ambitious expectations across the country while directing housing to where it is most needed.

▶ **Localisation of planning fees**

The government have announced their intention to take forward measures in the proposed Planning and Infrastructure Bill to introduce a power for local planning authorities to be able to set their own fees. As part of these proposals, it will conduct a comprehensive review of all national fees to establish a robust baseline for full cost recovery of fees and to inform a national default fee. The government intends to pursue a model that would enable local variation from a national default fee. In varying or setting their own fees, local authorities will not be able to be set fees above costs.

▶ **Funding to support local authorities**

The Government has announced funding to support local plan delivery which will provide a direct financial contribution to local authorities that are at an advanced stage of the local plan making process (Regulation 19 stage), and that will need to revise their draft plans to accommodate the increase in their Local Housing Need figures as a result of changes in the revised NPPF. Local authorities that meet the eligibility criteria will be able to submit an Expression of Interest (EoI) to receive a share of this funding.

Revisions to the National Planning Policy Framework (NPPF) and other announcements on planning reform
| Local Government Association

FOR INFORMATION: Governance Scrutiny Group and Senior Managers

HOUSING, PLANNING AND HOMELESSNESS

Local government shares the collective national ambition to tackle their local housing crisis, which will only be achieved with strong national and local leadership working together. As house builders, housing enablers, and landlords; as planners, place-shapers, and agents of growth, transport and infrastructure; as responsible guardians to the vulnerable and the homeless; and as democratically accountable to communities - local government is at the heart of the housing solution.

- ▶ Council Housing Revenue Accounts (HRAs) are under severe financial strain. Owing to significant expenditure pressures councils’ have not been able to reduce their operating spend in line with the fall in their income. As a consequence, debt servicing costs now account for a growing share of HRA ‘surpluses’ where they still exist. An increasing number of councils have had to address end of year deficits by drawing on their dwindling reserves. At the same time, councils’ ability to supplement their HRA capital programmes from their revenue resources has been severely curtailed.

- ▶ We support the principle of a multi-year rent policy to give registered providers, lenders and investors more confidence to commit the investment needed for both existing and new social homes.
- ▶ To really strengthen and provide stability to Housing Revenue Accounts (HRAs), a minimum 10-year rent settlement is needed, alongside restoration of the lost revenue due to the rent cap in 2023/24, new burdens funding for new responsibilities and a review of the self-financing settlement of 2012.
- ▶ Council Housing Revenue Account’s need CPI+1 per cent for 10 years as an absolute minimum, but this will still result in a national Housing Revenue Account deficit and is highly unlikely to support an uptick in new build.
- ▶ The LGA therefore strongly advocates for the reintroduction of convergence of rents to formula rents. This should be in addition to CPI+1 per cent for a minimum of 10 years.
- ▶ Rent convergence at either an additional £2 or £3 week delivers cumulative surpluses of up to £1.0 billion by 2036/37, potentially enabling all existing stock pressures to be addressed with some capacity for additional development.

LGA submission to MHCLG’s consultation on future social housing rent policy | Local Government Association

FOR INFORMATION: Governance Scrutiny Group and Senior Managers

LOCAL GOVERNMENT REFORM

ENGLISH DEVOLUTION WHITE PAPER

On 16 December 2024, the Government published the English Devolution White Paper to widen devolution across the country by introducing Strategic Authorities. This forms part of its local government reorganisation.

The Government has announced that it will legislate for the concept of Strategic Authorities. Each Strategic Authority will belong to one of the following:

- ▶ **Foundation Strategic Authorities:** these include non-mayoral combined authorities and combined county authorities automatically, and any local authority designated as a Strategic Authority without a Mayor.
- ▶ **Mayoral Strategic Authorities:** the Greater London Authority, all Mayoral Combined Authorities and all Mayoral Combined County Authorities will automatically begin as Mayoral Strategic Authorities.

This includes the East Midlands Combined Authority. The proposals would reduce the number of local authorities by creating unitary authorities across larger geographical areas.







It was announced on 16 January 2025 that leaders of all nine councils across Nottinghamshire and Nottingham have agreed to work together on a response to the Government’s invitation for local government reorganisation. Detailed testing of options are being undertaken by a team across all nine authorities with initial responses set to be announced in March 2025.

The Local Government Minister said on 22 January 2025 “There is a requirement that we bring to an end the two tier system and councils will be required to reorganise”.

English Devolution White Paper: Ministry of Housing, Communities and Local Government





FOR INFORMATION: Governance Scrutiny Group and Senior Managers

KEY PERFORMANCE INDICATORS




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Governance Scrutiny Group meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner and/or the Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to ‘generally conform’ (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	
Quality of work	We have received two responses to our audit satisfaction surveys for 2024/25 reviews, with an average score of 4.5/5 for the overall audit experience and for the value added from our work. This is lower than we would expect and we will work with the management team to increase the number of responses to our surveys.	  
Completion of the audit plan	We have progressed our work on the 2024/25 Internal Audit Plan with the remaining audits due to be reported to the June 2025 Governance Scrutiny Group meeting with our Head of Internal Audit Opinion.	

APPENDIX I

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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