

Finance and Major Contracts Management Committee

Monday, 16 October 2017 at 14:00

County Hall, County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

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| 1 | Minutes of the last meeting 18 Sept 2017 | 3 - 6 |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary) | |
| 4 | Financial Monitoring Report Period 5 2017-18 | 7 - 20 |
| 5 | Nottinghamshire County Council - Risk & Insurance | 21 - 30 |
| 6 | Better Care Fund Pooled Budget - Q1 2017/18 Reconciliation | 31 - 34 |
| 7 | Work Programme | 35 - 40 |

None

Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.

- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Democratic Services (Tel. 0115 977 3141) prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

Meeting FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE

Date 18 September 2017 (commencing at 2pm)

Membership

Persons absent are marked with an 'A'

COUNCILLORS

Richard Jackson (Chair)
Roger Jackson (Vice Chair)
John Ogle (Vice Chair)

John Clarke	Eric Kerry
Richard Butler	Mike Pringle
Tom Hollis	Mike Quigley
Errol Henry	Andy Wetton

OFFICERS IN ATTENDANCE

Mick Allen	Group Manager - Waste & Energy Management
Pete Barker	Democratic Services Officer
Jayne Francis-Ward	Corporate Director - Resources
Celia Morris	Group Manager - Performance & Improvement
Nigel Stevenson	Service Director - Finance, Procurement and Improvement

MINUTES OF THE LAST MEETING

The minutes of the last meeting, held on 17 July 2017, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

APOLOGIES FOR ABSENCE

Councillor Butler replaced Councillor Girling and Councillor Henry replaced Councillor Meale, both for this meeting only.

DECLARATIONS OF INTERESTS

No declarations of interest were made.

FINANCIAL MONITORING REPORT: PERIOD 4 2017/2018

RESOLVED: 2017/011

- 1) That Committee comment on the revenue budget expenditure to date and year-end forecasts.
- 2) That the contingency requests be approved.
- 3) That Committee comment on the Capital Programme expenditure to date, year-end forecasts and approve variations to the Capital Programme.
- 4) That Committee comment on the Council's Balance Sheet transactions.
- 5) That Committee comment on the performance of the Procurement Team.
- 6) That Committee comment on the performance of the Accounts Payable and Accounts Receivable Teams.

NOTTINGHAMSHIRE COUNTY COUNCIL PFI WASTE MANAGEMENT CONTRACT

RESOLVED: 2017/012

- 1) That the Communities and Place Committee be requested to ask Veolia to look into the feasibility of increasing the number of centres with the capability of recycling paint
- 2) That the Communities and Place Committee be requested to ask Veolia to look into the feasibility of increasing the range of materials accepted or recycled by its centres, including food waste
- 3) That Veolia be invited a future meeting of the Committee
- 4) That a report be brought to a future meeting of the Committee containing detailed financial information regarding the Veolia contract including details of the rolling programme on benchmarking.

SPEND ANALYSIS REPORT IN (LOCAL SPEND) AND OUT OF COUNTY

RESOLVED: 2017/013

That the approach to engaging the local supply market be endorsed.

BUSINESS REPORTING AND MANAGEMENT INFORMATION (BRMI) PROJECT – NEXT PHASE

RESOLVED: 2017/014

That the sum of £0.5m, funded from capital contingency, be included in the Finance and Property capital programme to fund phase 3 of the BRMI project.

WORK PROGRAMME

RESOLVED: 2017/015

That a report containing more detailed financial information regarding the contract with Veolia be added to the programme.

The meeting closed at 3.18pm

CHAIR

16 October 2017

Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND IMPROVEMENT

FINANCIAL MONITORING REPORT: PERIOD 5 2017/2018

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2017/18.
2. To provide a summary of Capital Programme expenditure to date, year-end forecasts and approve the variation to the capital programme.
3. To inform Members of the Council's Balance Sheet transactions.

Information and Advice

Background

4. The Council approved the 2017/18 budget at its meeting on 23 February 2017. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.

Summary Revenue Position

5. The table below summarises the revenue budgets for each Committee for the current financial year. An £8.0m net underspend is currently predicted. In light of the Council's continuing financial challenges, the key message to effectively manage budgets and, wherever possible, deliver in-year savings is being reinforced.

Table 1 – Summary Revenue Position

Forecast Variance as at Period 4 £'000	Committee	Annual Budget £'000	Actual to Period 5 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
(88)	Children & Young People	132,885	41,192	132,877	(8)
(478)	Adult Social Care & Public Health	209,779	70,877	208,427	(1,352)
(164)	Community & Place	113,171	41,754	113,003	(168)
126	Policy	34,780	16,164	34,878	98
(186)	Finance & Major Contracts Management	2,972	1,027	2,793	(179)
(119)	Governance & Ethics	7,209	2,869	7,104	(105)
(433)	Personnel	16,866	7,463	16,209	(657)
(1,342)	Net Committee (under)/overspend	517,662	181,346	515,291	(2,371)
(4,299)	Central items	(11,147)	(532)	(16,997)	(5,850)
	- Schools Expenditure	38	-	38	-
	- Contribution to/(from) Traders	-	844	-	-
(5,641)	Forecast prior to use of reserves	506,553	181,658	498,332	(8,221)
	- Transfer to / (from) Corporate Reserves	(15,066)	-	(14,847)	219
(18)	- Transfer to / (from) Departmental Reserves	(10,708)	(747)	(10,664)	44
	- Transfer to / (from) General Fund	(5,500)	-	(5,500)	-
(5,659)	Net County Council Budget Requirement	475,279	180,911	467,321	(7,958)

Committee and Central Items

The main variations that have been identified are explained in the following section.

Adult Social Care & Public Health (forecast £1.4m underspend, 0.6% of annual budget)

6. The major variances on care packages are as follows :

- Older Adults across the County are forecasting an increased overspend of £2.2m. This is primarily due to increased Long Term Residential/Nursing placements. Though demand and average package costs are increasing for all services and while this can be contained in year, it is likely to present a pressure in future years.
 - Younger Adults across the County are now forecasting an underspend of £0.7m. The change is largely due to reduced Predicted Needs and Transitions and reductions in Long Term Residential. Without the increased Continuing Health Care income Younger Adults would be overspending.
 - Direct Services are forecast to underspend by £0.5m on staffing.
7. The Strategic Commissioning, Accessing and Safeguarding Division is reporting an underspend of £1.3m due mainly to overachievement of client contribution income and an underspend on the advocacy contract.
8. The Transformation Division is forecasting an underspend of £1.1m on the Improved Better Care Fund (IBCF) and Care Act, through slippage on various schemes.

Personnel (forecast £0.7m underspend, 3.9% of annual budget)

9. This underspending relates mainly to savings of £0.5m associated with holding vacancies in Business Support and in the Business Support Centre in anticipation of future years' budget reductions, together with additional income from the sale of services to schools.

Central Items (forecast £5.9m underspend)

10. Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and capital charges.
11. At the time of setting the 2017/18 budget, several funding allocations had not been announced, specifically with regard to the impact of business rates revaluations and therefore, assumptions about certain grants were made based on the best information available at the time. Throughout the year confirmations are received and current forecasts suggest a net additional grant of £1.9m will be received in 2017/18.
12. At the Finance and Major Contract Management Committee in September 2017, it was approved that the contingency budget would be increased by £3.9m to reflect the in-year savings identified in the ASCH Committee. Table 1 assumes that this additional contingency budget will not be spent thereby resulting in a £3.9m underspend.

Requests for contingency

13. The Council's budget includes a permanent contingency of £5.1m to cover redundancy costs, slippage of savings, the November increase of the Living Wage Foundation rates paid to Authority employees, Business Rates Revaluations, the Apprenticeship Levy and unforeseen events. There is currently £3.4m of the permanent contingency budget that remains uncommitted.
14. Table 1 assumes that the remaining contingency budget will be used for future requests and costs associated with redundancies. In the event of the contingency budget not being fully utilised in 2017/18, and as per the previous financial year, the balance will be transferred into the Corporate Redundancy reserve.

Progress with savings and risks to the forecast

15. Council on 23 February 2017 approved savings proposals of £1.6m for delivery over the four year period 2017-21. These proposals are in addition to those approved previously by County Council. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn.
16. At the Improvement and Change Sub-Committee in September 2017, unachievable savings of £0.5m were identified with regard to Adult Social Care Transport. An increasing number of young people are reaching adulthood with disability needs that require transportation to day care. This has resulted in an underlying budget pressure within this area and the savings targets have been compromised. The unachieved savings are predicted at £0.4m in 2017/18 and £0.1m in 2018/19. This will be reflected in the MTFS.

Balance Sheet

General Fund Balance

17. Members were asked to approve the 2016/17 closing General Fund Balance of £27.7m at Council on 13 July 2017. The 2017/18 budget approves utilisation of £4.5m of balances which will result in a closing balance of £23.2m at the end of the current financial year. This is 4.9% of the budget requirement.
18. Following approval at Finance and Major Contracts Management in June 2017, a further £1.0m of General Fund balance is now earmarked for use to repair potholes across the County.

2018/19 Settlement Technical Consultation

19. On 14 September 2017, the DCLG published the 2018/19 Settlement Technical Consultation. This consultation sets out the Government's intended approach for the third year of the four-year local government settlement. The main points that impact upon the County Council are as follows:-
- In 2016/17, like 97% of Local Authorities, the County Council accepted the offer of a four year funding settlement. The consultation has confirmed that the 2018/19 settlement funding will be based on this agreed methodology.
 - The consultation does not propose any changes to the Council Tax Referendum Principles. The Council Tax referendum threshold remains at 2% for County Councils.
 - The Adult Social Care Precept will continue in the same way as outlined previously.
 - Alongside the 2017/18 Local Government Settlement, the Government announced its intention to reform the New Homes Bonus. Payments in 2017/18 were reduced from six years to five years with plans to reduce to just four years in 2018/19. A baseline growth level of 0.4% was also set, below which no bonus would be paid. The baseline for 2018/19 will not be confirmed until the provisional settlement and further reforms have been consulted upon.

Capital Programme

20. Table 2 summarises changes in the gross Capital Programme for 2017/18 since approval of the original programme in the Budget Report (Council 23/02/17):

Table 2 – Revised Capital Programme for 2017/18

	2017/18	
	£'000	£'000
Approved per Council (Budget Report 2017/18)		102,520
Variations funded from County Council Allocations : Net slippage from 2016/17 and financing adjustments	18,955	
		18,955
Variations funded from other sources : Net variation from 2016/17 and financing adjustments	(1,085)	
		(1,085)
Revised Gross Capital Programme		120,390

21. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 5.

Table 3 – Capital Expenditure and Forecasts as at Period 5

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 5 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People	42,419	7,908	37,956	(4,463)
Adult Social Care & Public Health	7,212	346	7,110	(102)
Community & Place	45,738	4,826	45,232	(506)
Policy	23,506	6,329	23,092	(414)
Finance & Major Contracts Mngt	220	(173)	220	-
Personnel	295	-	295	-
Contingency	1,000	-	1,000	-
Total	120,390	19,236	114,905	(5,485)

Children and Young People

22. In the Children and Young People's capital programme, an underspend of £4.5m has been identified. This is mainly due to a £4.0m forecast underspend against the Schools Capital Refurbishment Programme. Following scrutiny and challenge of final accounts by the commissioning and delivery property teams, the cost of completed projects is coming in lower than previously forecast. It is also anticipated that an element of the 2017/18 programme will slip into the next financial year as a result of the late notification of grant. A further £0.4m underspend is forecast against the Beardall Street Phase 2 project.

23. In the Community and Place Committee capital programme an underspend of £0.5m has been identified. This is mainly as a result of a £0.4m underspend against the Waste Management capital project as an element of works have been re-phased into the 2018/19 financial year.

It is proposed that the Community and Place Committee capital programme is varied to reflect the re-phasing associated with the Waste Management project.

Financing the Approved Capital Programme

24. Table 4 summarises the financing of the overall approved Capital Programme for 2017/18.

Table 4 – Financing of the Approved Capital Programme for 2017/18

Committee	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People	29,606	12,674	-	139	42,419
Adult Social Care & Public Health	6,165	984	-	63	7,212
Communities & Place	16,320	28,383	600	435	45,738
Policy	22,420	817	-	269	23,506
Finance & Major Contracts Mngt	-	-	-	220	220
Personnel	295	-	-	-	295
Contingency	1,000	-	-	-	1,000
Total	75,806	42,858	600	1,126	120,390

25. It is anticipated that borrowing in 2017/18 will increase by £13.7m from the forecast in the Budget Report 2017/18 (Council 23/02/2017). This increase is primarily a consequence of:

- £19.0m of net slippage from 2016/17 to 2017/18 and financing adjustments funded by capital allocations.
- Net slippage in 2017/18 of £5.3m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

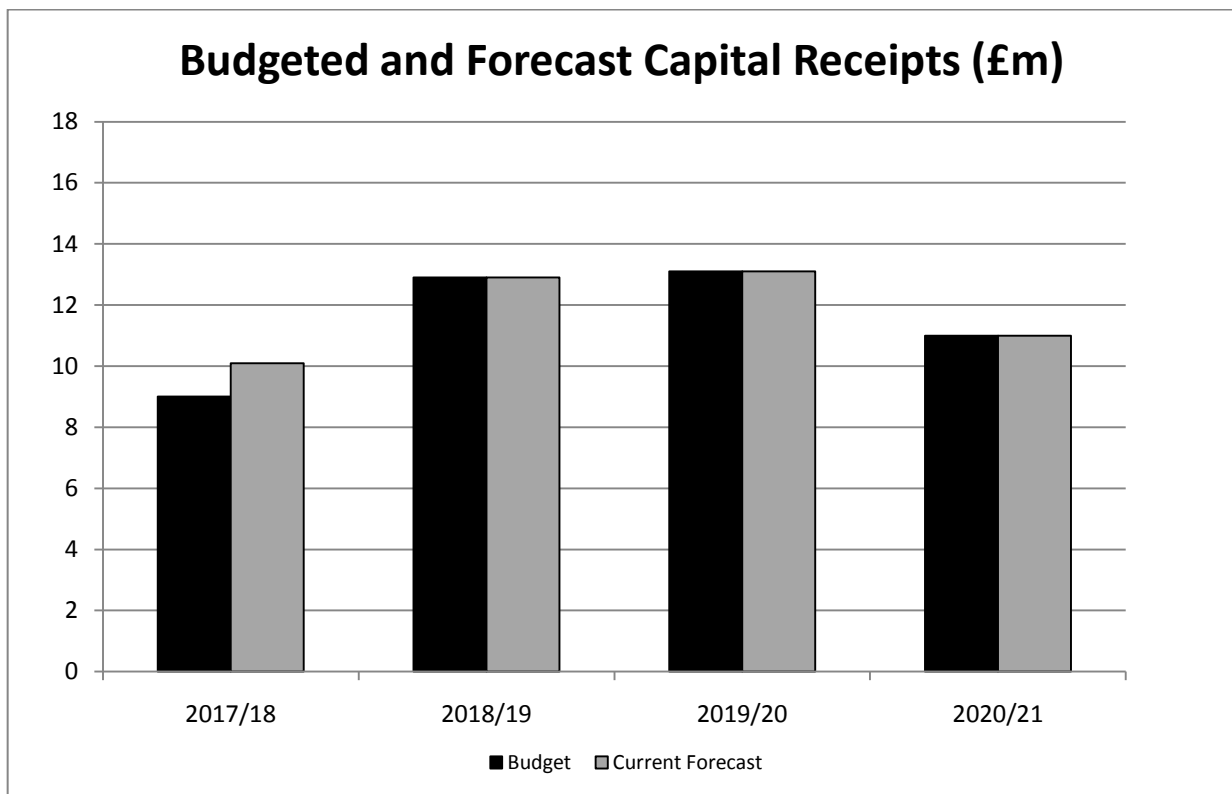
Prudential Indicator Monitoring

26. Performance against the Council's Prudential Indicators is regularly monitored to ensure that external debt remains within both the operational boundary and the authorised limit.

Capital Receipts Monitoring

27. Anticipated capital receipts are regularly reviewed. Forecasts are currently based on estimated sales values of identified properties and prudently assume a slippage factor based upon a review of risk associated with each property.

28. The chart below shows the budgeted and forecast capital receipts for the four years to 2020/21.



29. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2017/18 (Council 23/02/2017). These capital receipts budgets prudently incorporated slippage, giving a degree of “protection” from the risk of non-delivery.

30. The capital receipt forecast for 2017/18 is £10.1m. To date in 2017/18, capital receipts totalling £0.2m have been received.

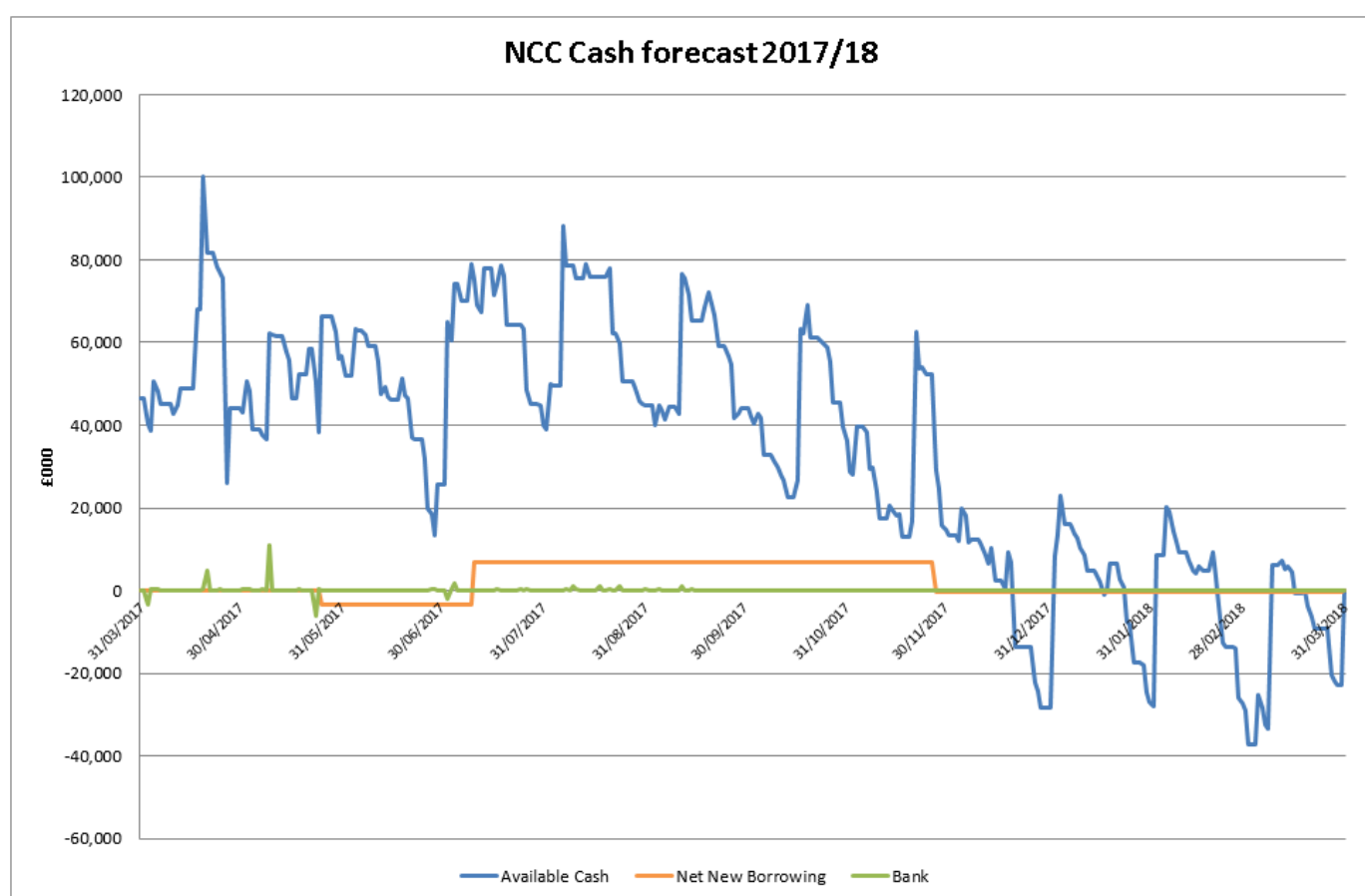
31. The number and size of large anticipated receipts increase the risk that income from property sales will be below the revised forecasts over the next three years. Although the forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales being lower than the forecast.

32. A full review of capital receipts is currently being undertaken. The results of this review will be reported in due course and forecasts amended accordingly.

33. Current Council policy (Budget Report 2017/18) is to use the first £2.3m of capital receipts to fund in-year transformation costs. Any capital receipts in excess of this will set against the principal of previous years’ borrowing. This reduces the amount of Minimum Revenue Provision (MRP) to be set aside each year. It is important to regularly monitor capital receipt forecasts and their effect on the overall revenue impact of the Capital Programme.

Treasury Management

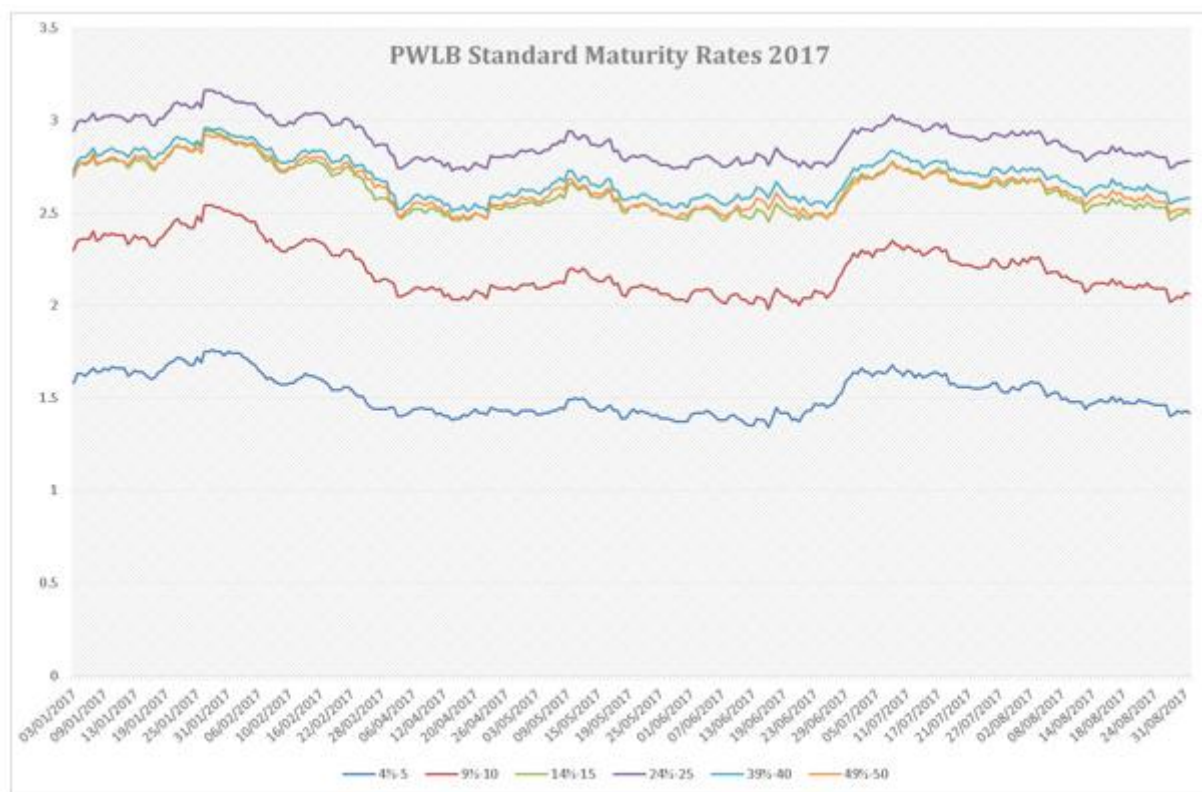
34. Daily cash management aims for a closing nil balance across the Council's pooled bank accounts with any surplus cash invested in accordance with the approved Treasury Management Policy. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group.
35. The cash forecast chart below shows the actual cash flow position for the financial year 2017/18. Cash inflows are typically higher at the start of the year due to the front loading receipt of Central Government grants, and the payment profile of precepts. Cash outflows, in particular capital expenditure, tend to increase later in the year, and the chart shows a clear need for the Council to borrow during the course of the year.



36. The chart above gives the following information:

Available cash	Surplus cash (invested in call accounts or money market funds) or a shortfall of cash indicating a need to borrow.
Net new borrowing	New loans taken during the year net of principal repayments on existing borrowing.
Bank	That element of surplus cash held in the Council's Barclays Bank account.

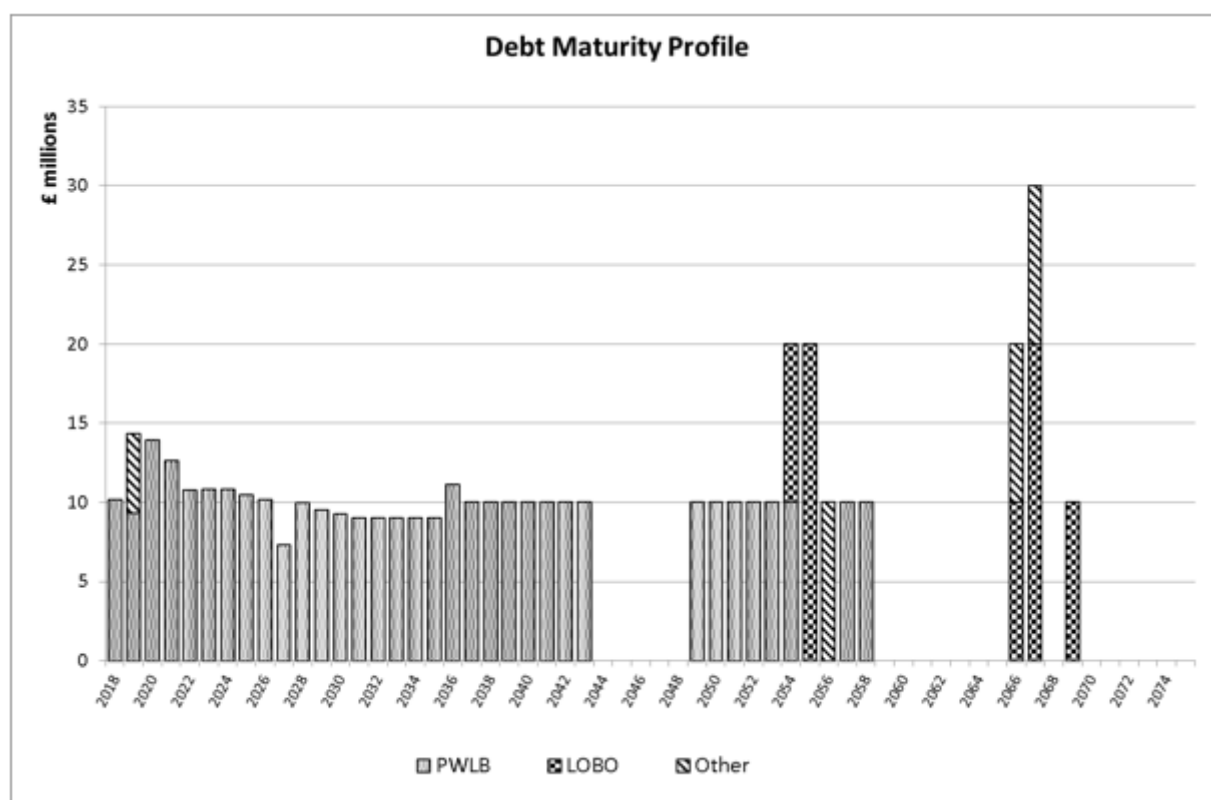
37. The Treasury Management Strategy for 2017/18 identified a need to borrow approximately £30m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. The first £10m tranche of this was taken from PWLB on 10 July. PWLB interest rates continue to be monitored closely to allow changes - or potential changes - in rates to feed into decisions on new borrowing. The Council remains able to take advantage of the PWLB "certainty rate" which is 0.2% below the standard rates. The chart below shows the movement in standard PWLB maturity rates over the course of 2017 so far.



38. Borrowing decisions will take account of a number of factors including:

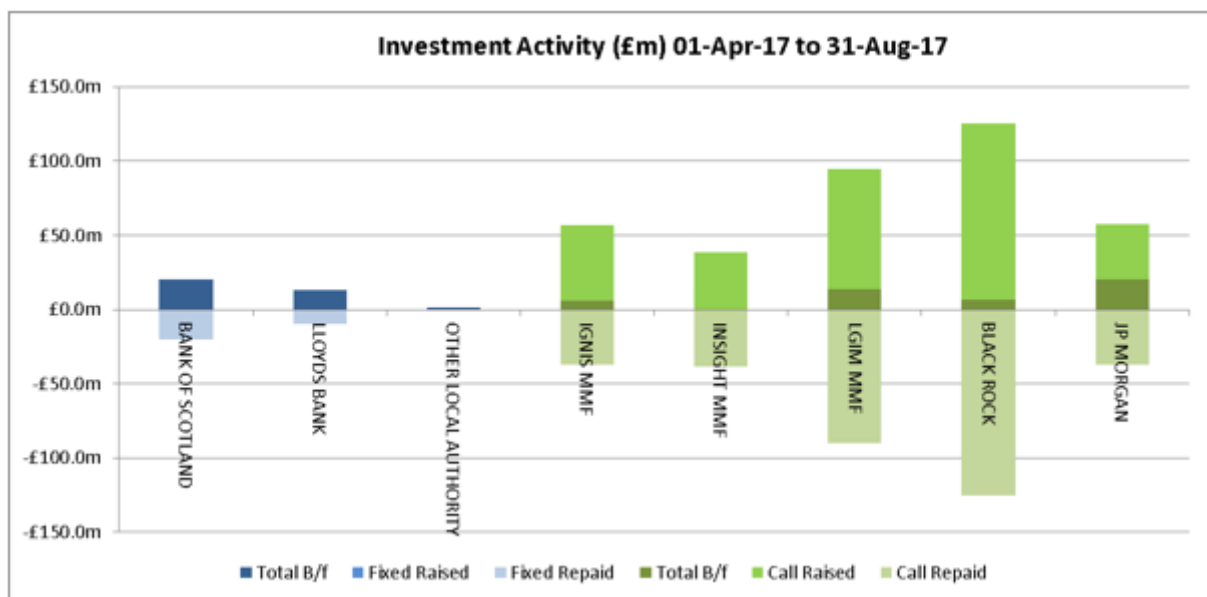
- expected movements in interest rates
- current maturity profile
- the impact on revenue budgets and the medium term financial strategy
- the treasury management prudential indicators.

39. The maturity profile of the Council's debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 41 years. When deciding on the length of future loans the Council will factor in any gaps in its maturity profile, with a view to minimising interest rate risk, but will consider this alongside other financial factors.
40. Longer-term borrowings (maturities up to 52 years) were obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken at rates lower than the prevailing PWLB rate at the time. However, LOBOs could actually mature at various points before then, exposing the Council to some refinancing risk.
41. The 'other' loans denote borrowing from the money markets where the main objective was to minimise interest costs, and also includes loans from Barclays Bank that were converted from LOBOs to fixed-term loans in 2016.



42. The investment activity for 2017/18 to the end of August 2017 is summarised in the chart and table below. Outstanding investment balances totalled £81m at the start of the year and £50m at the end of the period. This reduction includes the effect of making a £39m contribution to the Nottinghamshire Pension Fund in order to reduce the contributions deficit.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
Bank of Scotland	20,000	-	(20,000)	-
Lloyds Bank	13,000	-	(10,000)	3,000
Other Local Authority	1,500	-	-	1,500
IGNIS MMF	6,000	51,050	(37,050)	20,000
Insight MMF	-	38,550	(38,350)	200
LGIM MMF	13,950	80,700	(90,000)	4,650
Black Rock	6,500	119,150	(125,450)	200
JP Morgan	20,000	37,250	(37,250)	20,000
Total	80,950	326,700	(358,100)	49,550



43. As part of the Council's risk management processes all counterparty ratings are regularly monitored and lending restrictions changed accordingly.

Debt Recovery and Accounts Payable Performance

44. The debt recovery and accounts payable performance information will continue to be reviewed at an operational level on a fortnightly basis. The strategic performance information will be compiled for this report to Committee on a quarterly basis with the next update to be included in the Period 7 report

Procurement Performance

45. The Procurement Group continues to review the Council's performance on a regular basis. An update on Strategic Performance Information and ongoing developments will be provided for this report to Committee on a quarterly basis with the next update to be included in the Period 7 report.

Statutory and Policy Implications

46. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

- 1) To comment on the revenue budget expenditure to date and year-end forecasts.
- 2) To comment on the Capital Programme expenditure to date, year-end forecasts and approve the variation to the Capital Programme.
- 3) To comment on the Council's Balance Sheet transactions.

Nigel Stevenson Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:

Keith Palframan, Group Manager, Financial Strategy and Compliance

Tamsin Rabbitts - Senior Accountant, Pensions and Treasury Management

Constitutional Comments (KK 03/10/2017)

47. The proposals in this report are within the remit of the Finance and Major Contracts Management Committee.

Financial Comments (GB 21/09/2017)

48. The financial implications are stated within the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- 'None'

Electoral Division(s) and Member(s) Affected

- 'All'

**REPORT OF THE SERVICE DIRECTOR FINANCE, PROCUREMENT &
IMPROVEMENT****NOTTINGHAMSHIRE COUNTY COUNCIL – RISK & INSURANCE****Purpose of the Report**

1. The purpose of this report is to inform members about the County Council's insurance arrangements and give them the opportunity to comment.

Information and Advice

2. Section 11 of the Council's Financial Regulations cover Risk and Insurance. The regulations state the Section 151 Officer is responsible for arranging necessary insurance covers and reviewing the adequacy of covers. On a day to day basis this is delegated to the Risk and Insurance Manager and her team.
3. The County Council's Risk and Insurance Team provides an Insurance Service to Council departments and schools. The team form part of the Finance and Procurement Division and is comprised of 7 members of staff.
4. The team are mainly technical staff who either have skills and experience of managing the insurance and risk management needs of a large complex organisation or are experienced at handling liability claims.
5. The main functions carried out by the team are:
 - Procurement of insurance cover for the Authority. The cost of the external insurance premiums is in the region of £1.8m per year.
 - Handling insurance claims for and against the Authority. The value of claims paid in 2016-17 was £7.6m with over 730 claims received.
 - Managing the Authority's Insurance Funds (£29.3m as at 31 March 2017).
 - Providing insurance and risk management advice to departments and schools.

Total Cost of Risk

6. When considering the cost of the Council's insurance arrangements we look at the "Total Cost of Risk". This is effectively the value of the external premiums and the cost of funding claims that fall below the excess. The second figure is assessed by an independent actuary.

7. The total cost of risk for 2017-18 is estimated to be £6.2m, made up of £1.8m in premiums and £4.4m in self-funded claims.
8. Active risk management coupled with a commitment to Health and Safety is proven to reduce the number of claims and subsequently the cost. This, in conjunction with effective claims handling, is the most effective way of reducing the cost of insurance.
9. The total cost of the Council's insurance arrangements is recharged to Departments and Schools. To encourage risk management the charges are weighted towards the costs of claims.

External Insurance Arrangements

10. The Council's cost of external insurance is currently around £1.8m per year.
11. The cost of the external premiums have come down considerably. Looking back to 2011-12 the cost was closer to £3m. The reasons why the premiums have come down is in part due to the reduction in services delivered direct by the County Council but, in the main, is due to improvements made in the structure of the Council's insurance policies, work to improve the risk and improved marketing of the risk to the insurance market. Since 2011-12 the quality of the insurance cover has also been improved.
12. Like most large local authorities the County Council takes high excesses on its insurance policies. This is the most cost effective way of insuring risk, as buying external insurance for attritional or predictable losses is generally considered to be a costly pound swapping exercise. The Council's total exposure to the cost of claims is capped by an arrangement known as a stop loss. The excess on the Council's major policies range from £50,000 to £260,000.
13. The appropriate level of excess is determined during the tender process where the Council's risk appetite is considered against the total estimated cost of risk at different levels of excess. Claims falling within the excess are funded from the Council's Insurance Funds.
14. The Council's external insurances are put out to tender, with the next one being due for the 1 May 2019 renewal. The contracts are usually let on a 3-5 year arrangement. There is a very restricted market for Public Authority insurances with only two companies who generally quote for liability risks of County Council's. These companies are RMP and the Council's current insurers Zurich Municipal. The insurance market is currently very nervous about highways and social care risks and most insurance companies are not prepared to quote for organisations that carry out these functions. There is a slightly wider market for the property and motor insurances, but again it is only a very small number of companies that will usually quote.
15. Early in 2018-19 a report will be brought to committee to seek members' approval to the proposed tender process.
16. The Authority's insurance brokers are Griffiths and Armour. They support with the procurement of insurances, renewal negotiations and advice.
17. A summary of the current external insurance policies is included as Appendix A.

Cost of Claims

18. Claims which fall below the Council's external policy excesses are funded from the Insurance Funds.
19. The estimated cost of claims arising in 2017-18 is in the region of £4.4m. This figure is assessed by independent actuary. It includes all types of claims including fire losses, motor accidents and liability claims.
20. In general claimants have 3 years from the date of their accident to bring their claim however, in the case of minors, abuse victims and those who have developed diseases as a result of exposure to harmful environments, the claims can be made much later. The £4.4m is the estimated value of these claims that have arisen in 2017-18, not the value that will be paid in the year.
21. Public liability claims are the largest element of claim costs with an estimated value for the claims arising in 2017-18 of £2.8m. Highways claims account for £1.7m of the anticipated cost of the claims arising in 2017-18
22. As well as highway claims, liability claims also include accidents involving school children, claims from employees who have suffered accidents during their employment and claims of physical and sexual abuse.

Claims Handling

23. The main types of claim received by the County Council are:
 - Public Liability claims, including slips, trips and falls, vehicle damage arising from the highway network and claims relating to historical child abuse.
 - Employers Liability claims i.e. claims from employees who have suffered an injury at work.
 - Motor i.e. road traffic accidents involving the Council's fleet of vehicles.
 - Property – physical damage to the Council's property portfolio including Fire and Flood claims.
24. An analysis of claims received in the last 3 years is shown in Appendix B.
25. The majority of the Council's claims are handled in house by the Risk and Insurance Team. High value claims (in excess of £125,000) or technically complex claims such as abuse or asbestos related claims are either handled by the Council's own insurers or by external legal firms.
26. Most claims are dealt with pre-litigation however, on a small number where Court Proceedings are issued, these litigated claims are handled by external solicitors. Each year a small number of claims proceed to a final Court hearing where the Council has an excellent success rate.
27. For the majority of liability claims the Council has a good defence and the claims are successfully repudiated. This is particularly the case on highways claims where we repudiate around 80% of cases. Claims can be defended where the Council can show that we have taken reasonable measures to ensure that problems, such as potholes, are found and dealt with in a timely manner. This defence is based on Section 58 of the Highways Act 1980. This

success has been built on the strong working relationship that the Risk and Insurance Team had with the Highways Section of the Council and has continued with the new arrangements with VIA EM.

28. The Council retains the statutory responsibility for highway maintenance, and at present the Council has also retained the liability for claims arising from the highways despite the network being managed by VIA EM. There is the option for this arrangement to be renegotiated and discussions around this will be starting shortly with VIA EM.
29. Unfortunately the insurance industry is plagued with fraudulent claims. The Association of British Insurers estimate that in 2017 there were 130,000 cases of detected fraudulent claims totalling over £1.3bn. In the case of claims received by the Council fraud can include fabricated accidents and/or exaggeration of injuries or damage. All liability claims are screened for indications of fraud and any that are flagged are kept under close scrutiny. Obtaining prosecutions for fraudulent liability claims is rare but the Team have had successes with suspected fraudulent claims discontinuing.

Risk Management and Insurance Advice

30. The team provides Insurance and Risk Management advice to all areas of the Council and Local Authority Schools. The advice includes input on major projects such as the contracts for the various Alternative Service Delivery Models.
31. In terms of Risk Management, the Risk and Insurance team works very closely with the Health and Safety team and are currently working on interesting joint projects to improve the awareness of slip and trip hazards within schools as well as an Authority wide project aiming to improve the management of occupational road risk.
32. The Risk and Insurance team manages a small budget which it can use to match fund initiatives designed to improve insurable risks. In the past the budget was used to help improve security fencing at many schools and in more recent times has been used for projects such as the installation of flood defences at the Garibaldi School (the school suffered 3 significant flooding incidents) and the part funding of reversing cameras in fleet vehicles.

RECOMMENDATION/S

33. It is recommended that:
 - Members consider the report and comment upon the insurance arrangements.
 - Agree whether the committee would like an annual update report, or a more frequent update.

Nigel Stevenson

Service Director – Finance, Procurement & Improvement

For any enquiries about this report please contact:

Anne Hunt – Risk & Insurance Manager

Constitutional Comments (KK 3/10/2017)

34. The proposals in this report are within the remit of the Finance & Major Contracts Management Committee.

Financial Comments (KRP 20/09/2017)

35. There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

36. Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

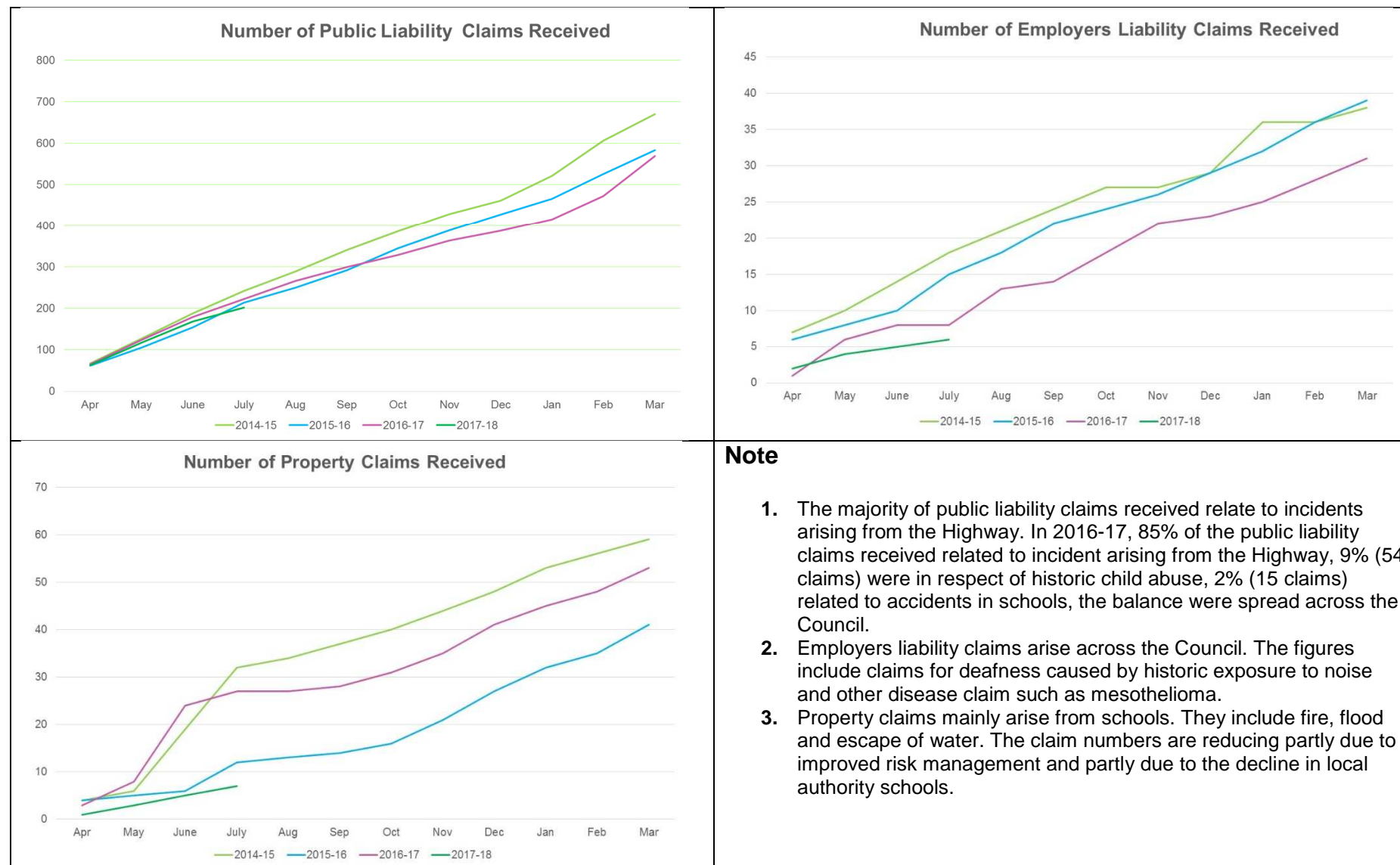
Electoral Division(s) and Member(s) Affected

- All

Summary of External Insurance Policies

Appendix A

Policy	Insurer	Excess	Stop Loss	2017-18 Premium	Notes
Property – General	Zurich Municipal	£50,000 General Properties £500,000 Schools	£2,000,000	£822,000	Covers damage to NCC Properties including schools, caused by Fire, Flood, Storm, Etc
Terrorism	Lloyds	Nil	£25,000	£92,000	Cover for the Council's properties against acts of terrorism
Public Liability	Zurich Municipal	£250,000	£4,750,000	£569,000	Cover the Council's legal liability to pay damages to third parties that have suffered damage or injury as a result of the Council's negligence
Employers Liability	Zurich Municipal	£250,000		£139,000	Cover the Council's legal liability to pay damages to employees have suffered an injury as a result of the Council's negligence
Third Party Motor	Zurich Municipal	£250,000		£45,000	Third party motor insurance for the Council's fleet
Fidelity	Zurich Municipal	£250,000	na	£60,000	Cover the Council against theft by its employees
School Travel	CHUBB	Nil	na	£20,000	Travel insurance for staff an pupils attending school trips
Officer Travel	CHUBB	Nil	na	£500	Travel insurance for officers and members attending foreign countries on Council business
Personal Accident	CHUBB	Nil	na	£15,000	Personal accident cover for officers and members who either die or suffer a permanent disabling injury, as a result of an accident, in the course of their employment/official duties
Computer	Allianz	£5,000	na	£5,000	Cover for the Council's Servers
TOTAL				£1,767,500	



16 October 2017

Agenda Item: 6

REPORT OF THE CORPORATE DIRECTOR, ADULT SOCIAL CARE, HEALTH AND PUBLIC PROTECTION, NOTTINGHAMSHIRE COUNTY

BETTER CARE FUND POOLED BUDGET – Q1 2017/18 RECONCILIATION

Purpose of the Report

1. This report sets out progress to date against the Nottinghamshire Better Care Fund (BCF) plan and the impact of recent policy changes. The Finance and Major Contracts Management Committee are invited to:
 - 1.1. Consider and comment on the findings of the reconciliation of the BCF Pooled Fund for Q1 2017/18.

Information and Advice

2. Nottinghamshire County Council and the six Nottinghamshire Clinical Commissioning Groups (CCGs) contributing to the pooled fund undertook a reconciliation exercise of Quarter 1 2017/18 income and expenditure.
3. Expenditure is currently on plan. Tables 1 and 2 show the difference between funding available and spend to period 3.

Table 1: Quarter 1 2017/18

Contributing partner	Nottinghamshire Clinical Commissioning Groups (CCGs)	Nottinghamshire County Council	Total
£'000s			
Funding within the pooled budget	£12,884,225	£9,973,561	£22,857,785
Payments received from pooled budget to NCC	£7,894,293	£14,963,493	£22,857,785
Total spend to period 3	£7,894,292	£14,509,206	£22,403,498
Under/(over) spend to period 3	£1	£454,287	£454,287

4. The Nottinghamshire County Council allocation is shown in Table 2. This table shows the difference between planned spend and actual spend to period 3. The planned profiles between income and expenditure were not matched and we expected to have spent less than we had received by period 3.

Table 2: Quarter 1 2017/18 Nottinghamshire County Council

£'000s	Planned Spend	Spend	Variance
Protecting Social Care	£4,185,034	£4,185,034	£0
Carers	£307,000	£306,922	£78
Care Act Implementation	£498,000	£498,000	£0
Improved Better Care Fund	£4,015,250	£4,015,250	£0
Disabled Facilities Grant (District and Borough Councils)	£5,504,000	£5,504,000	£0

Reason/s for Recommendation/s

5. To ensure appropriate governance is in place to oversee the delivery of the pooled fund as the Host Organisation.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

7. The financial implications are detailed in the Nottinghamshire BCF plan. The pooled budget amounts to a minimum of £73.5m in 2017/18. Progress against the plan will be reported to the Health and Wellbeing Board on an ongoing basis as part of the Better Care Fund reporting process.

Legal Implications

8. The Care Act facilitates the establishment of the BCF by providing a mechanism to make the sharing of NHS funding with local authorities mandatory. The wider powers to use Health Act flexibilities to pool funds, share information and staff are unaffected.

RECOMMENDATION/S

That the Committee:

- 1) Consider and comment on the findings of the reconciliation of the BCF Pooled Fund for Q1 2017/18.

David Pearson, Corporate Director, Adult Social Care, Health and Public Protection, Nottinghamshire County Council

For any enquiries about this report please contact:

Joanna Cooper

Joanna.Cooper@nottscc.gov.uk / 0115 9773577

Constitutional Comments (LM 4/10/17)

9. The Finance and Major Contracts Management Committee is the appropriate body to consider the contents of the report.

Financial Comments (OC 05/10/17)

10. The financial implications are contained within the body of the report. They are summarised in the tables found in paragraphs 3 and 4.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Terms of Reference for BCF Steering Group and Finance, Planning and Performance sub-group.
- Better Care Fund Pooled Budget March 2015
- Better care fund pooled budget – Q1 and Q2 reconciliation and planning for 2016/17. December 2015
- Section 75 Pooled Fund Agreement 2015/16 variation
- Section 75 Pooled Fund Agreement 2016/17
- Section 75 Pooled Fund Agreement 2017/18

Electoral Division(s) and Member(s) Affected

- All

18 September 2017**Agenda Item: 7****REPORT OF CORPORATE DIRECTOR, RESOURCES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Committee's work programme for 2017/18.

Information and Advice

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason/s for Recommendation/s

6. To assist the committee in preparing its work programme.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required

RECOMMENDATION/S

- 1) That the Committee considers whether any amendments are required to the Work Programme.

Jayne Francis-Ward
Corporate Director, Resources

For any enquiries about this report please contact: Pete Barker, x 74416

Constitutional Comments (HD)

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (NS)

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

Background Papers

None.

Electoral Division(s) and Member(s) Affected

All

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>Lead Officer</u>	<u>Report Author</u>
20 November 2017			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
BCF Q2 Reconciliation		Joanna Cooper	Joanna Cooper
Schools PFI	Review of Schools PFI project and contracts	Mick Allen	Mick Allen
18 December 2017			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
15 January 2018			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Contract Update(>£10m)	Standard item	Various	Various
5 February 2018			
Annual Budget Meeting	To recommend to Full Council the financial strategy, annual revenue budget, annual capital budget, and precept on billing authorities	Nigel Stevenson	Glen Bicknell

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

26 February 2018			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
BCF Q3 Reconciliation		Joanna Cooper	Joanna Cooper
Contract Update(>£10m)	Standard item	Various	Various
19 March 2018			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Contract Update(>£10m)	Standard item	Various	Various
23 April 2018			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Contract Update(>£10m)	Standard item	Various	Various
General Data Protection Regulation (GDPR)	Implications for contracts	Jayne Francis-Ward	Clare Winter / Heather Dickinson

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

21 May 2018			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
BCF Q4 Reconciliation		Joanna Cooper	Joanna Cooper
Contract Update(>£10m)	Standard item	Various	Various
18 June 2018			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Contract Update(>£10m)	Standard item	Various	Various
16 July 2018			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Contract Update(>£10m)	Standard item	Various	Various

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

TO BE PLACED			
Local Government Finance	Overview report	Nigel Stevenson	Nigel Stevenson
Commercial Development Unit	Details of Commercial Strategy	Martin Done	Martin Done
Trading Organisations	Update report	Jas Hundal / Ian Hardy	Jas Hundal / Ian Hardy