BDO

INTERNAL AUDIT PROGRESS REPORT

RUSHCLIFFE BOROUGH COUNCIL

2024/2025

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CONTENTS

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.
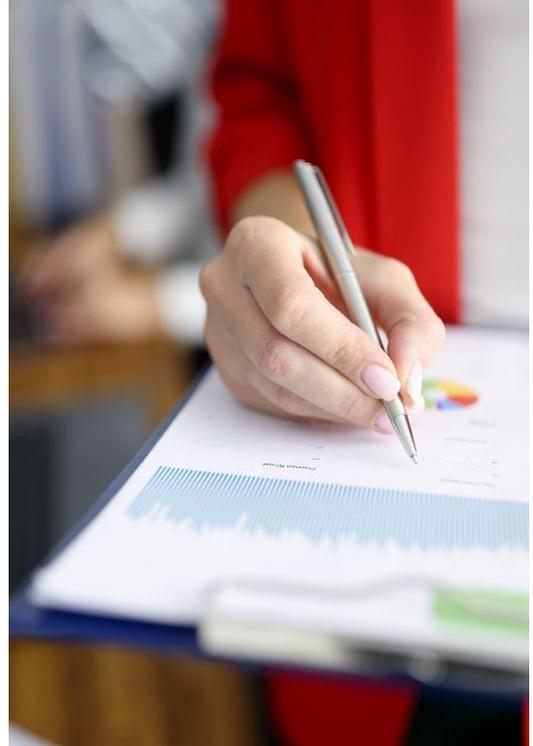
INTERNAL AUDIT METHODOLOGY

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 reports to this Governance Scrutiny Group meeting:

- ▶ Equality, Diversity and Inclusion (EDI)
- ▶ Disabled Facilities Grant (DFG)
- ▶ Fraud Report.

We have commenced our planning and delivery for the 2025/26 audit plan and anticipate the following final reports will be presented at the next Governance Scrutiny Group meeting:

- ▶ Main Financial Systems.

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	✓	✓	✓	S	M
Fraud Report	September 2024	✓	✓	✓	N/A	N/A
Workforce and Succession Planning	September 2024	✓	✓	✓	S	S
Cyber Security	November 2024	✓	✓	✓	Confidential	
Housing Benefits	February 2025	✓	✓	✓	S	S
Carbon Management Action Plan	February 2025	✓	✓	✓	S	M
Equality, Diversity and Inclusion (EDI)	~~February 2025~~ June 2025	✓	✓	✓	Advisory Report	
Disabled Facilities Grant (DFG)	~~February 2025~~ June 2025	✓	✓	✓	S	M

EQUALITY, DIVERSITY AND INCLUSION

CRR REFERENCE: EQUAL PAY CLAIM AND INSUFFICIENT STAFF CAPACITY – SKILLS, KNOWLEDGE, ETC.

SCOPE	

BACKGROUND

▸ The Public Sector Equality Duty (PSED, or "the duty"), which applies in Great Britain (England, Scotland and Wales), requires public authorities to have due regard to certain equality considerations when exercising their functions, like making decisions. It requires public authorities to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Equality Act
- Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it
- Foster good relations between people who share a relevant protected characteristic and those who do not share it.

▸ Additionally, an organisation's approach to equality, diversity, and inclusion is indicative of its culture, which is intrinsically linked to its development and performance. It is also integral to service planning to ensure that the Council is able to demonstrate its commitment to integrating equality, diversity, and inclusion into its service delivery.

▸ Rushcliffe Borough Council ('the Council') has an EDI Scheme in place, with a supporting action plan, which has four central aims:

- We want Rushcliffe to be a welcoming place for everyone
- We want our services to be easy to access for all
- We will treat people fairly and aim to meet individual needs
- We aim to make Rushcliffe a place where everyone can achieve their potential.

▸ The Council does not have an EDI Officer and aims to incorporate EDI as business as usual across all roles, meaning there is no specific protected time for working on EDI issues.

▸ However, the Council has an EDI Steering Group, chaired by the Head of Economic Growth and Property and attended by senior staff in HR and across all service areas.

PURPOSE

▸ The purpose of the BDO Equality, Diversity and Inclusion Maturity Assessment is to help ensure an effective approach to Equality, Diversity and Inclusion becomes embedded across the Council by highlighting areas where processes could be improved. As primarily an advisory piece of work assessing the Council's current position against the BDO Equality, Diversity and Inclusion Matrix, this assessment will not generate an assurance opinion.

AREAS REVIEWED

We considered the maturity of the Council's current EDI arrangements by assessment against BDO's EDI maturity model.

The following elements were assessed:

Tone from the Top	▸ Mission, Vision, Values and Strategy
	▸ The Board and Senior Management
	▸ Roles and Responsibilities
	▸ EDI Risk Management

Governance, Compliance and Strategy	‣ EDI Strategy ‣ Operational Planning ‣ Compliance ‣ Pay Gap Analysis ‣ Third parties
Structure	‣ Committees, Networks and Forums ‣ Resources
Policies, Procedures, Training and Development	‣ Policies and Procedures ‣ Training and Development
Measurement, Accountability and Continuous Improvement	‣ Measurement ‣ Accountability ‣ Continuous Improvement

The current and target levels of maturity for each area were assessed in accordance with five categories, defined in Appendix I:

Immature	Aware	Defined	Mature	Continuous Improvement

It is the intention that the results of the EDI Maturity Assessment assist those charged with governance in the further development of an effective and embedded EDI framework.

We have summarised below the current and target maturity levels, based on our work performed and a realistic trajectory of progress for the Council.

	Tone from the Top	Governance, Compliance and Strategy	Structure	Policies and Procedures	Continuous Improvement
Current	Defined	Defined	Defined	Aware	Aware
Target	Mature	Mature	Mature	Defined	Defined

AREAS OF STRENGTH

We identified the following areas of good practice:

Tone from the Top

‣ The Council has stated EDI as one of its core values through the 2021-25 Equality Scheme, which outlines four high-level strategic aims focused on making the Council welcoming, accessible, fair and enabling achievement for all. This commitment is to be reinforced by having EDI embedded as a core value within the People Strategy, with a dedicated strategic theme focused on 'Being Inclusive & Building Diversity.'

‣ The Council demonstrates commitment through structured EDI governance with the EDI Steering Group having cross-departmental representation from key service areas including HR, Community Development, and Communications.

‣ The Council's risk management strategy has a risk appetite statement defining its approach to risk, and it has identified three key equality risks on its corporate risk register, which are regularly monitored through the Risk Management Group, consisting of the Chief Executive and three Directors.

Governance, Compliance and Strategy

‣ The Council has established a robust Equality Impact Assessment (EIA) process with a two-stage approach that ensures thorough evaluation of policy impacts and EDI considerations are embedded in policy and decision-making.

‣ The quarterly EDI Steering Group meetings provide systematic monitoring of action plan progress and its commitment to transparency is evidenced through regular reporting to the Corporate Overview Group with comprehensive documentation of

workforce demographics, gender pay gap analysis, and recruitment diversity statistics.

▸ There is clear alignment with statutory requirements including Public Sector Equality Duty and gender pay gap reporting obligations. Notable progress is evident in the gender pay gap figures, with female mean pay now exceeding male mean pay for the second consecutive year, showing positive outcomes from equality initiatives.

Structure

▸ The Council has implemented effective structural support for EDI through cross-functional collaboration. The EDI Steering Group's quarterly meetings is further supported by East Midlands Councils Equality, Diversity and Inclusion Regional Network, which provides updates on legislation, and knowledge sharing on best practices.

▸ The EDI Steering Group has a clear term of reference and defined reporting lines to the Corporate Overview Group.

▸ The Council successfully delivered cultural initiatives such as the Moon Festival and Lunar New Year events, which attracted significant community participation.

▸ The Council has also made notable progress in improving accessibility, as demonstrated by the installation of changing places facilities across multiple locations within the borough.

Policies, Procedures, Training and Development

▸ The Council demonstrates robust policy framework particularly through its Equality Scheme 2021-25 which provides clear strategic direction, while the Complaints Policy 2024, and the Confidential Reporting (Whistleblowing) Policy effectively outline expected behaviours and protection for those raising concerns.

▸ The Council has embedded EDI considerations within its procurement processes, extending EDI principles to external relationships.

▸ New starters receive scheduled training covering essential EDI topics within their first two months, covering areas such as Disability & Discrimination, Equality Act and Hate Crime awareness training. Additionally, the Council has proactively identified emerging training needs such as British Sign Language for customer-facing staff and neurodiversity awareness for managers.

Measurement, Accountability and Continuous Improvement

▸ The Council exhibits strong data collection practices, maintaining comprehensive workforce demographic data across protected characteristics that enables comparison with borough-wide census statistics. There is systematic tracking of recruitment diversity metrics and gender pay gap analysis demonstrating commitment to evidence-based decision making.

	Finding	Recommendation and Management Response
AREAS OF CONCERN	The Council's Corporate Strategy 2024-27 and Equality Scheme 2021-25 lacks a clear framework connecting EDI objectives, values and day-to-day operations, as there is no defined golden thread linking EDI Scheme to the Corporate Strategy and values. Furthermore, explicit roles and responsibilities are not defined within the Scheme risking disconnecting the EDI initiatives from core business activities and hindering the effective flow of EDI considerations from high-level values to operational delivery. Also, there is no visible senior	1a. The Council should include an Equality action plan within its Corporate Strategy that would be monitored each year, this is to ensure alignment of day-to-day operations to Council strategic objectives. For example: • Ensure recruitment and Selection Training includes training to avoid bias • Provide training and support across services like Customer Service to improve complaint responses in relation to equality related complaints.

executive sponsorship of EDI initiatives and while the Council has an EDI Steering Group, it lacks active staff networks or forums to enable employee voice and engagement with EDI initiatives.	1b. The Council should develop a clear strategic framework that connects the EDI Scheme, Corporate Strategy and values. This would create a golden thread demonstrating how EDI considerations flow from values through to operational delivery.
	1c. The EDI Scheme 2021-25 since coming to an end, the Council should consider updating it to outline clear responsibilities' matrix defining specific EDI duties and accountabilities for: • Senior leadership • Service managers • Line managers • Individual employees • HR/EDI specialists • Elected members
	1d. The Council should consider designating a senior executive team member as EDI sponsor /Champion.
	Management Response 1a. The Council already have an action plan that is reported to Corporate Overview Group and feel this is sufficient (and prior to this reviewed by Directors at EMT) – this includes actions relating to the examples given. When the planned refresh of the Corporate Strategy takes place EDI will be included and linked to the existing action plan. There are few if any equality related complaints and consider this to be a low risk for the Council.
	1b. We feel that a framework is in place but is not documented. When capacity enables, we may look at this.
	1c. When reviewed in 2025/26 we will consider the above but currently have responsibilities highlighted within our action plan.
	1d. Disagree – there is a Cabinet Portfolio Holder that has Equality within his remit. We feel Head of Service is a sufficient level and the fact that reports come to EMT managing Equality and associated risks is a collective responsibility of all of the Directors and this filters down to all levels of management (so there is a golden thread). Council reports have a section that covers equality issues.
	Target dates:

		1a. Not accepted
		1b. September 2026
		1c. April 2026
		1d. Not accepted
	There is a lack of specific, measurable outcomes or outputs for some of the EDI actions in the Council's action plan, making it difficult to assess the true impact of initiatives.	2a. Equality Steering Group to develop and implement a structured action planning framework that requires initiatives to include: a single accountable lead with clearly defined supporting roles; specific quantifiable success measures, KPIs and completion dates. This framework should require actions to be broken down into specific, measurable sub-tasks. The framework should be supported by a quarterly review process where progress against metrics is assessed and reported to the Equality Steering Group. A few actions from the plan have been reformulated below to provide clarity

- Original Action was "Support Councillors to lead on Equality, Diversity and Inclusion by building their knowledge and awareness through training"

Reformulated as "Deliver comprehensive EDI development program for Councillors" by March 2025: To cover mandatory e-learning module to all councillors (by June 2024) and two face-to-face EDI workshops (September 2024 & January 2025. Targeting 90% completion rate for e-learning and 75% attendance at workshops with monthly tracking of completion rates.

Lead: Head of Corporate Services (supported by Learning & Development Team)

- Original Action was "Make sure our conversations with our communities are inclusive and ensuring information on our website and in our communications is clear and accessible"

Reformulated as "Implement an Inclusive Communications Framework by March 2025 with an improved website accessibility score of 95%", by conducting accessibility audit of Council digital channels in Q1, creating inclusive language guide for all staff by Q2 and establish community feedback mechanism by October 2024 to achieve target satisfaction rate of 80% from feedback surveys.

Lead: Communications and Customer Services Manager (supported by Digital Team, Community Engagement Officer).

2b. Equality Steering Group to leverage its Pentana management system to create an EDI performance management system specifically for EDI initiatives that includes: a dashboard of key metrics for each action area; regular data collection and reporting mechanisms; clear escalation routes for actions falling behind schedule to be reviewed quarterly by the Equality Steering Group; and an annual evaluation process that assesses impact and informs future action planning. This system should incorporate both quantitative metrics (such as training completion rates, diversity).

Management Response

2a. This has been actioned.

2b. The Action Plan is on a shared folder on Teams so that all members of the Steering Group can access and update. It is felt that this is sufficient to provide oversight and the ability to effectively monitor and report on the plan.

Target dates:

2a. Complete

2b. Not accepted

EDI training completion rates are low, with only 26.4% of staff having completed Equality Act 2010 training between January 2023 and October 2024 and training contents were not provided for review.

3a. The Equality Steering Group should consider undertaking a self-assessment against the Local Government Association Equality Framework for Local Government (EFLG), This would provide:

- A structured approach to evaluating EDI policies and practices
- Benchmarking opportunities against sector standards
- Clear framework for identifying areas of improvement.

3b. The Strategic HR Manager should implement a comprehensive induction training pack/framework that establishes clear refresher schedules for EDI mandatory training, create role-specific development pathways, and includes robust monitoring systems. This would ensure consistent skill maintenance across the organisation while supporting the Council's broader EDI objectives.

3c. The Strategic HR Manager to develop a structured process for reviewing and documenting training content and how they map to legal/regulatory requirements, before the January 2025 Learning Pool update launch. As well as implementing a quality assurance framework for periodic review of training content that includes assessment criteria, review schedules, and clear responsibility for maintaining alignment with current legislation.

3d. The Strategic HR Manager to communicate to non-compliant staff particularly those with managerial roles, with defined completion timeframe, the need to complete the EDI training.

3e. The HR Strategic Manager to maintain an accessible repository of all training content, including version history to enable regular review and update, measurement through feedback and survey from participants of effectiveness as well as alignment with current EDI related policies and legislative quality assurance checks.

3f. The HR Strategic Manager to implement a mandatory refresher cycle for EDI training (2-3years is the best practice approach we have seen in other organisations), track and record completion dates to flag due refreshers or uncompleted new starters.

Management Response

3a. We will complete this if capacity enables.

3b. The training on EDI will be refreshed and clear completion requirements and timescales for review will be implemented.

3c. The training on Learning Pool will have a 2 yearly completion schedule for all staff. Managers are responsible for ensuring staff complete and will be notified of non-completions. The Strategic HR Manager will review these annually.

3d. See above – Managers are responsible for ensuring completion as they are notified via email.

3e. Version history is maintained on Learning Pool. Staff are encouraged to notify HR if any learning needs are not met by the e-learning courses. This is

		also picked through regular one to ones and PDR to identify training needs.
		3f. This is now in place.
		Target dates:
		3a. April 2026
		3b. November 2025
		3c. September 2025
		3d. Ongoing
		3e. Complete
		3f. Complete.
	The Council lacks a structured process for evaluating the effectiveness of its EDI strategy and incorporating learning. While workforce data is collected, there is limited analysis of EDI outcomes for residents and service users, and lessons learnt are not documented to evidence continual learning or improvement initiatives.	4a. The Equality Steering Group should develop a structured approach to analysing EDI data, including identifying key metrics, setting benchmarks, and defining what constitutes significant changes or concerns, by including processes for investigating disparities and developing action plans to be monitored through the EDI Steering Group.
		4b. The Equality Steering Group should implement a more robust action tracking system, including RAG rating and clear review points for ongoing actions.
		4c. Where actions are deprioritised or not going to be progressed when original plans prove unviable, decisions should be documented and with alternative, clearly communicated in meeting notes or action logs.
		4d. Where actions are delayed, an escalation process should be implemented to ensure accountability. This will further ensure the action plan delivers meaningful progress on EDI objectives.
		4e. The Council should develop more robust analysis that converts raw statistics into actionable insights. This should include clearer links between data interpretation and strategic decision-making, structured analysis of trends over time, and explicit use of data insights to inform service improvements and policy development. Such as conducting regular resident satisfaction surveys to understand what residents think about Council services and needs, to help develop strategies.
		4f. The Equality Steering Group to review its regular reporting to include

recommendations based on data analysis.

4g. The Council should establish a structured evaluation framework that includes regular public consultation cycles and external assessment mechanisms such as the LGA Equality Framework. This should incorporate clear quantitative and qualitative success measures for strategic objectives. The framework should ensure evaluation of regular touchpoints for community input and independent assessment of progress. This would provide more robust evidence of effectiveness and areas needing improvement.

4h. The EDI Steering Group should create formal mechanisms for capturing, analysing and implementing learning from both successful and unsuccessful initiatives. This should include detailed analysis when initiatives don't achieve desired outcomes (like the Community Cohesion Network engagement), documenting key insights, and clear processes for feeding these learnings into strategy development and service delivery improvements.

Management Response

4a. EDI data is contained within the annual EDI report and scrutinised by Corporate Overview Group.

4b. Action plan has been reviewed based on this feedback.

4c. This will be recorded in the Action Plan via version-controlled documents.

4d. If it is felt that the action is high priority and is not completed in a timely manner this would be escalated.

4e. Bi-annual resident survey is completed and statistics reviewed and actions taken where appropriate.

4f. Diversity report and EDI report have been brought together to better link this information.

4g. The Communication and Engagement Strategy has recently been refreshed with an enhanced focus on engagement. A structured evaluation framework would not be specific to EDI and would require a corporate approach and the Projects Team.

4h. Informal mechanisms are in place and we feel this is adequate.

		Target dates:
		4a. Completed
		4b. Completed
		4c. Completed and ongoing
		4d. Completed
		4e. Completed and ongoing
		4f. Completed
		4g. April 2026
		4h. Not accepted.

CONCLUSION

The Council demonstrates a defined level of commitment to Equality, Diversity, and Inclusion (EDI) through its established frameworks and governance structures and has made notable progress in the following areas:

▸ Governance Structure: The establishment of the EDI Steering Group with cross-departmental representation provides systematic oversight of EDI initiatives.

▸ Policy Framework: Development of the Equality Scheme 2021-25 sets clear strategic aims around inclusivity and accessibility.

▸ Compliance: Strong demonstration of meeting statutory requirements through regular gender pay-gap reporting, equality impact assessments, and public sector equality duty compliance.

▸ Data Collection: Systematic gathering of workforce demographics and implementation of equality monitoring across recruitment processes.

Our EDI Maturity Assessment measures the Council's arrangements against best practice. However, we recognise that this sets higher standards than the Equality Framework for Local Government (EQLG) which allows local authorities to identify as 'Developing, Achieving or Excellent'. Albeit, there are significant areas of overlap between our EDI Maturity Assessment and the EQLG. Furthermore, as with many other local authorities, the Council do not have dedicated resource exclusively to manage EDI.

As such, while there are more findings in this report than our usual audit reports, this is a similar trend to other local authorities where we have undertaken EDI Maturity Assessment reviews. This is demonstrated by the graphs in the 'Added Value' section of our report which compares our maturity ratings for each scope area to our other local authority clients. Overall, compared to other lower tier local authorities, the Council's arrangements were proportionate to its size and resources. The positive tone from the top and culture for promoting EDI across the authority was evident, which is a critical step to creating an inclusive organisation, including at a Portfolio Holder level.

However, there is still scope for the Council to improve in some other areas to advance its EDI maturity:

Strategic Integration:

▸ While EDI is recognised in the Council's values, there is limited evidence of systematic integration into service delivery and operational planning.

▸ The Corporate Strategy 2024-27 could benefit from an explicit EDI action plan with measurable outcomes, to demonstrate clearer connection between EDI considerations and day-to-day operations.

Leadership and Accountability:

▸ Absence of executive-level EDI sponsor limits visible leadership commitment.

▸ The Council would benefit from establishing clearer EDI roles and responsibilities across all levels, from senior leadership to frontline staff and defining clear governance roles and leadership accountability within the EDI Steering Group terms of reference.

Training and Development:

▸ EDI training while mandatory, review of quality of training, monitoring of completion rates and regular refresher schedules requires enhancement.

<u>Measurement and Continuous Improvement:</u>

▸ While basic data collection exists, there is limited evidence of data being used to drive strategic decision-making.

▸ There is scope to establish clearer feedback mechanisms for both internal (staff) and external stakeholders (residents, services users and the public).

▸ Limited framework for evaluating EDI strategy effectiveness and capturing organisational learning through regular public consultations.

The Council has established foundational EDI elements but needs to focus on systematic integration of EDI principles across operations, enhanced leadership accountability, and more robust measurement and evaluation frameworks to progress from its current 'Defined' level toward greater maturity. Implementation of the recommended actions would significantly strengthen the Council's EDI performance and impact.

DISABLED FACILITIES GRANT

CRR REFERENCE: NS25 HOUSING DISABLED FACILITIES GRANT – FAILURE TO FUND ADAPTATIONS TO RESIDENTS' HOMES THROUGH THE MANDATORY DISABLED FACILITIES GRANT DUE TO POOR FINANCIAL PLANNING LEADING TO A POSSIBLE LOSS OF QUALITY OF LIFE FOR DISABLED RESIDENTS.

Design Opinion	🟢 Substantial	Design Effectiveness	🟠 Moderate

Recommendations	🔴 0	🟠 0	🟢 2

SCOPE

BACKGROUND

▸ The Housing Grants, Construction and Regeneration Act 1996 places statutory responsibilities on local authorities to provide the Disabled Facilities Grant (DFG) to private sector property adaptations when certain criteria are met to support disabled residents to live in their properties. These changes aim to make living safer and more independent. Examples include level access showers, building extensions, installing stair lifts, ramps, handrails, and widening doors. To obtain the DFG, the applicant must be disabled and intend to live in the property for five years after the work is completed.

▸ Rushcliffe Borough Council (the Council) administers the grant to residents within the borough. The grant amount depends on the applicant's household income and savings, with a maximum available grant of £30,000. However, for disabled children under 18, the family's income is not considered. The grant is means-tested, therefore, applicants may need to contribute towards the cost of the work. The Council's DFG Policy does allow for a £10,000 discretionary top-up to be provided but this has been paused due to the large waiting list that it currently has.

▸ Nottinghamshire County Council's (the County Council's) Occupational Therapy service refer applicants to the Council for a formal application to be submitted. Independent occupational therapists may also make referrals. Where the Council will have to consult with the County Council to determine whether the proposed works are necessary and appropriate to meet the need of the applicant.

▸ Applicants must obtain at least two quotes from contractors for the adaptation works. Where these are like-for-like, the contractor offering the best value for money is required to be selected to carry out the works. The Council's Technical Officers support applicants throughout the process, where required. The Council is collaborating with other local authorities in Nottinghamshire for the purchase of equipment used for DFG adaptations via an Equipment Solutions Framework.

▸ The Council uses the Uniform System (Uniform) to record applications and documentation to support applications is required to be retained on IDocs (the Document Imaging System).

▸ There is a high volume of demand for DFG in Rushcliffe. As a result, there is a waiting list. The budget for DFG in 2024/25 was £738,612 in year allocation (actual award £825,541 less HPAS £86,929 = £738,612) plus £293,000 brought forward of own resources from a Cabinet award of £500,000 on 1st December 2022 totalling £1,031,612. In December 2024, Cabinet approved an additional £200,000 of DFG funding in the Capital Programme to increase the support to its residents for the 2025/26 budget.

PURPOSE

▶ The purpose of the audit was to provide assurance over the Council's arrangements for assessing DFG grant applications and the accuracy and timeliness of payments to contractors, following the satisfactory completion of works.

AREAS REVIEWED

The following areas were covered as part of this review:

▶ We assessed whether the DFG is sufficiently and transparently published on the Council's website to promote the take-up of the grant support, and whether direct/targeted contact is made with residents that could be eligible for the DFG.

▶ A sample of ten DFG applications to follow the process from start to finish to ensure that the following steps had taken place:

- A referral was received from an occupational therapist

- Application forms were received, means-tested and approved in accordance with the delegated authorities prior to an Approval Notice being issued, and sufficient documentary evidence was retained from the applicant to support the application, ie ID, benefits statements, bank statements, etc.

- There is evidence that quotes were obtained from at least two contractors and that value for money was appropriately assessed

- A purchase order for the works was raised on the E-Financials System (E-Financials) and approved in accordance with the Scheme of Delegations

- Confirmation for completion of the works and appropriate inspections were conducted to ensure the works met the agreed standards prior to payment of the DFG

- The contractor was paid in a timely manner.

▶ Reporting to the Council's management teams and committees to ascertain whether these were accurate, timely and provided sufficient information to support effective oversight of the use of the DFG.

▶ Reporting to the Ministry for Housing, Communities and Local Government (MHCLG) to assess whether this was compliant with the grant reporting requirements and issued in a timely manner.

AREAS OF STRENGTH

The following areas of good practice were identified:

▶ The Council has a dedicated page on its website providing information about the DFG, including details on the grant's purpose, conditions, repayment process, and eligibility criteria. The Council also provides additional information about the Handy Person Adaptions Service (HPAS) to support local businesses to deliver the works.

▶ Once a referral has been received from the Occupational Therapy service and before work commences, the Council's Business Support Unit performs a review of the applicant's benefit status with the Benefit Team to assess their likelihood of eligibility for the DFG. The Council offer a home visit to assist applicants in completing the application form and obtaining relevant evidence to support their eligibility. It uses the Ferret System to means test grant entitlement and to calculate contributions required by the applicant. However, a means test is not required for applicants under 18 or those receiving passport benefits, including income support. Once the application is approved by the Housing Strategy and Development Team Leader (the Team Leader), an Approval Notice letter is issued to the applicant. Documentary evidence of each stage of this process is retained on the applicant's iDocs record.

▶ To verify that the work has been completed to the required standards and in accordance with the application, the Technical Officer conducts an initial inspection (or pre-start meeting) to confirm the construction start date and a final inspection of the works once an invoice is received from the contractor. If both the Council and the applicant are satisfied, a Substitute Invoice Form (SIF) is raised by the Council, confirming the payment amount and corresponding invoice details. Once the SIF is approved by the Team Leader, the payment is processed to the contractor.

▶ We tested a sample of ten DFG applications received between January and December 2024, totalling £142,667 of DFG funding (excluding contributions made by the applicants). We noted in all instances:

- A referral form from the Occupational Therapy service was received before an application form was completed.

- Application forms were completed and signed by the applicants.

- No means testing was conducted for the applicants in our sample as they were either under 18 or in receipt of passport benefits. Evidence obtained from the applicant with sufficient to confirm that they were eligible for the grant.

- All payments to the contractors were processed after the property had been inspected by the Technical Officer and once confirmation had been obtained from the applicant that they were satisfied with the works.

- SIFs were approved by the Team Leader in accordance with the Scheme of Delegation.

▶ The Council' DFG Policy clearly outlines the process for assessing grant applications, approvals, and payments to contractors and is published on the Council's website. The Housing Team have developed procedure notes for staff to guide them on how to process and application. These were clear and easy to follow, with flow charts and narrative to explain each phase of the process.

▶ There is a structured process for reporting DFG allocations to the County Council using its standardised workbook template provided. The workbook has financial and performance metrics, including the amount of the annual DFG budget spent and the number of people supported each quarter. The form is jointly completed by the Team Leader and the Finance Business Partner using data from the Grant Monitoring Spreadsheet and Finance Report. The Finance Report uses data extracted from E-Financials and is reconciled monthly by the Finance Business Partner to confirm the data is accurate.

▶ There were robust governance structures and reporting channels to support effective oversight of how the grant has been spent. Due to the high level of demand for the DFG in the borough, there was regular monitoring of its management, including:

- **DFG Strategic Oversight and Consistency Groups.** Meetings are held every eight weeks to focus on improving financial management, service satisfaction, and future planning. Key topics include the completion of agreed actions, the DFG budget management, and HPAS updates.

- **Finance Updates.** Monthly and quarterly updates from Finance Business Partners are presented to the Corporate Overview Group, which includes information of the DFG budget. These updates allow for timely issue resolution and informed decision-making.

- **Engagement with Politicians.** Due to the increasing pressure on the Council's funding situation, a letter was written to MPs about funding disparities and administrative burdens placed on the Council. This demonstrates proactive engagement with Central Government to seek solutions for equitable DFG funding and support for the Council.

AREAS OF CONCERN

Finding	Recommendation and Management Response
The audit trail for applications, including the approvals of applications, are overwritten on Uniform when changes to the grant are made. This results in the Council being unable to demonstrate that applications were approved before an Approval Notice Letter was initially sent to the applicant, if there were subsequent changes to the grant award **(Finding 1 – Low).**	The Council should liaise with the Uniform system providers to ascertain whether full audit trails of DFG application approvals can be retained. If this is not possible, and alternative mechanism should be established to record approvals, ie a log of the authorisations on a spreadsheet or email confirmation of approvals being retained in a folder. **Management Response** The Council acknowledges the importance of maintaining a comprehensive and accurate audit trail for all DFG application approvals and variations. During 2024, we implemented several process improvements, including the appointment of a new team and team leader, which have strengthened our internal controls. While current system limitations prevent Uniform from retaining detailed historical data on variations and approvals, we recognise the need for alternative measures to ensure accountability and traceability. Consequently, we will implement the following actions: ▶ All approvals and re-approvals will be manually logged on the IVAs by the Team Leader. ▶ Confirmation emails of all approvals and variations will be uploaded and retained within the iDocs system for each case, ensuring an auditable record of approvals. We will continue to liaise with the Uniform system provider to explore potential enhancements that could facilitate automated retention of full audit trails in future system updates. **Target date:** 13 May 2025
Only one quote was obtained from a contractor for one of the works selected in our sample of DFG projects. This is non-compliant with the DFG Policy **(Finding 2 – Low).**	The Lead Specialist Strategic Housing should remind staff that multiple quotes must be obtained from contractors, and retained on iDocs, for works undertaken using the DFG. Reviewers should be prompted to actively confirm that they have verified that multiple quotes have been obtained or that they are satisfied with the rationale for appointing a supplier directly. **Management Response** In 2024, several improvements have been implemented within the DFG process to enhance case progression, which has been reflected in the recent audit. The specific

		case in question was longstanding, dating back to 2022. To ensure the works were completed promptly and to meet the client's needs, the contractor responsible for the building works was also tasked with completing the soundproofing. A decision was made to proceed with this contractor because they could provide a confirmed start date, helping to avoid further delays for the family.
		Action: An email has been sent by the Strategic Housing Manager to the DFG team, and this will be discussed at the upcoming DFG Team Meeting. The purpose is to remind staff that two quotes must be obtained and uploaded to Idox for all works, unless a framework agreement is in place. When reviewing Grant Summary sheets, Technical Officers should verify that at least two quotes have been received. Similarly, Team Leaders should confirm that at least two quotes are available before approving the grant. All quotes should be checked for valid dates. If there is a valid reason for accepting only one quote, this must be approved by the Team Leader.
		Target date: 13 May 2025

CONCLUSION

We conclude that the Council have a Substantial control design and Moderate control effectiveness for its management of DFG applications. While the Council have high levels of demand for DFG and, at a political level there has been challenge over whether additional funds should be allocated to DFG, the scope of our audit and our opinion is based on the management and processing of applications in accordance with internal policies.

Control Design

The control design is Substantial because there is a sound system of internal controls designed to achieve its objectives.

The DFG Policy establishes a robust control environment for processing and reviewing DFG applications and making payments to contractors for the completion of satisfactory works. It clearly outlines the eligibility criteria for applicants, who also receive support to create a full application for a DFG. There were also internal procedure notes for staff to refer to when processing an application.

Reporting on the DFG spend was proportionate to the level of risk for the funds. As there are high levels of demand in Rushcliffe for support, the Council have submitted letters to political figures to raise its challenges to support residents.

Control Effectiveness

The control effectiveness was Moderate because there was evidence of non-compliance with some controls that may put certain objectives at risk. However, generally controls were complied with. Critically, our sample testing of ten DFGs identified that applications were submitted in full for successful awards and records were retained on Uniform, with supporting documentation to evidence eligibility on iDocs. Before payments were made to contractors, inspections were conducted by the Council to verify that these met the appropriate standards. However, there was one instance where only quote was obtained for DFG works, which does not comply with the DFG Policy. Furthermore, due to the setup of Uniform, where variations to a DFG application is made and approved, this overwrites the approval evidence for the initial application

assessment. Therefore, for two cases we were unable to verify that the application was approved before an Approval Notice Letter was sent to the applicant.

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
PENSION SCHEME REFORM
PENSION SCHEME REFORMS TO BOOST BENEFITS AND TACKLE INEQUALITY CHANGES WILL MEAN MORE MONEY IN THE POCKETS OF HARD-WORKING PEOPLE WHEN THEY REACH RETIREMENT, DELIVERING ON GOVERNMENT'S PLAN FOR CHANGE Street cleaners, school cooks and other dedicated public servants are set to benefit from a package of reforms to the Local Government Pension Scheme (LGPS) with an aim to 'end discrimination and lead to more money in people's pockets'. Measures announced on the 15 May 2025 build on the government's wider Make Work Pay agenda that will back millions of workers by banning exploitative zero-hours contracts, ending 'Fire and Rehire' and 'Fire and Replace' practices and strengthening statutory sick pay. The Local Government Pension Scheme for England and Wales will become the first public service pension scheme, of which 74% of the scheme's seven million members are women, to make all maternity, shared parental and adoption leave automatically pensionable. Issues with current regulations that saw survivors of members receiving smaller pensions based on their relationship type will be fixed, ending historic inequalities. Loopholes that allow those guilty of serious offences to continue benefitting from the pension scheme will also be closed, as part of a crackdown to ensure public servants' money does not go to those who do not deserve it. In addition, an age cap currently in place that requires an LGPS member to have died before the age of 75 for their survivor to receive a lump sum payment will also be abolished. The government is also taking steps to keep people in the scheme by enhancing data collection on why people opt out, in a bid to ensure as many people as possible benefit. A consultation on the proposed reforms to LGPS members' benefits is open for 12 weeks, and those affected are encouraged to register their views. Pension Scheme reforms to boost benefits and tackle inequality - GOV.UK FOR INFORMATION: GOVERNANCE SCRUTINY GROUP AND SENIOR MANAGERS
LOCAL DEMOCRACY
REFORM UK TAKES CONTROL OF NOTTINGHAMSHIRE COUNTY COUNCIL On the 2 May 2025, Reform UK became the majority party in Nottinghamshire County Council. The group secured 40 of the Council's 66 seats, surpassing the required majority of 34. The Conservatives, who previously had a majority, are now the main opposition with 17 councillors, with Labour in third with four seats. The Reform UK Member of Parliament for Ashfield has noted that the first thing that will be looked at is where money is being spent and where savings can be made, with funding expected to be taken from net zero teams and reallocated to frontline services. The Leader of Reform UK has stated that they want to see "a Doge in every county", referring to the Department of Government Efficiency which has been set up in the United States of America. In other authorities, Reform UK has proposed ending working from home practices. Reform takes control of Nottinghamshire County Council - BBC News What now for Nottinghamshire County Council after Reform win? - BBC News FOR INFORMATION: GOVERNANCE SCRUTINY GROUP AND SENIOR MANAGERS

COUNCIL FUNDING GAP

SPENDING REVIEW: COUNCILS COULD FACE £8BN FUNDING BLACK HOLE BY 2028/29

Analysis by the Local Government Association (LGA) on the 14 February 2025 revealed that Councils in England could face a £1.9 billion gap in 2025/26 rising to £4.0 billion in 2026/27, £6.0 billion in 2027/28, and £8.4 billion in 2028/29 without adequate funding in place.

In its submission to the Treasury ahead of the Spending Review, the LGA demonstrated the vital role councils have in Government reform and its growth agenda and the negative impact of not investing across the many critical council services relied upon everyday by millions of people.

Without urgent action in the Spending Review announced by the Chancellor on the 11 June 2025, many councils will be left with having to make impossible choices on what desperately needed services can be provided in the future, as well as missing opportunity to boost growth and reform.

Last year 18 councils required Exceptional Financial Support (EFS) to set their 2024/25 budgets. Of those who responded to the LGA's survey, 25 per cent of Chief Financial Officers (CFOs) now say that their council had either applied for EFS to support their 2025/26 budget or that they expected to do so in 2025/26 or 2026/27. This is indicative of the growing financial emergency facing councils.

The continued implementation of one-year settlement for councils, has severely hindered the ability to plan services and deliver to local communities. The commitment from the government to provide councils with three-year settlements is therefore encouraging.

This is still a critical time for councils, which are experiencing continued financial strain resulting from long-standing funding reductions and are expected to worsen as costs and demand pressures rise at an increased rate.

New costs associated with employer National Insurance Contribution changes not fully compensated by the government, alongside demographic change, inflation and unfunded rises to the National Living wage further exacerbate this challenge.

The LGA revealed that if current cost and demand trends continue, by the end of 2028/29 cost and demand pressures would add £21.4 billion to the cost of delivering council services since 2024/25. This is 29.8 per cent in additional service costs.

Spending Review: Councils could face £8bn funding black hole by 2028/29 | Local Government Association

FOR INFORMATION: GOVERNANCE SCRUTINY GROUP AND SENIOR MANAGERS

DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION

THE DEVOLUTION AND LG REORGANISATION HUB

BRINGING TOGETHER INFORMATION AND RESOURCES ON DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION FOR PUBLIC AND LOCAL AUTHORITIES.

Following the publication of the English Devolution White Paper, the LGA have been working at pace to respond to, and digest the proposals and their respective opportunities and risks.

Our position is clear: we want every council in England to have the ability to secure devolution that works for them, their local economies, and their residents. The devolution of powers and resources can play a huge role in promoting inclusive economic growth, creating jobs, and improving public services. In a very centralised country, moving funding and power from Whitehall to local leaders is needed.

Devolution

Devolution will provide greater freedoms and flexibilities at a local level, meaning councils can work more effectively to improve public services for their area. The result will be more effective, better targeted public services, greater growth and stronger partnerships between public, private and community leaders in local areas.

Local government reorganisation (LGR)

The government has announced that it will facilitate a programme of local government reorganisation for two-tier areas and for those unitary councils where there is evidence of failure or where their size or boundaries may be hindering their ability to deliver sustainable and high-quality services for their residents.

Proposed reforms in the White Paper will have a significant impact on every council and community. We remain clear that local government reorganisation should be a matter for councils and local areas to

decide. There are differing directions of travel underlining the diverse range of views about devolution and local government reorganisation that exist within the local government sector. The LGA will continue to respect each perspective and each choice equally.

The devolution and LG reorganisation hub | Local Government Association

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.	G
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	G
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.	G ↓ A
Completion of the audit plan	We have completed our work on the 2024/25 Internal Audit Plan and commenced our work on the 2025/26 Internal Audit Plan.	G

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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