Nottinghamshire County Council

Finance and Major Contracts Management Committee

Monday, 17 September 2018 at 14:00

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

1	Minutes of the last meeting held on 16 July 2018	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 4 2018-19	7 - 22
5	Business Rates Retention Pilot Bid	23 - 44
6	Better Care Fund Pooled Budget - Q1 2018-19 Reconciliation	45 - 48
7	Latest Estimated Costs - Replacement of the Orchard Special School and Newark Day Centre	49 - 54
8	General Data Protecton Regulation (GDPR) Implications for Contracts	55 - 58
9	Work Programme	59 - 64

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 Peter Barker (Tel. 0115 977 4416) or a colleague in Democratic Services 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

Nottinghamshire County Council

minutes

Meeting	FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE
Date	16 July 2018 (commencing at 2.00pm)

Membership
Persons absent are marked with an 'A'

COUNCILLORS

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

John Clarke	John Longdon
Neil Clarke MBE	Diana Meale
Samantha Deakin	Mike Pringle
Eric Kerry	Alan Rhodes

OFFICERS IN ATTENDANCE

Pete Barker	Democratic Services Officer
Derek Higton	Service Director, Place and Communities
Mark Knight	Group Manager, Commercial Development Unit
Nigel Stevenson	Service Director – Finance, Infrastructure & Improvement

1. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 18 June 2018, having been circulated to all Members, were taken as read and were confirmed, subject to the following amendment, and were signed by the Chair:-

- Councillor Richard Jackson was appointed as the Chair, and Councillor Roger Jackson and Councillor Ogle were appointed as Vice Chairs, of the Finance & Major Contracts Management Committee and not the Planning & Licensing Committee as stated.

2. APOLOGIES FOR ABSENCE

Councillor Longdon replaced Councillor Quigley, Councillor Neil Clarke replaced Councillor Girling and Councillor Deakin replaced Councillor Hollis, all for this meeting only.

3. **DECLARATIONS OF INTEREST**

No declarations of interest were made.

4. **FINANCIAL MONITORING REPORT: PERIOD 02 2018/19**

RESOLVED: 2018/036

The contingency request as detailed in the report be approved.

5. **COMMERCIAL DEVELOPMENT UNIT: FIRST YEAR TRADING RESULTS**

RESOLVED: 2018/037

That a report on the performance of the Trading Standards service be brought to a future meeting of the Committee.

6. **COUNTY HALL CLASP BLOCK DEMOLITION**

RESOLVED: 2018/038

That £162k from the Capital Programme be used to fund the shortfall in the budget for the County Hall CLASP Block demolition and associated works.

7. **REPLACEMENT OF THE ORCHARD SPECIAL SCHOOL AND NEWARK DAY CENTRE UPDATE REPORT**

RESOLVED: 2018/039

That an LEC report be brought to Committee in September 2018.

8. **LATEST ESTIMATED COST: SCHOOLS PLACES PROGRAMME 2018 SCHOOL EXPANSIONS**

RESOLVED: 2018/040

That approval be given for the projects to proceed to the construction phase based on the costs contained within the report.

9. **LATEST ESTIMATED COST – NEW SCHOOL, WATNALL ROAD SITE, HUCKNALL**

RESOLVED: 2018/041

1) That approval be given for the project to proceed to the construction phase based on the costs contained within the report.

2) That a report on the Authority's approach to building new schools and providing school places be brought to a future meeting of the Committee.

10. WORK PROGRAMME

RESOLVED: 2018/042

That reports on the following subjects be brought to future meetings of the Committee:

- The performance of the Trading Standards service
- The Authority's approach to building new schools
- The business case for a unitary authority for Nottinghamshire

The meeting closed at 2.39pm

CHAIR

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

17 September 2018

Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT

FINANCIAL MONITORING REPORT: PERIOD 4 2018/19

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2018/19.
2. To provide a summary of capital programme expenditure to date, year-end forecasts and approve variations to the capital programme.
3. To inform Members of allocations released from the demand and inflationary pressures account.
4. To inform Members of the Council's Balance Sheet transactions.
5. To provide Members with an update from the Accounts Payable and Accounts Receivable teams.
6. To provide Members with an update from the Procurement Team.

Information

Background

7. The Council approved the 2018/19 budget at its meeting on 28 February 2018. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.

Summary Revenue Position

8. The table below summarises the revenue budgets for each Committee for the current financial year. A £6.2m net overspend is currently predicted. As a consequence of the in-year overspend and the significant financial challenges facing the Council over the medium term, 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 03 £'000	Committee	Annual Budget £'000	Actual to Period 04 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
3,935	Children & Young People's	120,140	27,613	124,864	4,724
1,031	Adult Social Care & Public Health	208,786	51,108	209,722	936
1,717	Communities & Place	122,253	36,357	123,623	1,370
(309)	Policy	34,838	13,912	34,462	(376)
(296)	Finance & Major Contracts Management	3,172	1,266	2,869	(303)
(2)	Governance & Ethics	7,285	2,207	7,314	29
(78)	Personnel	15,323	5,745	15,225	(98)
5,998	**Net Committee (under)/overspend**	**511,797**	**138,208**	**518,079**	**6,282**
(725)	Central items	(13,310)	2,096	(14,017)	(707)
-	Schools Expenditure	102	-	102	-
251	Contribution to/(from) Traders	849	1,028	1,100	251
5,524	**Forecast prior to use of reserves**	**499,438**	**141,332**	**505,264**	**5,826**
-	Transfer to / (from) Corporate Reserves	(6,364)	-	(6,364)	-
507	Transfer to / (from) Departmental Reserves	(10,315)	(974)	(9,895)	420
-	Transfer to / (from) General Fund	(1,529)	-	(1,529)	-
6,031	**Net County Council Budget Requirement**	**481,230**	**140,358**	**487,476**	**6,246**

Committee and Central Items

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

Children & Young People's (£4.7m overspend, 3.9% of annual budget)

9. The overspend has been caused primarily by rapidly increased demand for children's care services. Allied with unavoidably high unit costs this has had a dramatic impact on demand led budgets. Child in Need cases have also increased significantly. This increased demand is also being experienced nationally and consequently adds additional market pressures.

10. The major contributing variances are:

- Staffing in Hard to Recruit Teams (including leaving care, LAC, emergency duty etc.) and other Social Work teams is forecast to overspend by £1.7m due to a combination of staffing changes including permanent recruitment to vacancies, temporary staff to respond to workload issues and agency workers. This includes the Assessment and District Child Protection Teams which continue to have high demand and caseloads. The agency challenge panel continues to approve all usage of agency staff.
- External Placements for LAC are forecast to overspend by £3.1m, of which £1.8m is due to the recent and sustained growth in the number of Independent Fostering Agency (IFA) placements which are not expected to significantly reduce over the year, together with £0.4m on semi-independent spot placements. External LAC numbers have increased as noted in paragraph 9, with the sustained growth in IFAs starting in the latter part of 2017/18 having an exacerbated impact on 2018/19.
- A range of other budget heads account for the offsetting net £0.1m underspend.

11. A number of budget control measures are in place across the Children and Young People's Committee as follows:

- Instruction to all Group Managers to scrutinise and restrict all non-essential expenditure. This will be followed up with a further "line by line" budget review over the summer.
- Ongoing challenge and development of existing block contracts for residential care.
- Proposed increased frequency of Agency Worker Challenge Panels.
- Bringing forward proposals to increase the number of internal foster carers.
- Various measures will be implemented through the department's Remodelling Practice programme (fieldwork staffing arrangements).

Adult Social Care & Public Health (forecast £0.9m overspend, 0.5% of annual budget)

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

- Older Adults across the County are forecasting an overspend of £1.5m.
- Younger Adults across the County are forecast to overspend by £2.1m, due to increased commitments in direct payments and supported living.

13. The Strategic Commissioning, Accessing and Safeguarding Division is reporting an underspend of £1.4m due mainly to lower in-year costs relating to the advocacy contract and an underspend in the Early Intervention and Prevention commissioning team.

14. The Transformation Division is forecasting an underspend of £1.0m mainly on the Improved Better Care Fund, which is experiencing delays in recruitment across divisions.

15. Public Health is currently forecasting an underspend of £0.3m, due mainly to an underspend on the Substance Misuse Programme. The overall County Council forecast assumes that this net underspend will be transferred to the Public Health reserve.

Communities & Place (forecast £1.4m overspend, 1.1% of annual budget)

16. There is currently a forecast overspend of £1.7m against the SEND / home to school transport budget. A review of transport provision is currently taking place with reference to changing demand and the efficiency of routes. A retendering process is also being undertaken which will complete in September 2018.

17. The budget for concessionary fares is forecast to underspend by £0.3m following favourable contract settlement values with transport operators.

Trading Services

18. The anticipated draw-down from Trading Services Reserves to fund Trader deficits/savings is £1.1m, from current Reserve balances of £1.1m. This does not include potential redundancy costs resulting from Trading Services restructure, to be implemented.

Central Items (forecast £0.7m underspend)

19. Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and capital charges.

20. Interest payments fluctuate depending on expectations of future rates and anticipated slippage on the capital programme. Current Treasury Management forecasts suggest a net underspend on interest of £0.5m. There is a net £0.2m underspend across the other central items.

21. The Council's budget includes a main contingency budget of £5.5m to cover redundancy costs, slippage of savings, additional requirement for the 2018/19 pay award and unforeseen events.

22. Also, in 2018/19 a number of demand and inflationary pressures have been identified that have a high degree of uncertainty with regard to likelihood, value and profiling. As such, an additional provision of £4.1m has been made within contingency to fund these pressures should they arise. Finance and Major Contracts Management Committee or the Section 151 Officer are required to approve the release of contingency funds.

23. Requests have been made to release some of the funds from the demand and inflationary pressures account. Following a review by the Section 151 Officer, £0.6m has been transferred to fund the pressures that have now materialised, leaving £3.5m left in the additional contingency budget. This will continue to be assessed throughout the year.

Progress with savings and risks to the forecast

24. Council on 28 February 2018 approved savings proposals of £15.6m for delivery over the four year period 2018-22. 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. The progress of the Council's current savings programme is reported to the Improvement and Change Sub-Committee on a regular basis. This report highlights all projects that are either experiencing obstacles or are at risk, the latest being 4 September 2018.

25. Issues associated with the achievement of savings (£0.686m) relating to Statutory School Transport are being reviewed. The outcome of the review will be reported to the Corporate Leadership Team and subsequently to the Improvement and Change Sub-Committee.

26. The approved 2018/19 budget was set against a background of assumptions and on-going risks, specifically with regard to the demand for Council services in the areas of Children and Adult Social Care where safeguarding takes priority. These high risk areas will continue to be monitored closely during the year through the robust monthly budget management process and reported back to Committee.

Balance Sheet
General Fund Balance

27. Members approved the 2017/18 closing General Fund Balance of £30.9m at Council on 12 July 2018. The 2018/19 budget approves utilisation of £1.6m of balances which will result in a closing balance of £29.3m at the end of the current financial year. This is 6.1% of the budget requirement.

Capital Programme

28. Table 2 summarises changes in the gross Capital Programme for 2018/19 since approval of the original Programme in the Budget Report (Council 28/02/18):

Table 2 – Revised Capital Programme for 2018/19

	2018/19 £'000	£'000
Approved per Council (Budget Report 2018/19)		112,771
Variations funded from County Council Allocations :		
Net slippage from 2017/18 and financing adjustments	16,380	
		16,380
Variations funded from other sources :		
Net variation from 2017/18 and financing adjustments	(4,625)	
		(4,625)
Revised Gross Capital Programme		**124,526**

29. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 4.

Table 3 – Capital Expenditure and Forecasts as at Period 4

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 4 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People's	41,397	5,440	26,483	(14,914)
Adult Social Care & Public Health	4,592	603	4,592	-
Communities & Place	56,738	10,822	55,738	(1,000)
Policy	19,863	2,412	20,208	345
Finance & Major Contracts Mngt	180	23	180	-
Personnel	256	-	256	-
Contingency	1,500	-	1,500	-
Total	**124,526**	**19,300**	**108,957**	**(15,569)**

Children & Young People's

30. In the Children and Young People's Committee capital programme, a forecast underspend of £14.9m has been identified. This is mainly due to £10.7m forecast slippage against the School Places Programme. The majority of existing commitment is for primary education places. Re-profiling of the budget is required as the remaining provision is to be allocated, in the main, to Secondary School pressures in 2019/20. These are currently being assessed as to where the allocation is most required.

31. Also in the Children and Young People's Committee, a forecast underspend of £2.7m has been identified against the Bestwood Hawthorne Replacement School project as the forecast spend is re-profiled to reflect the proposed delivery of the scheme.

Communities & Place

32. In the Communities and Place Committee, a forecast underspend of £1.0m has been identified. This is as a result of £0.7m slippage against the Sherwood Forest Visitor Centre project as demolition and remediation of the existing visitor centre is now scheduled for 2019. In addition, £0.4m slippage has been identified against the Flood Alleviation and Drainage programme and £0.3m against the Libraries Improvement programme as projects are re-profiled into the next financial year.

    It is proposed that the Communities and Place Committee capital programme is varied to reflect slippage identified against the Sherwood Forest Visitor Centre project, the Flood Alleviation and Drainage programme and the Libraries Improvement Programme as described above.

33. Also in the Communities and Place Committee, the forecast underspends above have been partially offset by a forecast overspend of £0.4m against the Waste Management programme, to be funded from existing revenue budgets.

    It is proposed that the Communities and Place capital programme is varied to reflect the overspend identified against the Waste Management programme, funded from revenue.

34. Also in the Communities and Place capital programme, a report to Communities and Place Committee in May 2018 requested that £0.5m of revenue funding be used to fund capital expenditure associated with the Local Improvement Scheme.

    It is proposed that the Communities and Place capital programme is varied to reflect the additional £0.5m of capital expenditure on the Local Improvement Scheme, funded from revenue.

Financing the Approved Capital Programme

35. Table 4 summarises the financing of the overall approved Capital Programme for 2018/19.

Table 4 – Financing of the Approved Capital Programme for 2018/19

Committee	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People's	24,521	16,612	125	139	41,397
Adult Social Care & Public Health	3,268	1,324	-	-	4,592
Communities & Place	17,864	37,462	600	812	56,738
Policy	18,613	1,214	-	36	19,863
Finance & Major Contracts Mngt	-	-	-	180	180
Personnel	256	-	-	-	256
Contingency	1,500	-	-	-	1,500
Total	**66,022**	**56,612**	**725**	**1,167**	**124,526**

36. It is anticipated that borrowing in 2018/19 will increase by £1.3m from the forecast in the Budget Report 2018/19 (Council 28/02/2018). This increase is primarily a consequence of:

- £16.4m of net slippage from 2017/18 to 2018/19 and financing adjustments funded by capital allocations.
- Net slippage in 2018/19 of £15.1m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

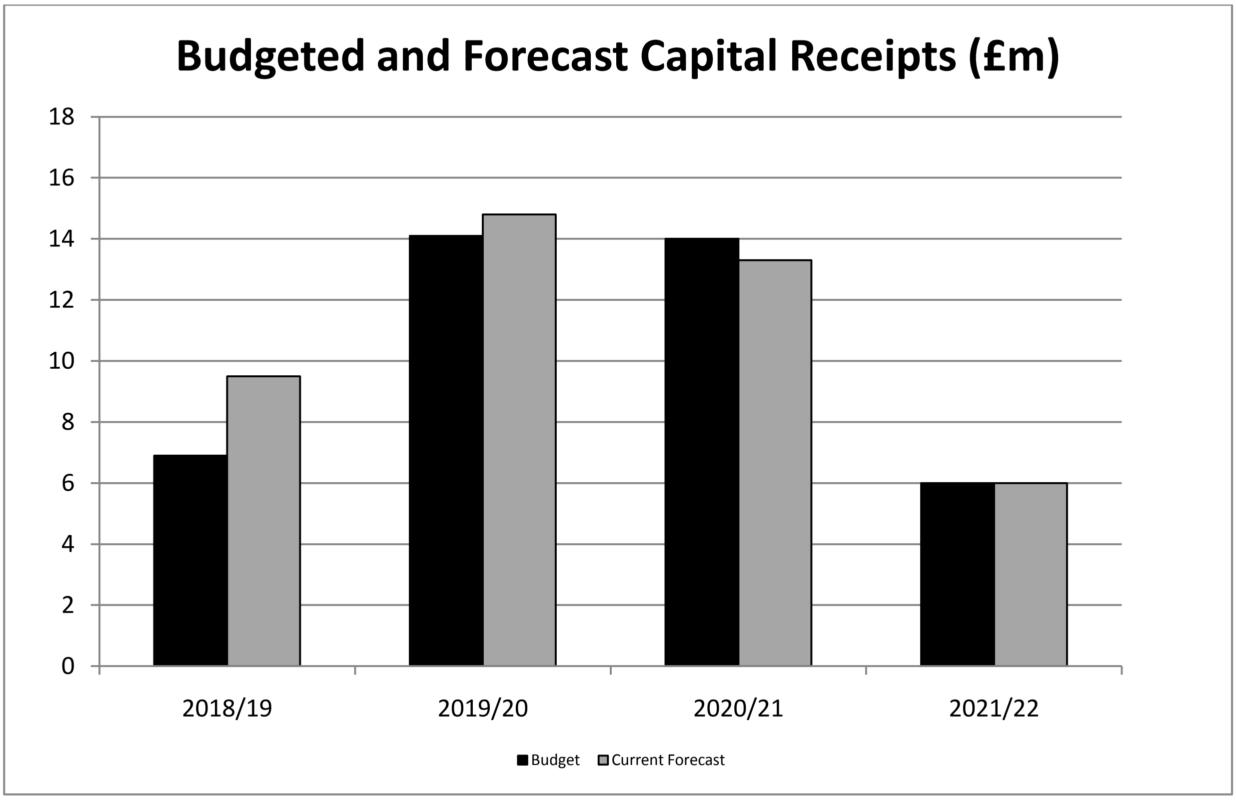
Prudential Indicator Monitoring

37. 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

38. 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.

39. The chart below shows the budgeted and forecast capital receipts for the four years to 2021/22.



40. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2018/19 (Council 28/02/2018). These capital receipts budgets prudently incorporated slippage, giving a degree of "protection" from the risk of non-delivery.

41. The capital receipt forecast for 2018/19 is £9.5m. To date in 2018/19, capital receipts totalling £0.5m have been received.

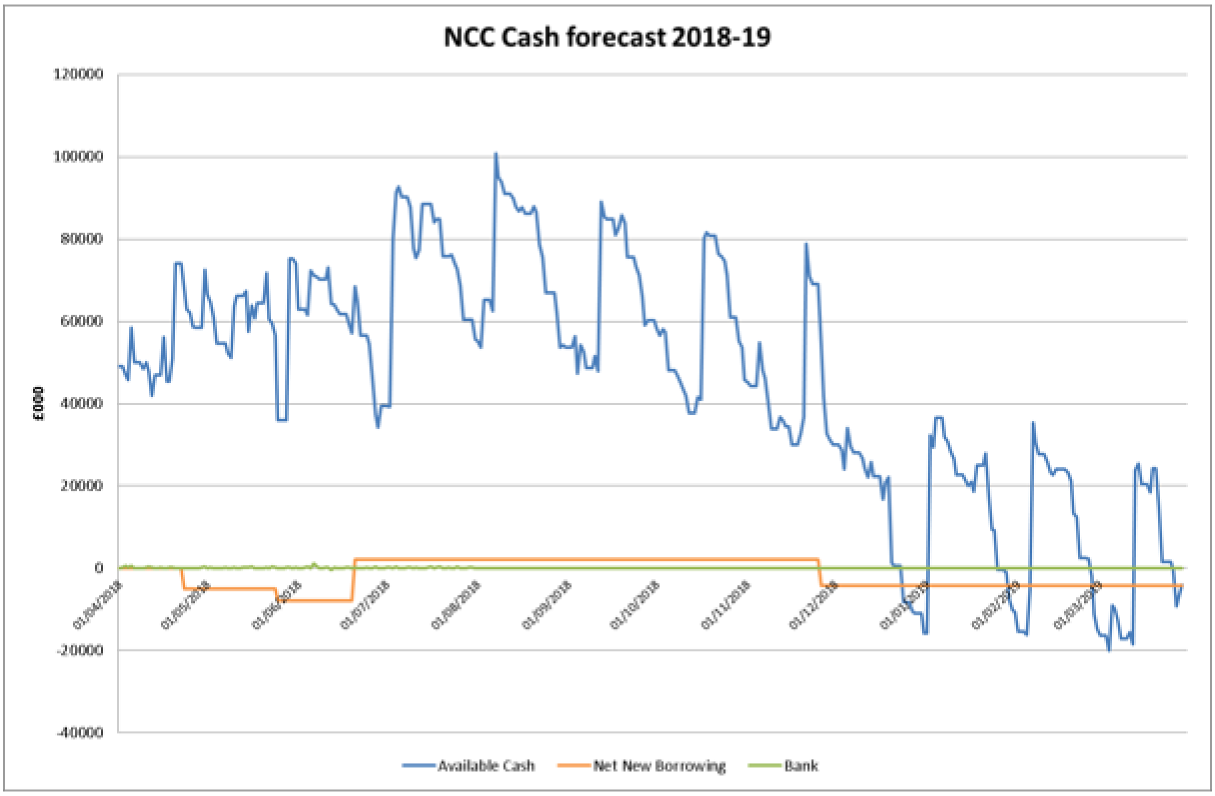
42. The number and size of large anticipated receipts increase the risk that income from property sales will be below the revised forecasts over the next three years. Although the forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales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

43. Current Council policy (Budget Report 2018/19) is to use the first £5.4m of capital receipts to fund in-year transformation costs. Any capital receipts in excess of this will be 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

44. 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.

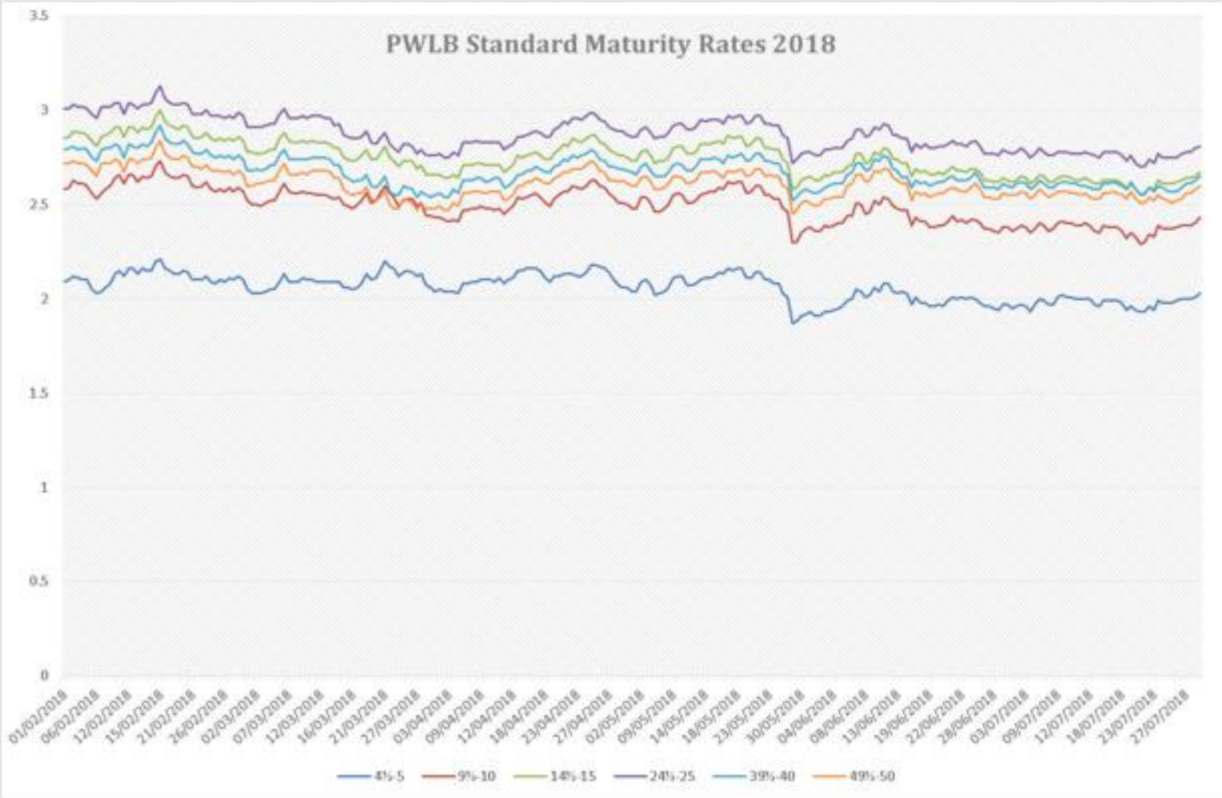
45. The Cash forecast chart below shows the forecast cash flow position for the financial year 2018/19. Cash inflows are typically higher at the start of the year due to the front loading receipt of Central Government grants, and the payment profile of precepts. Cash outflows, in particular capital expenditure, 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.



46. 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.

47. The Treasury Management Strategy for 2018/19 identified a need to borrow approximately £45m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. After 2017/18 closure this forecast has been revised to £52m, and £10m of this was taken in June. 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 2018 to date.

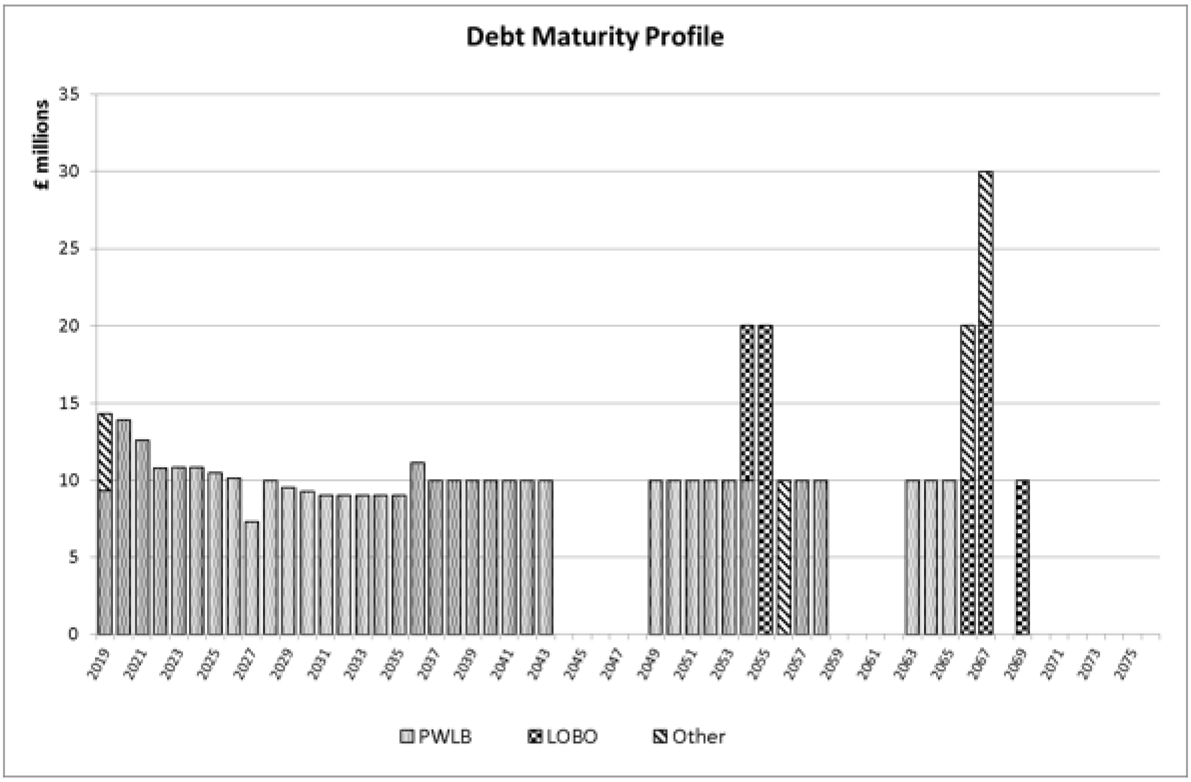


48. Borrowing decisions will take account of a number of factors including:
    - expected movements in interest rates
    - current maturity profile
    - the impact on revenue budgets and the medium term financial strategy
    - the treasury management prudential indicators.

49. 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 47 years. When deciding on the lengths 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.

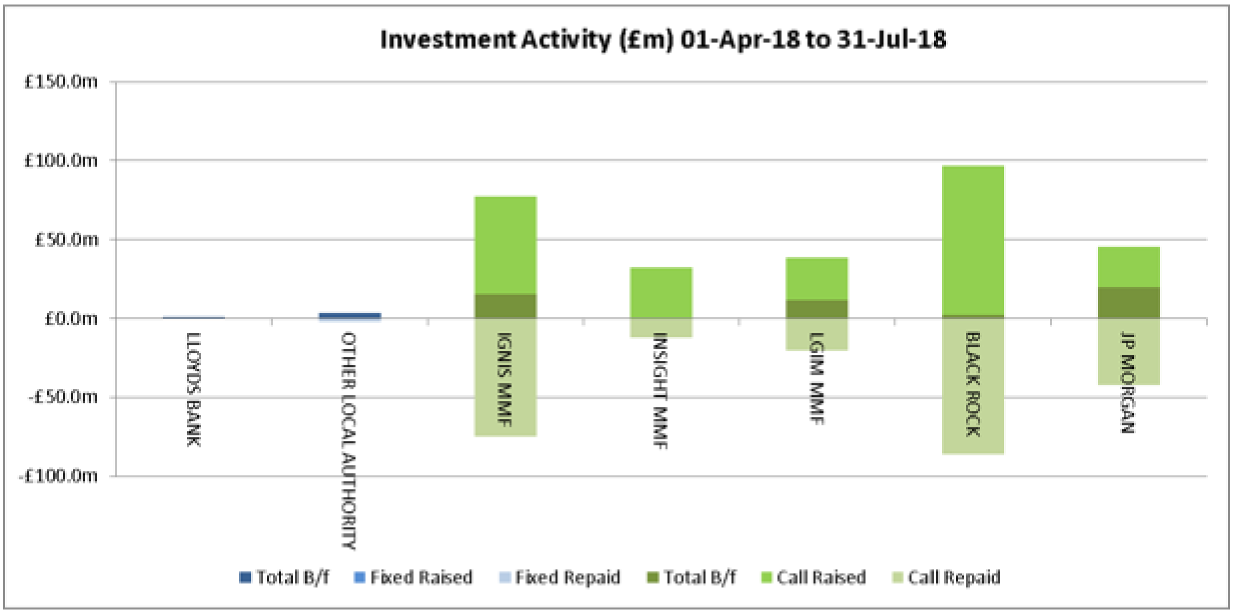
50. Longer-term borrowing (maturities up to 51 years) was obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the 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.

51. 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.



52. The investment activity for 2018/19 is summarised in the chart and table below. Outstanding investment balances totalled £54m at the start of the year and £58m at the month-end.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
Lloyds Bank	1,000	-	-	1,000
Other Local Authority	3,500	-	(2,000)	1,500
IGNIS MMF	15,500	61,950	(74,650)	2,800
INSIGHT MMF	-	32,200	(12,200)	20,000
LGIM MMF	11,400	27,350	(20,250)	18,500
Black Rock	2,150	95,000	(86,250)	10,900
JP Morgan	20,000	25,600	(42,300)	3,300
Total	**53,550**	**242,100**	**(237,650)**	**58,000**



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

Debt Recovery Performance

54. The debt position at the end of quarter 1 is comparable with annual and quarterly trends. The backdated VAT claims are also moving along the debtor profiling with £1m outstanding at the 5 month ageing.

55. The Residential and domiciliary debts debt figures continue to be influenced by full cost invoices to service users that have not yet joined the deferred payments scheme. This is a direct effect of the changes brought about by the Care Act. These users are charged full costs for their care which they have no funds to make payments. This accounts for £1.82m over 373 individual accounts.

56. The write off total as at the end of Quarter 1 was £147,000.

Invoices raised in quarter

	Quarter 1	Year to date
Number	35,451	35,451
Value	£40,207,448	£40,207,448

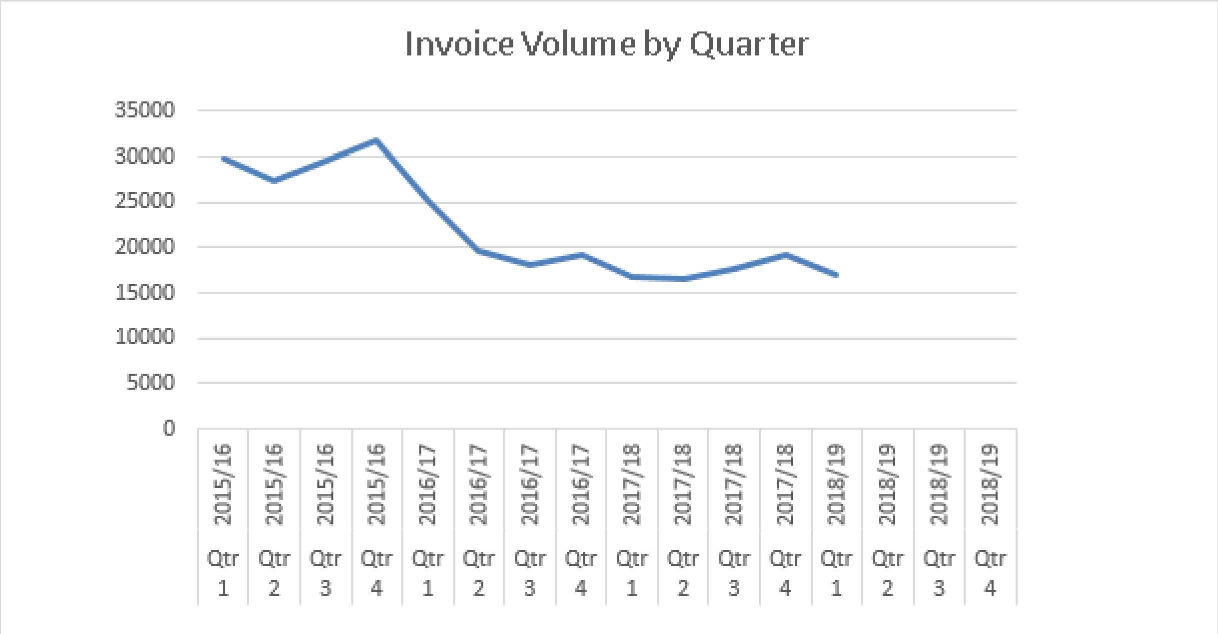
Debt position at 30/06/18

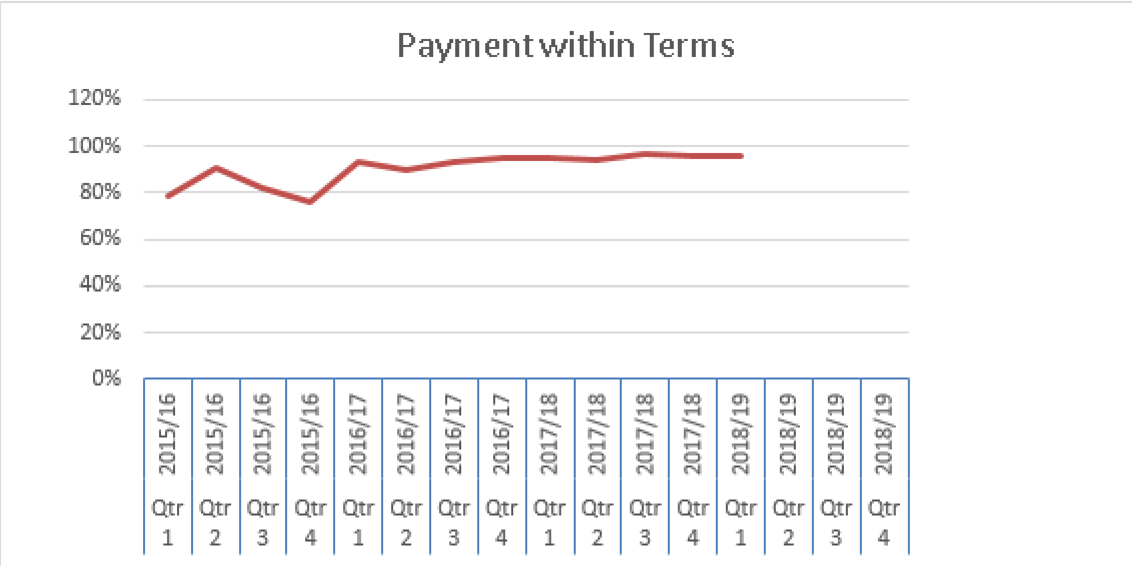
	Residential & Domiciliary Care	All Other	Total
Total	£9,952,490	£19,604,015	£29,556,505
Over 6 months	£5,353,601	£634,374	£5,987,975
% over 6 months	53.8%	3.2%	20.3%

Accounts Payable (AP) Performance

57. During Quarter 1, 96% of commercial invoices were paid within terms and a further 2% are then paid within 7 days of vendor terms. This trend has continued to meet the performance targets. The department also monitors where invoices were paid late and subjected to a dispute and fall outside the late payment compensations legislation. This is done retrospectively and collated for annual reporting requirements. This publically reported performance statistic for 2017/18 was 95.59%, an increase of 1.81% over 2016/17.

58. The volume of commercial invoices processed continues in the same trend with an expectation that we will receive in the region of 70,000 invoices during 2018/19.



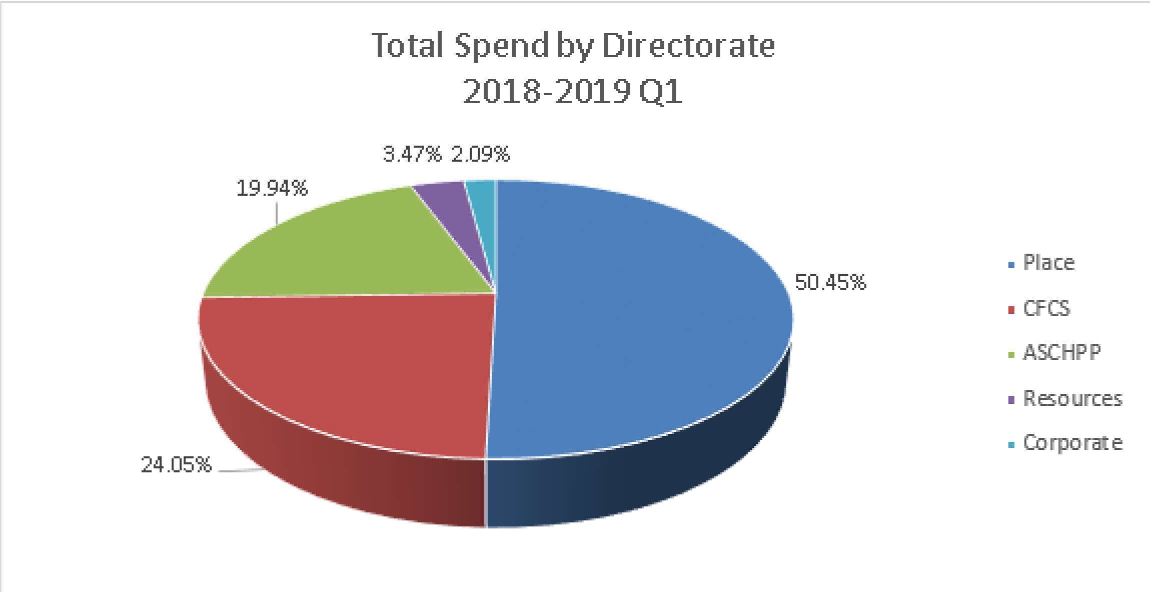


Procurement Performance

59. As an organisation, NCC has spent £134m in the first quarter of the financial year 2018/19 with external suppliers. This represents an increase of £12m when compared with the same

period of the previous financial year. The top 4% (104) of suppliers account for 80% (107m) of the total supplier spend. The remaining 96% (2,695 suppliers) have a total expenditure of £27m with an average spend of £9,900.

60. The table and chart below shows the total amount spent in the period, by Directorate. Place has the highest level of expenditure at 50%, whilst collectively the care related Directorates (ASCH&PP, CFCS) account for about 44% of all spend.



61. The Council's primary ordering route is through BMS. Orders that are processed through BMS are classified as 'Compliant', whilst purchases made outside of the Council's systems are deemed to be 'Non-Compliant'.

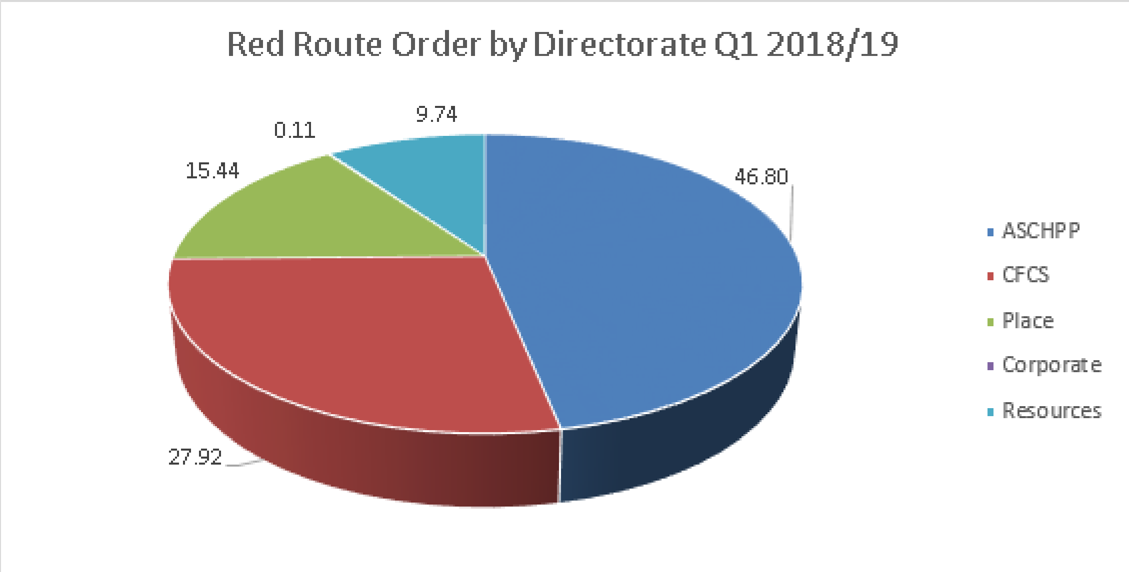
Retrospective orders are also classified as non-compliant, as they are typically raised after delivery of goods/services. Services commissioned and managed through other Corporate Systems, for example Frameworki/Mosaic, are out of scope. Purchase Orders are beneficial to the organisation as they provide visibility of what we spend. When compared with the same period of the previous financial year:

- Compliant ordering has increased by 4%
- Non-compliant (non PO) ordering has decreased by 4% from 36% to 32% of the total spend

62. The table below shows the number of retrospective orders on a monthly basis by department.

Directorate	PO Volume Apr 2018	PO Volume May 2018	PO Volume Jun 2018	Total Q1 2018/19	Total Q1 2017/18
ASCHPP	177	103	77	**357**	**537**
CFCS	265	256	242	**763**	**1,261**
Place	244	356	226	**826**	**1,408**
Corporate	1	5	5	**11**	**21**
Resources	68	113	54	**235**	**402**
Total	**755**	**833**	**604**	**2,192**	**3,629**

63. Purchase orders themselves are split into Green and Red orders. Green orders are those which are raised with the Procurement Centre's pre-arranged agreements or contracted suppliers. Red orders are those that do not have approved suppliers or contracts set up on BMS, and require additional work. When compared with the same period in the previous financial year the volume of 'Red' orders have increased slightly from 9,005 to 9,120. The chart below identifies the percentage of Red Route orders by Directorate in the 2018/19 financial year. The Procurement Team continue to work with stakeholders to improve these figures.



Statutory and Policy Implications

64. 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 variations to the capital programme.

3) To comment on allocations released from the demand and inflationary pressures account.

4) To comment on the Council's Balance Sheet transactions.

5) To comment on the performance of the Accounts Payable and Accounts Receivable teams.

6) To comment on the performance of the Procurement Team.

Nigel Stevenson Service Director – Finance, Infrastructure 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 07/09/2018)

65. Pursuant to Part 4 section 21 of the Nottinghamshire County Council's Constitution the Finance and Major Contracts Management Committee has the delegated authority for all decisions within the control of the Council including but not limited to responsibility for the financial management of the Authority. The recommendations contained within this report fall within the delegated authority to this Committee

Financial Comments (GB 23/08/2018)

66. 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

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

17 September 2018

Agenda Item: 5

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE AND IMPROVEMENT

BUSINESS RATES RETENTION PILOT BID

Purpose of the Report

1. To seek approval for the Council to enter into an agreement with District/Borough Councils, Nottingham City Council and the Nottinghamshire & City of Nottingham Fire & Rescue Authority to progress the bid to become a Business Rates Retention Pilot for 2019/20.

Detail

2. On 24 July 2018 the government issued a prospectus inviting local authorities, particularly in two tier areas, to submit applications to be pilots for the 2019/20 Business Rates Retention Scheme by 25 September 2018.

3. This will be the second year of the pilot programme. As was the case in 2018/19 the pilot will only last for one year - 2019/20 - with the aim of exploring the options for Local Government finance reforms, including promoting sustainability and promoting growth. It is anticipated that this will be the last year of such pilots. 2020/21 should see the introduction of the new 75% business rates retention and new funding basis being implemented across local government.

4. The 2018/19 prospectus was based on 100% business rates retention. In addition to the Pilot for London, 10 other authorities were successful in becoming Pilots;

   - Berkshire
   - Derbyshire
   - Devon
   - Gloucestershire
   - Kent and Medway
   - Leeds
   - Lincolnshire
   - Solent
   - Suffolk
   - Surrey

5. The prospectus seeks applications for areas to form business rates pilots, either for a county area, or beyond. If the application is for a whole county area, then all local authorities must be supportive.

6. As Members will recall, the county council and the seven district and borough councils have been in a business rates pooling arrangement since April 2013 based on the existing 50% business rates retention. To date this has seen the retention of an additional £14.6 million of business rates growth retained within the County of Nottinghamshire.

7. Applications are to be received by the Ministry for Housing, Communities and Local Government by 25 September 2018, and there is an expectation that the decision will be known within the Provisional Local Government Financial Settlement, probably in December 2018.

8. For 2019/20 the pool of local authorities in the pilot will be based on 75% Business Rates Retention and would be entitled to keep all of the growth in business rates since the baseline was set in 2013. At present the government imposes a levy of 50%. Across the county area the potential gain could be £10 million, albeit only for 2019/20. In addition it will allow Nottinghamshire local authorities to influence the future development of local government funding.

9. The prospectus, attached as Annex A, sets out several conditions and assessment criteria to be used by DCLG. These are summarised in the table below.

Condition	Proposed Action/ Comment
All authorities must agree to be in the proposed business rates pilot pool for 2019/20. If any one authority in an area does not agree, then it will not succeed.	Nottinghamshire Authority Leaders have agreed to progress the bid.
Arrangements must propose a split for sharing additional pooled business rates income.	Nottinghamshire Authority Section 151 Officers to lead on modelling and agreement of the split prior to bid submission.
Proposals should show MHCLG how pilots will use additional growth to promote the financial stability and sustainability of the pilot area (and expects investment of some retained growth to encourage further growth in the area).	The existing Nottinghamshire Pool is able to demonstrate our continued joint approach to investment.
While the 2018/19 pilots have a 'no detriment' clause, the 2019/20 pilots will not benefit from such a clause, applications should detail how authorities will work together to manage risk within their proposed arrangements.	The risk of this is low for Nottinghamshire based upon business rates growth from 2013 to date. Participants to the Pilot Pool will need to understand how risk will be dealt with within the Pool.
Pool applications must nominate the lead authority. MHCLG will treat pilot pools as one entity for business rates	Proposal that Nottinghamshire County Council act as the lead authority.

retention with one tariff or top up and safety net threshold.	
Clear outline of the proposed pooling arrangements and governance. Authorities cannot apply to be part of more than one pilot pool. Authorities in existing Business Rates pools, such as the Nottinghamshire Pool, need to state their non-pilot pool proposals if the pilot application is unsuccessful.	Nottinghamshire Authority Section 151 Officers to develop pooling and governance arrangements based on the existing Nottinghamshire Pool and the existence of the Nottinghamshire Economic Prosperity Committee. The bid will indicate that failure to succeed to becoming a Pilot will fall back to the existing Nottinghamshire Pool arrangement.

10. A group of Nottinghamshire Authority Section 151 Officers are developing modelling and a draft application and monitoring arrangements for a Business Rates pilot in 2019/20. The outlines of this have been considered and agreed at a meeting of Nottinghamshire Local Authority Chief Executives on 14 September 2018.

11. The Nottinghamshire Authority section 151 Officers would be the signatories to the bid and due to the timing for producing the bid it is proposed that the Committee delegates authority to the Service Director for Finance, Infrastructure and Improvement to agree and sign the bid on behalf of the County Council.

Other Options Considered

12. This proposal is to enter into an agreement for the bid and governance for managing the agreement if successful.

Reason/s for Recommendation/s

13. The opportunity to become a pilot authority for the 75% Business Rates Retention Scheme aligns with the council's strategy of seeking to influence the development of the local government finance system. In addition, if successful, being a pilot will enable local retention of all business rate growth within the county for use to assist in ensuring financial stability and sustainability as well as to invest in economic prosperity.

Statutory and Policy Implications

14. 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 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

15. All local authorities in Nottinghamshire, and in particular the county council, are experiencing severe financial pressures due to funding reductions and increases in demand for services, especially for social care. A Nottinghamshire–wide pilot retaining the growth in business rates since 2013 could expect to share in a significant gain.

16. The split of the gain between the tiers will be modelled to determine an optimum level for all authorities. The split of the growth in business rates up to 75% retention will be based upon optimising the share of total retained business rates in line with tiers' need to spend and managing the risks in relation to the proposed business rates tariffs, top-ups and safety net.

17. The authorities within the pool will need to consider and agree on the use of any gain from being a pilot. The prospectus from the MHCLG has indicated that the applications should broadly state that the proceeds will be used for financial stability and sustainability, and also for investment in economic development.

18. The most significant risk of becoming a part of a 75% Business Rates Pilot is the removal of the no detriment clause. This is a clause included in the agreement for the 2018/19 pilot authorities and ensured that those authorities would not be financially disadvantaged by being a member of the pool. This could occur if business rates had fallen since the baseline year of 2013.

19. For Nottinghamshire, this is a small risk as in most areas, and in total, business rates have grown in the period from 1 April 2013. Experience gained from the existing Nottinghamshire Pool is that by being a member of a pool, where district or boroughs have experienced a decline in business rates, the total gain within the pool has been shared so those authorities have also benefited.

RECOMMENDATION/S

1. That Committee approve entering into an agreement with the seven Nottinghamshire District/Borough Councils, Nottingham City Council and the Nottinghamshire & City of Nottingham Fire & Rescue Authority to progress the bid to become a Business Rates Retention Pilot for 2019/20.

2. That the Committee delegates authority to the Service Director for Finance, Infrastructure & Improvement to finalise and sign the agreement/bid on behalf of the County Council.

Nigel Stevenson
Service Director for Finance, Infrastructure & Improvement

For any enquiries about this report please contact:
Nigel Stevenson

Nigel.stevenson@nottscc.gov

Constitutional Comments

20. The recommendation in this report is within the remit of the Finance and Major Contracts Management Committee by virtue of its terms of reference.

Financial Comments (NS 31 August 2018)

21. The council's current Medium Term Financial Strategy (2018-21) and current budget monitoring position, reported separately to this Committee meeting, clearly show that the council will require further actions to finalise a balanced budget proposal for 2019/20. Although for one year only, if successful the gain from a 75% business rate pilot would assist in enabling the council to prepare a balanced budget for 2019/20.

22. The Government have indicated the outcome of the application will be announced as part of the Provisional Local Government Financial Settlement for 2019/20, expected in December 2018.

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

Ministry of Housing,
Communities &
Local Government

Invitation to Local Authorities in England

to pilot 75% Business Rates Retention in 2019/20

July 2018
Ministry of Housing, Communities and Local Government

This document/publication is also available on our website at www.gov.uk/mhclg

If you have any enquiries regarding this document/publication, complete the form at http://forms.communities.gov.uk/ or write to us at:

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For all our latest news and updates follow us on Twitter: https://twitter.com/mhclg

July 2018

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Contents

Section 1 – The purpose of these invitations

1.1 The government is committed to continuing to give local authorities greater control over the money they raise locally. In December 2017, the government announced the aim of increasing the level of business rates retained by local government from the current 50% to the equivalent of 75% in April 2020.

1.2 In order to test increased business rates retention and to aid understanding of how we transition into a reformed business rates retention system in April 2020, the government is inviting local authorities in England to apply to become 75% business rates retention pilots in 2019/20. This will be focussed on the learning necessary for transition to the proposed new scheme in 2020/21, allowing the Government to test business rates retention at 75% in line with proposed level of retention for 2020/21 and resulting in a smoother transition to full implementation. Given the limited time before 2020/21, there are fewer issues we can usefully test in pilots. It is therefore likely that this pilot programme may be smaller than in 2018/19.

1.3 As part of the move towards a reformed business rates retention system in 2020/21, the government intends to devolve Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG), the Greater London Authority (GLA) Transport Grant and the Public Health Grant (PHG) to local government when the new system commences. The government also intends to use the intervening period to develop a set of measures that support a smooth transition of funding for public health services from grant funding to retained business rates.

1.4 To ensure that piloting in 2019/20 closely reflects the government's proposals to date for a reformed business rates retention system, authorities selected as pilots in 2019/20 will be expected to forego Revenue Support Grant (RSG) and Rural Services Delivery Grant (RSDG).

1.5 New 75% retention pilots in 2019/20 will provide the opportunity to test and gather information on the design of the new business rates retention system in preparation for 2020/21. The pilots will test authorities' administration, technical planning for implementation, and look at system maintenance; how the accounting, data collection and IT systems will work. They will also aid our understanding of how we transition into and operationalise the proposed 75% business rates retention system from 2020 onwards.

1.6 Collaboration between the government and local government has been central to the ongoing development of the business rates retention system and the reform of the local government finance system more widely. Piloting increased business rates retention will continue to form a key part of this collaboration and help design a system that truly delivers for the sector.

1.7 MHCLG are evaluating pilots during their operation and will continue to develop and share ‘lessons learnt’ from the implementation of increased business rates retention.

Background to current business rates pilots

1.8 On 1 April 2017 the government launched five initial 100% business rates retention pilots[1] in devolution deal areas. These pilots were continued into 2018/19. The government will continue to have separate discussions with the devolution deal areas about their pilot programme.

1.9 On 1 April 2017 we also transferred the responsibility for funding TfL investment grant to the Greater London Authority (GLA), increasing their share of business rates to 37%.

1.10 At the 2017 Autumn Budget it was confirmed that London would become a 100% business rates retention pilot for the duration of the 2018/19 financial year. The pilot comprises of the thirty-two London Boroughs, the City of London and the Greater London Authority. The government will continue to have separate discussions with London about their pilot programme.

1.11 At the provisional Local Government Finance Settlement in December 2017, the government announced a further ten 100% business rates retention pilots for the duration of the 2018/19 financial year in local authority areas across England[2]. Whilst these pilots are set to end on 31 March 2019, we are inviting the areas involved to apply to become 75% business rates retention pilots in 2019/20.

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[1] These pilots are in Greater Manchester, Liverpool City Region, the West Midlands, Cornwall and the West of England.
[2] These pilots are in Berkshire, Derbyshire, Devon, Gloucestershire, Kent, Leeds, Lincolnshire, Solent, Suffolk and Surrey.

Section 2 – The invitation to authorities to pilot

2.1 This invitation is addressed to all authorities in England, excluding those with ongoing business rates retention pilots in devolution deal areas and London, which are expected to have separate discussions with the department.

2.2 Other ongoing business rates retention pilots, set to operate for the duration of the 2018/19, will end on 31 March 2019. We are inviting these authorities, alongside other authorities in England, to make a proposal to pilot 75% business rates retention in 2019/20, should they wish to do so.

2.3 Applications from current pilot authorities will not be influenced by the success of those authorities in last year's application process. Authorities may reference their previous experiences of piloting increased business rates retention when writing their applications. However, all applications for the 2019/20 pilots, whether from piloting or non-piloting authorities, will be assessed on their merits and on an equal footing.

Terms of the invitation

2.4 The government is interested in exploring how 75% rates retention can operate across more than one authority to promote financial sustainability and to support coherent strategic decision-making across functional economic areas. Accordingly, the government would like to see authorities form pools (either on existing or revised boundaries) and, with agreement in place from all participating authorities, to apply jointly for pilot status. We would expect a proposed pool to comprise a county council and all of the associated district councils; a group of unitary authorities; or a two-tier area and adjoining unitaries, but it should extend across a functional economic area. Proposals will need to set out tier split arrangements of all precepting authorities, including Fire and Rescue authorities.

2.5 To be accepted as a pilot for 2019/20, agreement must be secured locally from all relevant authorities to be designated as a pool for 2019/20 (in accordance with Part 9 of Schedule 7B to the Local Government Finance Act 1988) and to put in place local arrangements to pool their additional business rates income.

2.6 We require bids to explain how the pilot will manage risk and reward at a strategic level. Bids should pay regard to the financial sustainability of all local authorities involved, as well as laying out how any potential growth in business rates may be spent. The bid will also need to outline the governance arrangements for strategic decision making.

2.7 The government will use the 2019/20 pilots to deepen its understanding of how different local arrangements, including governance and information systems, work in relation to 75% business rates retention. As such, the government will seek to gather evidence from the pilots by conducting interviews with a sample of piloting authorities once the pilots are operational.

2.8 Participating authorities will be expected to work with MHCLG officials on the system design of the new business rates retention system and share additional data and information, as required. Pilot bids should clearly confirm the participating authorities' willingness to aid MHCLG officials in this work.

2.9 Authorities may propose new pooling arrangements should they wish to apply to become 75% business rates retention pilots in 2019/20. In two-tier areas, applications should propose a tier split.

2.10 The proposal will need to show that all participating authorities have agreed to become part of the suggested pool and share additional growth as outlined in the bid. The s.151 officer of each authority will need to sign off the proposal before its submission.

2.11 The value of grants devolved as part of business rates pilots will be taken into account when revised tariffs and top-ups for the piloting authorities are set up. This is to ensure that pilots are fiscally neutral against business rates baselines, and only benefit financially if actual revenues exceed baselines.

2.12 Pilot areas will be expected to operate under the arrangements that currently determine safety net payments for pools. In other words, each 'pool' will have a single safety net threshold determined on the basis of the pool's overall baseline funding level and business rates baseline. However, the pool's safety net threshold will be set at 95% of its baseline funding level, instead of 92.5%, to reflect the additional risk of 75% retention. Pilots will operate with a 'zero levy', as is the case for the current 2018/19 pilot areas.

2.13 As the pilots are testing the pooled authorities' approach to risk, the government has agreed that a 'no detriment' clause will not be applied to the 2019/20 pilots. Instead, selected areas will test a 95% safety net to reflect increased risk in the proposed increased business rates retention system. Applying a 'no detriment' clause to the pilots would not be reflective of the reformed business rates retention system that the government aims to introduce in 2020/21.

2.14 Given the timetable for pilot applications and the proximity to the finalisation of the local government finance settlement, all applications must outline, with agreement from all participating authorities, what pooling arrangements they would like to see if their application to become a pilot were unsuccessful. In addition, any authority which is part of a current pool but wishes to apply to become a pilot as part of a different pool, must inform the current pool of its intention prior to submitting its application to the department.

2.15 Alongside this prospectus we are publishing supplementary information on how pooling arrangements will be managed in line with applications to become pilots. Please consult this document for further information.

2.16 The government reserves the right to pilot a full range of options and so to create a single authority pilot if it is deemed useful as a result of our discussions with applicants. The government will not compel any authority to become a pilot that does not wish to, and we cannot designate a pool without explicit agreement from all participating local authorities.

2.17 We recognise that in some cases functional economic areas can extend beyond traditional administrative areas. Unless locally agreed otherwise, the government will assume that in the exceptional event that a district council successfully applies to become a business rates retention pilot as part of a pool to which its county council, or other major precepting authority does not belong, its major precepting authorities will continue to receive the same share of business rates from the district as they would have done under the current 50% business rates retention system if they are not part of a separate successful pilot. The separate 75% business rates pool, of which the district is a member, will therefore need to account for this when determining the pool's internal split for sharing business rates income.

2.18 Where a county and one, or more, of its districts are successful in applications for separate 75% business rates retention pilots, we would expect them to reach agreement about the share of business rates that the districts are to pay to the county. In the absence of such local agreement, the Secretary of State will determine the shares, considering proposals made in applications to the department on a case by case basis.

Response to the invitation

2.19 It is wholly at the discretion of authorities whether or not they choose to apply to the pilot scheme outlined above.

2.20 Any proposals for new pilots must be received by the Ministry of Housing, Communities and Local Government by midnight on Tuesday 25 September 2018.

2.21 It is expected that successful applications will be announced before or alongside the publication of the provisional Local Government Finance Settlement.

Section 3 – The criteria for becoming a pilot

3.1 The department will consider all applications to pilot 75% business rates retention that are received by the deadline at midnight on 25 September 2018 and conform to the scheme as outlined in Section 2.

3.2 Because of affordability constraints, it may be necessary to assess applications against selection criteria. In these circumstances, the following criteria will be considered:

a. Proposed pooling arrangements operate across a functional economic area;

b. Proposal demonstrates how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these;

c. Proposal sets out robust governance arrangements for strategic decision-making around the management of risk and reward and outlines how these support the participating authorities' proposed pooling arrangements.

3.3 If further assessment criteria are required, the government may select pilots in order to:

a. Achieve a wide geographical spread across England;

b. Achieve a pilot programme with a range of arrangements to be tested. This might include selecting pilots with different kinds of business rate bases, different pooling or governance arrangements as part of the pilot;

c. Achieve variation in the types of tier split arrangements that are being piloted in the case of two-tier areas.

Section 4 – The authorities' proposal to become a pilot

4.1 Any proposal must be in accordance with the invitation and criteria outlined in Sections 2 and 3, and summarised in paragraph 5.2.

4.2 Proposals must address all questions in the 75% business rates retention pilot application form and clearly set out the following:

Membership details of proposed pilot

a. Local authority membership of the proposed pool, explaining its business rates base and relevance to the economic geography of the area;

b. Evidence (i.e. signature of each area's s.151 officer) that each local authority in the proposed pool fully supports the application and the proposed pooling arrangements;

c. The lead authority and contact details of the lead responsible official for matters relating to the application;

d. The proposed position of all precepting authorities, including Fire and Rescue authorities.

Bid details

e. Details of your bid should include a summary of governance arrangements, as well as agreement on how any additional business rates income is to be used across the pilot area; how risk is to be managed; and how residual benefits/liabilities would be dealt with once the pilot ends;

f. An indication of how the pool will work together in the longer term;

g. Proposals for sharing additional growth across the pilot area. We are interested in seeing how additional growth may be used to promote financial sustainability, as well as further growth through investment;

h. Confirmation that all participating authorities are willing to work with MHCLG officials on the system design of the new business rates retention system and share additional data and information, as required.

Additional supporting evidence

i. In relation to authorities in two-tier areas, applications should propose a tier split.

Membership

4.3 Authorities cannot apply to pilot 75% business rates retention as part of more than one application. Where authorities have two possible options, they must choose which pilot they wish to apply to participate in. We will reserve the right to refuse applications from authorities that have sent in multiple applications.

4.4 If existing pooling arrangements need to be reconfigured as a result of a pilot proposal, the department would expect to make the necessary determinations at the same time as confirming its agreement to the pilot arrangements. In the event that a pilot proposal is not accepted, the government will make 2019/20 pooling arrangements with the authorities concerned, taking into account their expressed preferences on their pilot application, as requested in paragraphs 2.14 and 5.6.

Lead authority

4.5 Participating pools will be treated as one entity by the department for the purposes of business rates retention and one calculation will be made regarding top-up/tariff and the safety net payment. Therefore, the pool must nominate a Lead Authority to receive payments from and make payments to the department on behalf of the entire pool. Any authority within the pool is eligible to fulfil this role. Applications must state which authority will be acting as the Lead Authority for the duration of the pilot.

Pooling arrangements if pilot bid is unsuccessful

4.6 The pilot bid will need to clearly outline, with agreement from all participating authorities, what pooling arrangements the authorities would like to see in case that the application to become a pilot was unsuccessful.

Other information

4.7 Authorities may include any further materials they see fit in support of their proposal. These should be included as an Annex to the main pilot application form.

Section 5 – The government's handling of proposals

5.1 All proposals received on or before 25 September 2018 by the department will be carefully considered, and the results announced before or alongside the publication of the provisional Local Government Finance Settlement. After the announcement the department will support successful authorities in preparing for implementation.

5.2 The first assessment of proposals will ensure that all conform to the terms of the invitation (see Section 2).

5.3 If it is necessary for a selection to be made, for reasons of affordability, then the proposals will be subject to a further assessment against the criteria outlined in Section 3, 3.2.

5.4 If a third assessment is required, then proposals will be assessed against further criteria to ensure a variety of useful pilots are created, including those outlined in Section 3, 3.3.

5.5 The government may request further information in carrying out this assessment from the authorities submitting the proposal and from other persons and bodies that it deems appropriate.

5.6 Where information is not available the government reserves the right to make assumptions and estimates as it sees fit.

Section 6 – Submission of proposals

6.1 Any proposals for new pilots must be received by the Ministry of Housing, Communities and Local Government by the deadline at midnight on 25 September 2018. The Secretary of State may publish proposals in the Libraries of Parliament.

6.2 Proposals should be submitted to:

Local Government Finance Reform Team

Ministry of Housing, Communities and Local Government

Fry Building

2 Marsham Street

Westminster

London

SW1P 4DF

Email: Businessratespilots@communities.gsi.gov.uk

Section 7 – Conditions

7.1 In designating a pool for 2019/20, the department will attach conditions to the designation in accordance with paragraph 35(1) of Schedule 7B to the Local Government Finance Act 1988. The department will appoint a lead authority to exercise the functions specified in other conditions attached to the designation, taking into consideration the suggestion made in the pool's application as stated at 5.5. above, and will require the authorities to take the steps set out in its application in the event that the pool is dissolved, as suggested at 5.2(f) above.

7.2 It also reserves the right to attach such other conditions as it sees fit, in accordance with paragraph 35(2) of Schedule 7B. If the department attaches conditions these are likely to be around the publication of information by the lead authority in the interests of transparency.

7.3 The department also reserves the right to modify, add or remove conditions at any point in the future, as becomes necessary.

7.4 The 2019/20 pilot programme will last for one year only in preparation for the full implementation of a reformed business rates retention system that the government aims to introduce on 1 April 2020 and does not prejudge the discussion the department will be continuing to have with Local Government on the future of the business rates retention system as a whole.

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

17 September 2018

Agenda Item: 6

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

BETTER CARE FUND POOLED BUDGET – Q1 2018/19 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:

    a. Consider and comment on the findings of the reconciliation of the BCF Pooled Fund for Q1 2018/19.

Information

2. Nottinghamshire County Council and the six Nottinghamshire Clinical Commissioning Groups (CCGs) contributing to the pooled fund undertook a reconciliation exercise of Quarter 1 2018/19 income and expenditure.

3. Reconciliation of Q1 2018/19 spend is complete. Expenditure is broadly on target with some in year slippage. Table 1 shows plan and forecast as at Month 3.

Table 2: 2018/19 spend at month 3

Contributing partner	**Nottinghamshire Clinical Commissioning Groups (CCGs)**	**Nottinghamshire County Council**	**Total**
£'000s			
Payments made into pooled budget	£13,129,025	£11,839,030	£24,968,055
Payments received from pooled budget	£8,032,287	£16,935,768	£24,968,055
Total spend to period 3	£8,032,287	£16,739,866	£24,772,154
Under/(over) spend to period 3	£0	-£195,902	- £195,902

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. There is in year slippage in the Improved Better Care Fund and Care Act Implementation reserve funding. A full spend at year end is anticipated.

Table 2: Quarter 1 2018/19 Nottinghamshire County Council			
£'000s	**Planned Spend**	**Spend**	**Variance**
Protecting Social Care	£4,264,353	£4,264,353	0
Carers	£317,136	£317,136	0
Care Act Implementation	£515,249	£515,249	0
Improved Better Care Fund	£5,201,691	£5,005,789	-£195,902
Disabled Facilities Grant (District and Borough Councils)	£6,441,437	£6,441,437	0
BCF Care Act reserve	£329,402	£293,353	-£36,049

Other Options Considered

5. A BCF pooled fund is a national requirement, another partner organisation could become the Host Organisation.

Reason/s for Recommendation/s

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

Statutory and Policy Implications

7. 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 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

8. The financial implications are detailed in the Nottinghamshire BCF plan. The pooled budget amounts to a minimum of £80.5m in 2018/19. 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.

RECOMMENDATION/S

That the Committee:

1) Consider and comment on the findings of the reconciliation of the BCF Pooled Fund for Q1 2018/19.

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

For any enquiries about this report please contact:
Joanna Cooper
Joanna.Cooper@nottscc.gov.uk / 0115 977 3577

Constitutional Comments (EP 20/08/2018)

9. The recommendation in this report is within the remit of the Finance and Major Contracts Management Committee by virtue of its terms of reference.

Financial Comments (OC 20/08/2018)

10. The financial implications are contained within the body of the report. They are summarised in the tables set out 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
- Section 75 Pooled Fund Agreement 2015/16 variation
- Section 75 Pooled Fund Agreement 2016/17
- Section 75 Pooled Fund Agreement 2017/18
- Section 75 Pooled Fund Agreement 2018/19

Electoral Division(s) and Member(s) Affected

- All

Nottinghamshire County Council

Report to Finance & Major Contracts Committee

17 September 2018

Agenda Item: 7

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES

LATEST ESTIMATED COSTS – REPLACEMENT OF THE ORCHARD SPECIAL SCHOOL AND NEWARK DAY CENTRE

Purpose of the Report

1. To advise Committee of the Latest Estimated Cost (LEC) for the programme of works to provide the replacement of the existing Orchard Special School and Newark Day Centre on the existing site, and the temporary relocation of the Day Centre to Woods Court, and seek approval to proceed to the construction phase of the project based on this estimated cost.

Information

Project details

2. In line with the Council Plan for 2017-21, "Your Nottinghamshire, Your Future", and the associated Place Plan for Nottinghamshire, the Council has a clear commitment to replacing the existing Orchard Special School in Newark with new school premises.

3. The project will initially deliver a 4,044 m^2, 140 place Special School, which is designed to be capable of expansion in the future to at least 170 places.

4. Alongside the new special school the project will also provide a new 1,024 m^2 Day Centre to replace the existing facility within the overall site footprint.

5. Temporary relocation of the Day Service into the existing Woods Court site, which became vacant in May 2018, is critical to the delivery of the replacement school, and necessary to ensure service continuity for the Day Service users during demolition of the existing facilities and construction of the new ones.

6. The scope of the project therefore also includes the refurbishment and remodelling of Woods Court as well as the demolition of the existing School and Day centre.

7. The professions involved in this project from Arc Partnership are:-
   - Architect
   - Landscape Architect
   - Mechanical Engineer
   - Electrical Engineer
   - Quantity Surveyor
   - Structural Engineer
   - CDM Co-ordinator
   - Project Manager

Capital budget implications

7. The latest estimated costs are as follows (note that professional fees include all feasibility costs including site surveys and associated statutory fees, as well as Arc Partnership fees):

Latest Estimated Cost

(Outturn Prices)

Building Works	£14,035,715
Professional fees	£1,407,575
Furniture and Equipment (provisional)	£100,000
Total	**£15,543,290**

Anticipated Cash Flow

	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£
Building Works	636,303	12,517,032	1,242,3810	0	14,035,715
Professional Fees	799,527	550,068	45,581	12,399	1,407,575
Furniture and Equipment	0	100,000	0	0	100,000
Totals	1,435,830	13,167,100	1,287,962	12,399	**15,543,290**

Current ARC LEC's (excludes Furniture & Equipment):

Activity	**Latest cost**
Relocation of Day Service	
Works to Woods Court (including decant)	780,000
	£780,000
Replacement School	
New School	10,493,700
	£10,493,700
Demolition	
Demolition of existing Day Service	210,000
Demolition of existing school buildings	789,590
	£999,590
Replacement Day Service	
New Day Service	3,170,000
	£3,170,000
TOTAL ORCHARD PROGRAMME	**£15,443,290**

Benchmarking Build Costs

8. The benchmarking table normalises the cost between the Arc cost plan and the Education and Skills Funding Agency (ESFA) latest benchmarking data for SEN Schools Issued in February 2018. Comparing against the full dataset and subset of similar sized schools.

9. The Latest Arc Cost is £10,493,700 and this compares favourably against ESFA figure of £10,460,551 for similar sized schools. Demonstrating costs are comfortably within Value for money parameters.

Special educational needs school benchmarking table:

Description	**Arc Latest Estimated Cost June 2018 with William Dixon Cost Advice**	**ESFA Benchmarking Document February 2018 Average of 7 Sample Projects all sizes**	**ESFA Benchmarking Document February 2018 - Average of 3 Sample Projects over 3,750 M2**
Subtotal for new SEN School	10,493,700	11,266,584	10,021,032
Gross internal Floor Area	4,044	4,044	4,044
SEN School Cost £/ m^2 including Fees	**2,595**	**2,786**	**2,478**
Pricing Point of Project	June 2018	November 2017	November 2017
BCIS Indices at Pricing Point	N/A - Uplift included	342	342
Commencement Date of Project	April 2019	April 2019	April 2019
BCIS Indices at Project Commencement	N/A - Uplift Included	357	357
Fixed Price Uplift to be applied Per m^2	0	122	109
Adjusted Overall Cost Per M2	**2,595**	**2,908**	**2,587**
Adjusted Overall Cost	**10,493,700**	**11,760,732**	**10,460,551**

Day centre Benchmarking Table:

	Floor area m2	**BCIS Mean rate m2**	**Overall Cost**	**Arc LEC m2**	**Arc LEC overall Cost**
Day centre	1024	£2,910	£2,979,840	£3,095	£3,170,000

10. The day centre benchmarking compares the Building Cost Information Service (BCIS) cost data against the Current ARC LEC. The BCIS data provides a mean average rate of £2,910 m^2 however this figure excludes the design fee. This Compares well with the ARC figure £3,095, especially considering as the ARC Estimated Costs include the design fees.

ESFA funding

11. The ESFA has allocated £125k grant for Project Delivery for the replacement school in addition to its £1.03m funding contribution to the project.

Revenue budget implications

12. Any additional premises and human resources costs arising from these proposals will be met from the individual school and Day Centre's budgets.

Other Options Considered

13. Consideration has been given to a range of options for the site. However the solution agreed offers the best long term option for service users in the Newark area, and will see both existing facilities replaced with outstanding replacement premises

Reason for Recommendation

14. Replacement of the Orchard school is a key aspiration of the County Council, and the best option for delivering that aspiration includes the associated replacement of the Newark Day Centre. The resultant new premises will deliver outstanding service provision for vulnerable children and adults for many years to come.

Statutory and Policy Implications

15. 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 and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Crime and Disorder Implications

16. There are no direct crime and disorder implications within the report. Within the wider development the site is relatively straightforward to secure. As a result, risk of crime from theft or vandalism will be minimised. Additional measures which will be considered to further minimise risk of crime will include the provision of overnight security systems during the construction period.

Financial Implications

17. These are set out in the report

Implications for Sustainability and the Environment

18. Environmental and Sustainability requirements will be incorporated into the detailed design process of the buildings.

RECOMMENDATION/S

It is recommended that:

1) Committee approve the Latest Estimated Costs for the projects and agree to vary the capital programme as necessary;

2) Committee approve the project to proceed to the construction phase based on this Latest Estimated Cost.

Derek Higton
Service Director, Place and Communities

For any enquiries about this report please contact: Phil Berrill, Team Manager, Departmental Services, Tel: 0115 977 4641

Constitutional Comments

19. Constitutional Comments will be provided orally at the meeting.

Financial Comments [PH 24/08/2018]

20. The financial implications are set out in the main body of the report within the Latest Estimated Costs.

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.

- Replacement of the Orchard Special School and Newark Day Centre – Report to Policy Committee 28-03-2018 – Published
- Replacement of the Orchard Special School and Newark Day Centre update report – Report to Report to Finance and Major Contracts Management Committee 16-07-2018 – Published
- Replacement of the Orchard Special School and Newark Day Centre – Report to Policy Committee Update Report 12-09-2018

Electoral Division(s) and Member(s) Affected

Ward(s): Newark East
County Councillor Stuart Wallace

Nottinghamshire County Council

Report to Finance & Major Contracts Management Committe

17 September 2018

Agenda Item: 8

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT AND SECTION 151 OFFICER

GENERAL DATA PROTECTION REGULATION (GDPR), IMPLICATIONS FOR CONTRACTS

Purpose of the Report

1. To provide members with an update on the work that is in progress regarding the General Data Protection Regulation (GDPR) which came into force 25th May 2018, and the compliance of NCC's third party suppliers and our contractural arrangements.

Information

2. The new GDPR legislation responds to the digital age and strengthens the controls and rights that citizens have over their own personal data. The new law places increased information governance and data protection obligations on the Council (and other data controlling / processing organisations). It also introduces significantly higher penalties for worst case personal data breaches and failure to evidence compliance with the law (maximum fines of up to £17m).

3. Both Data Controllers and Data Processors can face claims for compensation where they have not complied with their obligations under GDPR.

4. Crown Commercial Service provided specific guidance to all governmental bodies regarding actions that needed to be undertaken with both existing and future contracts with suppliers.

5. This guidance required us to identify all contracts which involve the processing of personal data and that would be live post 25/5/2018. The Corporate Procurement Unit (CPU) completed this and identifying 134 contracts delivered by over 300 suppliers.

6. Notification of the changes to data protection legislation and the requirment to amend those contracts appropriately was issued to all those identified suppliers. 83% of those contracts have now been amended with the remaining 17% in progress.

7. The number of returned amended contracts is currently 56% with this figure improving on a daily basis. These suupliers are likely to be in receipt of multiple contract variations from a number of customers so the return rate to date is considered to be a fair reflection of this.

8. There is still a requirement for due diligence to be undertaken with these varied contracts to

ensure compliance. It is proposed that this is met by a follow-up letter (3 months after the contract variation has been issued) to confirm obligations are being met. On-going due diligence of data protection compliance would need to form part of overall contract management arrangements (including internal audit provisions etc).

9. For all new contracts, pre-procurement dialogue includes GDPR information to ensure that potential bidders are aware of their obligations. In addition compliance questions relating to GDPR form part of the supplier selection process.

10. Capacity in the information governance team has increased with the appointment of new officers to support individual deparments with understanding and complying with GDPR requirements.

Statutory and Policy Implications

11. 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 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) Members to support the continuation of the approach to updating supplier contracts and embedding GDPR in all new projects.

Nigel Stevenson
Service Director – Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact:
Clare Winter - Group Manager, Procurement

Constitutional Comments (KK 06/09/2018)

12. The proposal in this report is within the remit of the Finance and Major Contracts Management
Committee

Financial Comments (RWK 03/09/2018)

13. There are no specific financial implications arising directly from this 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

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

17 September 2018

Agenda Item: 9

REPORT OF THE SERVICE DIRECTOR - CUSTOMERS, GOVERNANCE AND EMPLOYEES

WORK PROGRAMME

Purpose of the Report

1. To consider the Committee's work programme for 2018/19.

Information

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.

Marjorie Toward
Customers, Governance and Employees

For any enquiries about this report please contact: Pete Barker, x74416

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

Report Title	Brief summary of agenda item	Lead Officer	Report Author
15 October 2018			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
DN2 Children's Services Intervention Programme	The DN2 Partnership consisting of NCC, Nottingham City and Derby City are developing an intervention programme via a social impact bond, and have secured funding of 3 million pounds in support of this via the Life Chances Fund.	Lynn Brammer Category Manager	Clare Winter
Agency Contract	Provision of agency staff as required across the authority.	Lorraine Dennis Category Manager	Clare Winter
Day Care Services	Community based support.	Michael Fowler Category Manager	Clare Winter
19 November 2018			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
BCF Q2 Reconciliation		Joanna Cooper	Joanna Cooper
Arc – Update Report		Derek Higton	Mick Allen
Home Based Care and Support Services Project	Update report	Jane Cashmore / Michael Fowler	Jane Cashmore / Michael Fowler

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

17 December 2019			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Public Health Contracting	Update on a different approach to Public Health Commissioning and Procurement.	Michael Fowler Category Manager	Clare Winter
14 January 2019			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
11 February 2019			
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
BCF Q3 Reconciliation		Joanna Cooper	Joanna Cooper
BCF Pool Fund Agreement 2019/20 (TBC)		Joanna Cooper	Joanna Cooper

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

18 March 2019			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
29 April 2019			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
20 May 2019			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
17 June 2019			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
15 July 2019			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
TO BE PLACED			
Contract Management	Details of process	Clare Winter	Clare Winter
Collaborative Procurement	Update Report	Clare Winter	Clare Winter
Supporting people with homelessness and MH issues	To prevent people losing tenancies and to provide short term accommodation based support.	Michael Fowler Category Manager	Clare Winter
Commercial Development Unit (CDU)	Lessons learnt from the CDU process.	Nigel Stevenson	Mark Knight

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

Trading Standards Service	Report from CDU re Trading Standards' commercial performance	Nigel Stevenson	Mark Knight
Local Government Finance	Overview report	Nigel Stevenson	Nigel Stevenson
The provision of new schools and school places	Details of the Authority's approach	Derek Higton	Derek Higton
Fair Price for Care Project (older adults)	Outcome of consultancy work and how this is going to inform the approach to the market.	Michael Fowler Category Manager	Clare Winter
Unitary Authority for Nottinghamshire	Details of business case.	Nigel Stevenson	Nigel Stevenson