

17 December 2018**Agenda Item: 6****REPORT OF SERVICE DIRECTOR, PLACE AND COMMUNITIES****CATERING, FACILITIES MANAGEMENT AND COUNTY SUPPLIES SERVICES
SPECIALIST EXTERNAL ADVISOR SUPPORT****Purpose of the Report**

1. The purpose of this report is to outline the rationale for engaging a specialist external advisor to support the development of a robust business case for the development of a sustainable future for the Council's Catering and Facilities Management Services, and to request funding from corporate contingencies to cover the cost of this work.

Information

2. Catering, Facilities Management and County Supplies (CFMCS) is a large group of traded services within the Communities and Place Division of the Place Department. The Group has a broad scope of operations that covers the whole County of Nottinghamshire and employs a significant workforce (approximately 2,500 individuals), predominantly in service settings in and around schools and public sector premises.
3. CFMCS has historically returned a small net surplus on its annual turnover of circa £40m and over time this has enabled it to build up some operational reserves. Recent changes to the cost base of the group that are beyond its control, along with changing market conditions (such as the impact of academisation on the schools market, and an increasingly competitive schools services provider market that have placed pressure on the Group's Nottinghamshire market share), have seen these reserves reduced. It is anticipated that the next financial year (2019/20) will see the Group's budget in a deficit position. This will result in a revenue budget pressure for the Place Department, and the Council.
4. It is therefore the case that significant work needs to be undertaken to establish a cost effective and sustainable way forward for this Group of Services, that meets the requirements of both the Council and those of schools and other customers, whilst respecting the complex nature of many of the services in question.
5. To this end it is intended to engage CIPFA C.Co to work with officers to undertake a comprehensive analysis of the available options for future service delivery, and subsequently to develop a full business case for a preferred option or options. CIPFA C.Co is the consultancy arm of CIPFA, the Chartered Institute of Public Finance Accountants, and has worked with a number of other local authorities and public bodies to develop and establish viable future operating models for similar services.
6. At this stage it is anticipated that the options analysis and business case development will take place over the winter, with a report containing appropriate recommendations being put forward to this Committee for in March 2019, with implementation following afterwards.

7. The cost of C.Co developing this options appraisal and full business case is £78,000.
8. A consideration of the future arrangements for the County Supplies function is outside the scope of this project. Future options for this element of Service are currently being progressed by officers and will be put forward for separate consideration by the Committee in early 2019.

Other Options Considered

9. The option to not engage specialist external advisors has been considered. Without C.Co's input and experience in the national schools services marketplace the Council would be less able to make a wholly informed and effective position to make a timely, informed and sustainable decision about the most appropriate future service model(s).

Reason/s for Recommendation/s

10. Working with specialist external advisors to determine the most appropriate way forward will enable the authority to mitigate significant future financial risk and to develop an evidence based assessment of the different options available to Nottinghamshire.

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.

Financial Implications

12. It is proposed that the cost of £78,000 be funded from corporate contingency.

RECOMMENDATION/S

- 1) That Committee approves the allocation of £78,000 from corporate contingencies to fund the work of CIPFA C.Co in undertaking an options analysis, and subsequently developing a full business case for the future operating model for catering and facilities management services, for consideration by the Committee in March 2019.

Derek Higton
Service Director, Place & Communities

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13. Subject to the approval of the recommendation contained in this report, CIPFA C.Co shall be appointed to provide the consultancy services via a national framework agreement.

Financial Comments [RWK 15/11/2018]

14. The financial implications are set out in paragraph 12 of 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.

Electoral Division(s) and Member(s) Affected

- All