

# **Finance and Major Contracts Management Committee**

**Monday, 23 April 2018 at 14:00**

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

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## **AGENDA**

- |    |  |         |
|----|--|---------|
| 1  | Minutes of the last meeting held on 19 March 2018  | 3 - 6   |
| 2  | Apologies for Absence  |         |
| 3  | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4  | Financial Monitoring Report Period 11 2017-18  | 7 - 20  |
| 5  | Risk and Insurance   | 21 - 26 |
| 6  | Insurance Renewal 2018-19  | 27 - 32 |
| 7  | General Data Protection Regulation (GDPR), Implications for Contracts  | 33 - 36 |
| 8  | Car Parking Enforcement and Bailiff Projects   | 37 - 38 |
| 9  | Business Reporting and Management Information Project - Next Phase   | 39 - 42 |
| 10 | Commercial Development Unit - Service Outcomes   | 43 - 46 |

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>

Meeting FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE

Date 19 March 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 - A	Diana Meale
Keith Girling	Mike Pringle
Tom Hollis	Steve Vickers
Eric Kerry	Andy Wetton

**OFFICERS IN ATTENDANCE**

Mick Allen	Group Manager - Place Commissioning
Pete Barker	Democratic Services Officer
Nigel Stevenson	Service Director - Finance, Procurement and Improvement
Clare Winter	Group Manager - Procurement

**1. MINUTES OF THE LAST MEETING**

The minutes of the last meeting held on 26 February, having been circulated to all Members, were taken as read and were confirmed, subject to the following amendments, and were signed by the Chair:-

- Item 7 – Latest Estimated Costs – Demolition of the Former Grove Leisure Centre, Newark – amend resolution 1. To insert:-

‘following a lengthy discussion which included concerns about the implications for local residents’ health’.

Amended resolution to read as follows:-

That, following a lengthy discussion which included concerns about the implications for local residents’ health, an informal meeting be arranged for members of the Committee following the meeting on 19 March to allow members to ask detailed questions about the incident, clean-up operations, and additional costs incurred.

- The Financial Monitoring Report covered Period 9 and not Period 10 as stated in the minutes.

## **2. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor John Clarke. Councillor Steve Vickers replaced Councillor Mike Quigley MBE for this meeting only.

## **3. DECLARATIONS OF INTEREST**

No declarations of interest were made.

The Committee agreed that the order of items be changed, in order that the report regarding Veolia be discussed first.

## **4. VEOLIA PFI CONTRACT UPDATE**

Following the introduction to the report given by Mick Allen, Lea Hawks and Julie Adams from Veolia gave a presentation on the work of the Mansfield Materials and Recycling Centre (MRF).

A copy of the slides, the YouTube link showing the operation of the MRF and the dates when paint is available for collection from the relevant HWRCs will be e-mailed to members of the Committee.

### **RESOLVED: 2018/012**

That a letter be sent to central government highlighting ways in which recycling could be supported and pointing out the barriers to recycling.

## **5. FINANCIAL MONITORING REPORT PERIOD 10 2017-18**

### **RESOLVED: 2018/013**

1. That the contingency request, as detailed in the report, be approved.
2. That the request to transfer money into the earmarked fund, as detailed in the report, be approved.

## **6. FAIR FUNDING REVIEW: A REVIEW OF RELATIVE NEEDS AND RESOURCES**

Nigel Stevenson introduced the report and informed Members that an amendment to the draft response had been made. The response to Question 13(b) now recommends that the Government makes use of the data that is collected annually.

### **RESOLVED: 2018/014**

That no further action is required as a direct result of the contents of the report.

## **7. LOCAL SPEND AND SUPPLIER ENGAGEMENT**

### **RESOLVED: 2018/015**

That the approach to engaging the local supply market, as detailed in the report, be endorsed.

## **8. WORK PROGRAMME**

### **RESOLVED: 2018/016**

1. That Place Committee be requested to consider examining the feasibility of reopening the HWRC at Huthwaite.
2. That the report on the PFI Schools Management Contracts be brought to the May meeting of the Committee.

The meeting closed at 3.20pm

CHAIR



**23 April 2018****Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND  
IMPROVEMENT****FINANCIAL MONITORING REPORT: PERIOD 11 2017/18****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 variations to the capital programme.
3. To inform Members of the Council's Balance Sheet transactions.

**Information****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 £8.2m 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 10 £'000	Committee	Annual Budget £'000	Actual to Period 11 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
206	Children & Young People	119,954	105,770	120,147	193
(4,152)	Adult Social Care & Public Health	209,036	170,805	203,266	(5,770)
535	Community & Place	125,590	112,428	126,250	660
(116)	Policy	34,047	35,686	33,587	(460)
(244)	Finance & Major Contracts Management	3,229	2,967	2,939	(290)
(226)	Governance & Ethics	7,209	6,824	7,102	(107)
(805)	Personnel	16,263	16,692	15,443	(820)
(4,802)	<b>Net Committee (under)/overspend</b>	<b>515,328</b>	<b>451,172</b>	<b>508,734</b>	<b>(6,594)</b>
(5,440)	Central items	(10,400)	(32,738)	(15,639)	(5,239)
-	- Schools Expenditure	184	-	184	-
180	Contribution to/(from) Traders	505	1,677	707	202
(10,062)	<b>Forecast prior to use of reserves</b>	<b>505,617</b>	<b>420,111</b>	<b>493,986</b>	<b>(11,631)</b>
(575)	Transfer to / (from) Corporate Reserves	(15,066)	(794)	(15,641)	(575)
2,394	Transfer to / (from) Departmental Reserves	(9,772)	(717)	(5,803)	3,969
-	- Transfer to / (from) General Fund	(5,500)	-	(5,500)	-
(8,243)	<b>Net County Council Budget Requirement</b>	<b>475,279</b>	<b>418,600</b>	<b>467,042</b>	<b>(8,237)</b>

## Committee and Central Items

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

### Adult Social Care & Public Health (forecast £5.8m underspend, 2.8% of annual budget)

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

- Older Adults across the County are forecasting an overspend of £2.3m (an increase of £0.5m). This is primarily due to increases in long term nursing and homecare commitments.
- Younger Adults across the County are forecast to underspend by £2.4m, due primarily to a sustained over achievement of Continuing Health Care income.

7. The Strategic Commissioning, Accessing and Safeguarding Division is reporting an underspend of £1.4m due mainly to overachievement of client contribution income and an underspend on the advocacy contract.



8. Residential Services are forecasting a reduced underspend of £0.4m. All services are now forecasting underspends across staffing plus overachievement of income targets.
9. Day Services are forecasting a reduced underspend of £0.5m. This is due to an underspend of £0.7m on staffing, offset partly by the continuing overspend on fleet transport.
10. The Transformation Division is forecasting an underspend of £1.3m, £0.2m of which relates to the Care Act. There is also a £1.1m underspend on the Better Care Fund Act through slippage on various schemes.
11. Public Health is currently forecasting an underspend of £2.1m, due to underspends on the staffing budget, less activity from Payment by Results on Health Check Programmes, Obesity and Smoking and Tobacco. The Public Health Grant is ring-fenced and as such the overall County Council forecast assumes that this net underspend will be transferred to the Public Health reserve.

#### **Community & Place (forecast £0.7m overspend, 0.5% of annual budget)**

12. This overspending is due mainly to the additional labour costs and additional salt purchases for road-gritting, together with the cost of day staff being brought in to cover the winter period.

#### **Personnel (forecast £0.8m underspend, 5.0% of annual budget)**

13. This underspending relates mainly to savings 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 £5.3m underspend)**

14. Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and capital charges.
15. 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 £0.6m will be received in 2017/18.
16. At the Finance and Major Contracts 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 Adult Social Care and Public Health Committee. Table 1 assumes that this additional contingency budget will not be spent thereby resulting in a £3.9m underspend.

17. 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 £4.5m of the permanent contingency budget that remains uncommitted. This is due in part to further transfer of underspends from Adult Social Care and Public Health and a reduced draw down from contingency by departments.
18. There is also a net underspend of £0.8m on pension enhancements, trading organisations, National Non-Domestic Rates and interest charges.

### **Progress with savings and risks to the forecast**

19. 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. 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 12 March 2018.

### **Balance Sheet**

#### **General Fund Balance**

20. 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.
21. Following approval at Finance and Major Contracts Management Committee in June 2017, a further £1.0m of General Fund balance is now earmarked for use to repair potholes across the County.

## Capital Programme

22. 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	(4,931)	
		(4,931)
Variations funded from other sources : Net variation from 2016/17 and financing adjustments	(399)	
		(399)
<b>Revised Gross Capital Programme</b>		<b>97,190</b>

23. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 11.

**Table 3 – Capital Expenditure and Forecasts as at Period 11**

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 11 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People	27,435	21,611	26,746	(689)
Adult Social Care & Public Health	4,958	849	4,806	(152)
Community & Place	43,737	30,765	41,486	(2,251)
Policy	20,661	13,528	18,374	(2,287)
Finance & Major Contracts Mngt	180	85	186	6
Personnel	219	7	212	(7)
Contingency	-	-	-	-
<b>Total</b>	<b>97,190</b>	<b>66,845</b>	<b>91,810</b>	<b>(5,380)</b>

## Children & Young People

24. In the Children and Young People capital programme, a forecast underspend of £0.7m has been identified. This is due to £0.7m forecast slippage against the School Places as minor slippage is expected against the overall programme of works.

25. Also in the Children and Young People Committee, a section 106 contribution totalling £0.3m has been received. This funding will be used to create additional school places as a result of local property developments.

**It is proposed that the Children and Young People capital programme is varied to reflect the additional section 106 contribution.**

26. On 15 March 2018 the Education and Skills Funding Agency confirmed the Authority's 2018/19 School Condition and Healthy Pupils Capital Fund grant allocations. The confirmed figures are lower than grant estimations that were included in the 2018/19 Annual Budget Report to Full Council on 28 February 2018 as follows:

	<b>Estimated (£000)</b>	<b>Confirmed (£000)</b>
School Capital Allocation	5,500	4,810
Healthy Pupil Capital Fund	0	406
<b>Total</b>	<b>5,500</b>	<b>5,216</b>

**It is proposed that that Children and Young People capital programme is varied to reflect the confirmed School Condition and Healthy Pupils Capital Grant allocations.**

27. The School Building Improvement Programme includes a £1.8m workstream to improve the condition of school kitchens. It is proposed that the Schools Catering Service make a £0.1m contribution to further this programme of work in 2017/18, funded from their existing revenue budget.

**It is proposed that the Children and Young People capital programme is varied to reflect the £0.1m contribution from the Schools Catering Service.**

## **Community and Place**

28. In the Community and Place Committee capital programme a forecast underspend of £2.3m has been identified. This is as a result of slippage against a number of schemes:

- Forecast slippage of £0.6m has been identified against the major highways capital schemes due to a number of schemes needing to co-ordinate delivery with major highways and utility works to minimise disruption.
- Forecast slippage of £0.7m identified against the Sherwood Forest Visitor Centre and Rufford Abbey capital projects as works slip into the following financial year.
- Further slippage of £0.9m has been identified against a number of capital projects in the Community and Place Committee capital programme.

29. Also in the Community and Place Committee, a number of additional external funding opportunities have been secured as follows:

- The Authority has been successful in leveraging in £0.5m of external funding from the Environment Agency to carry out flood alleviation projects in the Hucknall and Daybrook areas.

- The Authority has been successful in a bid to secure £1.4m of Joint Quality Air Clean Bus Technology funding. This grant will be used to fit buses with green technology to help reduce tailpipe emissions.
- The Department for Transport has confirmed that the Authority will be receiving an additional Pothole Action Fund capital grant totalling £0.8m. This is in addition to the £1.2m Pothole Action Fund grant received earlier in the year.

**It is proposed that the Community and Place capital programme is varied to reflect the additional external funding streams identified above.**

## **Policy**

30. In the Policy Committee capital programme a forecast underspend of £2.3m has been identified. This is mainly as a result of £1.5m slippage against the IT capital programmes as the contract associated with the Journey to the Cloud project is expected to slip into the next financial year. Also, £0.8m slippage has been identified against the Economic Development Capital Fund as grant recipients are now expected to claim funding in 2018/19.

31. Also in the Policy Committee capital programme the Authority has been successful in securing a £1.0m Land Release Funding capital grant allocation from the Ministry of Housing, Communities and Local Government (MHCLG). This grant allocation will fund works required to enable land in Eastwood to be released for housing by 2020.

**It is proposed that the Policy Committee capital programme is varied to reflect the £1.0m Land Release Fund capital grant received from the MHCLG.**

32. In the Policy Committee capital programme, a review of expenditure incurred on the Business Reporting and Management Information (BRMI) project has been undertaken. It has been identified that £0.5m of expenditure incurred in the project revenue accounts should be capitalised. In order to ensure that this is treated correctly in the accounts it is proposed that the necessary accounting adjustment is processed. The overall budget for the project remains unchanged.

**It is proposed that the Policy Committee capital programme is varied by £0.5m to reflect the capitalisation of BRMI expenditure.**

## Financing the Approved Capital Programme

33. 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	18,612	8,684	-	139	27,435
Adult Social Care & Public Health	4,221	674	-	63	4,958
Community & Place	10,739	32,375	188	435	43,737
Policy	18,129	2,300	-	232	20,661
Finance & Major Contracts Mngt	-	-	-	180	180
Personnel	219	-	-	-	219
Contingency	-	-	-	-	-
<b>Total</b>	<b>51,920</b>	<b>44,033</b>	<b>188</b>	<b>1,049</b>	<b>97,190</b>

34. It is anticipated that borrowing in 2017/18 will decrease by £4.9m from the forecast in the Budget Report 2017/18 (Council 23/02/2017). This decrease is primarily a consequence of:

- £14.6m of net slippage from 2016/17 to 2017/18 and financing adjustments funded by capital allocations.
- Net slippage in 2017/18 of £19.5m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

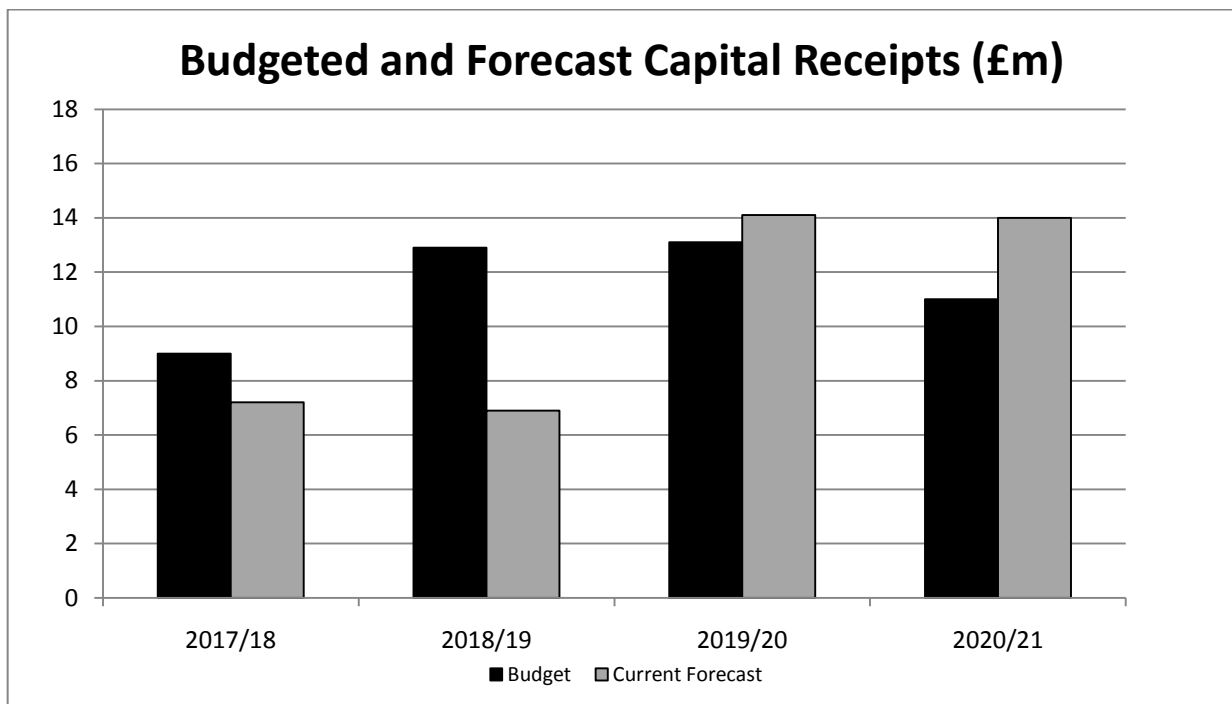
## Prudential Indicator Monitoring

35. 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

36. 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.

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



38. 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.

39. The capital receipt forecast for 2017/18 is £7.2m. To date in 2017/18, capital receipts totalling £3.2m have been received.

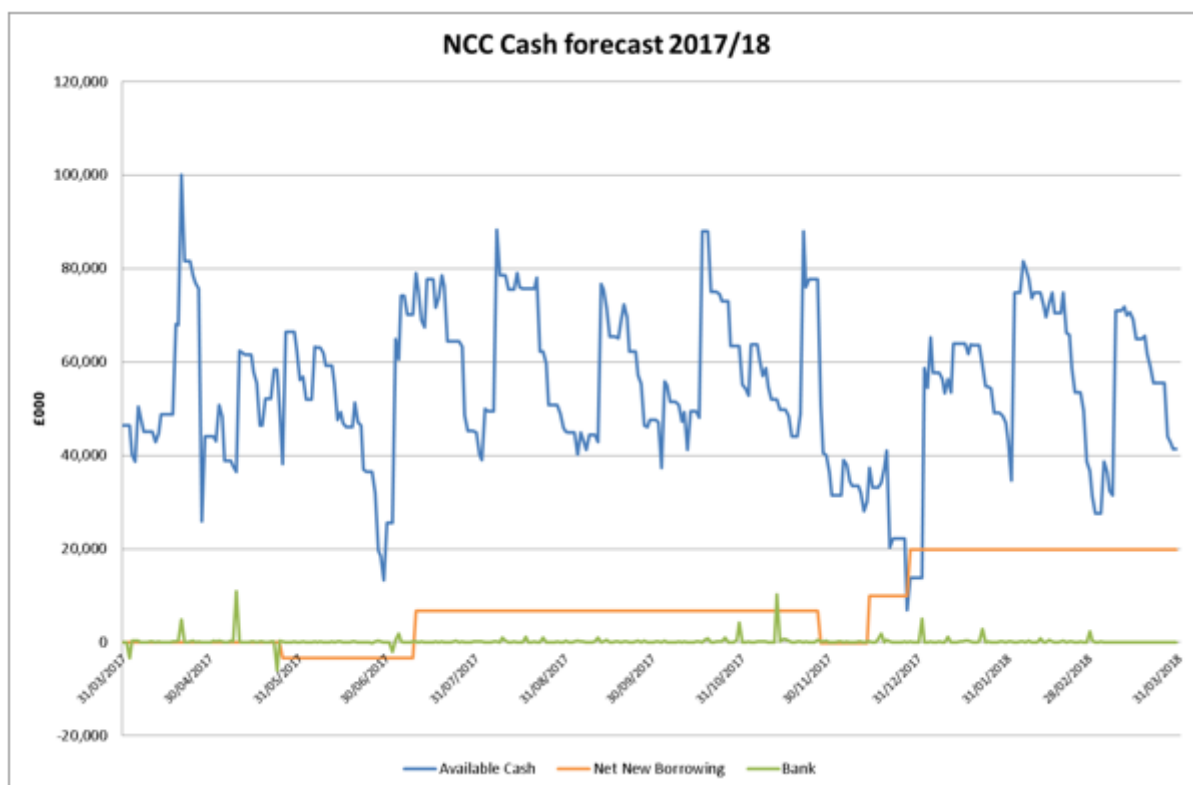
40. The number and size of large anticipated receipts increase the risk that income from property sales will be below the revised forecasts over the next three years. Although the forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales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

41. Current Council policy (Budget Report 2017/18) is to use the first £2.6m 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

42. 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.

43. 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.

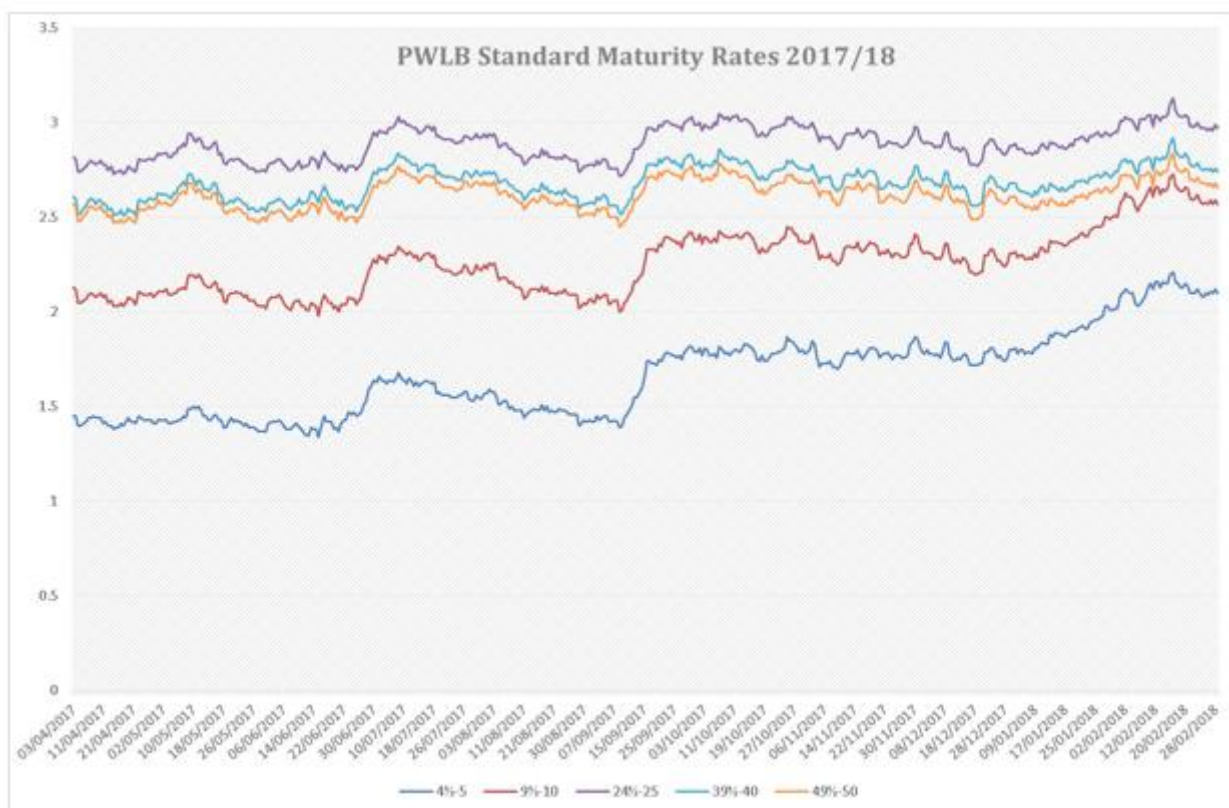


44. The chart above gives the following information:

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

45. 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 in July 2017, and a further £20m was taken in December. This is reflected in the cashflow chart above. 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 2017/18 so far.





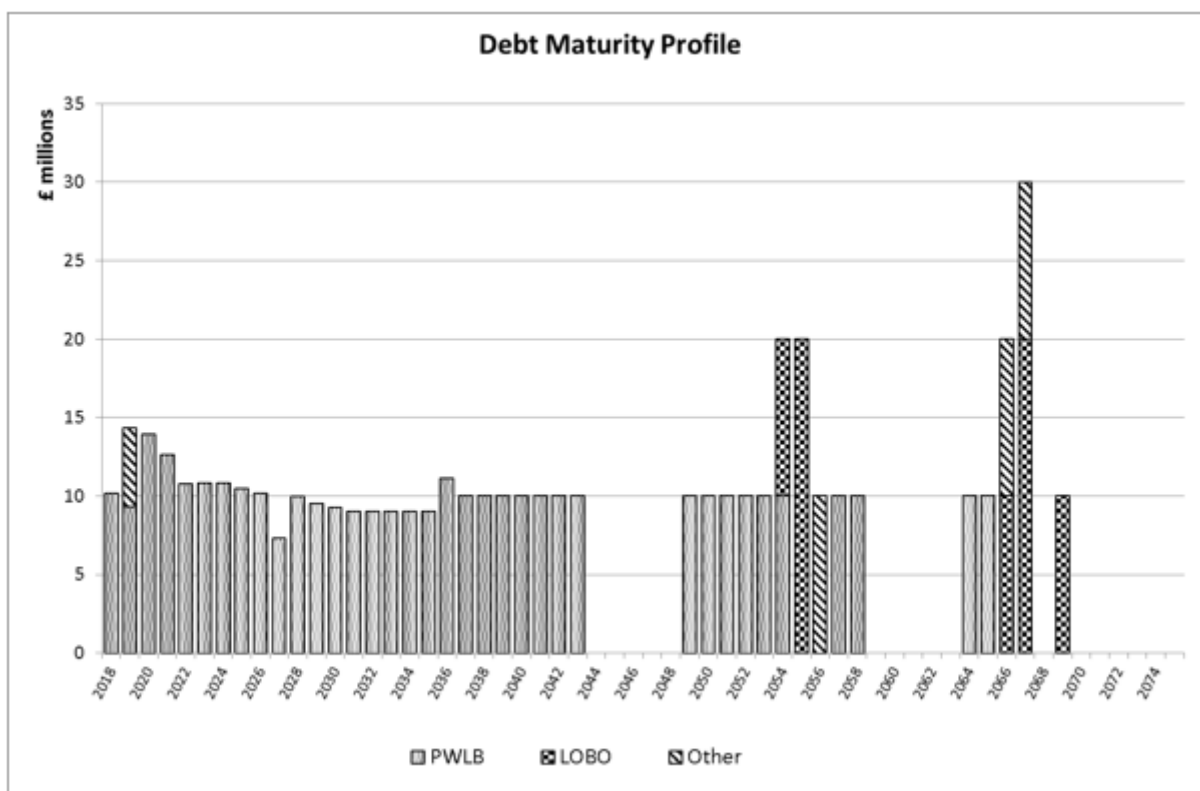
46. Borrowing decisions will take account of a number of factors including:

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

47. 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.

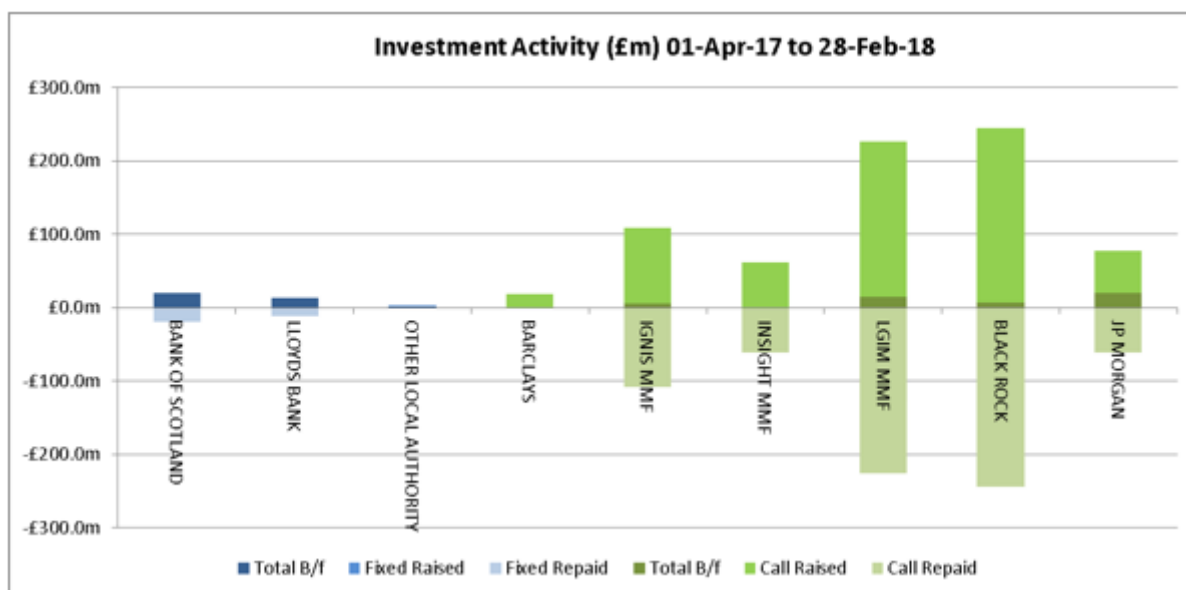
48. Longer-term borrowing (maturities up to 51 years) was obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the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

49. 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.



50. The investment activity for 2017/18 to the end of February 2018 is summarised in the chart and table below. Outstanding investment balances totalled £81m at the start of the year and £37m at the end of the period. This reduction includes the effect of making a £39m contribution to the Nottinghamshire Pension Fund in April 2017 for the three years of the triennial valuation period.

	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	-	(12,000)	1,000
Other Local Authority	1,500	1,450	(1,450)	1,500
Barclays	-	18,000	-	18,000
IGNIS MMF	6,000	102,250	(108,200)	50
Insight MMF	-	61,250	(61,250)	-
LGIM MMF	13,950	211,800	(225,150)	600
Black Rock	6,500	238,150	(244,650)	-
JP Morgan	20,000	57,500	(61,500)	16,000
<b>Total</b>	<b>80,950</b>	<b>690,400</b>	<b>(734,200)</b>	<b>37,150</b>



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

## Statutory and Policy Implications

52. 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 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 09/04/2018)

53. 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 (KP 21/03/2018)**

54. 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 provide an update to members about the County Council's insurance arrangements and give them the opportunity to comment.

**Information**

2. A previous report to Committee on 16 October 2017 provided information on the activities of the Risk & Insurance section and gave details of the insurance arrangements in place for Nottinghamshire County Council. This report provides an update on claims experience and provides additional information on key activities undertaken by the team.

**Insurance Renewal**

3. A significant amount of work has been undertaken in conjunction with Corporate Procurement to identify the most cost effective and robust method for undertaking a renewal of the insurance policies in place to protect the Council from risk.
4. Detailed negotiations have taken place with our main insurer, Zurich Municipal (ZM), and these negotiations have reached a satisfactory conclusion.
5. A more detailed report setting out the costs and implications of the proposed renewal terms is included in this agenda.

**Freedom of Information (FOI) Requests**

6. Risk and insurance receive FOI requests on a continual basis throughout the year. A surge in requests is usually observed in January and April, immediately after the end of the calendar year and the financial year. Details on the number of FOI requests by year are set out in the table below.

<b>Financial Year</b>	<b>No of FOI Requests Received</b>
2013/14	24
2014/15	27
2015/16	16
2016/17	21
2017/18 (to 16.03.18)	23

7. By far the most common requests received are for information on claims in respect of damage to vehicles as a result of potholes in the highway, approximately 70% of requests. Request for other information relate to claims due to accidents in schools/work place and children's social care claims. The Council's insurance arrangements and overall claims experience make up the majority of the remaining requests. The information requested usually focuses on claim volumes and the value of damages paid to claimants, although some requests do ask for other costs such as legal fees, other expenses and the total costs of the claim to be included.
8. It is felt that most requests received are likely to be from individuals and claimants, however some requests, particularly those in respect of the Council's insurance arrangements and overall claims experience, are clearly from larger organisations looking for commercially beneficial information.
9. It should be noted that the financials and status of claims is a continually changing situation. Information provided on a particular date could be entirely different if reproduced on another date. As a result it is necessary for Risk and Insurance to treat every FOI request as an entirely new request, even where the information requested has been asked for in previous requests.
10. As the volume of FOI requests received by Risk and Insurance is once again increasing, combined with the ever more complex and higher level of detail in the information requested, FOI requests now require that a considerable amount of time is committed to their completion.

## **Claims Experience**

11. Appendix A sets out details of the claims received by year.
12. Of the claims received 84% are public liability claims and the majority of these will be in relation to claims arising from the highway (e.g. pothole damage to vehicles and injuries arising from slips and trips).
13. The last quarter of this year has seen a spike in the number of claims. This has been caused by the unusual weather conditions this year which has resulted in more than usual pothole damage to the road network. The particularly wet conditions combined with the freezing temperatures has resulted in significantly more damage caused by the freeze/thaw action than in normal years.
14. It is important to note that the Council has a statutory defence to highway claims. So long as the Council can demonstrate that it is operating a reasonable system of inspection and maintenance then claims can be defended.

15. In the winter weather conditions many of the potholes arise very quickly and would not have been present at the last carriageway inspection. If the Council was not aware of the pothole at the time of the accident, or it was scheduled for repair in the correct time frame, then the claims can be successfully defended.
16. Whilst this can be frustrating for motorists it is the legal position. Successfully defending the claims helps to protect the Council's financial position as the first £260,000 of every claim is self-funded.

## **RECOMMENDATION/S**

17. It is recommended that:
  - Members consider the report and comment upon the information presented.
  - Agree whether the committee would like to continue to receive 6 monthly update reports.

**Nigel Stevenson**

**Service Director – Finance, Procurement & Improvement**

**For any enquiries about this report please contact:**

Anne Hunt – Risk & Insurance Manager

### **Constitutional Comments (KK 10/4/18)**

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

### **Financial Comments (KRP 04/04/18)**

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

### **Background Papers and Published Documents**

20. 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**

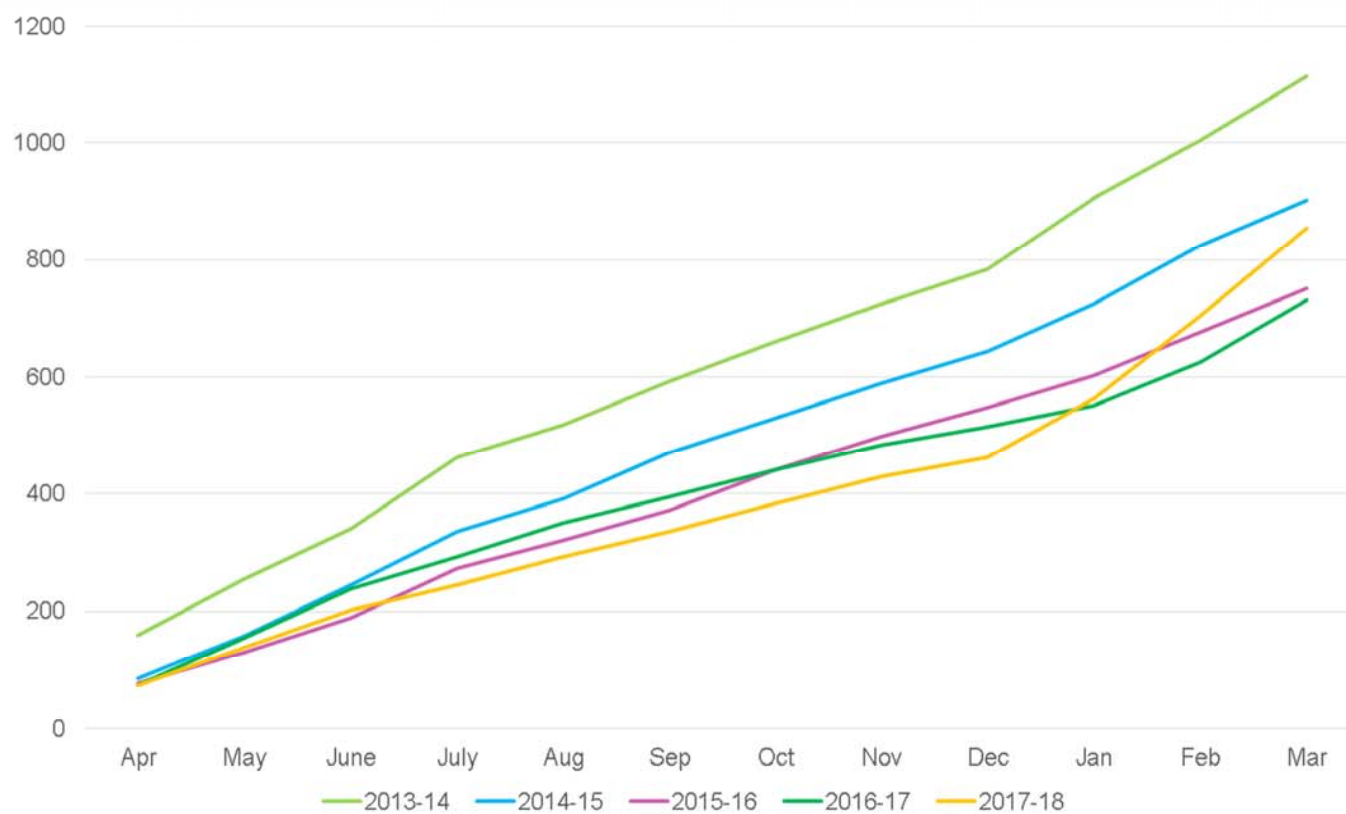
- All





## Appendix A

### Total Number of Claims Received



Breakdown of Claims Received 2017-18	
Public Liability	
Highways	640
Other	73
Employers Liability	17
Motor	79
Property	23
Other	22
<b>Total</b>	<b>854</b>



**23 April 2018****Agenda Item: 6****REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT AND  
IMPROVEMENT****INSURANCE RENEWAL 2018/19****Purpose of the Report**

1. The purpose of this report is to seek the approval of members to the strategy for the placing of the Council insurance policies in 2018/19 and 2019/20.

**Information****Background**

2. The current contract for the Council's property, motor and liability insurance expires on 30 April 2018 and, in view of the ongoing discussions with VIA EM taking on the Highways liabilities, it is considered appropriate to seek a contract extension from the current insurer Zurich Municipal.

**Assessment of Cost Implications**

- 2.1. In their quotation, Zurich Municipal have attempted to maintain the premium spend in total, net of Insurance Premium Tax (IPT), at the 2017/18 level. However, this is at the expense of the excess on the public and employers' liability policies, which is increased from £260,000 to £750,000. The excess on the property and motor policies is maintained at current levels.
- 2.2. An analysis of premiums in 2017/18 compared with the suggested alternative premiums in 2018/19 (including the increase in excess) is set out in **Appendix A**. The total increase in the cost of premiums in 2018/19 over 2017/18 is £76,745 (4.7%), including IPT. When looking at the comparison between the two years it is important to note that IPT has increased by 2%. Without any other changes this would have resulted in a £30,000 increase in the 2018/19 premiums.
- 2.3. Looking at recent years' claims, it is not unreasonable to assume that with a £750,000 excess, the increased cost of self-funded claims would be in the region of £190,000 per year. At an alternative £500,000 excess, for instance, the estimated increased cost in self-

funded claims would be estimated at £122,000. These projections are based on averages of the recent high value claims. Since 1 April 2013 the Council has received 3 liability claims with current estimated values in excess of £260,000 which would have been impacted by the increased excess. Two of these claims have estimated costs falling between £260,000 and £750,000 and one is significantly over £750,000.

- 2.4. Moving to the higher excess, therefore, is a calculated risk and could turn out to be either more or less beneficial depending on the claims incurred. Taking the higher excess does have the advantage of delaying expenditure as it will be at least 12 months after renewal that any claim payment in excess of £250,000 would be made.
- 2.5. In addition to the increase in excess, at the £750,000 level, the stop loss increases from £4.25m to £5.5m.
- 2.6. The terms also include a claims performance adjustment on the property premiums which, if achieved, could result in a credit of between £2,800 and £11,200. This adjustment is based on the percentage of claims which exceed the excess of the property policies compared to the premium paid.
- 2.7. Zurich Municipal has offered these terms with the option of a two year fixed rate deal. Our intention is to carry out a full tender during 2019/20 in time for the May 2020 renewal.

### **Broker Recommendation**

- 2.8. Independent advice has been sought from our insurance broker, Griffiths and Armour, on the renewal terms offered by Zurich Municipal. Their advice is that, overall, it is a reasonable package and that the £750,000 excess is a fair calculated risk. They recommend that the two year deal should be seriously considered as the County Council is unlikely to achieve anything significantly better by going to the market next year and the resulting terms could be worse. The limited local authority market may have concerns about the transition of claims to VIA EM and this could limit the alternative deals on offer.

### **Outstanding Issues**

- 2.9. Property services are currently revaluing 20% of the insured properties. This should be completed before the renewal and if the revised values have increased then the premium will increase proportionally. The declared figure for Works in Progress Insurance is high compared to previous years and colleagues in the Place Department are investigating to establish a more accurate estimate.
- 2.10. Zurich Municipal has proposed that the Council should move from their Fidelity policy onto a wider crime wording. The County Council's brokers are currently looking at the difference in the wording and, once this is done, the option will be considered further.
- 2.11. In addition, Zurich Municipal are offering a reduction on the liability premium of £48,000 if this is spent on their Safer Schools Package: a portal offering safeguarding advice which can be accessed by schools and parents. Discussions are taking place with colleagues in Children's Social Care to review the package and its usefulness to NCC.

**2.12.** The Council holds 5 insurance covers that are not placed with Zurich Municipal. Negotiations around renewal are ongoing but it is anticipated that they will renew on current terms, possibly with inflation increases. Details of these policies are shown below:

<b>Policy</b>	<b>Insurer</b>	<b>Estimated Premium 2018-19</b>
School Travel and Personal Accident	CHUBB	£19,000
Officer and Members Travel	CHUBB	£1,000
Computer	Allianz	£5,000
Terrorism	Lloyds	£96,000
Excess Layer*	Lloyds	£12,000
		<b>£133,000</b>

\* This policy increases the level of indemnity on the public liability policy from £50m to £60m.

## **Statutory and Policy Implications**

3. 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) That a two year contract extension is agreed with the current insurer, Zurich Municipal.
- 2) That a tender process is commenced in 2019/20 for completion for the 1 May 2020 renewal.
- 3) That the excess on the public/employers' liability policies is increased from £260,000 to £750,000.
- 4) That the excess on the property and motor policies is maintained at the 2017/18 level.
- 5) That the 5 insurances not placed with Zurich are renewed with the holding insurers and taken to tender with the Zurich policies for the May 2019 renewal date.

**Nigel Stevenson**

**SERVICE DIRECTOR – FINANCE, PROCUREMENT and IMPROVEMENT**

**For any enquiries about this report please contact:**

**Anne Hunt, Risk and Insurance Manager**

### **Constitutional Comments (KK 10/4/18)**

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

### **Financial Comments (KRP 9/4/18)**

The cost of premiums forms part of the overall cost of insurance to the County Council. Insurance costs are recharged to services in line with an agreed formula to reflect a number of factors, including claims history.

### **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

## Appendix A – Premium Cost

Policy	2017-18		2018-19		Variance (Inc IPT)	
	Premium	net IPT	Premium	net IPT		
	inc. IPT 10%		inc. IPT			
			12%			
ZURICH						
General	248,060	225,509	152,952	136,564	-	95,108 £50k excess maintained
Education Properties	340,447	309,497	275,381	245,876	-	65,066 £500k excess maintained
Education Properties (East Leake PFI)	390	355	252	225	-	139 £500k excess maintained
Education Properties (VA Schools)	26,650	24,228	21,005	18,754	-	5,646 £500k excess maintained
Education Properties (Sprinklered Schools)	15,697	14,270	8,783	7,842	-	6,914 £500k excess maintained
Education Properties (Bassetlaw PFI)	1,467	1,334	1,007	899	-	461 £500k excess maintained
Education Properties (VA Schools Sprinklered)	13,313	12,103	8,783	7,842	-	4,530 £500k excess maintained
Commercial Properties	9,755	8,868	17,112	15,279		7,357 £50k excess maintained
Private Properties Administered by NCC	1,437	1,307	17,025	15,201		15,588 Fully recharged to homeowners increase partly due to change in sum insured
Libraries Mutual Properties	34,132	31,029	19,908	17,775	-	14,225 £50k excess maintained
Vehicle Accumulation	4,510	4,100	1,915	1,710	-	2,595
Works in Progress - All Risks	6,852	6,230	23,461	20,948		16,609 Increase due to increase in sum insured - Property have been asked to review
BI Gross Revenue	12,269	11,153	9,576	8,550	-	2,693
BI Add Expenses - General	40,535	36,850	23,940	21,375	-	16,595
BI Add Expenses - Education	40,535	36,850	47,880	42,750		7,345
BI Add Expenses - Academy Schools	26,048	23,680	23,940	21,375	-	2,108
Public Liability	552,443	502,221	866,826	773,952		314,383 excess increased from £260,000 to £750,000
Employers Liability	136,147	123,770	78,826	70,380	-	57,321 excess increased from £260,000 to £750,000
Fidelity	59,893	54,448	48,400	43,214	-	11,493
Hirers Liability	2,475	2,250	-		-	2,475 No longer required
Motor	37,337	33,943	40,037	35,747		2,699 £260,000 excess maintained
Claims Handling Fees (PL inc. Ancillary)	2,600	2,600	2,600	2,600		-
Claims Handling Fees (EL)	2,080	2,080	2,080	2,080		-
Claims Handling Fees (Motor excluding damage)	6,125	6,125	6,255	6,255		130
	1,621,198	1,474,799	1,697,943	1,517,192		76,745





**23 April 2018****Agenda Item: 7****REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT &  
IMPROVEMENT****GENERAL DATA PROTECTION REGULATION (GDPR), IMPLICATIONS FOR  
CONTRACTS****Purpose of the Report**

1. To provide members with assurance of work underway with regard to the General Data Protection Regulation (GDPR) which comes into force on 25<sup>th</sup> May 2018, and compliance of NCC's personal data processors, throughout our contractual arrangements.

**Information**

2. The legislation responds to the digital age and strengthens the control 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. On 19 December 2017, Crown Commercial Service (CCS) published the Procurement Policy Note/Action Note PPN 03/17 on Changes to Data Protection Legislation and General Data Protection Regulation (GDPR). This Policy Note is a guide for government departments and non-governmental public bodies in respect of their role as Data Controllers (organisations which determine the purpose and means of personal data processing) and their relationship with Data Processors (organisations which process personal data on behalf of a Controller).
4. Data Processors must comply with the legislation and can be fined by the Information Commissioners Office (ICO) for non-compliance. This has been done to ensure better performance and enhanced protection for personal data, in addition Crown Commercial Service has advised Controllers not to indemnify their processors against penalties incurred.
5. Both Controllers and Processors can face claims for compensation where they have not complied with their obligations under GDPR.

**Approach to Council Data Processors for existing contracts**

6. The Crown Commercial Service guidance advises governmental bodies to ensure that their data processors are implementing appropriate technical and organisational measures to meet GDPR and can demonstrate compliance.
7. Specific guidance has been given to all governmental bodies regarding actions that need to be undertaken with both existing and future contracts with suppliers. The actions detailed below are being taken forward for those contracts awarded prior to 25/5/2018 but that will be live post that date;
  - Identification of all contracts which involve the processing of personal data and will be live post 25/5/2018. The Corporate Procurement Unit (CPU) has undertaken a review of all contracts with risk ratings assigned based on volumes; types of processing (ie. Special Category, including sensitive data); contract duration etc.
  - Notification to all those identified suppliers (starting with the highest risk) of the changes to data protection legislation and the requirement to amend those contracts appropriately. The Corporate Procurement Unit (CPU) has started the process of writing to all contracted suppliers to advise that we will be amending contracts, with updated contract specifications and service delivery schedules.
  - Amendment of contracts to accommodate the new GDPR legislation will commence in the coming weeks, contract variations will be developed alongside legal services and commissioning colleagues to ensure the accuracy of contract details.
  - Conduct due diligence, it is proposed that this is met by a follow-up letter (3 months after contract variation) 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).

### **Approach to Council Data Processors for New Contracts**

8. In addition to the above, specific guidance has also been given for new contracts awarded on/after 25/5/2018:
  - Pre-procurement dialogue must include GDPR information to ensure that potential bidders are aware of their obligations. The Corporate Procurement Unit is already undertaking this work.
  - Ensure that potential future contractors can meet the requirements of GDPR prior to the award of any new contract. A questionnaire has been designed and embedded (following Information Commissioner's Office recommendations) into the Authority's tendering processes and is being used as required.

### **Risks Associated with the Changes to Data Protection Legislation**

9. There are risks associated with the new change in legislation which the Corporate Procurement Unit and legal services aim to minimise, these risks are identified as;
  - There will be a cost for administrating contract variations for procurement, legal services and commissioners due to the time required to review, amend and monitor change.

- Internal capacity within Information Governance and Legal Services to deal with large volumes of Data Protection queries / guidance from suppliers as well as inputting into the procurement exercise is limited. However an Interim Data Protection lawyer commenced work on 22/1/18 and will provide additional expertise. Further support from external providers can also be called upon if required.
- There is a need to identify key contract managers and ensure that they have the right training and support.

## **Statutory and Policy Implications**

10. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, 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:**

- 1). That Members support the approach to contacting contracted suppliers and varying their Contracts.

**Nigel Stevenson**

**Service Director – Finance, Procurement & Improvement**

**For any enquiries about this report please contact:**

Clare Winter - Group Manager, Procurement

## **Constitutional Comments (KK 09.04.2018)**

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

## **Financial Comments (SS 09.04.2018)**

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

## **Background Papers and Published Documents**

13. 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



**23 April 2018****Agenda Item: 8****REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND  
IMPROVEMENT****CAR PARKING ENFORCEMENT AND BAILIFF PROJECTS****Purpose of the Report**

1. To accompany a presentation to Members on the history, the current position, and the agreed proposals going forward for both the Car Parking Enforcement and Bailiff Service.

**Information**

2. The Car Parking Enforcement contract is not due to terminate until May 2020, however work will commence on the design of the service in the new financial year of 2019/2020. Nottinghamshire County Council is the highway and traffic authority for the administrative county. All 7 District and Borough Councils and the County Council are currently undertaking Civil Parking Enforcement (CPE) under the terms of a partnership agreement (The Notts Parking Partnership). The contract is for a general parking management which applies to all areas of the County and is to a value circa £1m.
3. This contract is running well and contract management is currently undertaken by the Central Processing Unit (CPU). There have been numerous approaches from other Public Sector bodies to utilise our contract, to which we will be amending our business model going forward to allow open access to our future contract. This could potentially generate an income stream for the CPU in the future.
4. The Bailiff Service (now called Enforcement Agents), contract is due to be re-let in 2019, previously the Authority made the decision to procure and implement our own NCC contract as opposed to utilising an existing framework, this allows for better control of the service provision. The current contract is valued at circa £700,000 per annum, however this is expected to reduce year on year following the Taking Control of Goods Act 2014.

**Statutory and Policy Implications**

5. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance. Appropriate consultation has been undertaken and advice sought on these issues as required.

**Recommendation**

- 1) Members consider whether any further updates relating to the project are required, and if so at what frequency.

**Adrian Smith - Corporate Director – Place**

**For any enquiries about this report please contact:**

Gareth Johnson – Enforcement Manager

Andrew Magyar – Category Manager, Place

**Constitutional Comments (KK 11/04/18)**

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

**Financial Comments (SES 11/04/18)**

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

**Background Papers and Published Documents**

Except for any 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

**23 April 2018****Agenda Item: 9****REPORT OF THE SERVICE DIRECTOR FINANCE, PROCUREMENT AND  
IMPROVEMENT****BUSINESS REPORTING AND MANAGEMENT INFORMATION PROJECT –  
NEXT PHASE****Purpose of the Report**

1. The purpose of this report is to seek approval for funding of £0.7m to be included in the Finance and Major Contracts Management Capital Programme for the next phase of the Business Reporting and Management Information Project (BRMI).

**Information****Background**

2. The challenges of austerity along with a drive towards improved efficiency and transparency has necessitated the creation of a more reliable evidence base from which decisions can be taken and the need to embed data and analytics in council services and decision making.
3. A Business Intelligence Strategy has recently been approved by Policy Committee setting out the Council's future approach and roadmap for business intelligence and the key activities required to deliver this. This delivery will be managed through the Business Intelligence Programme one of the key programmes of improvement and change in the Resources Departmental Strategy.
4. The BRMI project is a key component supporting the delivery of the BI Strategy and has played an important role in the development of the Council's business intelligence capability in the last couple of years. As Committee are aware the project has been undertaken in a phased approach with agreed deliverables and costs for each phase. The deliverables of the project to date have included:
  - a. The establishment of the data warehouse populated with data from the council's social care recording system – Mosaic. In addition 200 business intelligence reports were produced as part of the Mosaic upgrade for children's and adults social care services.
  - b. A Business Intelligence Hub bringing together in one place the Council's data, analysis, business intelligence reports and dashboards providing an overview of performance and service delivery.

- c. The production of business intelligence reports addressing the substantial backlog of data and reporting requirements arising from the change freeze that was imposed because of the Mosaic Upgrade; reports required due to the decommissioning of systems in Adult Social Care and Health; and reporting requirements for the Integrated Children's Disability Service and statutory returns
- d. Technical improvements including the building of cubes to allow data to be extracted from the Warehouse for presentation in dashboards or via ad-hoc reports in a more efficient and less costly manner than report production
- e. Requirements gathering; prioritisation, costing and agreement of additional data from council systems to be included in the data warehouse
- f. Developments in the automation of data and of the data warehouse functionality focusing on the following areas:
  - **Unit Costs** – the development of a single source of automatically updated social care cost data in an easy-to-navigate format. To date costs have been manually collated in many different ways for different purposes. Improved consistency and efficiency will save significant person-hours currently spent on data preparation.
  - **Service User Journey.** A consistent, automatically applied approach to interpreting detailed adult social care data in order to see “the big picture” on the pathways Service Users take through Council services. This will allow more informed decision-making on service transformation.
  - **Organisation Structure.** A prototype to assess the feasibility of providing definitive organisation structure data to support the automatic and consistent delivery of Key Performance Indicators at all levels of the Council. E.g. metrics at individual staff member level are guaranteed to be consistent with metrics at team, department etc. level.
  - **Contracts Data.** An assessment of current social care contract data management to assess the potential for automating contract performance monitoring.
- 5. A presentation will be made to Committee by Acuma the BI technology partner that has been working on the BRMI project expanding on some of the key areas of work.
- 6. The cost of phases one to three of the project have been met from within the capital programme.

#### **Phase 4 – Proposed Scope**

- 7. The BI Strategy sets out that our development of new BI capabilities will be delivered in three phases: Diagnostic and pilot, Build, Embed and enhance. To manage the increasing demand for BI we will also seek to automate the supply of regular BI so that resource can be deployed to deliver new BI requirements.
- 8. Funding is now sought for Phase 4 of the project to support the next wave of development that will see some capabilities moves through the design phases to build on earlier work and support the major transformational programmes of the Council. The BI Programme will also seek to introduce new capabilities starting at the diagnostic



and pilot phase to prepare for forthcoming or future transformation projects. This phase will focus on:

- The development of interactive dashboards for front line staff and their managers. These will form an important component of the Adult Social Care and Children's approach to their next phase of transformation and achievement of savings
  - The further development of work on Unit Cost, Service User Journey and Organisation Structure Dimension
  - Technical support to ensure the information and data requirements arising from planned changes to the way services are changed, procured or managed eg Children's Occupational Therapy
  - Further technical enhancements to the warehouse including the addition of a new system and the completion of cube development
  - Knowledge transfer of skills from the technology partner to council staff
9. During this phase of the project some functions such as maintenance of the BI Hub and routine report development will move into business as usual with reliance on the technology partner reducing.
10. In addition over the course of this phase as part of the implementation of the BI Strategy an assessment will be made of the ongoing resources required to ensure that our BI and analytical support can meet our requirements as our use of BI matures and the way in which this should be most effectively provided.

### **Other Options Considered**

11. The option not to proceed with phase 4 of the project was discounted as this would not address business intelligence reporting requirements or enable the appropriate identification of future work.

### **Reason for Recommendation**

12. To provide accurate and relevant business information for the Council's services to assist good business decisions and to enable appropriate planning for further developments to the Council's data warehouse.

### **Statutory and Policy Implications**

13. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, 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**

- 1) It is recommended that £0.7m, funded from capital contingency, is included in the Finance and Major Contracts Management Capital Programme to fund phase 4 of the BRMI project.

**Nigel Stevenson**

**Service Director - Finance, Procurement and Improvement**

**For any enquiries about this report please contact:**

Celia Morris, Group Manager Performance and Improvement

0115 9772043

[celia.morris@nottsc.gov.uk](mailto:celia.morris@nottsc.gov.uk)

### **Constitutional Comments [KK 06.04.2018]**

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

### **Financial Comments [GB 12.04.2018]**

The financial implications are set out in the report.

### **Background Papers and Published Documents**

None

### **Electoral Division(s) and Member(s) Affected**

All.

**23 April 2018****Agenda Item: 10****REPORT OF THE SERVICE DIRECTOR, COMMUNICATIONS, MARKETING  
AND COMMERCIAL DEVELOPMENT****COMMERCIAL DEVELOPMENT UNIT: SERVICE OUTCOMES****Purpose of the Report**

1. To seek approval for the next steps for services in the fourth cohort of the Commercial Development Unit and to provide an update on the services that have successfully passed through the unit.

**Information and Advice**

2. Policy Committee approved two years' funding of the Commercial Development Unit in November 2016 following a successful pilot with three services (Education Improvement Service, Outdoor Education, Trading Standards).
3. Since the pilot six more services have entered the commercial development process (Procurement, Brooke Farm, Catering and Facilities Management, Document Services, Energy Services and County Supplies).

**The Process**

4. Services undergo an 8-week accelerated learning process that provides the commercial skills necessary to build a fully costed, outline business case with four-year financial projections. At the end of the process, the plan is scrutinised by a panel that includes the Chief Executive, the Monitoring Officer, the Section 151 officer and an external business person. The Finance and Major Contracts Committee then makes the decision about whether to give services the go-ahead. Services will then have to take reports to their own committees or other relevant committees to enable specific elements of the commercial plan such as staffing changes.
5. Progress reports are taken to the relevant service committee while services are supported by the Commercial Development Unit for the first 12 months of trading. Early interventions will be made where any services fail to keep on track with income or cost projections.
6. The intention is to get as many services as possible to a position of zero cost or to one where they are returning surplus income to the authority which could be used to support other services.
7. Policy Committee agreed that seed investment for commercial plans would come from an earmarked reserve of £0.5m in the Strategic Development Fund.

## Outcome from Commercial Development Unit Cohort 4

8. Three services participated in the fourth cohort assessment process which took place in March 2018:
  - County Enterprise Foods
  - Early Years Training Services
  - Registrations Services
9. Each service presented their commercial plan to the panel that consisted of the Chief Executive, Finance Officer, Monitoring Officer and an external business person.
10. The panel's conclusion was that all of the services needed to do further work to develop their commercial plans to ensure that members had sufficient detail for decision. As a result it is recommended that all 3 services undertake further work and present again in June 2018.
11. The Commercial Development Unit process continues to be refined after each cohort to ensure that it is best placed to support the change to a more commercial way of working. Experience with working with this particular cohort has highlighted some consistent themes to be addressed and it is recommended that a separate report be brought to committee setting out the proposed changes.
12. A summary position of the services that have been through the CDU to date can be seen in table 1 below. A report on the year end trading position will be brought to committee once all end of year information has been finalised. Table 2 below shows the target and actual income from the pilot cohort that has just completed its first full financial trading year. Each of the services has achieved income above its target generating over £800,000 income. Once year end information is complete the expenditure can be analysed to work out the saving to the Authority.

**Table 1: Current position of services in the CDU**

Cohort	Service	Status
Pilot	Education Improvement Service	Approved completed 1 <sup>st</sup> year of trading
Pilot	Outdoor Education Service	Approved completed 1 <sup>st</sup> year of trading
Pilot	Trading Standards Commercial Service	Approved completed 1 <sup>st</sup> year trading
Cohort 1	Brooke Farm	Approved and preparing to implement commercial plan
Cohort 1	Procurement	Withdrew due to no financial return possible
Cohort 2	Catering & Facilities	Looking at commercial options outside of the CDU process
Cohort 2	Document Services	Approved and preparing to implement commercial plan
Cohort 3	Energy Services	Approved and preparing to

		implement commercial plan
Cohort 3	County Supplies	Approved and preparing to implement commercial plan
Cohort 4	County Enterprise Foods	Returning to Cohort 5 to present to panel again
Cohort 4	Early Years Training	Returning to Cohort 5 to present to panel again
Cohort 4	Registrations Service	Returning to Cohort 5 to present to panel again

**Table 2: Target / Actual Income CDU Pilot Cohort First Year Trading**

	<b>Target Income</b>	<b>Actual Income</b>
Education Improvement	1,010,864	1,585,961
Outdoor Education	809,700	967,325
Trading Standards	1,293,195	1,404,169
<b>Total Income</b>	<b>3,113,759</b>	<b>3,957,455</b>

### **Services recommended for inclusion in Commercial Development Unit Cohort 5**

13. We recommend that all three services from Cohort 4 repeat elements of the process in preparation for presenting revised commercial plans at the end of Cohort 5.

### **Other Options Considered**

14. By not pursuing commercial opportunities it would mean that all the expected savings over the next four years would need to come from service reductions and efficiencies.

### **Reason/s for Recommendation/s**

15. To support the Council's financial position by seeking to reduce the budget needed to run some valued services or, ideally, to return an income to the Council.

### **Statutory and Policy Implications**

16. 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.

### **Financial Implications**

17. These are contained within the body of this report.

### **Equalities Implications**

18. Equalities implications will be considered by each of the services as they develop their commercial plans.

## **RECOMMENDATION/S**

It is recommended that:

1. All 3 services repeat elements of the CDU process and return to present their commercial plans.
2. A report is brought back to committee setting out the lessons learnt from the CDU process and the commercial challenges faced by the authority with appropriate recommendations for members to consider.

**Martin Done**

**Service Director, Commercial Development and Communications**

**For any enquiries about this report please contact: Mark Knight  
mark.knight@nottsc.gov.uk**

### **Constitutional Comments [GR 13.04.2018]**

19. Pursuant to section 21 Part 4 of the County Council's constitution, the Finance and Major Contracts Management Committee has the delegated Authority to receive this report, the recommendations of which fall within the powers delegated to this committee.

### **Financial Comments**

20. Financial comments will be reported orally at the meeting.

### **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.

- Commercial Development Unit Report – Policy Committee, November 2016

### **Electoral Division(s) and Member(s) Affected**

- All

**23 April 2018****Agenda Item: 11****REPORT OF CORPORATE DIRECTOR, RESOURCES****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.

**Jayne Francis-Ward**  
**Corporate Director, Resources**

**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**

<b><u>Report Title</u></b>	<b><u>Brief summary of agenda item</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
<b>21 May 2018</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
PFI Schools Management Contracts	Update report	Derek Higon	Mick Allen
BCF Q4 Reconciliation		Joanna Cooper	Joanna Cooper
Collaborative Procurement	Benefits gained from working alongside Nottinghamshire Healthcare Trust and Sherwood Forest Hospitals.	Andrew Magyar Category Manager, Lorraine Dennis Category Manager	Clare Winter
Commercial Development Unit	Cohort 1 – Year 1 Results	Martin Done	Mark Knight
<b>18 June 2018</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Agency Contract	Provision of agency staff as required across the authority.	Lorraine Dennis Category Manager	Clare Winter

## **FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME**

<b>16 July 2018</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Sales planning and Advice Framework	Managing corporate assets and external fundings.	Andrew Magyar Category Manager	Clare Winter
Commercial Development Unit	Cohort 5 Outcome and Report on Progress	Martin Done	Mark Knight
<b>17 September 2018</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
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
Commercial Development Unit	Cohort 6 Outcome and Progress Report	Martin Done	Mark Knight

## **FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME**

<b>15 October 2018</b>			
Monthly Budget & Capital Monitoring Report 2017/18	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
Day Care Services	Community based support.	Michael Fowler Category Manager	Clare Winter
<b>19 November 2018</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Home Based Care and Support Services Project	Update report	Jane Cashmore / Michael Fowler	Jane Cashmore / Michael Fowler

## **FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME**

<b>17 December 2019</b>			
Monthly Budget & Capital Monitoring Report 2017/18	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
<b>14 January 2019</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Commercial Development Unit	Cohort 7 Outcome and Report on Progress	Martin Done	Mark Knight
<b>11 February 2019</b>			
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**

<b>18 March 2019</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Commercial Development Unit	Outcome of Project	Martin Done	Mark Knight
<b>29 April 2019</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
<b>20 May 2019</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
<b>17 June 2019</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
<b>15 July 2019</b>			
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell

**FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME**

<b>TO BE PLACED</b>			
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
Local Government Finance	Overview report	Nigel Stevenson	Nigel Stevenson
Trading Organisations	Update report	Ian Hardy	Ian Hardy