Nottinghamshire County Council

Finance and Major Contracts Management Committee

Monday, 18 June 2018 at 14:00

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

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

Report to Finance and Major Contract Management Committee

18 June 2018

Agenda Item: 2

REPORT OF THE CHIEF EXECUTIVE

TERMS OF REFERENCE AND MEMBERSHIP

Purpose of the Report

1. To note the membership and terms of reference of the Finance and Major Contracts Management Committee.

Information and Advice

2. The following councillors have been appointed to the committee:

Chairman – Councillor Richard Jackson
Vice-Chairman – Councillor John Ogle
Vice-Chairman – Councillor Roger Jackson

Councillor John Clarke
Councillor Keith Girling
Councillor Tom Hollis
Councillor Eric Kerry
Councillor Diana Meale
Councillor Mike Pringle
Councillor Mike Quigley
Councillor Alan Rhodes

3. The County Council on 21 May 2018 established the committee with the following terms of reference:

The exercise of the powers and functions set out below are delegated by the Full Council to the Committee in relation to finance and major contracts management:

a. All decisions within the control of the Council including but not limited to those listed in the Table below

b. Policy development in relation to finance and major contracts management, subject to approval by the Policy Committee or the Full Council

c. Review of performance in relation to the services provided on a regular basis

d. Review of day to day operational decisions taken by Officers

e. Approval of relevant consultation responses except for responses to day-to-day technical consultations which will be agreed with the Chairman and reported to the next available Committee following their submission.

f. Approval of relevant staffing structures as required

g. Approving all Councillor attendance at conferences, seminars and training events within the UK mainland for which a fee is payable including any expenditure incurred, within the remit of this Committee and to receive quarterly reports from Corporate Directors on departmental officer travel outside the UK within the remit of this Committee.

4. If any report comes within the remit of more than one committee, to avoid the report being discussed at several committees, the report will be presented and determined at the most appropriate committee. If this is not clear, then the report will be discussed and determined by the Policy Committee.

5. As part of the detailed work programme the Committee will receive reports on the exercise of powers delegated to Officers.

6. The Committee will be responsible for its own projects but, where it considers it appropriate, projects will be considered by a cross-committee project steering group that will report back to the most appropriate Committee.

Table
Responsibility for the financial management of the Authority including recommending to Council the financial strategy, annual revenue budget, annual capital budget, and precept on billing authorities
Responsibility for corporate procurement
Responsibility for the Council’s internal trading organisations
Responsibility for the strategic overview and management of all Council contracts in excess of £10 million or otherwise of major significance
Responsibility for developing and implementing a Commercial Strategy for the Council subject to Policy Committee approval

Other Options Considered

7. None.

Reason/s for Recommendation/s

8. To inform the committee of its membership and terms of reference.

Statutory and Policy Implications

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

RECOMMENDATION

That the committee's membership and terms of reference be noted.

Anthony May
Chief Executive

Constitutional Comments

10. As this report is for noting, no constitutional comments are required.

Financial Comments (NS 29/05/18)

11. There are no financial implications arising from this report.

Background Papers and Published Documents

None.

Electoral Division(s) and Member(s) Affected

All.

Nottinghamshire County Council

minutes

Meeting	FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE
Date	21 May 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)

Jim Creamer	Diana Meale
Keith Girling	Mike Pringle
Tom Hollis	Mike Quigley MBE
Eric Kerry	Alan Rhodes

OFFICERS IN ATTENDANCE

Pete Barker	Democratic Services Officer
Joanna Cooper	Better Care Fund Programme Manager
Lorraine Dennis	Category Manager
Jayne Francis-Ward	Corporate Director - Resources
John Hughes	Group Manager - Catering and Facilities Management
Nigel Stevenson	Service Director - Finance, Infrastructure and Improvement
Clare Winter	Group Manager - Procurement

ALSO IN ATTENDANCE

Jill Finnesey - Mansfield District Council

1. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 23 March 2018, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

2. APOLOGIES FOR ABSENCE

Councillor Alan Rhodes replaced Councillor Andy Wetton on a permanent basis.
Councillor Jim Creamer replaced Councillor John Clarke for this meeting only.

3. DECLARATIONS OF INTEREST

No declarations of interest were made.

4. COLLABORATIVE PROCUREMENT - BENEFITS GAINED FROM WORKING ALONGSIDE NOTTINGHAMSHIRE HEALTHCARE TRUST AND SHERWOOD FOREST HOSPITALS

RESOLVED: 2018/025

That Members support the approach to collaborative working with other public bodies.

5. BETTER CARE FUND POOLED BUDGET – Q4 2017/18 RECONCILIATION

RESOLVED: 2018/026

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

6. BUILDING SECURITY IMPROVEMENTS

RESOLVED: 2018/027

That £120k from the Capital Programme be used to fund the shortfall in the budget for the Building Security Improvement Project.

7. WORK PROGRAMME

RESOLVED: 2018/028

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

- Progress reports regarding collaborative procurement
- Contract management

The Chair congratulated Nigel Stevenson in being appointed to the post of Service Director - Finance, Infrastructure and Improvement and thanked Jayne Francis-Ward, who was attending her last meeting of the Committee before leaving the authority, for all her support and advice in the past.

The meeting closed at 2.52pm

CHAIR

Nottinghamshire County Council

Report to Finance & Major Contracts Management Committee
18 June 2018

Agenda Item: 6

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

DRAFT MANAGEMENT ACCOUNTS 2017/18

Purpose of the Report

1. To inform the Committee of the year end position for the 2017/18 draft Management Accounts.
2. To request that the Committee recommends the transfer to the General Fund Balances of £3.2m, for approval by County Council.
3. To inform the Committee of the position on other reserves of the Authority.
4. To inform the Committee of the final position on 2017/18 contingency requests.
5. To inform the Committee on the year end position for the 2017/18 Capital Programme and its financing.
6. To request approval of variations to the Capital Programme.

Information

Background

7. The financial position of the County Council has been monitored throughout the financial year, with monthly reports to Corporate Leadership Team and the Finance and Major Contracts Management Committee providing an update of progress, thus ensuring decision makers had access to financial information on a timely basis. At the Finance and Major Contracts Management Committee meeting of the 23 April 2018, Members were informed of the forecast as at period 11. This report is the draft out-turn for 2017/18. The final figures will be confirmed at the County Council meeting on the 12 July 2018.

Summary Financial Position

8. Through continued prudent financial management, Committee budgets have achieved a net underspend of £7.5m or 1.5% of net Committee budgets. This compares to a period 11 forecast of £6.6m. An exercise to fully understand the permanent or temporary nature of this underspend is currently being undertaken. Permanent underspends will be removed from the base budget. The remaining temporary underspend will be used to fund specific future priorities and support the strategy required to meet the £54.2m shortfall in funding across the medium term. This approach was approved as part of the 2018/19 Annual Budget Report to Full Council in February 2018

9. The level of General Fund balances, subject to approval by County Council, will increase by £3.2m to £30.9m. This results in a closing balance that is £8.7m higher than the revised budget.

10. The detailed figures are summarised in the appendices to this report. Table 1 shows the summary revenue position of the County Council.

Table 1 – Summary Financial Position

Committee	Final Budget £000	Draft Out-turn £000	Draft Variance £000	Percentage Variance to Annual Budget
Children & Young People	119,042	119,241	199	0.2%
Adult Social Care & Public Health	199,062	194,062	(5,000)	(2.5%)
Communities & Place	122,299	122,179	(120)	(0.1%)
Policy	33,871	32,695	(1,176)	(3.5%)
Finance & Major Contracts Management	3,366	2,956	(410)	(12.2%)
Governance & Ethics	7,610	7,388	(222)	(2.9%)
Personnel	16,533	15,794	(739)	(4.5%)
Net Committee (under)/overspend	**501,783**	**494,315**	**(7,468)**	**(1.5%)**
Central items	(19,367)	(29,785)	(10,418)	
Contribution to Schools Expenditure	209	209	-	
Contribution to/(from) Traders	405	719	314	
Forecast prior to use of reserves	**483,030**	**465,458**	**(17,572)**	
Transfer to / (from) Corporate Reserves	(7,225)	(2,188)	5,037	
Transfer to / (from) Departmental Reserves	4,974	8,844	3,870	
Transfer to / (from) General Fund	(5,500)	3,165	8,665	
Net County Council Budget Requirement	**475,279**	**475,279**	**-**	

Net Committee Spend

11. The overall net underspend within the Committees is £7.5m and the principal reasons for the variations are detailed below.

Children & Young People (£0.2m overspend, 0.2% of Committee budget)

12. The £0.2m net overspend relates to a number of offsetting variances. The three main areas of overspend relate to staffing in hard to recruit teams (£0.5m), other Youth, Families and Social Work division budgets (£0.8m) and external placements (£0.6m). These overspends are offset by a number of lesser underspends across Committee budgets.

Adult Social Care and Public Health (£5.0m underspend, 2.5% of Committee budget)

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

- Older Adults across the County are overspent by £2.5m. This is primarily due to increases in long term nursing and homecare commitments.

- Younger Adults across the County are underspent by £2.3m, due primarily to a sustained over achievement of Continuing Health Care income.

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

• Residential Services are underspent by £0.6m. All services are underspent across staffing plus overachievement of income targets.

• Day Services and employment are underspent by £0.5m. This is due to an underspend of £0.7m on staffing, offset partly by a continuing overspend on Fleet transport.

• The Transformation Division is underspent by £0.2m relating to the Care Act.

• Public Health is underspent by £3.0m, due to underspends on the staffing budget, less activity from Payment by Results on Health Check Programmes, Obesity and Smoking and Tobacco, together with underspends on children and Future in Mind services. The Public Health Grant is ring-fenced and, as such, the net underspend has been transferred to the Public Health reserve.

• An overspend of £0.5m that relates to the cost of redundancies borne by the Adult Social Care and Public Health Committee.

Communities and Place (£0.1m underspend, 0.1% of Committee budget)

14. The net underspend above is made up of a £0.3m underspend in the Transport Division mainly due to the reduction of concessionary fare payments, through reduced patronage, beneficial contractor agreements and changes in eligibility criteria. The underspend within Transport is offset by overspends in Country Parks for tree works (£0.1m) and Coroners (£0.1m).

Policy (£1.2m underspend, 3.5% of Committee budget)

15. This underspending has arisen mainly from vacancy savings, together with a reduction in the cost of utilities at county offices.

Finance and Major Contracts Management (£0.4m underspend, 12.2% of Committee budget)

16. This underspend is mainly due to staffing vacancies within the Commercial Development Unit and across the Finance and Procurement division.

Governance and Ethics (£0.2m underspend, 2.9% of Committee budget)

17. The underspending is due to lower than anticipated spend on external legal fees attributable to ongoing efficiencies and reduced levels of property cases during the year than were originally expected.

Personnel (£0.7m underspend, 4.5% of Committee budget)

18. 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.

Traders Services (£0.3m overspend, £0.7m overspend before transfers to/from reserve)

19. Traders are expected to be neutral in cost for the year, with any underspend being transferred to reserve to fund future expenditure and any overspend being covered by a use of reserve. The position without use of reserves is that there are overspends in County Supplies (£0.3m) and Cleaning and Landscapes (£0.6m), these are offset by an underspend in Catering (£0.2m). County Supplies have exhausted their reserves, the 2017/18 overspend is therefore a cost to the general fund.

Central Items (£10.4m underspend)

20. Central Items primarily consists of interest on cash balances and payments on borrowing, contingency, capital charges and various grants. Key variances are outlined below. There are various minor under and overspends (net total £0.3m underspend) within the rest of central items category, details of which can be found in Appendix A.

Contingency (£5.8m underspend) (for detail please refer to Appendix C)

21. The total 2017/18 contingency budget was originally set at £5.1m to cover both redundancy and general contingency requirements. Further adjustments, including the £3.9m in-year savings identified in Adult Social Care and Public Health, increased this by £5.3m during 2017/18. Requests are received throughout the year from Committees and are approved through the budget monitoring reports presented to Finance and Major Contracts Management Committee or by the Service Director – Finance, Procurement and Improvement.

Government Grants (£4.5m underspend)

22. Several non-ring fenced grants sit centrally, but values are not normally confirmed until after the budget is set in the February of each year, which results in year-end variances to budget. Overall these grants have resulted in a £1.5m underspend. Also, as previously reported, the Council's membership of the Nottinghamshire Business Rates Pool results in a proportion of local growth being retained by the Council. In 2017/18 there is net additional income of £3.0m. The overall impact (taking into account budgeted use) on the N2 pool reserve and the Authorities share of the pool are described below in the reserves section.

Statutory Provision for Debt Redemption (£1.4m overspend)

23. The Council is under a statutory duty "to determine for the current financial year an amount of Minimum Revenue Provision (MRP) which it considers to be prudent". The MRP charged to the General Fund in 2017/18 has been determined at £1.4m.

Interest (£1.2m underspend)

24. Interest payments depend upon Treasury Management decisions taken, expectations of future rates and anticipated slippage on the capital programme. Variances against each of these factors in 2017/18 has resulted in an underspend of £0.7m. Other interest and dividends received in year have achieved an underspend of £0.5m.

Movements on Balances and Reserves (for detail please refer to Appendix B)

Reserves Strategy

25. In line with the reserves strategy approved at the February 2017 Full Council meeting planned contributions have been made to a number of reserves to fund specific future activity. Also, it was approved that any in-year underspend would be transferred to reserves to fund specific future priorities and to the General Fund to inform the strategy required to meet the shortfall as identified in the Medium Term Financial Strategy. More detail of the movement on balances and reserves are shown below.

General Fund Balances

26. The Council meeting on 23 February 2017 approved the use of £4.5m of General Fund Balances. Further use of £1.0m was approved in year by Finance and Major Contracts Committee to fund further expenditure to repair potholes. Given the underspend that has been achieved, it is recommended that a contribution of £3.2m is made to the General Fund. Subject to Council approval, the closing balance of the Council's General Fund will increase from £27.7m to £30.9m.

Other Earmarked Reserves

27. At the end of 2017/18 other 'earmarked' reserves totalled £116.2m, an increase of £4.5m since 31 March 2017. This consists of the following:

- **PFI Reserves**

28. £29.5m of reserves are held for PFI schemes and this equates to 25.4% of other earmarked reserves. The arrangements for calculating PFI grant result in more grant being received in the early years of a PFI scheme than is needed to meet the payments to providers of the service. These surpluses need to be kept in an earmarked reserve to cover the corresponding deficits in later years. The amounts set aside at the end of 2017/18 are shown in the table below.

Table 2 – PFI set aside as at 31/03/2018

PFI Scheme	£'000
East Leake Schools	3,235
Bassetlaw Schools	665
Waste	25,583
Total	**29,483**

- **Insurance Reserve**

29. The Authority operates a self-insurance scheme and covers risks up to an agreed amount. External insurers cover risks in excess of this figure. The Insurance Reserve is set aside to cover possible insurance claim losses that are not yet known. The closing balance of this reserve is £21.0m.

- **Capital Projects Reserve**

30. The Capital Projects Reserve supports the Medium Term Financial Strategy as well as current and future capital commitments. In 2017/18 there was a net use of the reserve of £1.1m. As at 31 March 2018, the balance on the Capital Projects Reserve is £12.5m. Of this, £8.1m is planned to be utilised in 2018/19.

- **Strategic Development Fund**

31. It was approved that costs associated with the Programme and Projects team are funded from the capital receipts flexibility directive from 2017/18 to 2021/22. There has, however, been a net usage of the Strategic Development Reserve of £1.8m as part of the reserves strategy to support the overall Council budget.

- **Redundancy Reserve**

32. The Redundancy Reserve was created in 2009/10 and, since then, a proportion of year end underspends, combined with the release of the former Corporate Pay Review Reserve have increased the reserve value resulting in an opening balance of £6.2m. As reported in the 16th October 2017 Finance and Major Contracts Management report any underspending on the amount set aside from contingency for redundancy in year would be transferred into this reserve. A contribution of £1.9m has therefore been made to this reserve.

- **Earmarked for Services Reserves**

33. All departments have reserves for identified purposes. In addition, Financial Reporting Standards require grant income to be carried on the Balance Sheet as a reserve balance. This includes Public Health and Section 256 grants. During the year, these departmental balances increased by a net £7.2m to £48.8m. The ring-fenced Public Health grant (£1.6m) and Section 256 grants (£3.8m) accounts for the majority of the increase.

- **NDR Pool Reserve**

34. The pool was established in April 2013 when a new funding mechanism was introduced with the seven District and Borough Councils. There was a net increase of £2.1m in 2017/18. Of the £8.1m year-end balance £3.0m is the County's share of the pool surplus, the remaining balance (£5.1m) is the money set aside for N2.

- **Earmarked Reserve**

35. Earmarked reserves contain balances of reserves previously held under services but have been deemed no longer required for their original purpose. As part of the reserves strategy a revised budget of £4.5m was set and used in year. Following an exercise in the summer additional earmarked for services reserves have transferred in to leave the balance at £3.4m.

Capital Expenditure

36. Capital Expenditure in 2017/18 totalled £87.547m. Table 3 shows the final 2017/18 Capital Programme broken down by Committee.

Table 3 – 2017/18 Capital Expenditure

Committee	Revised Budget £'000	Total Outturn £'000	Variance £'000
Children & Young People	28,370	24,600	(3,770)
Adult Social Care & Public Health	4,958	4,190	(768)
Communities & Place	43,654	42,148	(1,506)
Policy	20,827	16,435	(4,392)
Finance & MCM	180	135	(45)
Governance & Ethics	219	39	(180)
Total	**98,208**	**87,547**	**(10,661)**

Note: These figures exclude any expenditure incurred directly by schools.

37. The major areas of investment in 2017/18 are listed in Table 4 below.

Table 4 – Major investment areas 2017/18

Committee	Scheme	2017/18 Capital Expenditure £'000
Children & Young People	School Places Programme	10,877
	School Capital Refurbishment Programme	7,222
	Clayfields House	3,651
Adult Social Care & Public Health	Living at Home	3,200
Communities & Place	Road Maintenance & Renewals	17,952
	Integrated Transport Measures	4,988
	Street Lighting	2,913
	Challenge Fund A38 / A617	5,500
Policy	Building Works	3,513
	Superfast Broadband	3,386
Finance & MCM	Various IT Capital Projects	3,296

Capital Programme Variations

38. The changes in the gross Capital Programme for 2017/18, since its approval at Council (23/02/17) are summarised in Table 5 below.

Table 5 2017/18 Capital Programme

	£'000
Approved per Council (Budget Report 2017/18)	102,520
Variations funded from County Council Allocations : Net slippage from 2016/17 and financing adjustments	(25,187)
Variations funded from other sources : Net slippage from 2016/17 and financing adjustments	10,214
Revised Gross Capital Programme	**87,547**

39. To comply with financial regulations, every item of capital expenditure incurred by the Council has to be approved, irrespective of how it is funded. A number of minor variations to the Capital Programme require approval from the Service Director – Finance, Procurement and Improvement. These variations are set out in Appendix D.

Maximising the use of grants in 2017/18

40. Sometimes when there is slippage on a scheme funded by grant, rather than slipping the grant funding for use in the next year, it is possible to use the grant to finance the expenditure on a different scheme in the current year. This does not affect the total expenditure on individual schemes, nor their phasing, but delays the use of prudential borrowing and the consequent impact on the revenue budget of having to set aside a minimum revenue provision.

41. Grant funding unapplied totalling £12.3m has been used to fund capital expenditure on projects in 2017/18 that would otherwise have been funded from borrowing.

Slippage/re-phasing of Capital Schemes

42. In addition to the slippage and re-phasing of schemes incorporated into the Budget Report 2017/18 there has been £10.7m of further slippage.

Main Areas of Slippage

- School Places Programme (£1.6m)
- Schools Building Improvement Programme (£1.2m)
- Smarter Ways of Working (£0.8)
- Economic Development Capital Fund (£0.9m)

43. It is also worth noting that the Policy Committee budget is showing a £4.5m underspend. The main reason for this is that it included the £2.5m transformation capital budget (funded from capital receipts flexibility). The expenditure funded by this line is revenue in nature and was treated as such at year end.

Capital Financing

45. The following Table outlines how the 2017/18 capital expenditure has been financed.

Table 6 - 2017/18 Capital Financing

	Revised Budget (£000)	Out-turn (£000)	Variance (£000)
Funding Source:			
Prudential Borrowing	51,626	28,364	(23,262)
Capital Grants	44,385	56,124	11,739
Revenue / Reserves	2,197	3,059	862
Gross Capital	**98,208**	**87,547**	**(10,661)**

46. Capital receipts for 2017/18 totalled £6.8m, of which £3.7m is deferred until 2018/19. This is £2.2m less than anticipated in the 2017/18 budget report. This is mainly as a result of a small number of high value capital receipts that were not completed in 2017/18. £2.7m of the capital receipts have been used, per the capital flexibility directive, to fund one-off transformational costs incurred during the year. The remaining £0.4m has been set against the principal of borrowing in previous years.

47. Total borrowing for the year is £28.4m, which is £23.2m less than the revised borrowing for 2017/18 of £51.6m. This is as a result of maximising the use of additional capital grants received in 2017/18 and the slippage/re-phasing of capital expenditure to be funded from prudential borrowing. The corresponding funding (capital allocations) will be carried forward and incorporated into the Capital Programme for 2018/19.

48. The Capital Programme for 2018/19 will be monitored to ensure that borrowing for 2018/19 is managed within the prudential limits for the year. Funding by borrowing in 2018/19 is now projected to be £68.5m. Although this is £18.9m more than the budgeted borrowing figure in the Budget Report 2018/19, any new capital expenditure slippage in 2018/19 will offset this and the Council's overall level of indebtedness is not expected to exceed previous forecasts. The size of the revised Capital Programme for 2018/19 is £126.5m.

Statement of Accounts

49. The pre-audited Statement of Accounts will be certified by the Service Director – Finance, Procurement and Improvement before 31st May to meet the statutory requirements, and be published on the Council's website. The external audit will subsequently take place and therefore figures will be provisional, pending the completion of the audit.

Statutory and Policy Implications

50. 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 provisional 2017/18 year end revenue position.
2) To recommend the level of County Fund Balances for approval by County Council as set out in paragraph 26 and Appendix B.
3) To comment on the movements in reserves as detailed in paragraphs 25 to 35 and Appendix B.
4) To comment on the final position on contingency requests as detailed in Appendix C.
5) To approve the capital variations as set out in Appendix D.
6) To comment on the capital programme and its financing.

Nigel Stevenson
Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:
Keith Palframan – Group Manager, Financial Strategy & Compliance

Constitutional Comments (KK 22/05/2018)
The proposals in this report are within the remit of the Finance and Major Contracts Management Committee.

Financial Comments (GB 26/05/2018)
The financial implications are set out in the report.

Background Papers
None

Electoral Division(s) and Member(s) Affected
All

MANAGEMENT ACCOUNTS SUMMARY 2017/18

Committee	2017/18 Final Budget £'000	2017/18 Draft Out-turn £'000	Variance £'000
Children & Young People	119,042	119,241	199
Adult Social Care & Public Health	199,062	194,062	(5,000)
Communities & Place	122,299	122,179	(120)
Policy	33,871	32,695	(1,176)
Finance & Major Contracts Management	3,366	2,956	(410)
Governance & Ethics	7,610	7,388	(222)
Personnel	16,533	15,794	(739)
Net Committee Total	**501,783**	**494,315**	**(7,468)**
Schools Budget (after Dedicated Schools Grant)	209	209	-
Net Schools total	**209**	**209**	**-**
Trading Services	405	719	314
Central Items Managed through Finance & Property Committee			
Capital Charges included in Committees	(40,055)	(40,055)	-
Statutory Provision for Debt Redemption	-	1,400	1,400
Interest	20,060	18,852	(1,208)
Contingency	5,795	-	(5,795)
Flood Defence Levies	285	280	(5)
Pension Enhancements	2,205	2,070	(135)
Write Offs	-	174	174
New Homes Bonus	(3,125)	(3,119)	6
Education Services Grant	(1,515)	(1,569)	(54)
Transition Grant	(1,984)	(1,984)	-
Adult Social Care Support Grant	(3,543)	(3,543)	-
Trading Organisations	1,500	1,128	(372)
Business Rate returned growth to Partners	-	2,440	2,440
Additional Business Rate Growth Due to Pooling	-	(5,472)	(5,472)
Health & Safety Executive Fine	1,010	1,010	-
Other Government Grants	-	(1,397)	(1,397)
Central Items	**(19,367)**	**(29,785)**	**(10,418)**
Expenditure prior to Use of Reserves	**483,030**	**465,458**	**(17,572)**

Reserves and Balances

Transfer to /(from) Corporate Reserves

PFI Reserves:			
East Leake PFI	4	7	3
Bassetlaw PFI	53	2	(51)
Waste PFI	110	56	(54)
Strategic Development Fund	(1,800)	(1,800)	-
Pay Review Reserve	(229)	(229)	-
Earmarked Underspendings	(4,481)	(4,481)	-
Historic Abuse Enquiry	429	429	-
Capital Projects	(811)	(593)	218
NDR pool	(500)	(500)	-
Additional Business Rate Growth Due to Pooling	-	5,472	5,472
Business Rate returned growth to Partners	-	(2,440)	(2,440)
Pensions (Surplus) / Deficit Contribution	-	(38)	(38)
Corporate Redundancy	-	1,927	1,927
Net transfer to /(from) Corporate Reserves	**(7,225)**	**(2,188)**	**5,037**

Transfer to /(from) Departmental Reserves

Children & Young People	(19)	11	30
Adult Social Care & Public Health	4,644	7,710	3,066
Community & Place	830	1,405	575
Policy	148	213	65
Finance & Major Contracts Management	(11)	-	11
Governance & Ethics	(75)	-	75
Personnel	(138)	(85)	53
Traders Reserves	(405)	(410)	(5)
Net transfer to /(from) Departmental Reserves	**4,974**	**8,844**	**3,870**

Transfer to/(from) General Fund	**(5,500)**	**3,165**	**8,665**
Funding Required	**475,279**	**475,279**	**-**

Funding

Council Tax/Surplus on Collection	333,747	333,747	-
Revenue Support Grant/Business Rates	141,532	141,532	-
Total Funding	**475,279**	**475,279**	**-**

SUMMARY OF REVENUE RESERVES

	Brought Forward 01/04/2017 £'000	Use (-) in 2017/18 £'000	Contribution (+) 2017/18 £'000	Transfers 2017/18 £'000	Carry Forward 31/03/2018 £'000
General Fund Balances	**27,706**	**-**	**3,164**	**-**	**30,870**
Schools Reserves	**26,036**	**(6,350)**	**233**	**-**	**19,919**
Insurance Reserves	**16,285**	**-**	**4,715**	**-**	**21,000**
Other Earmarked Reserves					
Corporate Reserves					
Earmarked Reserves	9,616	(4,482)	-	(1,781)	3,353
Capital Projects	13,608	(3,881)	2,791	-	12,518
NDR Pool Reserve	6,003	(1,797)	3,920	-	8,126
East Leake PFI	3,241	(13)	7	-	3,235
Bassetlaw Schools PFI	569	-	96	-	665
Waste PFI	25,651	(737)	669	-	25,583
Surplus Pension Contributions Reserve	184	(37)	-	-	147
Corporate Redundancy Reserve	6,235	-	1,929	-	8,164
IICSA Reserve	341	(271)	700	2,000	2,770
Strategic Development Fund	4,692	(2,000)	200	-	2,892
Earmarked for Services Reserves					
Trading Activities	2,586	(796)	245	(364)	1,671
Earmarked for Services Reserves	7,888	(1,290)	3,699	1,394	11,691
Revenue Grants	15,944	(2,977)	4,847	(676)	17,138
Section 256 Grants	15,144	(794)	4,499	(573)	18,276
Subtotal Other Earmarked Reserves	**111,702**	**(19,075)**	**23,602**	**-**	**116,229**
Total Usable Revenue Reserves	**181,729**	**(25,425)**	**31,714**	**-**	**188,018**

EARMARKED FOR SERVICES RESERVES DETAIL

	Brought Forward 01/04/2017 £'000	Use (-) in 2017/18 £'000	Contribution (+) 2017/18 £'000	Transfers 2017/18 £'000	Carry Forward 31/03/2018 £'000
Adult Social Care and Public Health					
Trading Activities	-	-	-	-	-
Earmarked for Services Reserves	4,299	(80)	2,104	1,214	7,537
Revenue Grants	10,750	(1,674)	3,396	(641)	11,831
Section 256 Grants	14,594	(794)	4,499	(23)	18,276
Children and Young People					
Trading Activities	268	(24)	53	-	297
Earmarked for Services Reserves	200	-	-	(200)	-
Revenue Grants	3,290	(478)	460	(63)	3,209
Section 256 Grants	550	-	-	(550)	-
Place					
Trading Activities	2,318	(772)	192	(364)	1,374
Earmarked for Services Reserves	2,482	(872)	1,316	510	3,436
Revenue Grants	1,904	(825)	991	28	2,098
Section 256 Grants	-	-	-	-	-
Resources					
Trading Activities	-	-	-	-	-
Earmarked for Services Reserves	907	(338)	279	(130)	718
Revenue Grants	-	-	-	-	-
Section 256 Grants	-	-	-	-	-
Total Earmarked For Services Reserves	**41,562**	**(5,857)**	**13,290**	**(219)**	**48,776**

ALLOCATIONS FROM CONTINGENCY

	2017/18	
	£000	£000
Opening Contingency Budget		5,100
Add on departmental transfers:		
ASCPH Ctte- Base Budget	4,667	
CYP - Insurance Costs	400	
Unspent Election cost	226	5,293
Revised contingency Total		**10,393**
Approved contingency requests		
Apprenticeship Levy posts	(86)	
Tour of Britain	(100)	
Pension Fund Overheads	477	
Public Wifi	(20)	
D2N2	(63)	
Health & Safety Fine	(1,010)	
Historic Abuse Team	(121)	
Social Impact Bond	(20)	
MASH + Care Leavers	(121)	
Business Rates Revaluation	(561)	
Foundation Living Wage	(116)	
Apprenticeship Levy	(180)	
Redundancy / Pension Strain	(2,677)	
Total Approved contingency requests		**(4,598)**
Reported under/ (over) spend on contingency		**5,795**

MINOR VARIATIONS TO THE CAPITAL PROGRAMME

Committee	Project/ Programme	Value (£000)	Funded by:
Adult Social Care & Health	ASCH Strategy	80	Reserves
Adult Social Care & Health	ASCH Strategy	50	Revenue
Community & Place	Waste Management	220	Revenue
Community & Place	Enhanced Rail	215	External Funding
Policy	Ways of Working	21	Reserves
Policy	County Office Security	120	Borrowing
Policy	CLASP Demolition / Re-Provision	30	Borrowing

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

18 June 2018

Agenda Item: 7

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND IMPROVEMENT

FINANCIAL MONITORING REPORT: PERIOD 1 2018/2019

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2018/19.
2. To request approval for contingency schemes submitted to date.
3. To inform Members of the Council's Balance Sheet transactions.
4. To provide Members with an update from the Procurement Team.
5. To provide Members with an update from the Accounts Payable and Accounts Receivable teams.

Information

Background

6. 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

7. The table below summarises the revenue budgets for each Committee for the forthcoming financial year. To date no variances have been reported.

Table 1 – Summary Revenue Position

Committee	Annual Budget £'000	Actual to Period 1 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
Children & Young People	117,550	4,635	117,550	-
Adult Social Care & Public Health	209,858	(696)	209,858	-
Communities & Place	119,287	3,474	119,287	-
Policy	32,688	6,234	32,688	-
Finance & Major Contracts Management	3,172	154	3,172	-
Governance & Ethics	7,170	391	7,170	-
Personnel	15,282	902	15,282	-
Net Committee (under)/overspend	**505,007**	**15,094**	**505,007**	**-**
Central items	(3,289)	(13,430)	(3,289)	-
Schools Expenditure	1	-	1	-
Contribution to/(from) Traders	(270)	1,878	(270)	-
Forecast prior to use of reserves	**501,449**	**3,542**	**501,449**	**-**
Transfer to / (from) Corporate Reserves	(13,172)	-	(13,172)	-
Transfer to / (from) Departmental Reserves	(5,518)	-	(5,518)	-
Transfer to / (from) General Fund	(1,529)	-	(1,529)	-
Net County Council Budget Requirement	**481,230**	**3,542**	**481,230**	**-**

Requests for contingency

8. The Council's budget includes a main contingency budget of £5.8m to cover redundancy costs, slippage of savings, additional requirement for the 2018/19 pay award and unforeseen events.

9. 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 £4.7m 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.

10. There is already a call on the 2018/19 main contingency budget from requests that have been previously approved by Finance and Major Contracts Management Committee. These are as follows :-

    - Social Impact Bond – Children and Young People Committee £33,000
    - Great War Commemorations – Policy Committee £185,000
    - HS2 Strategy – Policy Committee £246,000

11. In addition, a bid of £62,500 has been submitted by the Policy Committee (May 2018) to meet Nottinghamshire's share of D2N2 Local Enterprise Partnership match funding. As in previous years, each of the four upper tier Local Authorities contribute the same amount to lever in £250,000 from central government in 'core funds'.

12. A request for contingency has also been submitted by the Policy Committee (May 2018) to provide £10,000 funding as a contribution towards an RAF memorial being planned and delivered north of Newark during 2018/19.

13. A report to the May 2018 Governance and Ethics Committee requested contingency funding of £73,894 to support the revised Democratic Services staffing structure.

14. A report to the Communities and Place Committee (October 2017) approved the application for the County Council to host a Nottinghamshire stage of the Tour of Britain in 2018. A request for contingency of up to £100,000 was submitted as part of the report to fund the Council's contribution towards the cost of the 2018 stage if successful.

15. A report to the June 2018 Children and Young People's Committee included a contingency request of £314,461 in 2018/19 (full year costs of £580,521 for future years) to fund the cost of additional Social Work Support Officers.

Progress with savings and risks to the forecast

16. 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 12 March 2018.

17. Issues associated with the achievement of savings 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 Finance and Major Contracts Management Committee.

18. 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

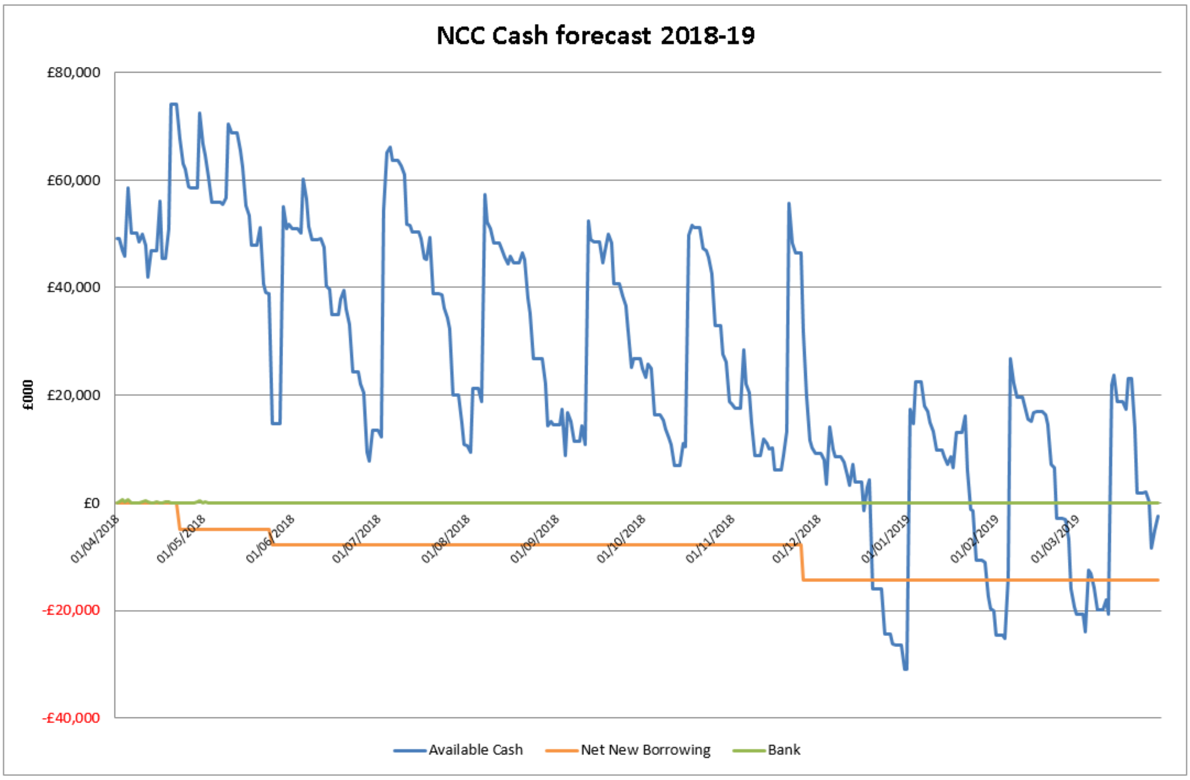
19. Members will be asked to approve the 2017/18 closing General Fund Balance of £30.9m at Council on 12 July 2018. The 2018/19 budget approves utilisation of £1.6m of balances which will result in a closing balance of £29.3m at the end of the current financial year. This is 6.1% of the budget requirement.

Treasury Management

20. 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.

21. 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

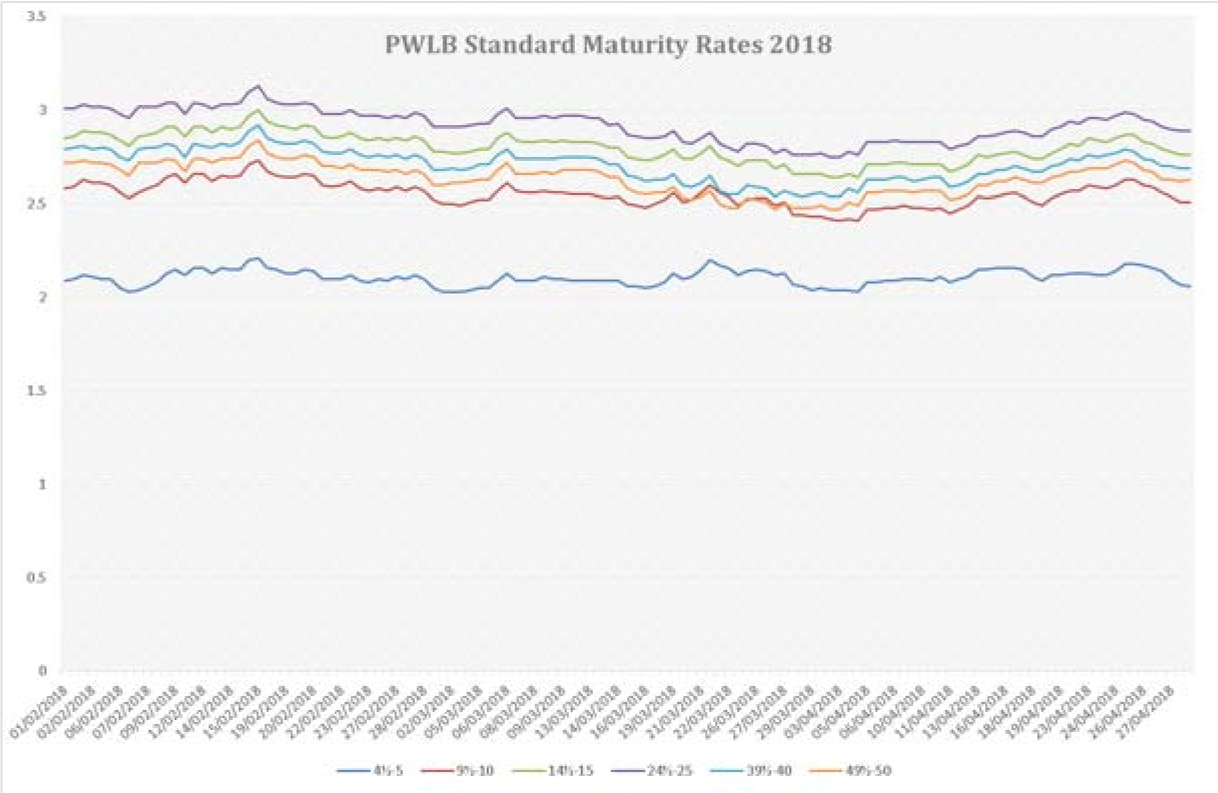
of Central Government grants, and the payment profile of precepts. Cash outflows, in particular capital expenditure, tend to increase later in the year, and the chart shows a clear need for the Council to borrow during the course of the year.



22. 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.

23. 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. 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.

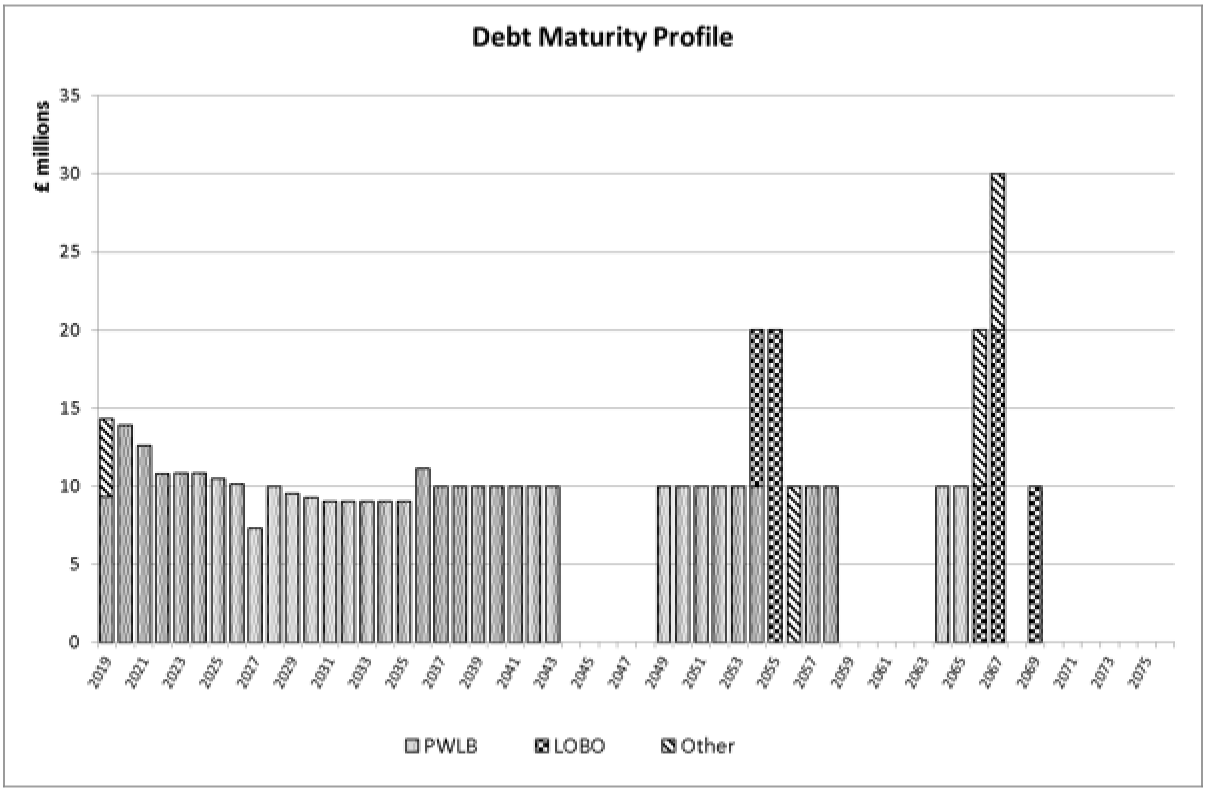


24. Borrowing decisions will take account of a number of factors including:
    - expected movements in interest rates
    - current maturity profile
    - the impact on revenue budgets and the medium term financial strategy
    - the treasury management prudential indicators.

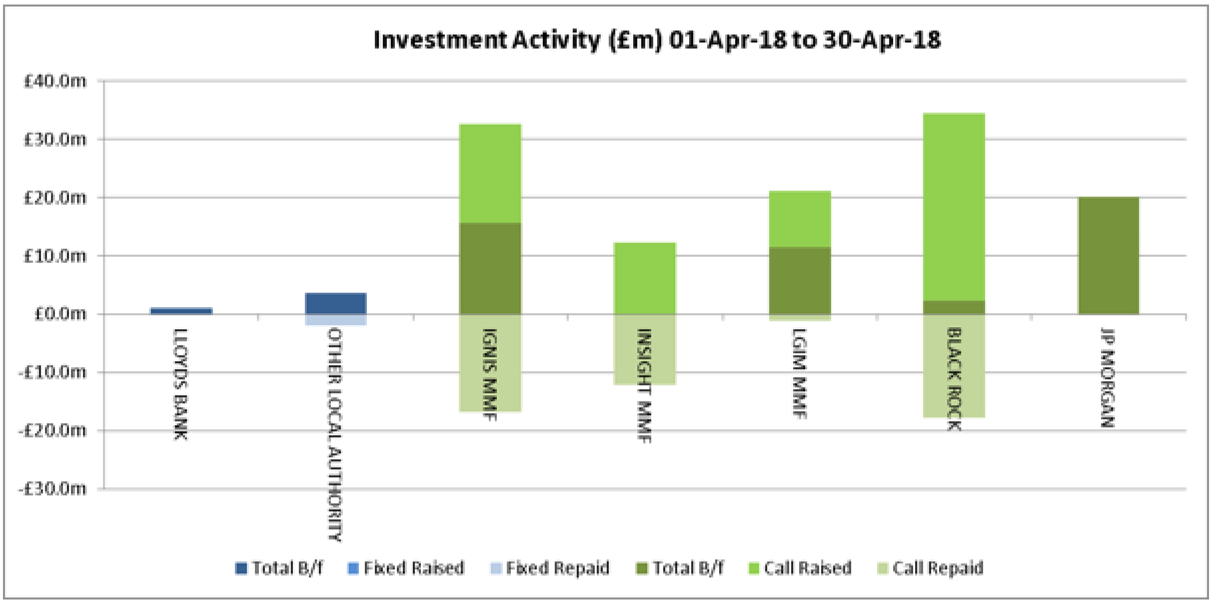
25. The maturity profile of the Council's debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 47 years. When deciding on the lengths of future loans the Council will factor in any gaps in its maturity profile, with a view to minimising interest rate risk, but will consider this alongside other financial factors.

26. 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.

27. 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.



28. 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 £75m at the month-end.



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

Debt Recovery Performance

30. The debt position at the year-end shows an increase in the Total Debt of £6m mainly attributed to the timing of Residential Care invoices and the additional values of other sundry invoices raised pre year end. The position at 6 months shows a reduction of £67,000 for non-statutory debtors and a reduction of £0.1m for Care debts.

31. Statutory debt over 6 months continues to be influenced by full cost invoices to services users that have not yet joined the deferred payments scheme. This debt amounts to £1.9m as at Quarter 4, 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.

32. The write off total as at the end of Quarter 4 was £656,000

Invoices raised in quarter

	Quarter 4	Year to date
Number	39,666	150,759
Value	£53,479,364	£167,420,621

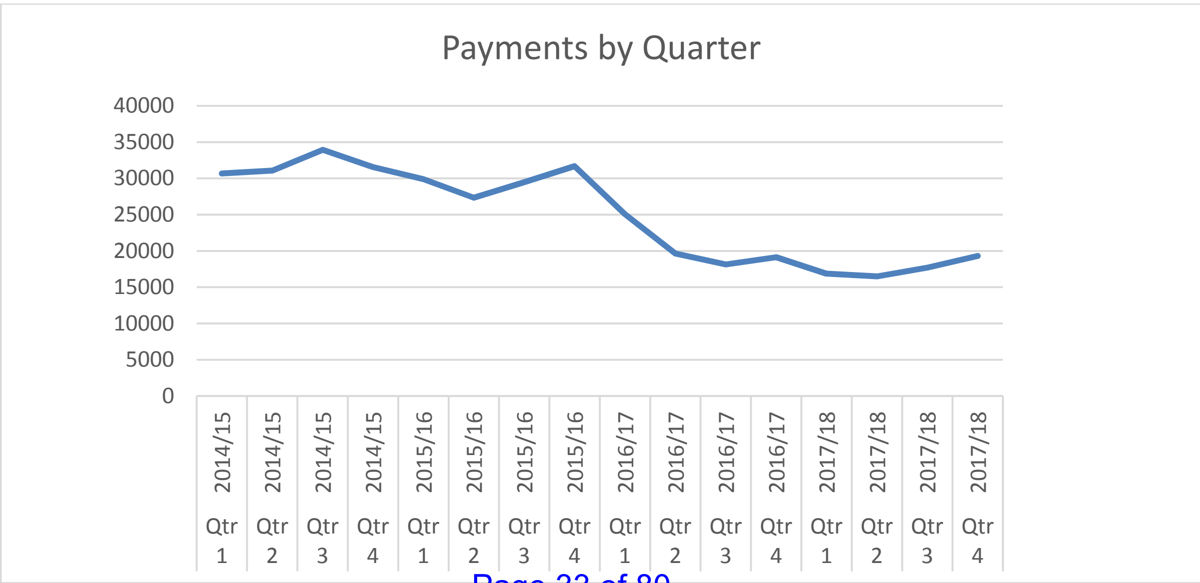
Debt position at 31/03/18

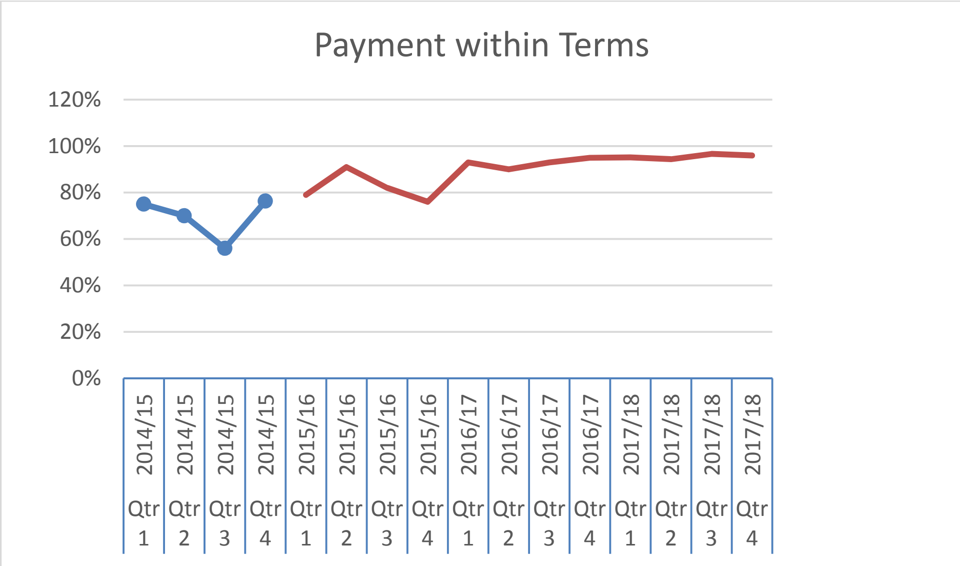
	Residential & Domiciliary Care	All Other	Total
Total	£10,722,045	£15,515,578	£26,237,623
Over 6 months	£5,173,642	£602,403	£5,776,045
% over 6 months	48.3%	3.9%	22.0%

Accounts Payable (AP) Performance

33. Payment within terms are being maintained above 90% with Quarter 4 being recorded as 96%. 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% from 2016/17.

34. The increased use of consolidated invoices and the shift to ASDM's during the last financial year has resulted in a reduction in the volume of commercial invoices processed. The overall volume for 2017/18 was 70,000 invoices, a reduction of 11,000 documents from 2016/17 and 46,000 compared to 2015/16.



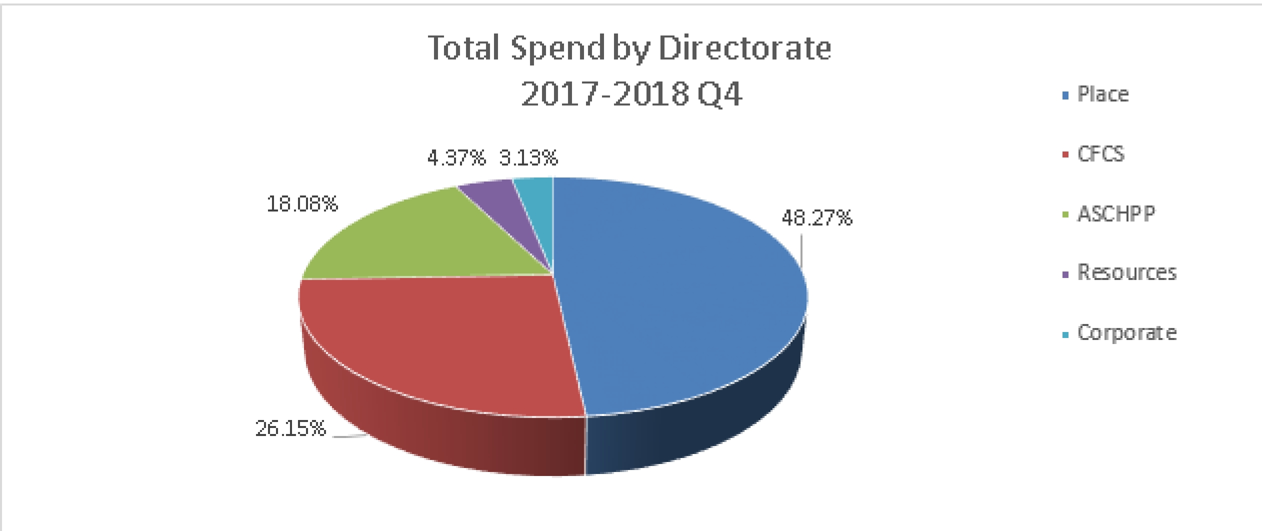


35. The debt recovery and accounts payable performance information will continue to be reviewed at an operational level on a fortnightly basis. The strategic performance information will be compiled for this report to Committee on a quarterly basis.

Procurement Performance

36. As an organisation, NCC has spent £130m in the fourth quarter of the financial year 2017/18 with external suppliers. This represents a decrease of £9m when compared with the same period of the previous financial year. The top 4% (122) of suppliers account for 80% (£104m) of the total supplier spend. The remaining 96% (2,930 suppliers) have a total expenditure of £26m with an average spend of £8,900.

37. The chart below shows the total amount spent in the period, by Directorate. Place has the highest level of expenditure at 48%, whilst collectively the care related Directorates (ASCH&PP, CFCS) account for about 44% of all spend.



38. 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'.

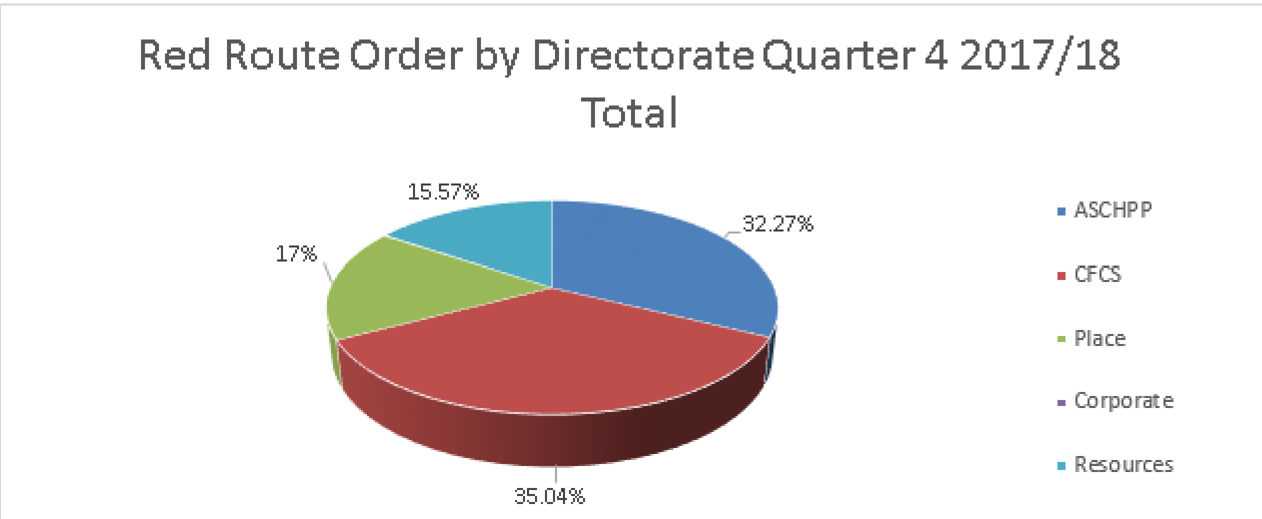
Retrospective orders are also classified as non-complaint, as they are typically raised after delivery of goods/services. Services commissioned and managed through other Corporate Systems, for example Mosaic, are out of scope. Purchase Orders are beneficial to the organisation as they provide visibility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

- Compliant ordering has increased by 2%
- Non-compliant (non PO) ordering has decreased by 2% from 28% to 26% of the total spend

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

Directorate	PO Volume Jan 2018	PO Volume Feb 2018	PO Volume Mar 2018	Total Q4 2017/18	Total Q4 2016/17
ASCHPP	117	102	103	**322**	**567**
CFCS	246	223	325	**794**	**1,058**
Place	322	283	360	**965**	**1,139**
Corporate	-	3	4	**7**	**1**
Resources	102	96	140	**338**	**342**
Total	**787**	**707**	**932**	**2,426**	**3,107**

40. 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 reduced from 7,891 to 7,298.The chart below identifies the percentage of Red Route orders by Directorate in the 2017/18 financial year. The Procurement Team continue to work with stakeholders to improve these figures.



Statutory and Policy Implications

41. 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 individual Committee revenue budgets for 2018/19.
2) To approve the contingency requests received to date.
3) To comment on the Council's Balance Sheet transactions.
4) To comment on the performance of the Procurement Team.
5) To comment on the performance of the Accounts Payable and Accounts Receivable teams.

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 23/05/2018)

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

Financial Comments (GB 23/05/2018)

43. 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

18 June 2018

Agenda Item: 8

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES

NOTTINGHAMSHIRE COUNTY COUNCIL PFI SCHOOLS MANAGEMENT CONTRACTS

Purpose of the Report

1. To update the Committee of the current status of the Council's Private Finance Initiative (PFI) Contracts for Schools and allow members to consider whether there are any actions they require in relation to the issues contained within the report.

Information

Nottinghamshire PFI Schools Contracts

2. The two PFI Schools Contracts in Nottinghamshire are to provide schools and leisure centres (on behalf of the relevant Borough and District Councils) in East Leake and Bassetlaw and were signed in 2002 and 2005 respectively. Both contracts have a 25 year concession.

3. A full report on these contracts was presented to this Committee on 20 November 2017, with a further update on the East Leake schools and the issues associated with Carillion considered on 26 February 2018.

4. This report is an update to Committee on the live issues which were identified by members in considering those earlier reports.

East Leake Schools and Carillion

5. Infrastructure Managers Limited (IML), who operate the East Leake Schools contract, have recently appointed Mitie to replace Carillion AMBS Limited, who had continued to trade under the control of PriceWaterhouseCoopers (PwC) since the parent company went into administration earlier in the year. The local staff employed by Carillion AMBS on the East Leake project transferred to Mitie with effect from 4th June 2018.

6. Members will recall that the County Council also provided catering, cleaning and landscape services to Carillion AMBS limited on a subcontract basis. Those arrangements are continuing in the Mitie contract, and colleagues in the catering and facilities management service are in the process of agreeing the details of those subcontract arrangements with Mitie.

7. Under these new arrangements there will continue to be tight control over the process of obtaining orders, issuing invoices on time, and ensuring they are paid in line with contractual terms. Additionally debt recovery and the relevant service managers will take appropriate and proportionate action in the event of any issues, including as an ultimate sanction, stopping providing the service.

Bassetlaw Schools Roof Repairs

8. Historic issues regarding the construction of roofs in Bassetlaw are now reaching a conclusion. Agreement has been reached between the PFI provider, Transform Schools Limited, and the construction joint venture on responsibilities and liabilities for the cost of repairs, and the majority of the necessary works have now been commenced or are being scheduled for the coming summer break.

Schools PFI Contract Review

9. NCC have commissioned a review of both Schools PFI Contracts through Local Partnerships to identify improvements and savings across the contracts, which is due to be complete later in the summer.

10. This review will also specifically seek to identify options for improving the viability of the Retford Post 16 Centre where falling student numbers are having a significant impact on the financial sustainability of the site for the educational partners. Any recommendations from the review will be presented to Committee in due course.

11. Negotiations also continue with the Retford Post 16 partners in advance of any outcomes from the review, to optimise the opportunities available to students in Retford, whilst ensuring the site is effectively managed. Any changes proposed to the management arrangements will be reported to the appropriate Committee in due course.

Other Options Considered

12. None at this stage although in considering this report Members will identify whether there are any actions they require in relation to the issues contained.

Reason/s for Recommendation/s

13. Members of the Committee will no doubt appreciate the high value and complex nature of the PFI Schools Management Contracts, and in considering this report, will identify whether there are any actions they require in relation to the issues contained.

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. The PFI Schools Management contracts represent a significant financial commitment for the County Council and continues to offer a value for money mechanism for delivering the

relevant services. The PFI Financial model is updated annually to accommodate changes, current forecasts are that the predicted costs will be contained within the PFI Reserve and annual revenue budget.

Legal Implications

16. PFI contracts are complex contractual arrangements for the delivery and long term management of high value projects and as such are subject to significant scrutiny and oversight by the County Council, HMT, and sponsoring Government departments. Contracts have to be managed, and where appropriate varied, within tight guidelines and best practice standards, and therefore both schools' contracts have been suitably supported by both internal and external legal advice.

Implications for Service Users

17. Ensuring sufficient school places to meet the identified need remains an obligation of the County Council, and the East Leake and Bassetlaw PFI Schools projects help the authority meet these requirements either directly or through a cost effective delivery partnership with a range of facility providers and academy trusts.

18. The school facilities provided offer the students the best possible opportunities to learn in high quality, safe and sustainable environments.

19. The contracts continue to provide a value for money solution to meet the requirements of the residents of Nottinghamshire.

Implications for Sustainability and the Environment

20. The PFI School's Contract has delivered significant investment into the schools in order to help decrease waste, improve utilities performance and increase the use of renewable energies.

RECOMMENDATION

1) That Members consider whether there are any actions they require in relation to the issues contained within the report.

Derek Higton
Service Director, Place and Communities

For any enquiries about this report please contact: Mick Allen, Group Manager, Place Commissioning, Tel: 0115 977 4684

Constitutional Comments [SLB 31/05/2018]

21. Finance and Major Contracts Committee is the appropriate body to consider the content of this report. If Committee resolves that any actions are required it must be satisfied that such actions are within the Committee's term of reference.

Financial Comments [RWK 30/05/2018]

22. There are no specific financial implications arising directly from 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.

- Reports to Finance and Major Contracts Committee:

  20 November 2017 - Nottinghamshire County Council PFI Schools Management Contracts
  26 February 2018 – East Leake PFI Contract Update

Electoral Division(s) and Member(s) Affected

- All

Nottinghamshire County Council

Report to Finance and Major Contracts Committee

18 June 2018

Agenda Item: 9

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES AND THE MANAGING DIRECTOR FOR ARC PROPERTY SERVICES PARTNERSHIP LIMITED (ARC PARTNERSHIP)

PERFORMANCE OF ARC PARTNERSHIP FOR THE YEAR 2017/2018

Purpose of the Report

1. To inform the Committee of the performance of Arc Partnership within the financial year 2017/2018.

2. To inform the Committee of progress made in establishing Arc Partnership as a sustainable business model.

3. To allow members to consider whether there are any actions required in relation to the detail contained within this report.

Information

Organisational Context

4. Arc Property Services Partnership Limited, trading as Arc Partnership, is a Joint Venture Company formed by Nottinghamshire County Council (NCC) and Scape Group (SG) on 1 June 2016, focused upon the delivery of property design, programme management, planned and reactive maintenance services to NCC. This is an exclusive 10-year Service Contract (2016-2026), with the potential for a 5-year extension through to 2031.

5. The proposal to develop a Joint Venture (JV) resulted from an assessment of possible options developed and considered through the Finance and Property Committee, and in September 2015, the said Committee unanimously agreed to develop a JV with Scape Group Limited to provide property design and operational functions.

6. The driving force for establishment of the Joint Venture was to mitigate an expected reduction in NCC capital spend from £45m in 2016/2017 to £25m in 2017/2018, and then lower over subsequent years. If nothing was done, and Property Services was to reduce at an equivalent rate to its future income, it would be necessary for a reduction of up to 50% in the current establishment over the medium to long-term, with a potential redundancy cost of up to £1m.

7. It would have also meant that key skills were lost to the Council, and there would be an increasing reliance on specialist external expertise at a cost premium. Nottinghamshire

County Council also engaged Local Partnerships to undertake a number of Gateway Reviews on this Investment Decision.

Organisational Structure

8. As a business, over the last twelve months Arc Partnership has focused on ensuring the correct organisational capability to deliver both the core programmes of work for NCC, and sustainable and profitable third-party growth, was in place. Arc Partnership are now ready to deliver focused, planned growth.

9. At the point of transfer 74 staff were transferred into Arc Partnership, alongside £1.2m of agency/professional services spend. As at 1 April 2018 the establishment stands at 84 posts, with 4 vacancies and 78.4 FTE (all staff are now employed directly with Arc Partnership, with professional services spend forecast for 2018/2019 at less than £100k). Within the current establishment of 78.4 posts, 20% of which are new starters, evidence of Arc Partnership's right-sizing of the organisation, and the need for broader organisational capability.

10. Arc Partnership also made a commitment that at least 10% of employees should be trainees to help support succession planning, and it is pleasing to note that there are currently seven trainees in post, (trainee architects, architectural technologists, quantity surveyors, mechanical and electrical engineers), all studying at local universities, with a formal arrangement in place with both Nottingham and Nottingham Trent universities.

11. Employees' propensity for change operationally, commercially, and culturally, in line with the new business model, remains both high and positive, and Arc Partnership have restructured to simplify the operating model. By way of example, sickness levels for the year were less than two days per employee, which is extremely positive when measured against Public Sector average sick day statistics.

Financial Performance

12. Financial results for the financial year 2017-18 delivered an underlying operating profit of £587,000, which, after other set-up/non-operating costs and depreciation, delivered an operating profit of £352,000, with revenues of £35,248,000.

13. Revenues at year end of £35,248,000 represents a 66% increase on 2016/2017 out-turn, which emphasises that the work Arc has undertaken with NCC to streamline the commissioning and delivery process, is working. Notwithstanding the ongoing drive for continuous improvement in quality of output, VFM and customer excellence.

14. The Partnership is required to comply with IAS 19 Pension Costs. As a result the Accounting Pension Deficit as at March 2018 was £6,562,000. However, the underlying principles of valuation for this purpose are much more prudent than the Triannual Valuation used to calculate pension fund contributions. The next Triannual Valuation is March 2019.

15. Over the last financial year, Arc Partnership's cash position has improved considerably (year end cash was £937,000), which allowed the removal of the NCC Advanced Payment Facility, as planned, and all creditor payments are being managed in line with credit terms. We have also generated the appropriate profit/cash to facilitate the repayment of the two £200,000 Shareholder cash loans, which also includes over and above an additional payment of

£12,612 of interest due for the period 01.04.17 – 24.05.18, to both NCC and Scape Group, on 24 May 2018. This therefore allows the business to trade in 2018/2019 debt free, and there are no significant overdue debtors, with work in progress being actively managed.

16. During the period, Arc Partnership also contributed fee income of £156,000 to Scape Procure, from the use of Scape Frameworks, which helps support shareholder value/dividends. Scape Group dividends to NCC for the financial year 2017/2018 were a total of £425,000 (£250,000 final dividend 2016/2017 and £175,000 interim dividend 2017/2018).

17. During 2017/2018, Arc Partnership reset its Target Operating Model, underpinned by a more robust Financial Model, right-sized the organisational structure, embedded robust financial/commercial procedures, and agreed a revised 2018/2019 fee matrix.

18. Within the year Arc Partnership established a monthly NCC/Arc Partnership Finance Group, which delivered a smooth year end NCC financial reconciliation process, and bodes well for more robust financial reporting quarterly, and ultimately monthly, at project and programme level as appropriate.

19. The planned introduction of the new Scape Financial System during 2018-2019, will further support robust financial/commercial controls and reporting at project and programme level, whilst providing NCC with robust financial reporting to support their P2/BMS financial reconciliation processes.

20. In summary, a more robust financial performance in 2017/2018, with a focus on momentum and growth as we enter 2018/2019, and the delivery of more challenging financial targets.

Operational Performance

21. The table below details all 2017 – 2018 construction projects commissioned, delivered and in delivery by value band:

Value Band	Budget	No of Projects
£0-50K	£3,120,751.39	273
£50-100K	£2,564,535.63	37
£100-250K	£3,036,235.04	19
£250-500K	£1,754,222.63	5
£500K-1M	£8,286,865.34	12
£1-3M	£1,508,601.44	1
£3M+	£16,516,154.00	4
Total	**£36,787,365.47**	**351**

22. During the financial year, within the Arc Construction Responsive Repairs and Servicing business, Arc Assist managed 7020 calls, delivered 6429 responsive repairs, and 3490 compliance services, across the corporate estate.

Contractual KPI Performance

23. During Q4 of the last financial year, Arc Partnership collaborated with the NCC Client to review the Contractual KPI's for the partnership to ensure that all were fit for purpose. To that end, KPI 9 was withdrawn, and KPI 11 will be replaced by KPI 11A. The move from KPI11 to

11A simplifies the measure, as previously with KPI 11 Arc Partnership were penalised for finishing early. KPI 11A is simply a predictability of project time from start to finish. KPIs 16, 17, 19, 20 (customer surveys) are under review with NCC as are the NCC Client performance measures, KPIs 23 and 24. All other active KPIs are on target and moving to upper quartile performance. Attached as **Appendix 1** are Arc Partnership's Contractual KPIs for 2017/2018.

24. Arc Partnership now have arrangements in place to monitor, review and manage Scape Delivery Partner performance, the detail of which for 2017/2018 is attached as **Appendix 2.**

25. Arc Partnership have adopted NCC's Compliments/Complaints Policy and Procedures, and in 2017/2018 customer service trends recorded 36 formal letters of compliment, and 1 formal letter of complaint.

26. Arc Partnership have established a summary of all projects in Defect Liability Period, and a breakdown of all defects by contractor, including costs, was implemented on 1 April 2018, to identify trends and drive performance on zero defects.

Safety, Health and Environmental Performance

27. For Arc Partnership employees, the Accident Incident Rate (AIR) for the period 2017/2018, was zero. During the year we had two accidents against the All Accident Incident Rate (AAIR), and the Near Miss Incident Rate (NMIR) was zero. We had two Enforcing Authority visits during the period, neither of which resulted in follow-up actions.

28. For the financial year 2017/2018, 96.65% of waste amassed by Arc Construction Services, was diverted from landfill, and similarly our delivery partners reported an average of 97.92%.

29. Management, delivery and review of CDM pre-construction design risk management arrangements, with regard to both projects and programmed works, is working well, with 100% monitoring between NCC and Arc Partnership, now in train.

30. Both our internal SHE arrangements and OHSAS 18001:2007 Accreditation (achieved in year), requires that the Arc Partnership Managing Director (Safety Director) will ensure, on an annual basis, that the Safety Management System (SMS) is formally reviewed to ensure its continuing suitability, adequacy and effectiveness for Arc Partnership activities, taking account of the monthly review findings of the SMS reports and relevant Safety Committee findings.

31. The Annual Management Review took place, which was designed to summarise health, safety and environmental performance of Arc Partnership, for the financial year 2017/2018. It incorporated all learning, inputs and outputs, and established Arc Partnership's safety, health and environmental objectives in the form of the Safety, Health and Environmental (SHE) Action Plan 2018 – 2019. Its aim is to help drive continual improvement as part of the Arc Partnership Safety Management System, underpinned by "Visible Leadership" on site.

Procurement and Local Spend

32. Arc Partnership inherited, outside of formal Scape Framework Delivery Partners, within Arc Construction Services a supply chain that had not been novated to Arc Partnership

(Responsive Repairs and Servicing), and a general sub-contract supply chain that had not been formally contractually engaged, the majority of which were over OJEU financial levels, and therefore needed to be market tested.

33. During the last financial year Arc Partnership have worked collaboratively with NCC colleagues to ensure, despite the lack of novated contracts, that the supply chain engaged on the Responsive Repairs and Servicing Framework within Arc Construction Services, were deemed to be sufficiently compliant in order to allow the re-procurement of these Frameworks to take place within the current financial year. In undertaking this compliance exercise there were a number of Framework Partners that Arc Partnership had to change through poor performance, and/or as a result of entering administration. The current Framework arrangements (2+1+1) are currently in year three, with 2017/2018 representing the year one extension, with re-procurement to be completed by 1 April 2018.

34. In developing a strategy and plan for re-procurement of responsive repairs and servicing within Arc Construction Services, we have partnered with North Yorkshire County Council, who are currently preparing to procure the exact service lines within a similar timescale, and on a similar property portfolio. This represents a shared service approach, with shared costs and learning from both parties, including the rationalisation of future Lots, and broader commercial considerations.

35. Throughout all our procurement activity Arc Partnership are determined to keep as much sub-contractor and supplier spend with Nottinghamshire and surrounding areas – keeping the "Nottinghamshire Pound" within Nottinghamshire. In undertaking re-procurement exercises, particularly within Arc Construction Services, we were, and are, acutely aware that there are many SMEs that have worked for NCC for many years, and it is, and was, important to ensure local SME engagement within our supply chain going forward. This was achieved on our Mechanical and Electrical Frameworks, and Arc Partnership are confident that similar results will be delivered on current tenders for Lift Servicing and the Asbestos Analyst Framework.

36. The one area of concern remains general building sub-contractor provision including groundworks and specialist services. Arc Partnership have put in place a one-year delivery model, based upon a local medium-sized construction company acting as the focal point into Arc Construction Services for the delivery of general building sub-contractor services, through a myriad of SME delivery partners. This has allowed breathing space to think through the tender strategy and plan for general building that ensures ongoing SME involvement going forward.

Client Collaboration

37. The new organisational arrangements for both Place and Property Services within NCC, bodes well for the partnership, with strong NCC client structure/arrangements being put in place, supported by external support from Turner & Townsend. Arc Partnership are represented within the NCC Review of NCC arrangements, which is welcomed. Collaborative working is becoming embedded between Arc Partnership and NCC service clients generally, but specifically, robust working relationships are in place, and developing, with the Service Directors for Place and Communities, and Investment and Growth, respectively.

Commercial Performance

38. Excellent progress has been made within year embedding robust commercial governance arrangements across the business, with all employees' propensity for change and ownership of commercial policies and procedures remaining high. Focus of the commercial teams will now be upon the commercial performance of the business in terms of quality of outcome, VFM, growth and profitability.

39. Key activity within the year included: updated Delegated Authorities; NEC 4 training for all staff/clients and introduction of standard templates/trackers for NEC 4; updated Latest Estimated Costs (LECs) to strengthen sign-off processes; updated tender settlement processes introduced to strengthen sign-off governance, and recently introduced updates to address contractor tender sign-off and identification of tender risks.

40. Mapping and agreement of NCC Insurance Claim Processes took place, and further work is in train to agree all insurance scenarios across new build, refurbishment and works to external clients including Academies.

41. Arc Partnership collaborated with NCC Finance Team to process final accounts early, to allow the release of any budget underspends, that would normally only be accessed 12 months after practical completion of each project.

42. Other key commercial activity in train includes: refresher training on anti-competition, bribery and corruption; establishment of formal Contract/Procurement Registers and central document store; compliance with GDPR; compliance with the Arc Service Agreement through the effective monitoring and updating of the Schedule of Compliance; Best Value Review of Arc Construction Services; finalisation of procurement plan to bring all subcontracting arrangements into a structured and compliant position; embedding of commercial arrangements for key projects and programmes of work to deliver resource, cash and profit forecasting within monthly project reviews, and, enhancement/standardisation of tender documentation.

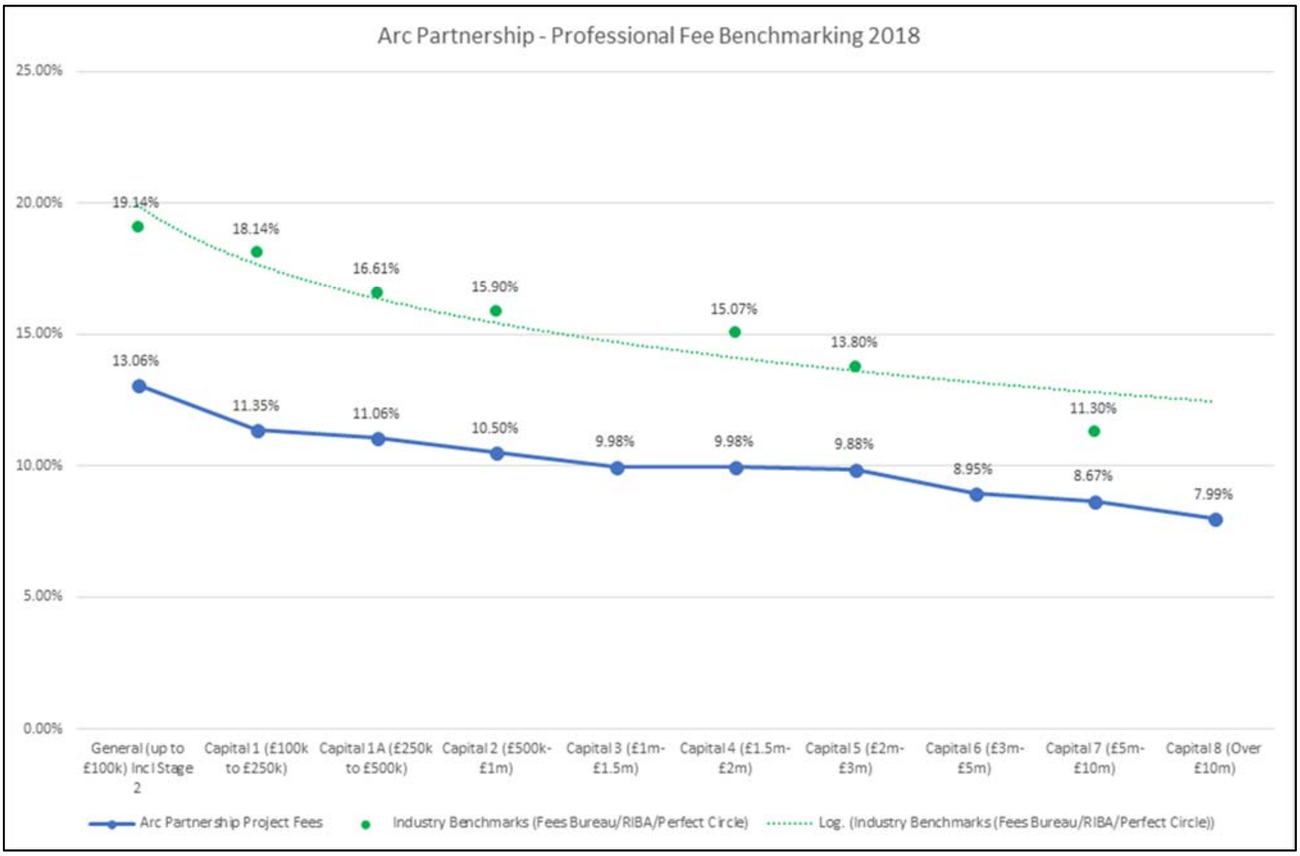
43. Arc Partnership undertake formal risk reviews in order to ensure its Risk Register is current, and we link into NCC Place Leadership Team (RS&EMG). Attached as **Appendix 3** is a copy of Arc Partnership's Risk Register as at 1 May 2018.

Value for Money (VFM)

44. VFM and benchmarking is critical within Arc Partnership, in evidencing its performance within this area. Notwithstanding the financial/commercial governance arrangements put in place across the business, an Arc/NCC Benchmarking group, with external support from Gleeds, has now been established. Activity from this will support many NCC needs, i.e. S106 standard costings, NCC DRC Valuations, as well as Arc Partnership's need for robust benchmarking data to evidence our VFM drivers on works design and delivery, using evidence based criteria such as the ESFA Annual Benchmark Data/Scorecards which includes cost per pupil place for school expansions.

45. Detailed below are Arc Partnership Professional Fees benchmarked against national data. Our benchmarking methodology was drafted and agreed with NCC before being applied. The industry benchmarks are based on the Fees Bureau National Fee Benchmarking Subscription

Services, which Scape Group subscribes to and benchmarks several services against. The Fees Bureau provide benchmarking services nationally for the RIBA, but Arc Partnership also benchmark against the professional fees levied through the National Consultancy Framework Partners.



Business Development and Third Party Income

46. Third party income at the end of the financial year, against a business model target of £60k was £76,441k, on external revenues of £703,501k. The fee target for 2018 – 2019 is £334,884, with an additional third-party stretch fee target of £250,000.

47. Arc Partnership's primary focus is the delivery of property design, programme management, planned and reactive maintenance services to NCC over ten years, with an ambitious spend profile over the period 2018 – 2019. Arc will build upon this partnership as a platform for growth, and the initial geographical area of operation will focus on the footprint of the new Scape Regional Framework. However, Arc Partnership will follow the work as directed by our clients, which will extend our boundaries of operation to suit.

48. To support our ambition for growth Arc Partnership have partnered with three external, Nottinghamshire based organisations, Anderson Green (M&E), CBP Architects, and Perfect Circle (Gleeds), who collectively increase Arc's breadth of service provision. Whilst at the same time support the continuous improvement and development of the Arc Partnership Team, to a new commercial target operating model, able to compete in a private sector model whilst never detracting from our public-sector ethos. By leveraging the support of these three organisations Arc Partnership now have the organisational capability to offer our core client and third-party clients – strategic project definition and inception, feasibility, pre-construction concept and design development, detailed technical design,

programme/commercial management, construction and handover, project close-out and soft landings.

49. Arc Partnership have now agreed the Contracting Strategy for 2018 – 2019 with Arc projects being delivered through Scape Framework Partners, directly procured local SMEs, and Arc Construction Services who will deliver circa £6.5m of project works in the year (including responsive repairs and servicing). Arc Partnership will act as Principal Designer, Principal Contractor, Designer and Contractor, in delivering its portfolio of works.

Summary

50. 2017/2018 represented the first full operational year of Arc Partnership and through collaboration with NCC clients, positive steps have been taken to establish the Joint Venture as a robust business model, with the appropriate organisational capability to deliver profitable third-party growth. Nothing is ever finished and Arc Partnership focus will remain on being "Trusted to Deliver" – with due regard to VFM, quality of output and customer excellence.

51. Within Arc Partnership's Operational Plan (attached as **Appendix 4**), we set out our goals, objectives, strategies, plans and actions for the delivery of our targets for next year and in support of our Business Plan 2018 – 2021. The plans put forward will be monitored by Scape Group's Transformation Team, to ensure agreed activity is managed and actioned, with quarterly reporting on performance through the formal JVCo Board.

Other Options Considered

52. None

Reason for Recommendation

53. The Arc Partnership continues to show significant business growth alongside improvements to service delivery.

Statutory and Policy Implications

54. 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

55. There are no direct crime and disorder implications within the report.

Financial Implications

56. Arc Partnership continue to perform strongly, as do Scape Group and both organisations contribute a significant financial dividend to the County Council.

Implications for Sustainability and the Environment

57. Arc have strong environmental credentials, and support the Council by delivering a wide range of sustainable building projects across the corporate estate and schools.

RECOMMENDATION/S

It is recommended that:

1) Members consider whether there are any actions required in relation to the detail contained within this report.

Derek Higton
Service Director, Place and Communities

Dan Maher
Managing Director, Arc Partnership

For any enquiries about this report please contact: Mick Allen, Group Manager Place Commissioning, Tel: 0115 9774684

Constitutional Comments [SLB 31/05/2018]

58. Finance and Major Contracts Committee is the appropriate body to consider the content of this report. If Committee resolves that any actions are required it must be satisfied that such actions are within the Committee's term of reference.

Financial Comments [RWK 30/05/2018]

59. There are no specific financial implications arising directly from 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

APPENDIX 1

Contractual KPIs

Arc Partnership –KPI Summary – Q4, 2017/18

No	DESCRIPTION / Target	Target	Result	Trend from Q2
1	PROJECT COST (TOTAL) < BASE BUDGET 50% projects below base budget	50%	92% (13 projects)	
2	PROJECT CONSTRUCTION COSTS < FORECAST 75% projects below forecast	75%	100% (13 projects)	
3	PROJECT FEE SCALES Below national average % rate	19.14%	10.68%	
4 - 8	PROJECT CUSTOMER SATISFACTION SURVEYS 95% projects satisfactory or better	95%	96% Average score 9.5/10	100%
9	*Withdrawn from performance scheme*			
10	PREDICTABILITY OF PRE-CONSTRUCTION TIME <10% variance in >60% of projects	60%	62%	68%
11	PREDICTABILITY OF CONSTRUCTION TIME <10% variance in >75% of projects	75%	65%	65%
11a	PREDICTABILITY OF PROJECT TIME <75% of projects on time or early	75%	73%	
12	WHOLE LIFE COSTING	50%	N/A	
13	USE OF PROVISIONAL SUMS/RISK IN CONTRACTS	75%	N/A	

Arc Partnership –KPI Summary – Q4, 2017/18

No	DESCRIPTION / Target	Target	Contractual	Trend from Q3
15	R&M RESPONSE TIMES 85% jobs responded to on time	85%	90%	88%
18	R&M REPAIRS COMPLETED ON TIME 90% jobs completed on time	90%	90%	85%
22	PLANNED SERVICING SCHEDULES 95% jobs completed on time	95%	95%	96%
16,17, 19,20	R&M CUSTOMER SURVEY DERIVED MEASURES Various – insufficient data to report on at this stage	Various	N/A	
14	EMPLOYMENT OPPORTUNITIES OFFERED BY ARC Maintained at level above original transfer	71 FTE	82.3 FTE	82.3
11	RIDDOR REPORTABLE ACCIDENTS 0 incidence	0	0	
23, 24	CLIENT PERFORMANCE MEASURES No client briefs returned for clarifications / No client changes to projects	<20%	No data	

APPENDIX 2

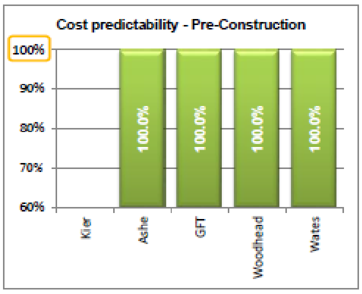
Scape Delivery Partner Performance

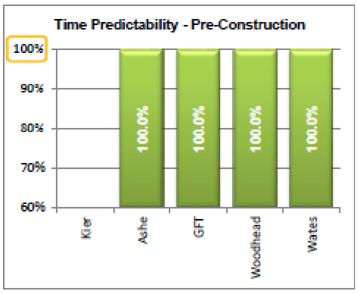
arcpartnership

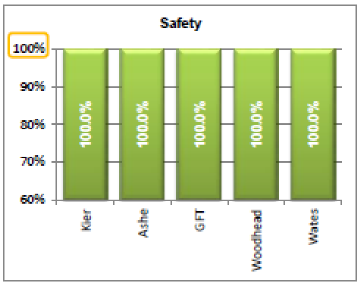
Scape Delivery Partners Performance 2017-2018

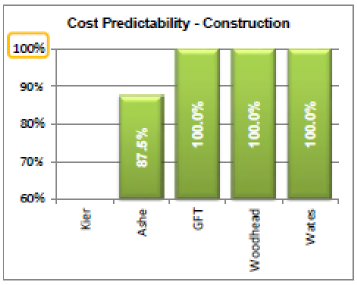
Average performance reported for Nottinghamshire County Council and Arc Partnership projects complete or due to complete after 1 April 2016

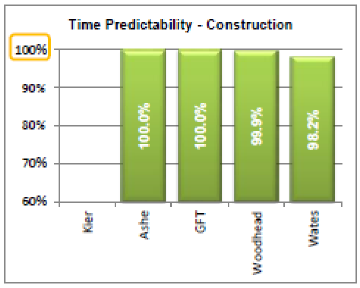
March 2018

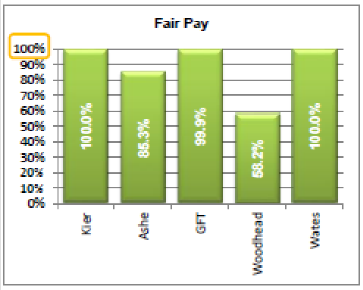


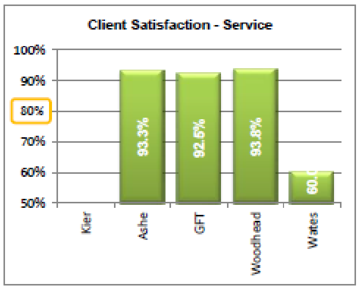


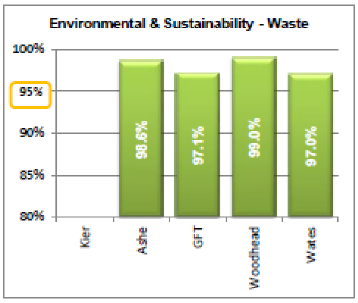


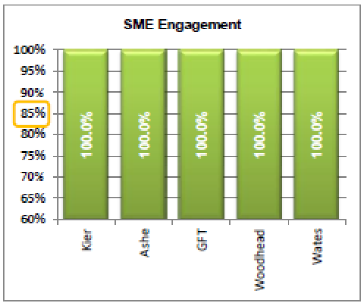


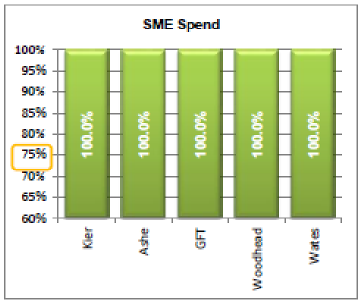










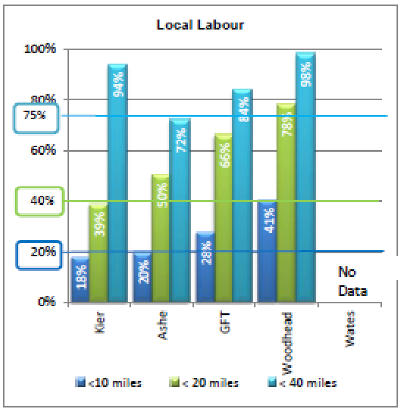


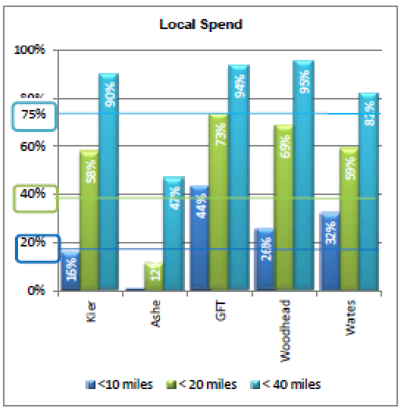
Note: Charts based on the April submissions of data for all projects (live and completed) for Nottinghamshire County Council and Arc Partnership with a completion date after 1 April 2016.

These are average figures.

Local Labour and Local Spend may not have taken into account client requested suppliers or contractors who are out of the required area for the KPI to be achieved.

Pass mark for each KPI circled on each chart.





Arc Property Services Partnership Limited

Risk Register as at May 2018

"Trusted to Deliver"

Working in partnership with Nottinghamshire County Council Scape Group

Policy and Strategy

It is Arc Partnership's policy to proactively identify, understand and manage the risks inherent in our products, services and future plans to encourage responsible and informed risk taking. Risk management is all about understanding, assessing and managing the organisations threats and opportunities.

Arc Partnership accepts the need to take **proportionate risk** to achieve its strategic objectives, but expects these to be **appropriately identified, assessed and managed**. Through managing risks and opportunities in a structured manner, the organisation will be in a stronger position to ensure it meets its objectives.

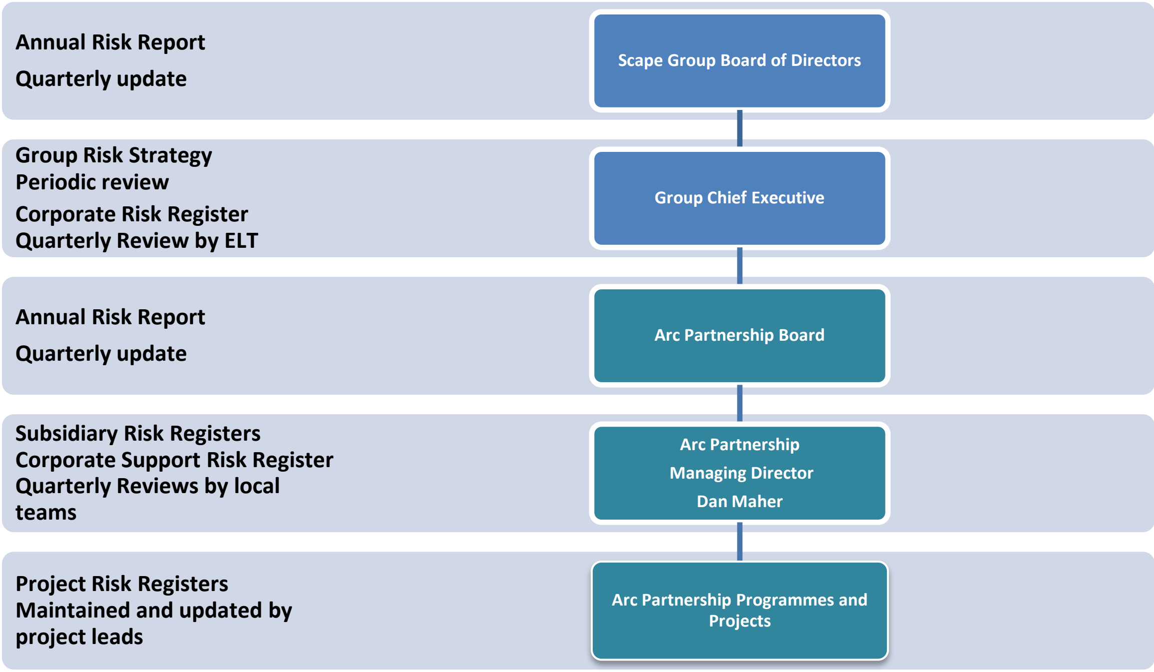
Arc Partnership's Risk Management Strategy aims to:

- Ensure that risk management becomes an integral part of business planning, decision making and project management
- Enable Arc Partnership to deliver its priorities and services economically, efficiently and effectively
- Protect Arc Partnership's position when entering into new partnerships and/or evaluating existing partnerships
- Align risk management and performance management to drive improvement and achieve better outcomes
- Guard against impropriety, malpractice, waste and poor value for money
- Ensure risk management training forms part of the normal training/induction programmes
- Ensure compliance with legislation, such as that covering the environment, health and safety, employment practice, equalities and human rights
- Minimise the prospects of any damage to Arc Partnership's reputation/and or undermining of public confidence in the organisation
- To have a performance framework that continues to allow managers to proactively track performance, and assess/deal with risk in a timely way

The effective management of risk is an important principle for all businesses to address. For organisations such as Arc Partnership, managing risk is a key element of good corporate governance. Our risk management strategy seeks to promote the identification, assessment and response to key risks that may adversely impact upon the achievement of the organisation's stated aims and objectives. It also seeks to maximise the rewards that can be gained through effectively managing risk.

The purpose of this Risk Management Strategy is to establish a framework for the effective and systematic management of risk, which will ensure that risk management is embedded throughout Arc Partnership and makes a real contribution to the achievement of the organisation's vision and objectives.

Set out below is the reporting structure for risk management:

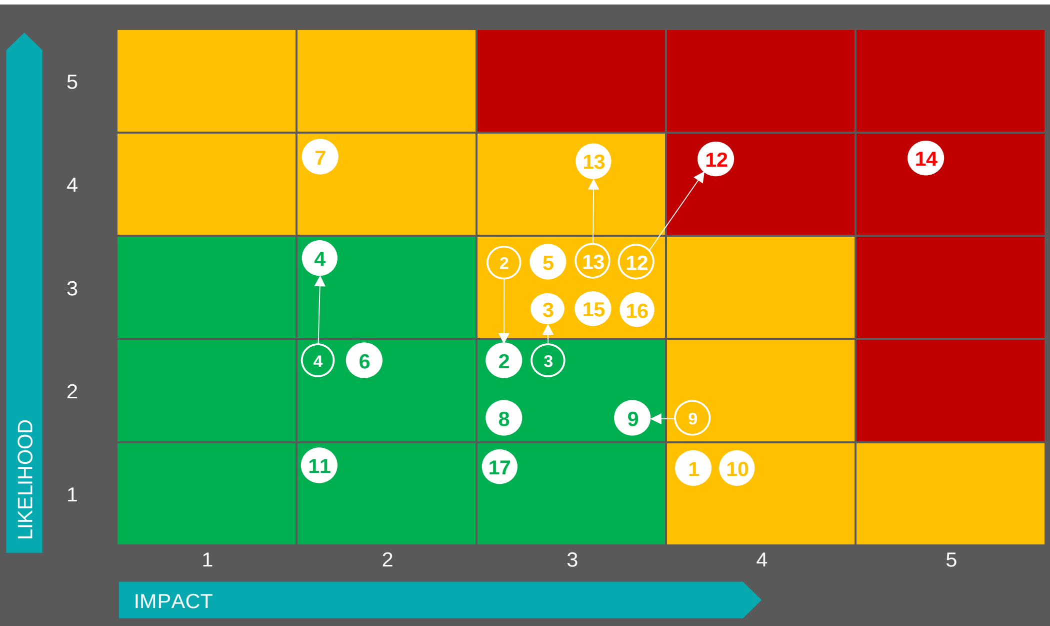


A matrix is used to plot the risks (each risk should be given an identifying number which is then plotted into the appropriate square on the matrix) and once completed this risk profile clearly illustrates the priority of each risk.

When assessing the potential impact of a risk and its consequences this is linked back to the achievement of the vision, objectives and priorities of Arc Partnership. In turn, likelihood is assessed by asking how likely it is that the risk event should occur and impact is assessed by asking what the impact would be. The combination of both allows the Arc Partnership to plot the risks on the matrix and set the risks in perspective against each other. Those risks towards the top right hand corner with higher likelihoods and impacts are the most pressing with the priority falling as we move down to the bottom left hand corner.

It is important to note that as an operational business risks within Arc Partnership will be managed at both business unit level and at individual programme/project level, with Risk Registers in place for every programme/project. Having assessed the likelihood and impact of each risk for Arc Partnership, the risk profile is plotted on the Risk Matrix below. Arc Partnership Risk Register, provides granular detail of risks and mitigations within the business unit.

Risk Matrix



	Risk	Baseline	Q1	Q2	Q3	Q4	Target
1	Construction health and safety	4	4	4	4	4	4
2	Reputation	9	9	9	9	6	6
3	Cashflow	9	9	6	4	6	4
4	Growth (external)	9	4	4	4	9	3
5	Financial success	12	12	9	9	9	9
6	Succession / key personnel	6	6	4	4	4	4
7	Commercial effectiveness	8	8	8	8	8	6
8	Procurement & supply chain	6	8	8	8	8	6
9	Arc - client collaboration	12	12	8	9	6	9
10	Performance of services	4	4	4	4	4	4
11	Failure to stay Teckal compliant	2	2	2	2	2	2
12	P2 ICT system failure / loss	20	20	9	9	16	15
13	Release of NCC workload	15	15	9	9	12	15
14	Pension scheme liabilities (on exit)	20	20	20	20	20	20
15	Contractual obligations	9	9	9	9	9	6
16	Programme & Project Risk profile	9	9	9	9	9	9
17	Impact of specification or design failure	3	9	9	3	3	3

Red Risks

[14] Pension Scheme Liabilities – The evaluation of this risk has remained static since the last report at 4/5 (likelihood/impact). This remains the most significant risk for both Arc Partnership and Scape Group, both in terms of pension exit cost liabilities, and the immediate implications of FRS102/1AS19. The risk definitions and associated implications have been previously detailed to Board. Mitigation strategies will need to be developed for both risks identified.

[12] P2 ICT System Failure / Loss – Risks associated with the P2 system have been escalated to red status. The likelihood for underperformance of this core business ICT system, with potential disruptive impact on operations is higher than it has been at any time since Arc was established.

The system is provided for Arc Partnership to use by NCC under clearly defined contractual terms. NCC's contractual relationship with the system supplier (Concerto) has expired, leaving both NCC and Arc susceptible to performance issues which cannot be managed or enforced. Equally, the original terms of the system licence held by NCC limit Arc's ability to use the system as the basis for commercial relationships with third parties. Finally, both parties have locally managed ICT support staff, a specialist and expensive resource cost to both; Arc does not always get the necessary and informed support from NCC in managing Concerto and prioritising development needs.

Failing a more collaborative resolution, Arc will ultimately need to acquire its own software licence and database, the costs of which will be carried by both shareholders, and will be in addition to the costs already met by NCC.

Key Risk Movement

Escalating Risks

[13] Release of NCC workload – The evaluation of this risk has escalated from green to amber, and to 4/3 (likelihood/impact). In the final quarter of 2017/18, delayed commissioning of approved future projects (for delivery in 2018/19) from NCC has inhibited Arc's ability to recover costs and has directly impacted on the 2017/18 year-end accounting performance. Pipeline visibility and early commissioning of all NCC works is critical for Arc, as it enables balancing of demand between third party work and NCC priorities. Equally, securing NCC economic regeneration works are critical to the future NCC pipeline; in line with Arc's privileged position as NCC's exclusive supply chain partner. Arc will be working closely with NCC colleagues to review these impacts and consider what approaches can be taken to prevent this problem re-occurring in future. Early commissioning also provides Arc with greater time to secure cost effective delivery solutions for each project.

[3] Cashflow – Over the last financial year, the cash position has improved considerably (year-end cash was £937,000), which allowed the removal of the NCC Advanced Payment Facility, as planned, and all creditor payments are being managed in line with credit terms. We have also generated the appropriate profit/cash to facilitate the repayment of the two £200,000 loans to both NCC and Scape Group on 31 May 2018, therefore, allowing the business to trade in 2018/2019 debt free. There are no significant overdue debtors, and work in progress is being actively managed.

Nonetheless, cashflow remains a risk as it is influenced by timely transactional finance activity by NCC; both payments, but also in ordering approved projects where Arc is committing staff time at risk at present. There is recent evidence that suggests a renewed focus on this would be helpful at NCC, resulting in escalation from green to amber.

[4] Delivering third party growth – The current (3/3) and target risk scores (1/3) for this aspect has been updated, reflecting the targets now set in the 2018/19 business plan; recognising that for the first operational year, external growth is business critical. Organisational capability and supply chain arrangements are in place to deliver third party work. Opportunities have been identified and captured in terms of a forward pipeline, and a clear strategy approved by the Board for reciprocal trading as the primary source of income. Organisational procedure, and high-quality contract management with new clients will be crucial to protect third party work cashflow.

De-escalating risks

[2] Arc Partnership / Client Collaboration – The relationship with the client team at NCC has never been stronger. The ADSM review being undertaken into the joint venture arrangements for NCC has been incorporated into the Turner and Townsend review of property operation; this is a vote of confidence in the operating model from NCC members. New governance arrangements, with NCC member input to the JV Board, will further strengthen ownership of Arc's performance and issues by NCC members. In recent months, the client has moved a huge distance in support of Arc, notably supporting the review of fees to make the business more sustainable, especially resolving losses in repairs and maintenance operations caused by a flawed original model. Mid to lower level management personalities and views are introducing some new risks; there is a need to focus on maintaining and building relationships at this level.

[9] Reputation – Maintaining Arc Partnership reputation (and indirectly Scape Group's) is dependent on delivery of the principle clients (NCC) programme of works, linked to the need for a seamless process of commissioning and release of work from NCC. Arc cannot afford to lose focus on continuous improvement around customer excellence, value for money and quality of output. The risk of reputational damage is now reduced as a result of the improving collaborative relationship with the NCC client, and a positive track record; we are able to evidence KPI performance and a successful financial out-turn year of delivery for 2017/18, with NCC's capital programme fully expended and delivered.

Other risks (all remaining static since last quarter):

[1] Safety, Health and Environment – SHE monitoring processes are well embedded and performance strong. The Arc Partnership Safety, Health and Environmental Plan 2016-2018 is now governed through quarterly meetings at the Arc Partnership Safety Meeting. SHE/CDM support is now provided by our own in-house Health and Safety Manager who has been instrumental in gaining ISO 18001 accreditation. Environmental aspects are being included into the existing system of health and safety management. SHE arrangements for responsive repairs and servicing supply chain contractors have been recently reviewed and vetted, alongside DBS checks.

A robust CDM tracker and process exists; operated between NCC officers and Arc's SHE advisor to demonstrate and assure the overall safety system for NCC; all projects are checked for compliance.

[5] Financial Control and Profitability – Noting the already mentioned key risk areas of NCC commissioning and external business growth, overall profitability will also benefit from the new fees and charges agreed with the NCC client team. Financial controls will also improve in the current financial year as our new finance system is implemented, building on our already strengthened financial control team (personnel and process), although in both cases these are yet to take effect.

[6] Succession / Key Personnel – Retention and succession plans are in place across the business. Our Construction Services review will resolve outstanding position(s) where required for the future at a senior level. Enthusiasm from the workforce appears high. As a medium sized business, there remains a dependency on several critical roles where succession and recruitment plans have been prepared and costed into this years' business plan.

[7] Commercial Effectiveness – Work continues to improve the commerciality of the business at all levels, building on the implementation of new commercial procedures / training. The focus of the commercial team will be on strengthening the capabilities of our staff, after an external focus on supply chain controls has delivered greater rigour and discipline in Arc's contracting.

[8] Procurement and Supply Chain – Overall, Arc's procurement arrangements are substantially improved, although the overall profile of risk cannot be reduced until our procurement plan covering all areas of the business is completed. Notably, the framework supply chain has been refreshed, with suppliers across the Scape Procure Frameworks now in use, including the new Regional Construction Frameworks (mobilised in January 2018). Within construction services, specialist M&E supply chain arrangements are in place and a compliant call-off contract for general building services arranged for 12 months. Preparation is ongoing for renewal of repairs maintenance and servicing supply chain contracts, with joint specification and benchmarking being undertaken with NCC client team and North Yorkshire County Council.

[10] Performance of Services causes loss of exclusivity or fails to satisfy client(s) – An improved scheme of KPI measurement and reporting is in place; service performance is consistently in line or above required levels at present for NCC. Qualitative measurement and objective value for money considerations will now become increasingly important. Forward use of these various measures of business and contractual performance will be important to target areas of continuous improvement. A Pre-Construction Manager has been appointed to drive programme performance in this area. We also need to establish internal KPI's to measure our own targets across feasibility design and delivery.

[11] Failure to stay Teckal Compliant – This is under control and being reviewed by the central Scape Procurement team. Current risk is mitigated by our almost sole provision of services to our shareholder partner, NCC.

[15] Failure to Satisfy Contractual Obligations – Obligations have been identified and programmed for delivery in accordance with the requirements.

[16] Programme and Project Risk Profile – There has not been a significant change in makeup or risk profile of the projects being delivered by Arc. Key risks at project and programme level are identified through members of the Senior Management Team interfacing with the delivery teams. The need for a commercial approach to risk management at programme and individual project levels has been recognised, and is being developed for subsequent implementation so that risk management is formally controlled within the delivery teams. Commercial Pricing Risk is however, included in the initial LEC summary which is used by NCC for project budgetary approvals.

[17] Design or Specification Failure Cause Commercial Risk – A process of review of specifications and design standards is underway, led by the Head of Design.

Appendix 4

arcpartnership

Trusted to **Deliver**

Arc Property Services Partnership Limited

Operational Plan 2018-2019

Working in partnership with

Scape Group

Nottinghamshire County Council

Introduction

Executive Summary

Arc Property Services Partnership Limited, trading as Arc Partnership, is a Joint Venture Company formed by Nottinghamshire County Council (NCC) and Scape Group (SG) on 1 June 2016, focused upon the delivery of property design, programme management, planned and reactive maintenance services to NCC. This is an exclusive 10-year Service Contract (2016-2026), with the potential for a 5-year extension through to 2031.

Arc Partnership's Operational Plan 2018-2019 details our Goals, Objectives, Strategies, Plans and Actions over the next financial year, in support of Arc Partnership's Business Plan 2018-2021.

Organisational Context

Arc Partnership, as a part of Scape Group, is one of a number of Local Authority controlled companies that deliver a wide range of innovative services focused upon quality of outcome, value for money and customer excellence for Nottinghamshire County Council, and other third-party clients. This Business Plan supports a number of key strategies and plans both within Scape Group and Nottinghamshire County Council, including but not exhaustive of the following:

Scape Group

Group Plan 2018/19 – 2020/21

Nottinghamshire County Council

Council Plan 2017 – 2021

Vision and Core Values

Work we believe in. Always.

We believe in the power of community – of people coming together to create better places. It's what drives everything we do, on every project, every single day. In fact, it's what makes us Scape Group – a team of experts with our hearts firmly rooted in the public sector, our expertise enhanced by the private sector and our sights set on improving the built environment so that our clients' communities thrive. Inclusive, collaborative and welcoming, we're proud of the work we do.

The best of everyone. Every day.

Our projects are about making communities better. Making that happen takes a team with real passion, knowledge, experience and integrity. A team dedicated to collaboration, continuous improvement, supporting each other and tackling the toughest of challenges head on. That's why at a national and local level, we build teams, forge relationships and nurture supply chains that are skilled, ethical and exceptional.

Building futures. Innovatively.

Together, we aim to create extraordinary futures – for our talented people, for local suppliers, for ambitious clients and for everyone in the communities we work within. These are challenging times, but together we will rise to them. Through robust procurement, innovative processes and unrivalled design and delivery capability, we have a steadfast commitment to delighting our clients.

For over a decade, we have been a strategic partner for the public sector; a partner they can trust to secure the very best results from the private sector, to drive sustainable growth, create social value and build a strong, lasting legacy.

Together, we are Team Scape.






Three Year Goals

People

Organisational capability embedded, underpinned by a positive culture to support business objectives within Arc Partnership

Finance

Growth in operating profit to 5%

Community

To be sustainable in everything we do

Customers

“Trusted to Deliver” – quality of outcome, value for money and customer excellence

Innovation

To have cohesive and innovative ICT/business processes embedded across Arc Partnership

Growth

Sustainable growth – a ‘One Scape’ approach arcpartnership

Objectives for 2018-2019

1. Revenue £35,177m.
2. Net profit of £750k/2.03%, with additional net stretch profit of £250k/2.68%.
3. Cash positive, work in progress and debt managed to target.
4. Achieve an Accident Incident Rate of zero.
5. > 95% of waste generated diverted from landfill.
6. Maintain BS OHSAS 18001:2007 Registration.
7. Consistent and validated governance/risk management arrangements embedded across the business.
8. A performance management framework that meets the aspirations/objectives of our Clients – delivering upper quartile KPI performance against all measures.
9. Review of organisational structure and ICT/business processes in support of the new operating model, underpinned by an integrated workforce planning strategy.
10. Development of third-party trading model that is capable of delivering sustainable growth.
11. Demonstrable continuous improvement in all aspects of service delivery.
12. Focus on NCC Member and Client Officer engagement, as advocates of Arc Partnership.

Strategies, Plans and Actions 2018-2019

Project / Initiative	Arc Owner	Scape Owner	Target Outcomes	Measure of Success	Quarter
Business Development - Third Party Growth	SMT	DM/MR	To deliver sustainable third party growth in line with 2018/19 Financial Model	Organisational capability in place and, sustainable third-party works obtained and delivered to time, quality and cost	Q1-Q4
Commercial - Anti-Competition, Bribery and Corruption Training	DE	SC	All employees to undertake formally assessed training to ensure compliance and understanding	All employees successfully passed accredited training courses online, and Internal Audit arrangements in place for compliance e.g. Hospitality/Gifts and Entertainment/ Declaration of Interest	Q2
Commercial - Contract Register	DE	SC	To have in place a Contract Register for all contracts at Client, Contractor and Sub-Contractor/Supplier levels	All Contracts identified within the Contract Register and are effectively maintained and managed	Q2
Commercial - Delegated Authorities	DE	SC	Process in place for Internal Audit of Delegated Authorities twice a year	Effective operation of Delegated Authorities, validated through Internal Audit	Q2 & Q4
Commercial - GDPR	DE	SC/CC	To ensure Arc Partnership compliance with the requirements of GDPR	Strategy/Plan in place to ensure full compliance with GDPR requirements, monitored and managed through Internal Audit	Q1
Commercial - JV Co Governance Arrangements	DM	SC	Ensure robust Governance arrangements are in place for Arc Property Services Partnership Limited JV Co in line with contractual/legal requirement	Arc Property Services Partnership Limited JV Co fully compliant with Shareholder Agreement, and effectively monitored through the Company Secretary	Q1-Q4
Commercial - NEC3/NEC4	DE	SC/CC	All relevant staff to be compliant with requirements of NEC3/NEC4, and familiar with updated NEC4 standard pro-formas, policies and procedures	All employees fully compliant with NEC3/ NEC4 requirements through formal training and all standard pro-formas, policies and procedures operational in line with Arc Partnership Commercial Strategy/Plan	Q2
Client Collaboration - NCC Commissioning	DM	MA	Collaborative working relationship In place between Arc Partnership and NCC, focused upon continuous improvement	Positive collaborative relationship embedded at all levels of Arc Partnership/NCC Property teams, with a focus upon quality of output, value for money, customer excellence and continuous improvement	Q1-Q4
Commercial - Risk Management	DE	SC/CC	Ensure Arc Partnership Risk Register is informed by risk identified at project level, with appropriate policies and procedures in place	Arc Partnership Risk Register updated, managed and reported quarterly to JV Co Board for approval. All risks effectively identified, mitigated and managed	Q1-Q4
Commercial - Service Agreement Schedule of Compliance Requirements	DE	SC	Compliance with the contractual requirements of the Services Agreement	Fully compliant with the Services Agreement, through effective monitoring and updating of Schedule of Compliance requirements within the required timescales	Q1-Q4
Client Collaboration - Service Department/Functions	SMT	DM	Collaborative working relationship in place between Arc Partnership, and NCC Service Departments/Functions, focused upon continuous improvement	Positive collaborative relationship embedded in all Arc Partnership and NCC Service Department/Functional Teams, with a focus upon quality of output, value for money, customer excellence and continuous improvement	Q1-Q4
Finance - New Financial System for Scape Group	DB	AG	Profit and Loss/Cash Flow reporting at project level. VCRs in operation across Arc Partnership	New Scape Finance System operational and project level financial reporting embedded, with robust management information reporting	Q2
Finance - Profit, Cash, WIP, Debt	SMT	DB	Profit, cash, WIP, and debt delivered in line with Business Plan targets, in order to deliver a sustainable business	Profit, cash, WIP and debt targets delivered on a monthly and quarterly basis	Q1-Q4
HR - Employee Appraisal Process	SW	JD	Training on, and rollout of, new Scape Group Appraisal Process with values and behaviours incorporated	All Managers trained and competent in undertaking effective Employee Appraisals, and all Employee Appraisals/Reviews undertaken in line with Scape Group timetable	Q1-Q4
HR - Employee Development Plan	SW	JD	Establishment of Employee Development Plan 2018-2021	Employee Development Plan 2018-2021 in place and operational.	Q2
HR - Employee Engagement	SW	JD/MCM	Employee Engagement Strategy and Plan established for Arc Partnership, linked to Scape Group business objectives	Employee Engagement Strategy and Plan agreed, and in line with Scape Group business objectives. Arc Partnership baselined	Q3
HR - Health Surveillance	JH	JD	Design and delivery of a pro-active risk-based Health Surveillance Programme for all employees	Health Surveillance Programme delivered and all employees assessed and baselined	Q4
HR - ICT System	DM	JD	Completion of Arc Partnership HR database, with all data recorded/captured	Arc Partnership HR database in place, with all data gaps mitigated ready for migration to new Scape Group HR system	Q2
HR - Pay and Remuneration	DM	JD/AG	Establishment of an Arc Partnership Remuneration Strategy and Plan	Business Unit Remuneration Strategy and Plan agreed, and timetabled for implementation established	Q2

Project / Initiative	Arc Owner	Scape Owner	Target Outcomes	Measure of Success	Quarter
HR - Workforce/Succession Plan	DM	JD	Establishment of Workforce/Succession Plan 2018-2021	Workforce Succession Plan 2018-2021 in place, operational and reviewed on a quarterly basis	Q1-Q4
ICT (Information/Systems) - Hardware/Software/Licences (EGP2)	BWM	CC	Comprehensive audit of current and required hardware/software/licences (EGP2) within Arc Partnership	Audit completed and register of ICT hardware/software/licences (EGP2) requirements in place. All employees have appropriate hardware/software	Q1-Q4
ICT - (Information/Systems) - Intranet	BWM	CC	Ensure Arc Partnership interface into development of Scape Group Intranet	Intranet operational across Arc Partnership, underpinned by tangible productivity gains for the business	Q1-Q4
ICT (Information/Systems) - Telephony/Mobiles	BWM	CC	Comprehensive audit of all telephony/mobile requirements within Arc Partnership	Audit completed and register of telephony/mobiles in place, with appropriate checks and balances	Q1
Marketing, Communications and PR	DM	MCM	Establishment of Marketing, Communication and PR Plan 2018-2021	Marketing, Communication and PR Plan 2018-2021 in place, operational, and agreed at JVCo Board/NCC levels	Q2
Marketing, Communications and PR	DM	MCM	Marketing, Communication and PR activities 2018-2019 agreed and timetabled for delivery	All Marketing, Communication and PR activities 2018-2019 delivered	Q1-Q4
Operational Delivery - Business Support	DM	JD/AG	Review of Business Support to reflect changing needs within Arc Partnership, and Scape Group shared services model	Review completed and Business Support re-structured to support new Operating Model and Scape Group shared services model	Q1
Operational Delivery - Construction Services	DE/DM	CC	Fundamental Best Value Review of Construction Services	All operational workstreams profitable, and Operating Model embedded	Q2
Operational Delivery - Customer Service/Soft Landings	CH	DM	Contractual/non-contractual KPIs monitored and managed. Operation Manuals and defects/latent defects effectively managed	Operation Manuals effectively managed and delivered to agreed timescales. Defect/latent defect period, timescales effectively monitored and managed. Measured through a Zero Defect Internal KPI	Q1-Q4
Operational Delivery - Management Review	SMT	DM	Fundamental review of current management arrangements, to reflect workforce planning/succession planning drivers	New management arrangements agreed and communicated to all Stakeholders	Q1
Operational Delivery - Pre-Construction	CH	DM	All works to be identified and resourced accordingly, in a pro-active, programmed and planned manner	All works identified, programmed and planned, and resourced accordingly. Monitored through monthly/quarterly financial reporting on revenue delivery	Q1-Q4
Operational Delivery - Projects/Programme Management	SMT	DM	All commissioned works to be delivered to time, quality, cost	Commissioned works programmed to be delivered in year. Monitored through commercial, financial and KPI measures and reviewed monthly/quarterly	Q1-Q4
Operational Delivery - Service Standards (Design)	AW	DM	Design standards to be in place, and uniformly implemented across Arc Partnership	Design standards formalised/agreed with NCC, and embedded in day-to-day operational processes, policies and procedures	Q2
Operational Delivery - Specification Review (Design)	AW	DM	All Specifications reviewed, updated and agreed with NCC	Specifications agreed with NCC and embedded in day-to-day operational processes, policies and procedures	Q2
Performance Standards - KPI	CH	DM/CC	Contractual/non-contractual KPIs reviewed and new measures agreed	Contractual/non-contractual KPIs operational and performance in upper quartile	Q1-Q4
Procurement - Compliance	DE	JS	Establish base position for all Sub-Contractor, Suppliers and Framework Partners within Arc Partnership. Robust Strategy/Plan for procurement/re-procurement established	Business compliance with spend through Supply Chain Partners, ensuring that Arc Partnership is fully compliant with Scape Group Financial/Procurement Regulations. Strategy/Plan for procurement/re-procurement of arrangements within Construction Services in place	Q2
Procurement - Procurement Register	DE	JS	Establish a robust, managed and monitored Procurement Register, that captures all contractual arrangements	Procurement Register in place, and is effectively maintained and managed	Q1
Safety, Health and Environment (CDM)	JH	DM	Delivery of Arc Partnership Safety, Health and Environmental (CDM) Plan 2018/19, based upon annual Management Review	Arc Partnership fully compliant with Safety, Health, Environment and CDM duties. Zero accident/incident rate maintained. Actions within Safety, Health and Environment Plan delivered to requirements/timescales	Q1-Q4
Safety, Health and Environment - Major Incident Response Plan	JH/AW	DM	Ensure compliance/effective interface between NCC, Scape Group and Arc Partnership on Major Incident Response Plans	Role and responsibilities of Arc Partnership within Scape Group/NCC Major Incident Response Plans understood, communicated and effectively managed	Q2
Transformation - New Office Accommodation	AW	CC	Arc Partnership team established within in new office accommodation (City Gate West/County Hall)	Team fully operational within new office bases	Q1

Appendix 4

arcpartnership

Arc Property Services Partnership Limited

Operational Plan 2018–2019

March 2018

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

18 June 2018

Agenda Item: 10

REPORT OF THE CHIEF EXECUTIVE

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.

Anthony May
Chief Executive

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
16 July 2018			
Monthly Budget & Capital Monitoring Report 2018/19	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
Agency Contract	Provision of agency staff as required across the authority.	Lorraine Dennis Category Manager	Clare Winter
Commercial Development Unit	Cohort 5 Outcome and Report on Progress	Nigel Stevenson	Mark Knight
17 September 2018			
Monthly Budget & Capital Monitoring Report 2018/19	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
BCF Q1 Reconciliation		Joanna Cooper	Joanna Cooper
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
General Data Protection Regulation (GDPR) Contract Process	Update Report	Clare Winter	Clare Winter
Commercial Development Unit	Cohort 6 Outcome and Progress Report	Nigel Stevenson	Mark Knight

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

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
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
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
Commercial Development Unit	Cohort 7 Outcome and Report on Progress	Nigel Stevenson	Mark Knight
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
Commercial Development Unit	Outcome of Project	Nigel Stevenson	Mark Knight
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

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

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
Member Responsibilities	Clarification of responsibilities following events at Northamptonshire County Council.	Nigel Stevenson	Nigel Stevenson
Commercial Development Unit (CDU)	Lessons learnt from the CDU process.	Nigel Stevenson	Mark Knight
Local Government Finance	Overview report	Nigel Stevenson	Nigel Stevenson
Trading Organisations	Update report	Ian Hardy	Ian Hardy