Nottinghamshire County Council

Cabinet

Thursday, 14 July 2022 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

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 Keith Ford (Tel. 0115 977 2590) or a colleague in Democratic Services prior to the meeting.

(4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.

(5) This agenda and its associated reports are available to view online via an online calendar - http://www.nottinghamshire.gov.uk/dms/Meetings.aspx

Nottinghamshire County Council **minutes**

Meeting	CABINET
Date	Thursday 26 May 2022 (commencing at 10.30 am)

membership

COUNCILLORS

Ben Bradley MP (Chairman)
Bruce Laughton (Vice-Chairman)

Chris Barnfather	
Matt Barney	
Neil Clarke MBE	
John Cottee	
Keith Girling	
Richard Jackson	
Tracey Taylor	Apologies
Gordon Wheeler	

OTHER COUNCILLORS IN ATTENDANCE

Deputy Cabinet Members
Reg Adair
Sinead Anderson
Richard Butler
Andre Camilleri
Scott Carlton
Tom Smith
Jonathan Wheeler

Other Councillors
Anne Callaghan
John Clarke MBE
Jim Creamer
Dr John Doddy
Boyd Elliott
Kate Foale
Glynn Gilfoyle
Penny Gowland
Paul Henshaw
Sheila Place
Michelle Welsh

OFFICERS IN ATTENDANCE

Anthony May Isobel Fleming Keith Ford James McDonnell Phil Rostance Nigel Stevenson Marjorie Toward	Chief Executive's Department
Jonathan Gribbin	Adult Social Care and Health
Colin Pettigrew	Children, Families and Cultural Services Department
Adrian Smith	Place Department

MEETING ARRANGEMENTS

The Chairman outlined the approach he planned to take, as a matter of course, to enable the administration to hold effective and efficient Cabinet meetings, including:

- the usual order of debate (which would generally be the relevant Cabinet Member introducing the report, followed by comments from other Cabinet Members and Deputy Cabinet Members where appropriate, followed by any other Councillors who had registered to speak);

- his expectation that any requests from other Councillors to speak at these meetings would be made on an exceptional basis, in light of the fact that most items would be Key Decisions and would have already been included in the Forward Plan, with all Councillors therefore having had the opportunity to raise queries with officers in advance. He also stated that such requests needed to be made in advance and be directly related to a report on the agenda, with sufficient detailed information provided for any queries to be addressed within the meeting.

The Chairman underlined his desire to have a consistent and coherent approach which was more inclusive than that of many other local Councils.

1 APOLOGIES FOR ABSENCE

Councillor Tracey Taylor – other reasons.

2 DECLARATIONS OF INTERESTS BY MEMBERS AND OFFICERS

None

3 TERMS OF REFERENCE AND MEMBERSHIP

RESOLVED: 2022/001

That the committee membership and terms of reference be noted.

4 KEY DECISION – THE NOTTINGHAMSHIRE JOINT HEALTH AND WELLBEING STRATEGY FOR 2022-26

At the invitation of Cabinet, Councillor Dr John Doddy attended the meeting to introduce the report.

RESOLVED 2022/002

That the new Nottinghamshire Joint Health and Wellbeing Strategy for 2022-26 be approved.

5 INVESTING FOR IMPROVED PUBLIC HEALTH OUTCOMES

RESOLVED 2022/003

That the proposed investment of forecasted uncommitted Public Health Grant funding, including approval for the establishment of staffing posts as detailed in paragraph 40 of the report, to sustain and improve health and wellbeing outcomes for people in Nottinghamshire be approved.

The following two agenda items were considered together.

6 ANNUAL REPORT 2021-22

RESOLVED 2022/004

That the achievements outlined in the Annual Report 2021-22 be noted.

7 KEY DECISION – NOTTINGHAMSHIRE PLAN – ANNUAL DELIVERY PLAN 2022-23

RESOLVED 2022/005

1) That the Annual Delivery Plan 2022-23 be approved.

2) That progress updates against the Annual Delivery Plan (including updated measures and actions where relevant) be submitted to Cabinet, with an Annual Report submitted at the end of 2022-23 and Scrutiny providing review as appropriate.

The meeting closed at 12.17pm.

CHAIRMAN

Nottinghamshire County Council

Report to Cabinet

14 July 2022

Agenda Item: 4

REPORT OF THE CABINET MEMBER FOR FINANCE

DRAFT MANAGEMENT ACCOUNTS 2021/22

Purpose of the Report

1. To inform Cabinet of the financial out-turn position of the Authority's 2021/22 accounts including treasury management activities, variations to the capital programme and to seek approval for the transfer of £3.1m to the General Fund Balance.

Policy Framework and Previous Decisions

2. The County Council approved the 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) in February 2021. The MTFS included the establishment of earmarked reserves and the allocation of ongoing revenue and capital financial resources required for the delivery of key priorities.

Information and Advice

Background

3. The financial position of the County Council has been monitored throughout the year with monthly reports to the Corporate Leadership Team and the Finance Committee providing an update on progress, thus ensuring decision makers had access to financial information on a timely basis. This report sets out the draft 2021/22 financial out-turn position for the Council.

4. As the country has continued to emerge from the COVID19 pandemic, all Local Authorities have been required by the Department for Levelling Up, Housing and Communities, throughout the year, to report the financial impact of the COVID19 emergency on a monthly basis. The most recent DELTA20 submission from Nottinghamshire County Council was submitted on 13 May 2022 and identified a total gross financial impact of £65.1m in the 2021/22 financial year. These costs have been offset by a number of general and specific COVID19 related grants that have been received from Central Government.

Summary Financial Position

5. Committee budgets are showing a net underspend of £12.4m or 2.2% of net Committee budgets. This compares to a Period 11 forecast underspend of £7.8m as out-turns across a number of Committees are not as high as previously forecast. As a result, the level of General Fund balances will increase by £3.1m to £35.2m.

6. 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	153,186	153,350	164	0.1%
Adult Social Care & Public Health	204,946	197,934	(7,012)	(3.4%)
Transport & Environment	112,997	110,778	(2,219)	(2.0%)
Communities	18,641	17,619	(1,022)	(5.5%)
Economic Development & Asset Management	21,506	20,237	(1,269)	(5.9%)
Policy	3,161	2,939	(222)	(7.0%)
Finance	16,035	16,139	104	0.6%
Governance & Ethics	7,827	8,165	338	4.3%
Personnel	18,701	17,441	(1,260)	(6.7%)
Net Committee (under)/overspend	**557,000**	**544,602**	**(12,398)**	**(2.2%)**
Central items	(39,724)	(66,972)	(27,248)	
Contribution to Schools Expenditure	1,595	1,595	-	
Contribution to/(from) Traders	969	1,471	502	
Forecast prior to use of reserves	**519,840**	**480,696**	**(39,144)**	
Transfer to / (from) Corporate Reserves	(1,929)	25,201	27,130	
Transfer to / (from) Departmental Reserves	12,406	21,318	8,912	
Transfer to / (from) General Fund	-	3,102	3,102	
Net County Council Budget Requirement	**530,317**	**530,317**	**-**	

Net Committee Spend

7. The overall net underspend within the Committees is £12.4m (2.2%) and the principal reasons for the variations are detailed below.

Children & Young People (£0.2m overspend, 0.1% of Committee budget)

8. The major contributing variances are:

- £1.4m underspend in the Youth, Families and Social Works Division due to a £0.7m underspend on children's social work staffing, a £0.5m overspend on Looked after Children (LAC) placements, a £0.9m underspend on Children with Disabilities homes following the closure of Minster View and £0.3m underspend across a range of other budgets elsewhere in the division.

- £0.3m net underspend on Education, Learning & Skills. The majority of the underspend has arisen due to additional income and underspending on salaries due to delays in new staffing arrangements.

- £1.9m net overspend on Commissioning & Resources due to an overspend of £4.4m on LAC, offset by underspends on Internal Foster Care payments (£0.8m), Children's Centres (£1.6m) and other budget underspends (£0.1m). At the start of the year, the original/budgeted projection for LAC at 31 March 2022 was around 560. Numbers peaked at 555 in November but have gradually declined since. The reduction however has mostly been in lower cost placements, i.e., fostering, so the placement mix (and cost) has been unfavourable, especially giving the rising cost in residential placements.

Adult Social Care & Public Health (£7.0m underspend, 3.4% of Committee budget)

9. Within Adult Social Care and Public Health, the main variances are:

   - An underspend of £1.3m on Strategic Commissioning and Integration due primarily to staffing and overhead underspends.

   - An underspend of £1.1m on Living Well and Ageing Well due to increased costs within long term Residential / Nursing care, Homecare and Short Term Residential/Nursing care offset by savings in other areas, increased client contributions and increased health grants and COVID19 funding.

   - An underspend of £1.6m across the Direct and Provider Services, mainly on staffing due to vacancies and increased income.

   - There is a net underspend of £0.3m across a range of other budgets.

10. In addition, there was a £2.7m underspend in Public Health. This was due to costs being picked up by COVID19 funding and slippage of projects into future years due to delays linked to COVID19. This includes underspends on Sexual Health, Obesity Substance Misuse and Domestic Violence. This amount will transferred into reserves for use in future years.

Transport & Environment (£2.2m underspend, 2.0% of Committee Budget

11. Highways was underspent by £0.3m due to an overspend of £0.2m against the Highways contract with Via due mainly to additional winter maintenance charges. This was offset by a Highways Retained Client underspend of £0.5m which was mainly due to additional S38/S278 income due to post lockdown improvements in the building trade and energy savings due to ongoing replacement of old street lighting bulbs with energy efficient bulbs.

12. There was a £0.8m underspend against Waste Services mainly as a result of reduced waste PFI costs. This will be transferred into the Waste PFI reserve to meet future costs.

13. The out-turn on Transport was an underspend of £1.2m, due to reductions in Concessionary Fares costs (£1.1m) and Home to School Transport (£0.5m) offset by increased Local Bus Services costs (£0.2m) and SEND transport (£0.2m).

14. Conservation overspent by £0.1m, due to increased spend on Green Spaces to keep the sites safe and publicly accessible.

Communities (£1.0m underspend, 5.5% of Committee budget)

15. The underspend is predominantly due to an underspend of £1.3m within Trading Standards and Communities following an extension of the Local Improvement Scheme by 9 months and the receipt of COVID19 grants for self-isolation costs.

16. There were net overspends of £0.3m across a range of other budgets.

Economic Development & Asset Management (£1.3m underspend, 5.9% of Committee budget)

17. The £1.3m underspend has arisen due to reductions in facilities management costs at County Offices made up of a range of reduced costs (employees, energy, cleaning supplies) and increased rental income from Clinical Commissioning Groups at Trent Bridge House and Sir John Robinson House (£0.6m). There were also underspends in Property and Estates due to staffing savings and increased rental income across industrial / agricultural properties (£0.7m).

Policy (£0.2m underspend, 7.0% of Committee budget)

18. The underspend mainly relates to the County Council cost of County Elections. These were lower than budgeted due to the sharing of costs with Police and Crime Commissioner elections which were held on the same day and paid for by Central Government.

Finance (£0.1m overspend, 0.6% of Committee budget)

19. The small overspend has arisen due to additional COVID19 costs of £0.3m due to additional computer equipment and final PPE storage costs not recharged to Departments, offset by small savings in other areas (£0.2m).

Governance & Ethics (£0.3m overspend, 4.3% of Committee budget)

20. An overspend in Legal Services of £0.4m due to an increase of 25% in child protection cases has been offset by savings of £0.1m in Information Governance due to staffing vacancies.

Personnel (£1.3m underspend, 6.7% of Committee budget)

21. The underspend is mainly due to staffing vacancies and proactive efficiency savings across Business Support (£0.7m) and the Business Services Centre (£0.2m), where there was a strategy to hold vacant posts to ensure the delivery of future known savings requirements. There were additional underspends in Apprentices / Trainees (£0.2m) and Document Services (£0.2m).

Traders Services (£0.5m overspend)

22. Schools Catering is forecasting a deficit of £0.5m as operations are continuing to function below normal levels due to the COVID19 pandemic. Schools continue to operate in various ways to mitigate COVID19 infections which are having an adverse impact on sales. The service is also witnessing some significant food price increases which are having an adverse impact in terms of availability of core products and associated cost.

Central Items (£27.2m underspend)

23. Central Items primarily consist of interest on cash balances and payments on borrowing, contingency allocations, capital charges and various general grants. The key variances relate to unspent contingency budget (£8.0m) and Other Government Grants (£13.8m) and are summarised below. Other additional variations (net total £5.4m underspend) within the central items category are detailed in Appendix A.

- **Contingency (£8.0m underspend) (for detail please refer to Appendix C)**

  As reported to Finance Committee throughout the year, the contingency base budget was increased by £8.7m to reflect a number of demand and inflationary pressures with a high degree of uncertainty with regard to likelihood, value and profiling. Whilst a number of these pressures have materialised and were subsequently released to Committee budgets, there remained an overall underspend of £8.0m against a total 2021/22 budget of £12.7m. A detailed breakdown of how this budget was utilised is provided in Appendix C of this report.

- **Government Grants (£13.8m underspend)**

  Several non-ringfenced grants sit centrally, however values are not normally confirmed until after the budget is set in February of each year resulting in year-end variances to budget. Within this underspend, any COVID19 related grant not allocated to Committees during 2021/22 has been set aside to fund pandemic related commitments. This includes mitigation of associated shortfalls in collection of Business Rates and capital related expenditure that will be realised in 2022/23.

- **Statutory Provision for Debt Redemption (£0.3m overspend)**

  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 2021/22 has been determined at £12.1m.

- **Interest and Dividends (£2.7m underspend)**

  Interest payments depend upon Treasury Management decisions taken in relation to expectations of future rates and anticipated slippage on the capital programme. Variances against each of these factors coupled with other interest and dividends received in year have achieved an underspend of £2.7m in 2021/22.

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

Reserves Strategy

24. The Authority's reserves strategy was approved as part of the 2021/22 Annual Budget Report to Full Council in February 2021. The strategy included planned contributions to reserves to fund specific future priorities as well as planned use of reserves to fund in-year expenditure. To reflect the approved strategy alongside other emerging factors in the 2021/22 accounts the necessary adjustments have been made. The level of reserves will continue to be reviewed on a regular basis as part of the Authority's Financial Management processes. Further detail of the movement on balances and reserves are set out below.

General Fund Balances

25. At the Full Council meeting on 25 February 2021, it was approved that there be no budgeted movement in relation to General Fund Balances. However, during 2021/22, the Council's funding position has been impacted by a range of temporary pandemic related grants provided by Central Government. This additional funding, when combined with the Committee variances detailed above, has resulted in the Council achieving a favourable closing position with the General Fund increasing from £32.1m to £35.2m. Whilst this balance provides some assurance in terms of resilience, there are still significant challenges facing the Council in both the short and medium-term. As a consequence, it can be anticipated that this balance will be eroded as the Council confronts the range of prevailing demand and inflationary pressures to ensure ongoing financial sustainability.

Other Earmarked Reserves

26. At the end of 2021/22 other 'earmarked' reserves totalled £181.9m, an increase of £40.7m since 31 March 2021. This consists of the following:

- **PFI Reserves**

27. A total of £29.1m of reserves are held for PFI schemes and this equates to 16.0% 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 2021/22 are shown in the table below.

Table 2 – PFI set aside as at 31/03/2022

PFI Scheme	£'000
East Leake Schools	2,899
Bassetlaw Schools	1,738
Waste	24,443
Total	**29,080**

- **Insurance Reserve**

28. 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 £39.4m.

- **Capital Projects Reserve**

29. The Capital Projects Reserve supports the Medium-Term Financial Strategy as well as current and future capital commitments. In 2021/22 there was a net contribution to the reserve of £8.2m. As at 31 March 2022, the balance on the Capital Projects Reserve is £15.8m.

- **Strategic Development Fund**

30. It was approved that this reserve supports future year costs associated with the Council's transformation agenda. The balance of this reserve has been increased by £5.5m to £17.9m to reflect commitments in the Medium-Term Financial Strategy.

- **Workforce Reserve**

31. It has been approved that this reserve will cover pay related costs including National Living Wage increases and Pension Strain, as well as covering Pension Contributions. The balance as at 31 March 2021 is £6.6m.

- **Earmarked for Services Reserves**

32. All departments have various reserves for specifically identified purposes. In addition, International Financial Reporting Standards requires some grant income such as Public Health and Section 256 grants to be carried on the Balance Sheet as a reserve balance. During the year, these departmental balances increased by a net £17.5m to £66.8m.

- **NDR Pool Reserve**

33. 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 decrease of £2.7m in this reserve during 2021/22. Of the £8.8m year-end balance, £8.1m relates to the County's share of the pool surplus, the remaining balance (£0.7m) is funding set aside for Nottinghamshire Pool partners.

- **COVID19 Recovery Reserve**

34. In 2020/21, the Authority received three tranches of un-ringfenced COVID19 core funding totalling £24.8m. The unspent element of this funding was appropriated to a specific COVID19 Recovery Reserve. This reserve has assisted the Authority in its continued response to the pandemic by helping to mitigate service demand pressures and the adverse economic impact of the pandemic. The closing balance on this reserve is £5.7m which will be used to fund residual commitments in 2022/23.

- **Council Tax Equalisation Reserve**

35. As a result of the pandemic, billing authorities estimated a larger-than-normal deficit on the 2020/21 Collection Fund. To alleviate the short-term cost pressure, Central Government mandated for the estimated deficit to be spread over the three years 2021/22 to 2023/24. To recognise the impact of this phasing arrangement, a reserve was created with a closing balance of £2.4m in 2021/22.

- **Business Rates Relief Equalisation Reserve**

36. This reserve has been created to offset any potential deficits created by additional business rate reliefs awarded by Central Government which will compensate for correspondingly lower income from the Collection Fund. The closing balance of this reserve is £5.6m.

- **Highways and Environment Reserve**

37. As approved by Full Council as part of the 2022/23 revenue budget, a £15.0m earmarked reserve has been established to fund works emerging from both the environmental strategy and the highways review over the next four years.

- **Earmarked Reserves**

38. This earmarked reserve contains balances of reserves previously held under services but have been deemed no longer required for their original purpose. Such reserves will be used to help deliver the Medium-Term Financial Strategy and the balance remains at £3.2m.

- **Section 256 Grants**

39. A total of £5.0m has been transferred into the Section 256 Eco Systems reserve to fund the future development of a new Ecosystem platform capability to enable improved health and care services across the Nottingham and Nottinghamshire Integrated Care System.

Financial Risks and Uncertainties

40. As reported previously, there are significant risks and uncertainties associated with the current environment that local authorities are operating within, both in the short and medium terms. It is therefore of paramount importance that the County Council takes appropriate measures against these risks, whilst acknowledging that, given the level of uncertainty overall, contingency plans may not be sufficient.

41. The main financial risks faced by the Council are as follows:-

- Any on-going financial impact of the COVID19 pandemic and the implications that this may have on the delivery of Council services.

- The cost pressures factored into the Council's budget may not be sufficient to meet the underlying cost and demand pressures that actually arise, particularly with regard to increased demand for Adults and Children's Social Care Services, Transport Services, the impact of the National Living Wage, agreement of the pay award, the impact of the proposed Adult Social Care reform as well as any additional burdens identified by Central Government.

- The COVID19 pandemic coupled with the UK leaving the EU has had a significant impact on the availability of staffing resource particularly in the social care sector as recruiting and retaining care staff across social care services remains difficult. Staff shortages have also been experienced in catering, facilities management and waste services.

- Whilst the Council is somewhat protected from immediate inflation on direct energy costs through the advanced purchasing arrangement with Crown Commercial Services (CCS), wider inflationary pressures driven by energy costs could have a detrimental impact across a whole range of service areas.

- Fuel prices which are at a record high, will also be felt across all areas of the organisation in due course, with the potential for contracts to become unaffordable for the council or unviable for some service providers.

- The 2022/23 Settlement reflected a one-year settlement only. As a result, estimated future increases in Central Government grants that are set out in the MTFS may not be in line with future announcements.

- Higher costs associated with the capital programme due to material shortages and increases in the cost of construction and other key materials.

42. Given these risks, adequate levels of balances and contingencies need to be maintained in order to provide short-term flexibility to manage unforeseen events, and to allow for any longer-term changes to be implemented. The increased level of reserve balances held as at 31 March 2022 reflects the higher level of risks faced by the Council.

43. The Annual Auditor's Report 2020/21 that was reported to the Governance and Ethics Committee in April 2022 set out that that the external auditors identified no significant weaknesses with regard to financial sustainability, governance or the Authority's arrangements for improving economy, efficiency and effectiveness. The report did make improvement recommendations with regard to issues surrounding budget construction as follows:-

- The Council needs to fully identify and develop savings plans across the medium term to address the identified funding gap. To address this recommendation, it is important to note that the Authority has a proven track record of managing its finances which was recognised in its LGA Peer Review in 2019. The Council's Budget Report 2022/23, which was approved at Full Council in February 2022, set out that the longer-term aim is to balance its budget by achieving cross-cutting long-term transformation programmes.

- The Council should consider utilising the LGA Plus benchmarking tool to inform its processes. The management response to this recommendation set out that as part of the ongoing development of the Council's Strategic Insight Unit, we are committed to making greater use of a full range of comparator and benchmarking tools, including LG Inform Plus. These analyses are now being used to inform our portfolio of corporate transformation and change programmes and to identify potential areas for further exploration and analysis to deliver financial and non-financial benefits.

Capital Expenditure

44. Capital Expenditure in 2021/22 totalled £95.977m. Table 3 shows the final 2021/22 Capital Programme broken down by Committee.

Table 3 – 2021/22 Capital Expenditure

Committee	Revised Budget £000	Total Outturn £000	Variance £000
Children & Young People	19,894	19,915	21
Adult Social Care & Public Health	971	553	(418)
Transport & Environment	57,139	51,260	(5,879)
Communities	2,064	958	(1,106)
Economic Devt & Asset Mngt	19,888	16,732	(3,156)
Finance	8,961	6,514	(2,447)
Personnel	191	45	(146)
Total	**109,108**	**95,977**	**(13,131)**

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

45. The major areas of investment in 2021/22 are listed in Table 4 below.

Table 4 – Major investment areas 2021/22

Committee	Scheme	2021/22 Capital Expenditure £'000
Children & Young People	School Places Programme	3,663
	School Building Improvement Programme	7,171
	Chapel Lane School, Bingham	4,116
Transport & Environment	Road Maintenance & Renewals	20,627
	Gedling Access Road	15,316
	Integrated Transport Measures	4,203
	Transport & Travel Services	2,634
	Street Lighting	2,393
Economic Devt & Asset Mngt	Top Wighay Farm Infrastructure Project	3,012
	Lindhurst Infrastructure Project	4,260
	Digital Connectivity Project	2,252
	Various IT Capital Projects	6,513

Capital Programme Variations

46. The changes in the gross Capital Programme for 2021/22, since its approval at Council (25/02/21) are summarised in Table 5 below.

Table 5 2021/22 Capital Programme

	£'000
Approved per Council (Budget Report 2020/21)	108,523
Variations funded from County Council Allocations : Net slippage from 2019/20 and financing adjustments	(54,533)
Variations funded from other sources : Net slippage from 2019/20 and financing adjustments	41,987
Revised Gross Capital Programme	**95,977**

47. To comply with financial regulations, every item of capital expenditure incurred by the Council must be approved, irrespective of how it is funded. The Council has been successful in securing a number of capital grants since the Annual Budget Report to Full Council in February 2022. Under the Council's new governance arrangements, the Section 151 officer has approved variations to the capital programme as set out in the following paragraphs.

Children and Young People

48. **School Places Programme** - The School Places programme focuses on the Council's statutory duty to provide sufficient school places across the county. An analysis of school place sufficiency is undertaken on a regular basis and informs the level of grant received from the Department for Education (DfE). The DfE have recently announced the level of local authority Basic Need capital allocations for 2023/24 and 2024/25. Nottinghamshire has received a Basic Need capital allocation of £38.4m for 2023/24 and £5.7m for 2024/25. The Children and Young People's portfolio capital programme has been varied to reflect these confirmed allocations.

49. **School Building Improvement Programme** – The Schools Building Improvement Programme focuses on the most immediate condition issues in the Council's maintained schools building stock. The DfE have recently announced a £9.6m School Condition capital grant for Nottinghamshire for 2022/23. The Children and Young People's portfolio capital programme has been varied to reflect that this funding will be used to fund the 2022/23 Schools Building Improvement Programme (£9.3m) and the 2022/23 School Access initiative Programme (£0.3m).

50. **Specialist School Capital Programme** – The Council has recently been allocated High Needs Provision capital allocations of £13.0m for 2022/23 and £12.2m for 2023/24. The Children and Young People's portfolio capital programme has been varied to reflect that this funding will be used to support the provision of high needs places required across the county.

44. **Connecting the Classroom** - The Authority has successfully secured £1.2m of Connecting the Classroom capital grant funding from the DfE to improve access issues at a number of schools across the county. The Children and Young People's portfolio capital programme has been varied to include this grant funding.

Adult Social Care and Public Health

51. **EcoSystem Platform** – The Council has been successful in securing £4.5m of Section 256 funding to enable the development and implementation of a new statutory Shared Care Record across the Nottingham and Nottinghamshire Integrated Care System. The project aims to give every health and care professional the data they need when they need it and improve the efficiency of the overall care provision. The Adult Social Care and Public Health portfolio capital programme has been varied to include the £4.5m Section 256 funding.

Transport and Environment

52. **Active Travel Fund** – Previous phases of the Active Travel Plan programme are already approved within the Transport and Environment portfolio capital programme. The Authority has been successful in securing a further £4.4m capital grant as part of the Department for Transport Active Travel Tranche 3 funding. The grant will be used to deliver interventions to encourage more walking and cycling across the county. The Transport and Environment portfolio capital programme has been varied to include the £4.4m Active Travel Funding allocation.

53. A small number of minor variations to the Capital Programme also require approval from the Service Director – Finance, Infrastructure and Improvement. These variations are set out in Appendix D.

Maximising the Use of Capital Grants 2021/22

54. 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.

55. Capital grant funding applied totalling £15.3m has been used to fund capital expenditure on projects in 2021/22 that would otherwise have been funded from borrowing.

Capital Financing

56. The following Table outlines how the 2021/22 capital expenditure has been financed.

Table 6 - 2021/22 Capital Financing

	Revised Budget (£'000)	Out-turn (£'000)	Variance (£'000)
Funding Source:			
Prudential Borrowing	37,446	7,941	(29,505)
Capital Grants	63,712	77,291	13,579
Revenue / Reserves	7,910	10,745	2,835
Gross Capital	**109,068**	**95,977**	**(13,091)**

57. Capital receipts for 2021/22 totalled £7.8m. This is £5.1m less than anticipated in the 2021/22 budget report as a small number of large value receipts have slipped into future financial years. These capital receipts have been used, per the capital flexibility directive, to fund one-off transformational costs incurred during the year and to repay prior year borrowing.

58. Total borrowing for the year is £7.9m, which is £29.5m less than the revised budget for 2021/22 of £37.4m. This is as a result of programme slippage and ensuring the maximised utilisation of capital grants at year-end.

59. The Capital Programme for 2022/23 will be monitored to ensure that borrowing for 2022/23 is managed within the prudential limits for the year. Funding by borrowing in 2022/23 is now projected to be £78.7m and the size of the revised Capital Programme for 2022/23 is £146.4m.

Statement of Accounts

60. The pre-audited Statement of Accounts will be certified by the Service Director – Finance, Infrastructure and Improvement before 1st August to meet the statutory requirements. They will subsequently be published on the Council's website. The external audit will then take place and therefore figures will be provisional, pending the completion of the audit which has to be completed by 30 November 2022.

61. All Treasury Management activities during 2021/22 were carried out within approved limits and adhered to approved policies and practices. Appendix F provides a full report on these activities.

Other Options Considered

62. This report sets out the financial out-turn position of the Authority's 2021/22 accounts including treasury management activities, variations to the capital programme and to seek approval for the transfer of £3.1m to the General Fund Balance. No other options were considered.

Reasons for Recommendations

63. For Cabinet to note the financial out-turn position of the Authority's 2021/22 accounts and approve a transfer into General Fund Balances.

Statutory and Policy Implications

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

RECOMMENDATIONS

That Cabinet notes:-

1a) The provisional 2021/22 year-end revenue position.

1b) The year-end position and movement of the Authority's reserves as detailed in paragraphs 24 to 39 and Appendix B.

1c) The final position on 2021/22 contingency requests as detailed in Appendix C.

1d) The year-end position for the 2021/22 Capital Programme and it's financing.

1e) The capital variations as set out in paragraphs 48 to 52 and Appendix D.

1e) The Council's 2021/22 Prudential Indicators as detailed in Appendix E.

1f) The Treasury Management outturn report in Appendix F.

This report also seeks that Cabinet:-

2) Approves the transfer to General Fund Balances of £3.1m, as set out in paragraph 25 and Appendix B.

Councillor Richard Jackson
Cabinet Member for Finance

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

Constitutional Comments (GR 24/06/2022)
Cabinet has the authority to receive and make the recommendations contained within this report.

Financial Comments (GB 10/06/2022)
The financial implications are set out in the report.

Background Papers
Period 11 Financial Monitoring Report

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

MANAGEMENT ACCOUNTS SUMMARY 2021/22

Committee	2021/22 Final Budget £'000	2021/22 Final Out-turn £'000	Variance £'000
Children & Young People	153,186	153,350	164
Adult Social Care & Public Health	204,946	197,934	(7,012)
Transport & Environment	112,997	110,778	(2,219)
Communities	18,641	17,619	(1,022)
Economic Development & Asset Management	21,506	20,237	(1,269)
Policy	3,161	2,939	(222)
Finance	16,035	16,139	104
Governance & Ethics	7,827	8,165	338
Personnel	18,701	17,441	(1,260)
Net Committee Total	**557,000**	**544,602**	**(12,398)**
Schools Budget (after Dedicated Schools Grant)	1,595	1,595	-
Net Schools total	**1,595**	**1,595**	**-**
Trading Services	969	1,471	502
Central Items Managed through Finance Committee			
Capital Charges included in Committees	(45,360)	(45,360)	-
Statutory Provision for Debt Redemption	11,867	12,117	250
Interest and Dividends	21,323	18,672	(2,651)
Contingency	7,981	-	(7,981)
Flood Defence Levies	294	302	8
Pension Enhancements	2,050	1,304	(746)
Trading Organisations	1,300	612	(688)
Miscellaneous Inc and Exp / Write Offs	-	(1,638)	(1,638)
New Homes Bonus	(1,172)	(1,172)	-
Other Government Grants	(13,706)	(27,508)	(13,802)
Adult Social Care Support Grant	(24,301)	(24,301)	-
Central Items	**(39,724)**	**(66,972)**	**(27,248)**
Expenditure prior to Use of Reserves	**519,840**	**480,696**	**(39,144)**

Reserves and Balances

Transfer to /(from) Corporate Reserves			
PFI Reserves:			
East Leake PFI	4	20	16
Bassetlaw PFI	53	9	(44)
Waste PFI	110	168	58
Workforce Reserve	(1,500)	473	1,973
Highways & Environment Reserve	-	15,000	15,000
Strategic Dev Fund	-	5,501	5,501
Historic Abuse Inquiry	(46)	(1,394)	(1,348)
Capital Projects	-	13,957	13,957
NDR pool projects	(550)	(550)	-
Business Rates Relief Equalisation	-	5,631	5,631
COVID Recovery Reserve	-	(13,614)	(13,614)
Net transfer to /(from) Corporate Reserves	**(1,929)**	**25,201**	**27,130**
Transfer to /(from) Departmental Reserves			
Children & Young People	1,125	1,125	-
Adult Social Care & Public Health	10,241	17,253	7,012
Transport & Environment	(774)	854	1,628
Communities	124	325	201
Economic Development & Asset Management	2,111	2,182	71
Traders Reserves	(421)	(421)	-
Net transfer to /(from) Departmental Reserves	**12,406**	**21,318**	**8,912**
Transfer to/(from) General Fund	**-**	**3,102**	**3,102**
Funding Required	**530,317**	**530,317**	**-**
Funding			
Council Tax/Surplus on Collection	404,653	404,653	-
Revenue Support Grant/Business Rates	125,664	125,664	-
Total Funding	**530,317**	**530,317**	**-**

SUMMARY OF REVENUE RESERVES

	Brought Forward 01/04/2021 £'000	Use (-) in 2021/22 £'000	Contribution (+) 2021/22 £'000	Transfers 2021/22 £'000	Carry Forward 31/03/2022 £'000
General Fund Balances	**32,117**	**-**	**3,102**	**-**	**35,219**
Schools Reserves	**28,528**	**(1,945)**	**3,505**	**-**	**30,087**
Insurance Reserves	**36,679**	**(14)**	**2,708**	**-**	**39,373**
Other Earmarked Reserves					
Corporate Reserves					
Earmarked Reserves	3,204	-	-	-	3,204
Capital Projects Reserve	7,538	(8,095)	14,173	2,154	15,770
NDR Pool Reserve	11,482	(550)	14	(2,154)	8,792
East Leake PFI	2,909	(30)	20	-	2,899
Bassetlaw Schools PFI	876	(2)	864	-	1,738
Waste PFI	24,275	-	168	-	24,443
Strategic Development Fund	12,415	-	5,501	-	17,916
Highways & Environment Reserve	-	-	15,000	-	15,000
Workforce Reserve	6,150	-	473	-	6,623
IICSA Reserve	1,394	(1,394)	-	-	-
Council Tax Equalisation Reserve	2,350	-	-	-	2,350
COVID Recovery Reserve	19,283	(13,614)	-	-	5,669
Business Rates Relief Equalisation Reserve	-	-	5,631	-	5,631
Section 256 Grants	-	-	5,046	-	5,046
Earmarked for Services Reserves					
Trading Activities	625	(421)	-	-	204
Earmarked for Services Reserves	9,409	(864)	4,124	-	12,669
Revenue Grants	16,606	(3,866)	7,775	-	20,515
Section 256 Grants	22,629	(2,899)	13,693	-	33,423
Subtotal Other Earmarked Reserves	**141,145**	**(31,735)**	**72,482**	**-**	**181,892**
Total Usable Revenue Reserves	**238,469**	**(33,694)**	**81,797**	**-**	**286,572**

EARMARKED FOR SERVICES RESERVES DETAIL

	Brought Forward 01/04/2021 £'000	Use (-) in 2021/22 £'000	Contribution (+) 2021/22 £'000	Transfers 2021/22 £'000	Carry Forward 31/03/2022 £'000
Adult Social Care and Public Health					
Trading Activities	-	-	-	-	-
Earmarked for Services Reserves	6,089	-	3,165	-	9,254
Revenue Grants	12,087	(3,267)	6,274	-	15,094
Section 256 Grants	22,629	(2,899)	13,693	-	33,423
Children and Family Services					
Trading Activities	564	(421)	-	-	143
Earmarked for Services Reserves	1,009	(177)	496	-	1,328
Revenue Grants	2,640	(120)	927	-	3,447
Section 256 Grants	-	-	-	-	-
Place and Communities					
Trading Activities	-	-	-	-	-
Earmarked for Services Reserves	2,275	(686)	461	-	2,050
Revenue Grants	1,879	(479)	575	-	1,975
Section 256 Grants	-	-	-	-	-
Chief Executives					
Trading Activities	61	-	-	-	61
Earmarked for Services Reserves	36	-	-	-	36
Revenue Grants	-	-	-	-	-
Section 256 Grants	-	-	-	-	-
Total Earmarked For Services Reserves	**49,269**	**(8,049)**	**25,591**	**-**	**66,811**

ALLOCATIONS FROM CONTINGENCY

	2021/22	
	£000	£000
Opening Contingency Budget		**12,665**
Approved contingency requests		
Social Impact Bond - Savings Slippage	(250)	
Maximising Income - Adults Savings w/o	(130)	
CYP Insurance Recharge	(54)	
Graduate trainees	(77)	
Procurement Subscriptions	(10)	
Transformation and Change restructure	(270)	
Resident Engagement	(50)	
Foster Carer "Thank you"	(100)	
Via -Additional pension contributions	(282)	
Tour of Britain	(100)	
Armed Forces Community Budget	(20)	
D2N2 LEP Contribution	(63)	
Pay Award 21/22	(3,279)	
Total Approved contingency requests		**(4,684)**
Reported under/ (over) spend on contingency		**7,981**

VARIATIONS TO THE CAPITAL PROGRAMME

Appendix D

Committee	Project/ Programme	Value (£000)	Funded by:
Children & Young People's	Bestwood Hawthorne New School	(50)	Capital Allocation
Children & Young People's	Watnall Road New School	50	Capital Allocation
Children & Young People's	Clayfields House	75	Capital Allocation
Transport & Environment	Salix Funded Street Lighting	122	Capital Allocation
Transport & Environment	Street Lighting Renewal	(122)	Capital Allocation

REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

MONITORING OF 2021/22 PRUDENTIAL INDICATORS

1. To provide an update to the County Council's current position in terms of capital expenditure, external debt, financing costs as a percentage of net revenue stream and the capital financing requirement relative to the Prudential Code indicators identified in the 2021/22 budget report.

Background

2. The Prudential Code for Capital Finance in Local Authorities was developed by CIPFA as a professional code of practice to support local authorities in determining their programmes for capital investment. Local authorities are required by regulation to have regard to the Prudential Code under Part 1 of the Local Government Act 2003. Individual local authorities are responsible for deciding the level of their affordable borrowing, having regard to the Prudential Code. The Executive Summary of the Code states that "The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice."

3. In particular, the Prudential Code requires the Council to be aware of the impact of financing capital expenditure on its overall revenue expenditure position. The costs of financing additional capital expenditure are the interest payable to external lenders and the amounts set aside to reduce the level of borrowing. In deciding whether or not borrowing is affordable, prudent and sustainable, the most important consideration is whether, over the term of the borrowing, these costs can be met from the revenue budget without unacceptable consequences.

Prudential Indicators

4. Monitoring Requirements
Under the Prudential Code, an authority is required to establish indicators that are sufficiently robust and credible for it to be able to use them to form a judgement as to whether its proposed capital investment is affordable, prudent and sustainable. The Prudential Code requires that the prudential indicators are monitored regularly throughout the year and that the actual values of some of them are reported at year end.

This report is concerned only with prudential indicators relating to capital investment.

5. Overview of Prudential Indicators
The following prudential indicators, whose actual values must be reported at year end, relate to affordability and prudence.

6. Estimate of capital expenditure
In any year, the level of capital expenditure is likely to deviate from the estimate in the budget report as a result of new additions to the Capital Programme, cancellations of schemes, and slippage, acceleration and changing specifications of projects. The Capital Programme is monitored on a monthly basis and variations to the Capital Programme are reported to Finance Committee.

7. Estimate of the capital financing requirement (CFR)
The capital financing requirement is a measure of the Authority's underlying need to borrow for capital purposes. This relates to capital expenditure which has not yet been financed by capital receipts, capital grants or contributions from revenue income. This is not the same as external debt since the Authority manages its position in terms of borrowings and investments in accordance with its integrated treasury management strategy and practices. For example, rather than borrowing from an external body, the Authority may judge it prudent to make use of cash that it has already invested for long-term purposes, such as reserves, for 'internal borrowing'. This means that there is no immediate link between the need to borrow to pay for capital spending and the level of external borrowing.

In order to ensure that, over the medium term, net borrowing will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

8. External debt
External debt includes gross borrowing and other long-term liabilities.

9. Operational boundary for external debt
The operational boundary is the estimated maximum level of external debt in the most likely (i.e. prudent, but not worst-case) scenario. The operational boundary is a key management tool for in-year monitoring. It will probably not be significant if the external debt temporarily breaches the operational boundary on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and would require investigation and possible action (e.g. to ensure that borrowing, other than temporary borrowing, is not undertaken for purposes other than funding approved capital expenditure).

10. Authorised limit for external debt
The authorised limit is the intended absolute limit for external debt and exceeds the operational boundary by an amount that provides sufficient headroom for events such as unusual cash movements. If it appears that the authorised limit might be breached, the Service Director – Finance, Infrastructure and Improvement has a duty to report this to the County Council for appropriate action to be taken.

11. Financing costs as a percentage of net revenue stream

The Prudential Code requires the Council to be aware of the impact of financing capital expenditure on its overall revenue expenditure position. The relevant indicator is the financing costs of capital expenditure expressed as a percentage of the net revenue stream, where:

- the costs of financing capital expenditure are interest payable to external lenders less interest earned on investments plus amounts set aside to reduce the level of borrowing; and
- the net revenue stream is the amount of the revenue budget to be met from government grants and local taxpayers.

12. Prudential Indicators: Monitoring against 2021/22 Budget

The following table shows monitoring against those indicators that were approved for 2021/22 in the Budget Report to Council in February 2020.

<table>
<tr><th>Indicator</th><th>Comments</th></tr>
<tr><td>Estimated capital expenditure
(excluding Schools Devolved Formula Capital and schools’ capital expenditure funded from their own revenue budget)

2021/22 Budget: £108.523m
2021/22 Actual: £95.977m</td><td>Capital programme is £12.546m less than anticipated, as explained in the table:

<table>
<tr><th>Reason</th><th>£m</th></tr>
<tr><td>Slippage from 2020/21 to 2021/22</td><td>20.345</td></tr>
<tr><td>Re-phasing/slippage approved in-year</td><td>(7.799)</td></tr>
<tr><td>TOTAL</td><td>12.546</td></tr>
</table></td></tr>
<tr><td>Estimated capital financing requirement
(taking into account PFI Finance Lease Liabilities)

2021/22 Budget: £870m

2021/22 Actual: £801m</td><td>The actual level of the capital financing requirement was £69m less than the indicator, as explained in the table:

<table>
<tr><th>Reason</th><th>£m</th></tr>
<tr><td>Borrowing below budgeted level in 2020/21 (primarily due to slippage of expenditure funded by borrowing)</td><td>(13)</td></tr>
<tr><td>Variance in additions and repayment of Finance Lease Liabilities and MRP estimate</td><td>(6)</td></tr>
<tr><td>Variance in capital receipt income</td><td>4</td></tr>
<tr><td>Borrowing below budgeted level in 2021/22 (primarily due to slippage of capital expenditure funded by borrowing and maximisation of capital grant usage)</td><td>(54)</td></tr>
<tr><td>TOTAL</td><td>(69)</td></tr>
</table></td></tr>
</table>

Indicator	Comments
External debt (incl. PFI Finance Lease Liabilities) Authorised limit for borrowing: £612m Authorised limit for other long-term liabilities: £108m Authorised limit for external debt: £720m Operational boundary for borrowing: £587m Operational boundary for other long-term liabilities: £108m Operational boundary for external debt: £695m Actual borrowing: £505m Actual other long-term liabilities: £103m Total actual debt at 31/03/22: £608m	The actual level of external debt was below both the authorised limit of £720m and the operational boundary of £695m throughout 2021/22.
Financing costs as a percentage of net revenue stream (incl. impact of PFI Finance Lease Liabilities) 2021/22 Budget: 9.5% 2021/22 Actual: 8.5%	The total of actual financing costs as a percentage of net revenue stream was slightly below the budgeted figure as a result of lower than expected interest charges.

13. Summary

The Prudential Code indicators will continue to be monitored and reported against budgeted figures.

REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT

TREASURY MANAGEMENT OUTTURN REPORT 2021/22

1. Purpose

To provide a review of the Council's treasury management activities for the year to 31 March 2022.

Information and Advice

2. Background

2.1 Treasury management is defined as 'the management of the council's investments and cashflows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

2.2 The Council's Treasury Management Strategy is approved annually by Full Council and there is also a mid-year report which goes to Full Council. Responsibility for the implementation, scrutiny and monitoring of treasury management policies and practices is delegated to the *Treasury Management Group*, comprising:

- the Service Director (Finance, Infrastructure & Improvement)
- the Group Manager (Financial Services)
- the Senior Accountant (Pensions & Treasury Management)
- the Senior Accountant (Financial Strategy & Accounting)
- the Investments Officer.

2.3 During 2021/22, borrowing and investment activities were in accordance with the approved limits as set out in the Council's Treasury Management Policy and Strategy. The main points from this report are:

- All treasury management activities were carried out by authorised officers within the limits agreed by the Council.
- All investments were made to counterparties on the Council's approved lending list.
- Reports have been submitted to Council and the Finance & Major Contracts Management Committee as required.
- The Council's net external borrowing decreased by £10.8m during the financial year.
- Over the course of the year the Council earned 0.08% on its cash investments, exceeding the adjusted average Sterling Overnight Index Average (SONIA) rate for 2021/22 which was 0.02%

3. Outturn Treasury Position

3.1 The Council's treasury management strategy and associated policies and practices for 2021/22 were approved in February 2021 by Full Council. The

Service Director (Finance, Infrastructure & Improvement) complied with the strategy throughout the financial year.

3.2 Table 1 below shows the Council's treasury portfolio position on 31 March 2022. It can be seen from the approximately 3.5% differential between borrowing and lending rates that it remains in the Council's financial interests to keep its actual borrowing to finance capital expenditure as low as is practicable: in other words, by making use of 'internal borrowing' wherever possible. This also ensures the Council maintains lower cash balances, which also minimises credit risk.

Table 1. Treasury Position as at 31 March 2022		**£m**	**£m**	**Average Interest Rate**
EXTERNAL BORROWING				
Long-term				
Fixed Rate	PWLB	404.4		3.94%
	LOBOs	60.0		3.85%
	Other	30.0	494.4	3.80%
Short-term				
Fixed Rate	Other	-	-	
Total			**494.4**	
Other Long-Term Liabilities			**103.0**	
Total Gross Debt			**597.4**	
Less: Investments			(174.8)	0.40%
Total Net Debt			**422.6**	

Notes: PWLB = Public Works Loans Board
LOBOs = Lenders' Option, Borrowers' Option loans
Other = market loans taken directly from banks or via brokers

4. Treasury Management Activities 2021/22

4.1 The Council manages its cash flows through borrowing and lending activities on the wholesale money markets. The Council has an approved list of counterparties for investment and aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity.

4.2 The change in the Council's temporary cash balances over the financial year is summarised in Table 2 below.

Table 2 Temporary cash balances	**£m**
Outstanding 31 March 2021	99.2
Amount lent during 2021/22	835.9
Amount repaid during 2021/22	(760.3)
Outstanding 31 March 2022	174.8

4.3 The Council's average cash investment level over 2021/22 was £159.0m (compared with £84.5m in 2020/21). The return achieved on this balance over the course of the year was 0.08% against the 7-day SONIA, the new standard benchmark, which was 0.02%. Investment rates available in the market remain low but did increase towards the end of the year.

4.4 Members should note that the Sterling Overnight Index Average (SONIA) replaced the previous London Interbank Offered Rate (LIBOR) and London Interbank Bid Rate (LIBID) as short-term interest rate benchmarks in December 2021. Unlike LIBOR and LIBID, which were based on theoretical borrowing costs, SONIA is based on actual market transaction data, and is thus perceived to be at lower risk of manipulation by market players.

4.5 It should also be noted that the Council has for the present retained the adjustment factor of '-0.125%' (universally applied in the derivation of LIBID from LIBOR) and has applied this to SONIA to derive its own returns benchmark, as being the closest match to LIBID. The retention or amendment of this adjustment will be considered at the next Treasury Management Group meeting.

4.6 Table 3 shows the returns achieved by type of deposit.

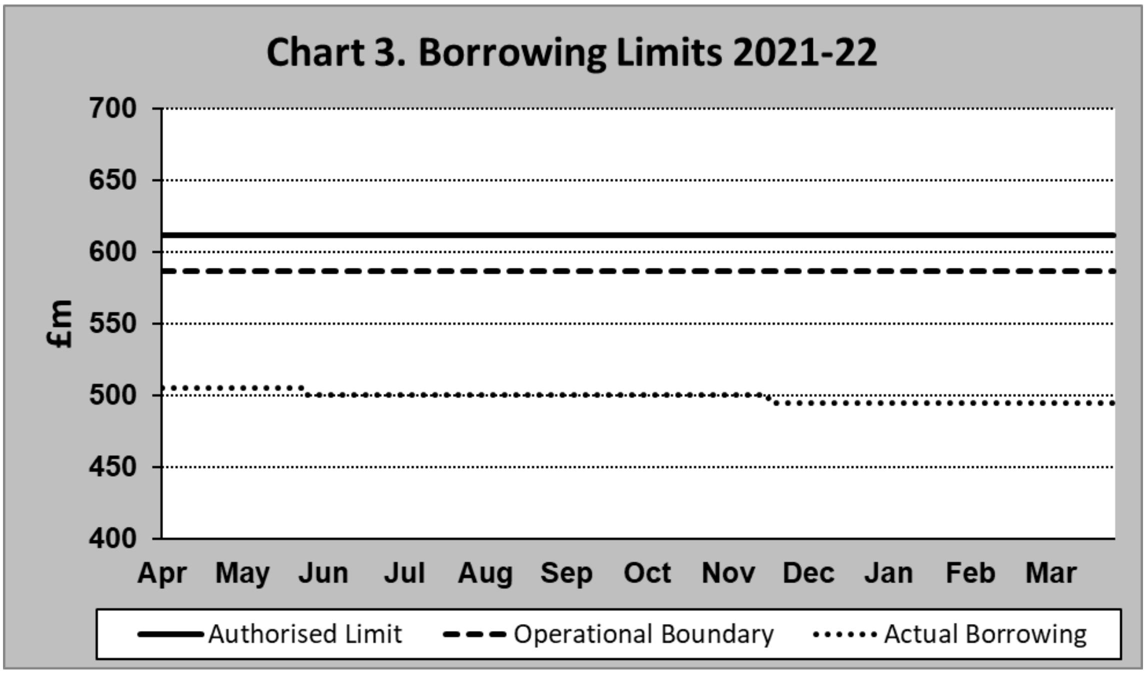
Table 3 Returns on Investments	**Average Balance**	**Interest Earned**	**Average Return**
	£m	**£000**	**%**
Fixed Term Investments	59.6	51.4	0.09
Call Accounts / Money Market Funds	99.4	69.3	0.07
Total	159.0	120.7	0.08

5. Long Term Borrowing

5.1 The Treasury Management Strategy for 2021/22 presented to Council in February 2021 outlined the Council's long-term borrowing strategy for the year. Long-term borrowing is sourced from either the market (including other local authorities) or from the PWLB.

5.2 The Treasury Management Strategy for 2021/22 identified a need to borrow approximately £70m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. However, due to slippage and higher than expected cash balances, no new long-term loans needed to be taken. In other words, the Council was able to use its cash balances to temporarily postpone its entire £70m borrowing requirement.

5.3 Total external borrowing stood at £494.4m on the 31 March 2022 which is within the operational boundary of £587m agreed by the Council. The chart below shows that the level of external debt throughout the year was below the key treasury indicators of the authorised limit and the operational boundary, demonstrating that borrowing was well within plan during the year. Further details on these treasury prudential indicators are provided in Appendix D.



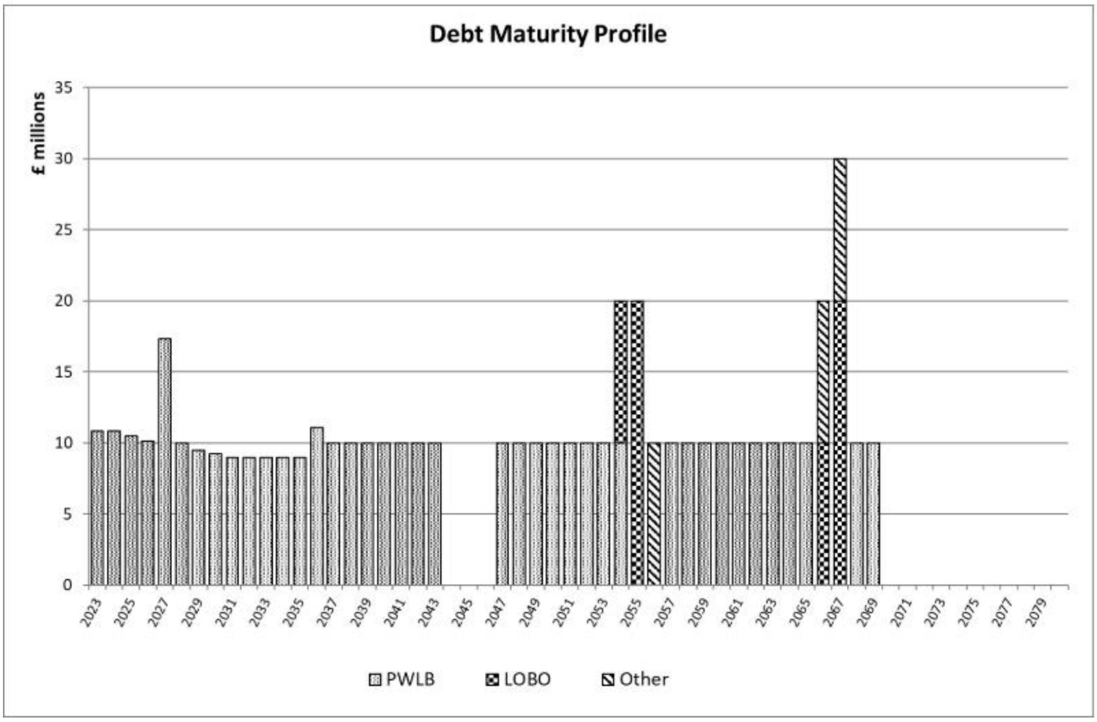
5.4 Table 4 shows the movement in long-term borrowing during 2021/22.

Table 4 Lender	B/fwd 01/04/21 £m	Advances 2021/22 £m	Normal Repayments 2021/22 £m	Premature Repayments 2021/22 £m	C/fwd 31/03/22 £m
PWLB	415.2	-	(10.8)	-	404.4
LOBO	60.0	-	-	-	60.0
Market	30.0	-	-	-	30.0
Total	505.2	-	(10.8)	-	494.4

5.5 LOBOs are loans whereby the lender can opt, at specified dates, to increase the interest rate payable and the borrower can either accept the increased rate or repay the loan in full. These options constitute a greater degree of interest rate risk for the Council. The market loans in the table above are ex-LOBOs that have been converted to straightforward maturity loans.

5.6 The movement in PWLB standard maturity rates during 2021/22 is shown in the chart below. This shows that rates slightly increased over the course of the second half of the year, as various lockdown restrictions were lifted and economic growth - bringing with it inflationary pressures - could begin again.

5.7 The chart below shows the debt maturity profile at 31 March 2022. This is spread fairly evenly until 2044, thereby minimising refinancing risk. In this chart it is assumed that the remaining LOBO loans will run to maturity, and not be called at an earlier date. The average rate on all outstanding external debt at year-end was 3.92% (compared to 3.97% in 2020/21, and 4.09% in 2019/20), reflecting both the lower rates now available to the Council and the higher rates of the Council's maturing debt.



5.8 The Council has always had the option of rescheduling its existing PWLB debt should market conditions indicate opportunities for savings. This would be achieved by redeeming fixed rate debt and raising new debt at a lower rate of interest. However, for a number of years now the PWLB has charged a prohibitive premium on early redemptions. No financially attractive opportunities for debt rescheduling therefore arose over the reporting period.

6. Prudential Indicators for Treasury Management

6.1 Table 6 below shows how the treasury management outturn position compares with the prudential indicators for the year. The objective of these indicators is to manage treasury management risks effectively. No indicators were breached during the year.

Table 6 **TREASURY MANAGEMENT INDICATORS 2021/22**	**Approved limits**	**Outturn**
Authorised Limit for external debt	£612m	£494.4m
Operational Boundary for external debt	£587m	£494.4m
Upper limit for Rate Exposure – Fixed **Upper limit for Rate Exposure - Variable**	100% 75%	100% 0%
Upper limit for principal sums invested for over 364 days	Higher of £20m and 15%	£0m

6.2 Table 7 shows how the Council's debt portfolio is managed with regard to maturity structure. The aim here is to ensure that the risk of the Council having to replace maturing debt in any one year is minimised, as part of an overall Treasury Management risk strategy.

Table 7 **Maturity structure of fixed rate borrowing**	**Approved Lower limit**	**Approved Upper limit**	**Outturn**
under 12 months	0%	25%	3.5%
12 months and within 24 months	0%	25%	2.2%
24 months and within 5 years	0%	75%	7.6%
5 years and within 10 years	0%	100%	9.3%
10 years and above	0%	100%	77.4%
Adoption of CIPFA's Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes			Adopted

Nottinghamshire County Council

Report to Cabinet

14 July 2022

Agenda Item: 5

REPORT OF THE CABINET MEMBER FOR FINANCE

FINANCIAL MONITORING REPORT: PERIOD 2 2022/2023

Purpose of the Report

1. To provide Cabinet with a summary of the budget monitoring position as at Period 2.

Information and Advice

Background

2. The Council approved the 2022/23 budget at its meeting on 24 February 2022. As with previous financial years, progress updates will be closely monitored and reported to management, the Cabinet Member for Finance or Cabinet each month.

Summary Revenue Position

3. The table below summarises the revenue budgets for each Portfolio for the forthcoming financial year. An overspend of £4.4m is currently projected against the budget approved by Full Council in February 2022. As a consequence of this adverse variance and the significant levels of uncertainty and financial challenges facing the Council over the medium term, the key message to effectively manage budgets and, wherever possible, deliver in-year savings is being reinforced.

Table 1 – Summary Revenue Position

Portfolio	Annual Budget £'000	Actual to Period 2 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
Children & Young People	166,975	13,442	169,264	2,289
Adult Social Care & Public Health	234,103	3,796	233,678	(425)
Transport & Environment	116,612	2,129	117,391	779
Communities	18,508	4,976	18,653	145
Economic Development & Asset Management	25,165	1,088	25,353	188
Deputy Leader & Transformation	5,067	762	5,148	81
Finance	15,594	2,466	15,549	(45)
Personnel	26,018	4,178	26,485	467
Net Committee (under)/overspend	**608,042**	**32,837**	**611,521**	**3,479**
Central items	(36,678)	(3,674)	(36,678)	-
Schools Expenditure	126	-	126	-
Contribution to/(from) Traders	(2,012)	328	(1,338)	674
Forecast prior to use of reserves	**569,478**	**29,491**	**573,631**	**4,153**
Transfer to / (from) Corporate Reserves	(5,463)	-	(5,463)	-
Transfer to / (from) Departmental Reserves	(4,543)	-	(4,273)	270
Transfer to / (from) General Fund	-	-	-	-
Net County Council Budget Requirement	**559,472**	**29,491**	**563,895**	**4,423**

Committee Variations

Children & Young People's (£2.3m overspend)

4. The Children and Young People's portfolio is currently forecasting an overspend of £2.3m after the planned use grant reserves. This mainly relates to a £2.0m overspend in Commissioning and Resources and a further £0.3m overspend across tother areas in the Department.

5. The Commissioning and Resources Division relates to a forecast overspends against external Looked After Children placement costs and Internal Residential Homes budgets offset by underspends in Children's Centre and internal foster care payment budgets.

6. A summary of key actions that are being undertaken to help manage the forecast overspend and large variances:

- Review of a high-cost recharge from Clayfields to External Residential placements to ensure that an equitable rate is being used and consideration being given to introducing a rebate. This could potentially reduce the Clayfields excess surplus and reduce the placements/departmental overspend by up to £0.25m.

- The Public Health income budget line within Children's Centres be increased by £0.24m to reflect the actual recharge income level (that increased from 2021-22).
- Review of cost and income generation within current Internal Residential Homes.
- Continued focus and prioritisation of Whole Family Safeguarding projects to help maximise benefits in 2022-23 and incorporation into longer term trends/forecasts.

Transport & Environment (£0.8m overspend)

7. The Transport and Environment portfolio is currently reporting a forecast overspend of £0.8m. This is mainly due to a forecast overspend against the Via East Midlands contract of £0.9m with a £0.1m underspend reported against other portfolio budgets.

8. The £0.9m forecast overspend reported against the VIA East Midlands contract is due to increased inflationary pressures across the highways sector. The VIA contract includes for inflationary payments based on a suite of relevant inflation indices for plant, labour and material costs. A review of revenue activity has been initiated with a view to maintaining service levels whilst reducing overall costs. A further company-wide review of operations and efficiencies over the coming months will also take place.

Trading Services

9. Schools Catering is forecasting a deficit of £0.7m as operations are continuing to function below pre-Covid levels. The business is also anticipating further financial challenges as a result of inflationary pressures and recruitment issues which are expected to continue throughout the financial year.

Central Items

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

11. The Council's budget includes a base contingency budget of £4.0m to cover redundancy costs, slippage of savings and other potential unforeseen events. Also, in 2022/23 further demand and inflationary pressures have been identified that have a degree of uncertainty with regard to likelihood, value and profiling; including assumption on pay awards. As such, an additional provision of £13.3m has been made within the contingency to fund these pressures should they arise. The Cabinet, Cabinet Member for Finance or the Section 151 Officer are required to approve the release of contingency funds.

Requests for Contingency

12. In March 2022, agreement was reached with regard to the Local Government Services' Pay Agreement for 2021/22. Under the agreement, local government accepted a 1.75% pay increase for 2021/22. This equates to an additional cost of £3.3m and Cabinet approval is sought to fund this uplift from provision made within the Council's contingency budget.

13. In addition, there is already a call on the 2022/23 contingency budget from requests that have been approved by the previous Finance Committee or the Section 151 Officer. These are as follows: -

    - Tour of Britain – Communities Portfolio - £100,000
    - Graduate Trainees – Personnel Portfolio - £58,000
    - Armed Forces Community Budget – Communities Portfolio - £20,000
    - Platinum Jubilee / Nottinghamshire Day – Personnel Portfolio - £100,000
    - Revised Governance Arrangements – Personnel Portfolio - £160,000
    - Council Tax – Single Person Discount Review – Finance Portfolio -£66,482

Table 1 assumes that the remaining contingency budget will be utilised in full for future requests

Main Areas of Risk within the 2022/23 budget

14. As reported previously, there are significant risks and uncertainties associated with the current environment that local authorities are operating within, both in the short and medium terms. The main financial risks emerging for the Council are as follows:-

    - Any on-going financial impact of the COVID19 pandemic and the implications that this may have on the delivery of Council services.
    - The cost pressures factored into the Council's budget may not be sufficient to meet the underlying cost and demand pressures that actually arise, particularly with regard to Adults and Children's Social Care Services, Transport Services, the impact of the National Living Wage, agreement of the pay award, the impact of the proposed Adult Social Care reform as well as any additional burdens identified by Central Government.
    - The COVID19 pandemic coupled with the UK leaving the EU has had a significant impact on the availability of staffing resource particularly in the social care sector as recruiting and retaining care staff across social care services remains difficult. Staff shortages have also been experienced in catering, facilities management and waste services.
    - Whilst the Council is somewhat protected from immediate inflation on direct energy costs through the advanced purchasing arrangement with Crown Commercial Services (CCS), wider inflationary pressures driven by energy costs could have a detrimental impact across a whole range of service areas.
    - Fuel prices which are at a record high, will also be felt across all areas of the organisation in due course, with the potential for contracts to become unaffordable for the council or unviable for some service providers.
    - The 2022/23 Settlement reflected a one-year settlement only. As a result, estimated future increases in Central Government grants that are set out in the MTFS may not be in line with future announcements.

- Higher costs associated with the capital programme due to material shortages and increases in the cost of construction and other key materials.

15. These emerging pressures that will affect in-year budget, as well as across the Medium-Term Financial Strategy, will be monitored throughout the year. Future impacts will need to be considered as part of the budget setting process for future years.

Balance Sheet
General Fund Balance

16. Cabinet will be asked to approve the 2021/22 closing General Fund Balance of £35.2m on 14 July 2022. This balance represents 6.2% of the net budget requirement.

Capital Programme

17. Table 2 summarises changes to the gross Capital Programme for 2022/23 since approval of the original Programme in the Budget Report (Council 24/02/22):

Table 2 – Revised Capital Programme for 2022/23

	2021/22	
	£'000	**£'000**
Approved per Council (Budget Report 2020/21)		126,879
Variations funded from County Council Allocations :		
Net slippage from 2020/21 and financing adjustments	22,321	
		22,321
Variations funded from other sources :		
Net variation from 2020/21 and financing adjustments	192	
		192
Revised Gross Capital Programme		**149,392**

18. Table 3 shows actual capital expenditure to date against the forecast out-turn at Period 2.

Portfolio	Revised Capital Programme £'000	Actual Expenditure to Period 2 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People's	46,323	4,739	46,370	47
Adult Social Care & Public Health	277	76	320	43
Transport & Environment	53,562	2,056	52,481	(1,081)
Communities	3,225	128	3,232	7
Economic Devt & Asset Mngt	28,820	(76)	28,820	-
Finance	12,530	926	12,430	(100)
Personnel	106	-	106	-
Contingency	4,549	-	4,549	-
Total	**149,392**	**7,849**	**148,308**	**(1,084)**

Variations to the Capital Programme

19. Under the Council's new governance arrangements, the Section 151 officer has approved variations to the capital programme as set out in the following paragraphs:

20. **Fostering Capital Programme** – At the Corporate Asset Management Group (CAMG) meeting held on 20 June 2022, a capital bid was submitted relating to two Fostering Family projects whereby the sibling groups had outgrown the space available for them. CAMG agreed that the project could proceed as an invest to save programme. The Children and Young People's portfolio capital programme has been varied by £0.27m, funded from capital contingency, to reflect the inclusion of the two Fostering Family projects.

21. **Clayfields House -** At the Corporate Asset Management Group (CAMG) meeting held on 20 June 2022, a capital bid was submitted seeking £0.36m, to complement the £2.85m capital grant secured from the Department for Education to further facilities at Clayfields House. CAMG agreed that the project could proceed as an invest to save programme with the investment being recovered from future surpluses at Clayfields House. The Children and Young People's portfolio capital programme has been varied by £0.36m, funded from capital contingency, to reflect the additional works to be undertaken at Clayfields House

22. **Disabled Facilities Grant** - The Authority has received a Disabled Facilities Grant totalling £0.64m to fund the purchase of equipment that can enable adults with special needs to remain in their homes. The Adult Social Care and Public Health portfolio capital programme has been varied to reflect the £0.64m capital grant received by the Authority.

23. **Integrated Transport Measures / Road Safety** - It has been identified that £0.457m of costs relating to the Road Safety capital budget were incurred on the Integrated Transport Measures budget in error in 2021/22. The Transport and Environment portfolio capital budget has been varied to amend 2022/23 budget allocations.

24. **Green Investment Fund** – The establishment of a £15m Highways and Environment reserve was approved as part of the Annual Budget Report 2022/23 that was submitted to Full Council in February 2022. It has been agreed that £0.75m (£0.25m per annum commencing 2022/23)

will be used to part-fund the Green Investment Fund capital budget. The Transport and Environment portfolio capital programme has been varied by £0.75m, funded from reserves, to reflect this additional allocation to fund Green Investment Fund initiatives.

Financing of the Approved Capital Programme

25. Table 4 summarises the financing of the overall approved capital programme for 2022/23

Table 4 – Financing of the Approved Capital Programme for 2022/23

Portfolio	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People's	26,925	19,348	-	50	46,323
Adult Social Care & Public Health	43	211	-	23	277
Transport & Environment	12,549	40,013	726	274	53,562
Communities	3,035	170	20	-	3,225
Economic Devt & Asset Mngt	22,979	4,667	100	1,074	28,820
Finance	8,555	2,040	-	1,935	12,530
Personnel	106	-	-	-	106
Contingency	4,549	-	-	-	4,549
Total	**78,741**	**66,449**	**846**	**3,356**	**149,392**

26. It is anticipated that borrowing in 2022/23 will increase by £21.2m from the forecast in the Budget Report 2022/23 (Council 24/02/22). This increase is primarily a consequence of:

- £22.3m of net slippage from 2021/22 to 2022/23 and financing adjustments funded by capital allocations.
- Net slippage in 2022/23 of £1.1m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

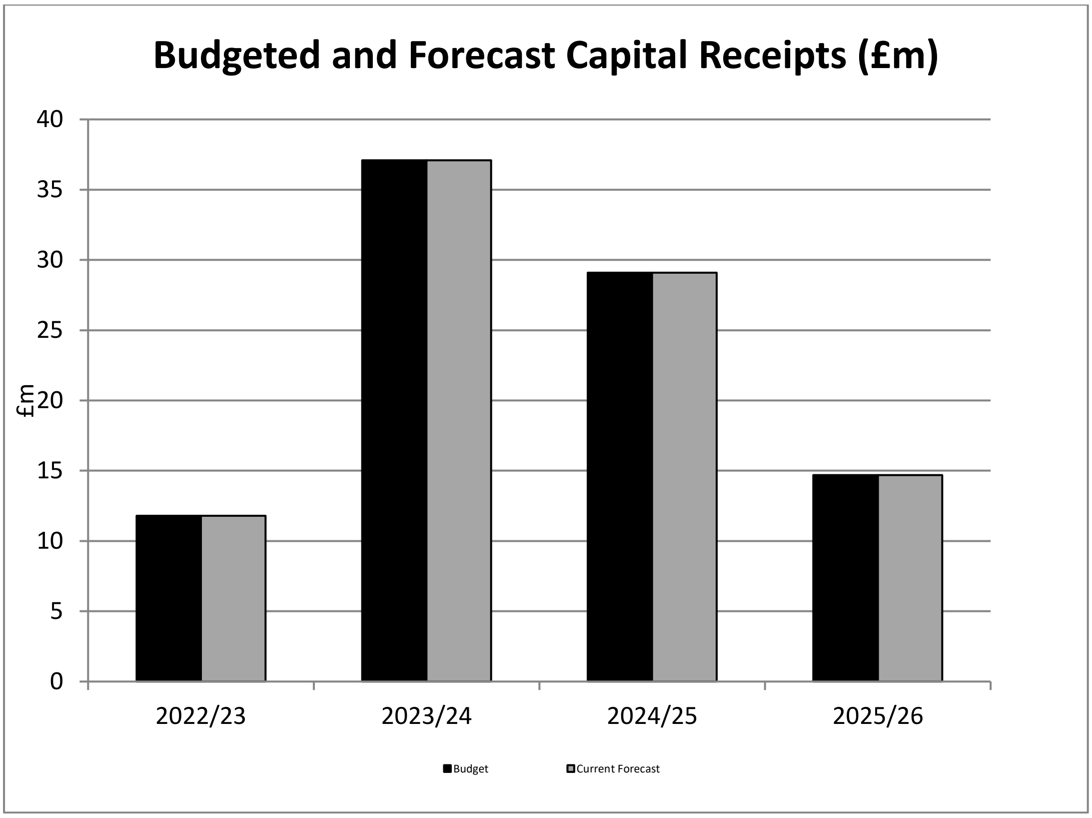
Prudential Indicator Monitoring

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

Capital Receipts Monitoring

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

29. The chart below shows the budgeted and forecast capital receipts for the four years to 2025/26.



30. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2022/23 (Council 24/02/2022). These capital receipts budgets prudently incorporated slippage, giving a degree of "protection" from the risk of non-delivery.

31. The capital receipt forecast for 2022/23 is £11.8m. To date in 2022/23, no capital receipts have been received.

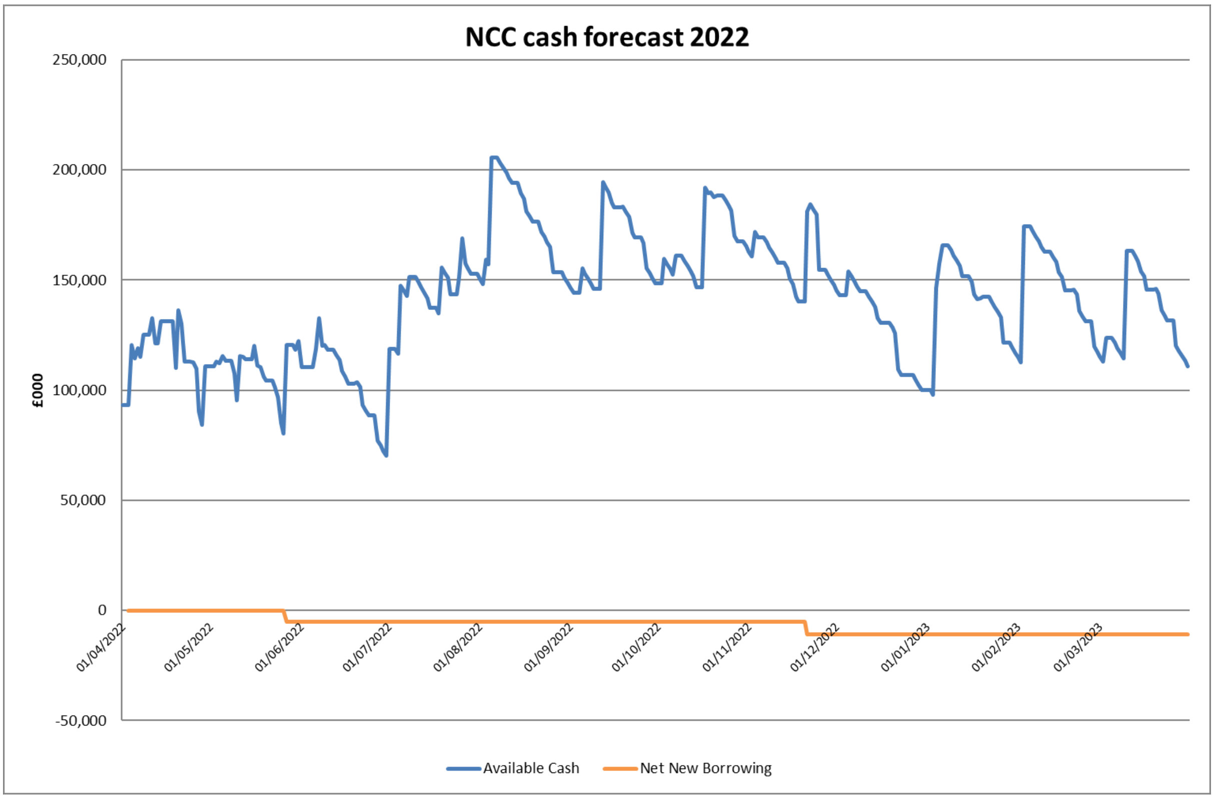
32. The number and size of large anticipated receipts increase the risk that income from property sales will be below the revised forecasts over the next three years. Although the forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales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

33. Current Council policy (Budget Report 2022/23), to minimise the impact of the cost of borrowing on the revenue budget, is to use capital receipts to the value approved as part of the 2021/22 Budget Report to set against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts. This will enable excess capital receipts to be used to fund future additional capital investment.

Treasury Management

34. Daily cash management aims for a closing nil balance across the Council's pooled bank accounts with any surplus cash invested in accordance with the approved Treasury Management Policy. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group (TMG).

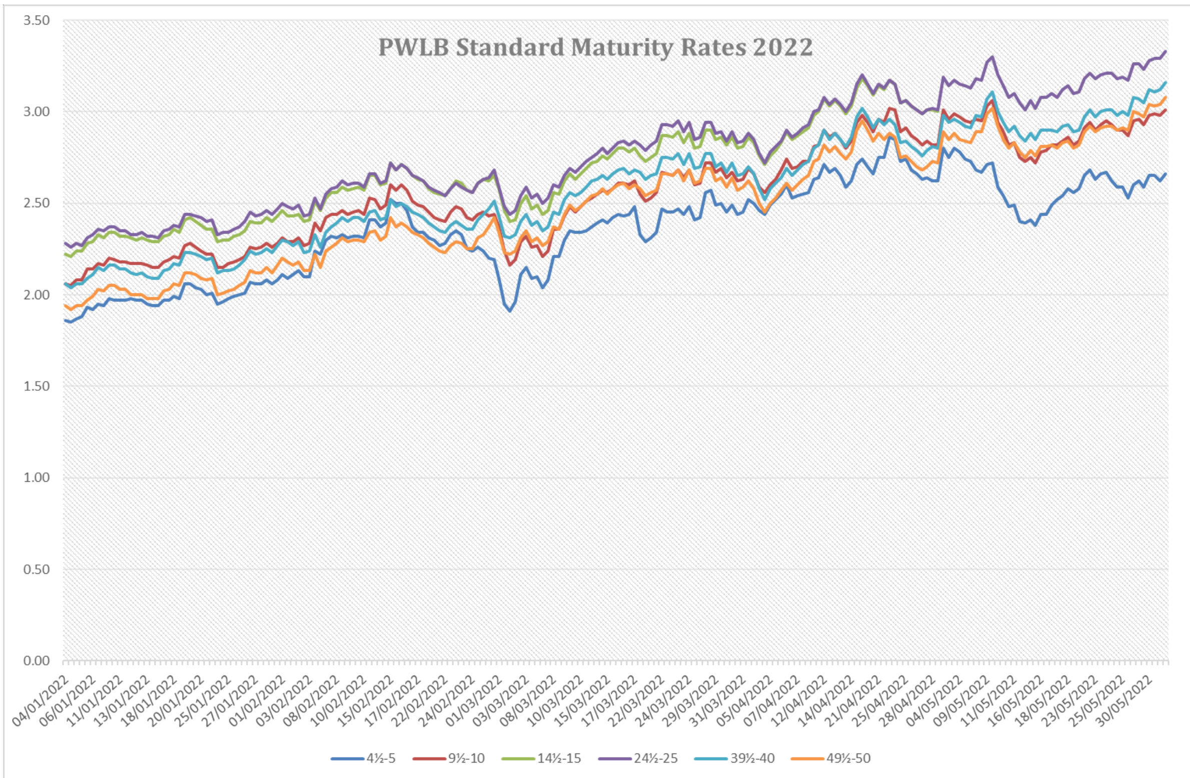
35. The cash forecast chart below shows the current estimated cash flow position for the financial year 2022/23. Cash inflows are typically higher at the start of the year due to the front-loading receipt of Central Government grants, and the payment profile of precepts. Cash outflows, in particular capital expenditure, tend to increase later in the year, and the chart below reflects this. Also, expected borrowing in support of capital expenditure is not included in the forecast. The chart thereby helps highlight the points in the year when such borrowing will be necessary, and it is monitored daily so that treasury management staff can act comfortably in advance of the cash being required, the aim being to maintain adequate but not excessive liquidity.



36. The chart above gives the following information:

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

37. The Treasury Management Strategy for 2022/23 identified a need to borrow approximately £20m 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 2022 so far.



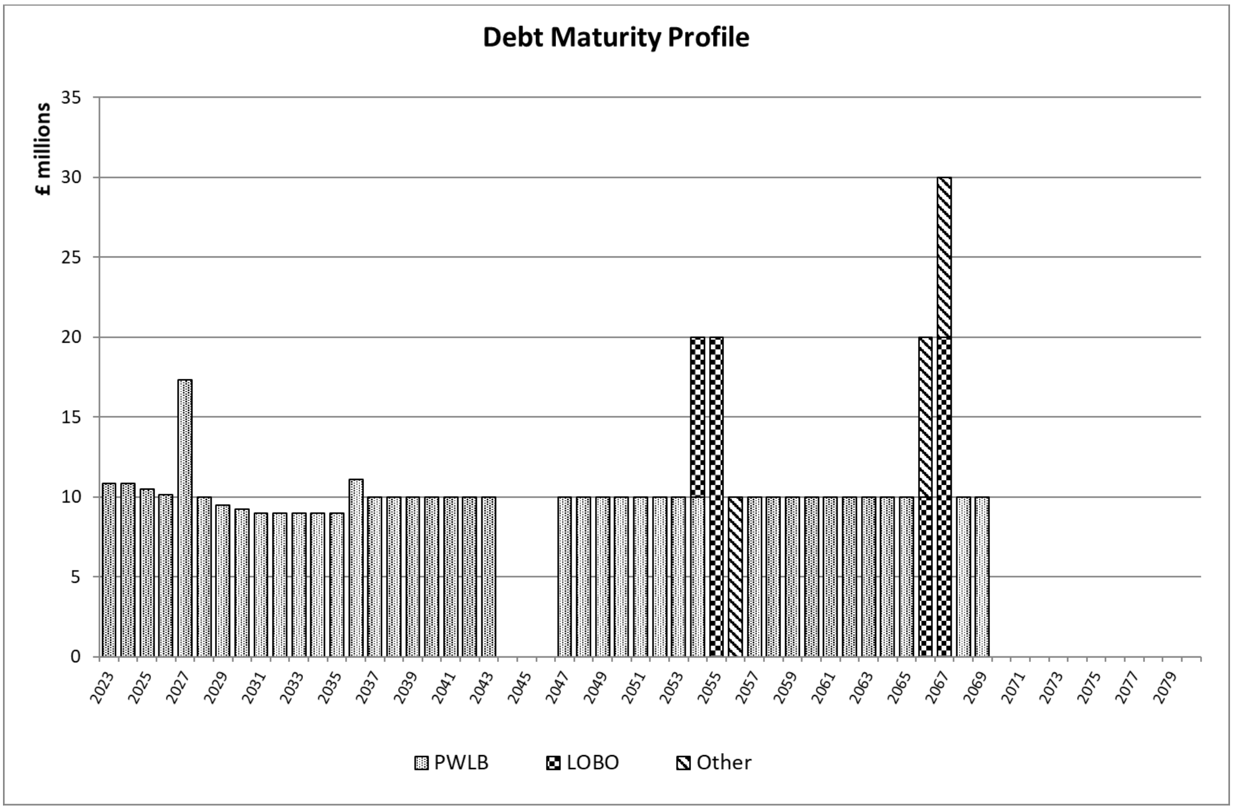
38. Borrowing decisions will take account of a number of factors including:
    - expected movements in interest rates
    - current maturity profile
    - the impact on revenue budgets and the medium-term financial strategy
    - the treasury management prudential indicators.

39. The maturity profile of the Council's debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 50 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.

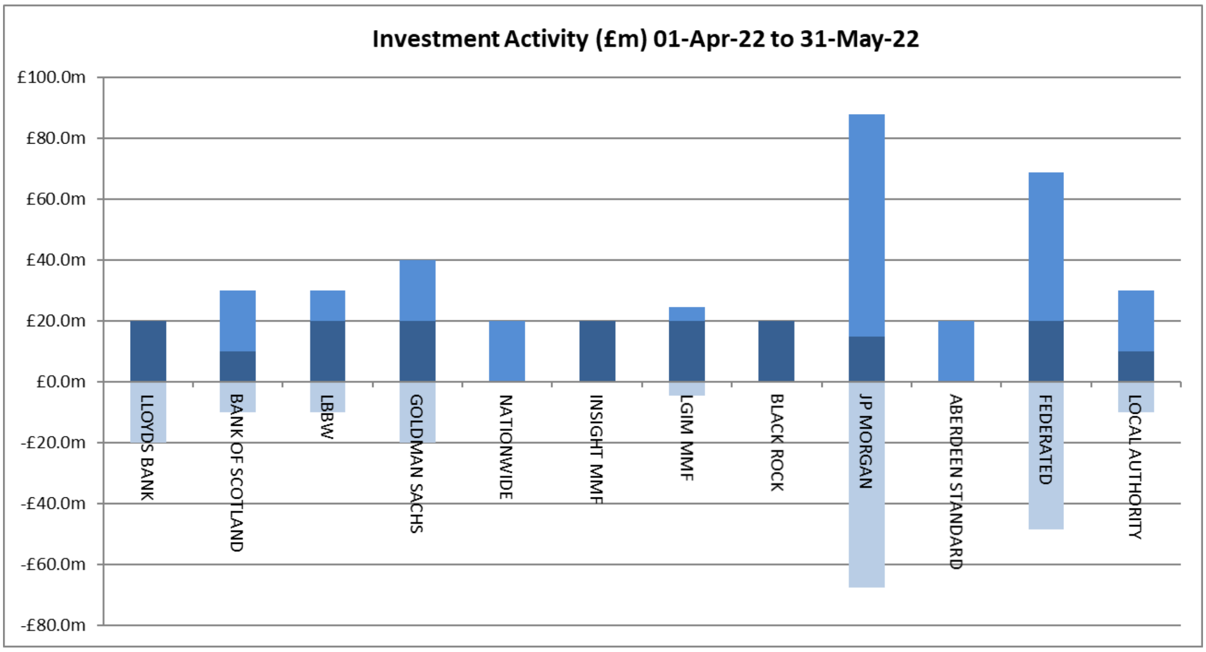
40. Long-term borrowing was also obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken at rates lower than the prevailing PWLB rate at the time. However, LOBOs could actually mature at various points before then, exposing the Council to some refinancing risk.

41. The 'other' loans shown in the chart consists of fixed-term loans from Barclays Bank.



42. The investment activity for 2022/23 to date is summarised in the chart and table below. Outstanding investment balances totalled approximately £175m at the start of the year and £220m at the end of May.

	Total B/f	Total Raised	Total Repaid	Outstanding
	£000	£000	£000	£000
LLOYDS BANK	20,000	0	-20,000	0
BANK OF SCOTLAND	10,000	20,000	-10,000	20,000
LBBW	20,000	10,000	-10,000	20,000
GOLDMAN SACHS	20,000	20,000	-20,000	20,000
NATIONWIDE	0	20,000	0	20,000
INSIGHT MMF	20,000	0	0	20,000
LGIM MMF	20,000	4,500	-4,500	20,000
BLACK ROCK	20,000	0	0	20,000
JP MORGAN	14,800	72,950	-67,750	20,000
ABERDEEN STANDARD	0	20,000	0	20,000
FEDERATED	20,000	48,600	-48,600	20,000
LOCAL AUTHORITY	10,000	20,000	-10,000	20,000
	174,800	**236,050**	**-190,850**	**220,000**



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

Other Options Considered

44. The report sets out the budget monitoring position as at Period 2 and seeks the approval of a contingency request required to fund the pay award that was reached regarding the Local Government Services' Pay Agreement for 2021/22. Under the agreement, local government accepted a 1.75% pay increase for 2021/22. No other options have been considered.

Reasons for Recommendations

45. The report sets out the current budgeting monitoring position as at Period 2 and seeks approval for a contingency request.

Statutory and Policy Implications

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

RECOMMENDATIONS

For the Cabinet to:-

1) Note the individual Portfolio revenue budgets for 2022/23.
2) Note the contingency requests submitted to date.
3) Approve the £3.3m contingency request as set out in paragraph 12.
4) Note the summary of capital expenditure to date, year-end forecasts and variations to the capital programme.
5) Note the Council's Balance Sheet transactions.

Councillor Richard Jackson – Cabinet Member for Finance

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 (GR 28/06/2022)

47. This report is for noting only.

Financial Comments (GB 22/06/2022)

48. The financial implications are stated within the report.

Background Papers and Published Documents

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

- 'None'

Electoral Division(s) and Member(s) Affected

- 'All'

Nottinghamshire County Council

Report to Cabinet

14th July 2022

Agenda Item: 6

REPORT OF THE CABINET MEMBER, ADULT SOCIAL CARE AND PUBLIC HEALTH

ADULT SOCIAL CARE MARKET PRESSURES

Purpose of the Report

1. This report sets out proposals to address the current instability in the market and to consider mechanisms to support longer term sustainability and to meet increased future demand. The report seeks approval to increase fee rates to home care, and care, support and enablement services.

2. This is a Key Decision because it will result in expenditure of £1 million or over and it will have significant effects on two or more electoral divisions.

Information

3. Currently Adult Social Care is facing significant challenges in relation to the shortfall in the external care workforce. The biggest risk facing Adult Social Care in Nottinghamshire is ensuring consistent and sufficient supply of care and support with key concerns that the Council will not be able to continue to meet its responsibilities under the Care Act 2014.

4. The number of requests for support and the eligible needs that people have has changed in the last two years. NHS initiatives such as Discharge to Assess and Local Authority work to increase independence has increased the demand for home-based care and support. People require more support at home to enable them to stay at home; this is linked to waiting for elective care, early discharge home from hospital and a 'home first' approach to hospital discharge.

5. Social Care reform will also see a change in the expectations of social care providers to work to new models of care, accelerate the use of technology in care delivery, and to work more closely with the Council to implement Charging and Cost of Care reform. This will increase the burden on the care market and will require capacity from providers to deliver within the next six months to three years.

6. Adult Social Care market issues are of national concern and most local authorities are experiencing difficulties with ensuring a stable care and support market. The issues around market resilience, provider business models, workforce and rates of contractual pay are partially recognised by the government in the Social Care Reforms. The government has asked local authorities to undertake a Fair Cost for Care exercise with home care and older

people's care home providers to ensure that providers are receiving adequate funding to be sustainable, and to move away from a reliance on self-funders to subsidise local authority provision. A paper will be brought to Cabinet in the Autumn to share the outcomes of the Fair Price for Care Exercise and identify any actions that may be required. This work is not in scope in relation to the recommendations of this paper.

7. It is for local determination through commissioning and market shaping activity for councils to address local market risk within the current policy framework. Social Care reform will not address the risk faced today or tackle what rates of pay would be sustainable in the immediate or longer-term in the current market conditions. Care Worker pay is not addressed in Adult Social Care reform.

8. The market is facing immediate financial pressure which is linked to an increased rate of provider failure, poorer outcomes for residents and quality and safeguarding concerns. This is primarily a result of difficulties in recruiting and retaining staff, the new cost of living increases as well as the ending of government measures to support providers during Covid. These measures included a national Workforce Grant and sickness payments for staff unable to work because of Covid.

9. Without sustainability and growth, especially within home care and supported living services, the risk is a further increase in the number of people that are not receiving the right care or are in the wrong care setting. This leads to poorer outcomes for people and results in increased costs, inability to deliver savings due to constantly responding to provider failures, and the Council at risk of not being able to meet its statutory duty under the Care Act.

10. The primary focus of the paper relates to homecare, which currently represents the highest level of risk, but also includes Care Support and Enablement services which primarily support younger adults with learning disability and mental health needs in their own tenancies within either a supported accommodation setting or through outreach support.

11. Whilst the Council provides some in-house services such as reablement and day services, most services are commissioned from externally commissioned services. This amounts to an approximate spend of £300 million per annum.

12. The key services discussed in this paper are shown below:

Table 1

Service	**Value (million per annum)**	**Quantity**
Homecare	£26.3	1.4 million hours per annum 1,841 people supported
Care Support and Enablement	£51	736 people receive Housing with Support 52 people receive supported living at home (40+ hours)

13. Under the current contract, the County pays variable fee rates for home care with an average of £19.89 per hour, of which the home care worker receives approximately 50-55%. This is in line with the average rate for home care in the East Midlands.

Key Challenges

14. The key challenges that the Council faces in relation to the external market are the capacity of the market to meet the level of demand required, the implications of this on the quality of services and the financial viability of our providers.

15. There are challenges to market capacity in terms of retention and recruitment and increased demand.

Recruitment and Retention

16. Recruitment of new staff and retention of skilled staff remains the biggest issue facing social care providers in home care. Locally, providers report similar challenges to those noted by Skills for Care and the Association of Directors of Adult Social Services with an exceptional turnover rate of approximately 30% of workers leaving the market on an annual basis. This is a worsening position.

17. This is due to a multiplicity of factors including:

- reluctance to work in the care sector following Covid driving both exit of the labour market and creating a barrier to new entries
- high sickness levels due to Covid and high levels of stress and anxiety related to ‘burn out’
- impact of Covid and changes in labour market migration patterns
- growth in certain consumer industries and channels that demand greater numbers of low paid staff (e.g., shift to internet shopping, supermarket deliveries).

18. The biggest single factor in recruitment and retention is the level of pay. This is based on both national and local consultation with care organisations and front-line staff. Pay of care staff is now hovering around minimum wage and terms and conditions have decreased as employers struggle to make profit margins, coupled with inflationary increases. The gap between salary levels and the National Living Wage has been reducing year on year over the last five years.

19. Discussions are taking place nationally in relation to the management of the cost-of-living pressures. This includes consideration of a significant increase to the National Living Wage.

20. There is significant variation in starting salaries for home care workers in Nottinghamshire, with some organisations only paying the minimum wage of £9.50, the majority paying around £10 per hour, and a couple of agencies paying the highest starting salaries at £12 per hour. The home care market tends to be in competition with other ‘entry level’ jobs such as retail, catering, and warehouse work.

21. The department has evidence that local providers with the highest rates of pay have more success with recruitment and have the lowest turnover of staff.

Growth in Demand

22. Alongside the reduction of care staff, there is an increase in demand on services. Many of these pressures relate to changes in respect of health provision.

23. This includes the national implementation of a Discharge to Assess approach. Whilst this supports best practice in getting people home from hospital faster, it also means people will stay in hospital for a reduced period and there will be greater numbers of people requiring short and long-term home care accordingly.

24. There is an NHS backlog of people requiring elective surgery, many of whom will then require home care. Local data on meeting these combined pressures suggests a one-off rise of 23.7% in demand, with a further 4% annual increase thereafter to meet demographic pressures.

25. Due to the delays in people receiving planned treatment in a timely way and the impact that Covid has had on many people's short and long-term health, larger packages of care are required for people. In addition, around 20% more people leaving hospital today need permanent or long-term care compared to two years ago.

26. There is also increased demand for supported living services. There has been an increase in referrals to Care Support and Enablement supported living from 21 referrals per month a year ago rising to 34 in the last recorded month. Nottinghamshire is currently an outlier in its high use of residential care for working age adults. To address this, there needs to be an increase in the growth of supported living by approximately 10% or 116 people per year. This requires an increase in both capital investment and staffing capacity.

Financial viability

27. Increased staffing costs, recruitment costs, cost of living increases and Covid related costs such as insurance and sick pay are all impacting on the financial viability of our services. Providers are reporting that the current rates that they are being paid are not sufficient to meet their operational and wage costs, including additional costs associated with recruitment. Many providers have increased hourly rates to attract and retain staff, but this is undermining the ability of these organisations to be financially sustainable. Due to inflationary increases all providers are seeing some increase to non-wage costs and these are not addressed in the annual uplift that they receive.

28. Non-wage increases are impacting on peripatetic services such as home care and Care Support and Enablement outreach where travel costs have increased. Providers have been reporting difficulties in operating an optimal business model whilst meeting the challenges of Covid, particularly as many managers have been drawn into frontline delivery to manage staffing shortages. The Cost for Care exercise will enable the department to quantify this more robustly.

29. Last year, some of these costs were mitigated through the government Workforce Recruitment and Retention Fund Grants which were available from October 2021 to March 2022. Nottinghamshire had a combined allocation of almost £6.8m which was passported to providers. These grants allowed providers to apply for monies flexibly to support recruitment and retention. Due to the short-term nature of these monies, providers used

them for golden handshakes and retention bonuses. Feedback from providers has been that these monies have been vital in maintaining staffing levels.

Impact

30. The impact of these challenges is being evidenced through an increase in market failure and quality concerns impacting on outcomes for people receiving our services. This also has financial implications at a County and system level because people stay in higher cost, less appropriate services linked to long term implications for reablement.

Market Failure

31. The Local Authority has a statutory duty within the Care Act to meet the eligible needs of people and to sustain provision of care. This means in practice that when a provider cannot meet the planned care they have been contracted to provide, the Council must step in and provide the care that the market is no longer able to. Given the lack of capacity within the commissioned care market, this has led to a reliance on internal services such as reablement and day services to cover care.

32. Before 2021, Nottinghamshire dealt with a handful of situations where the provider was unable to offer support to people each year. Often these were with good notice as set out in the Home-Based Care Provider Contracts. From August to December 2021 there were 77 people receiving care and support (1,151.5 hours of care) that the provider has passed back to the Council to manage, and there have been 133 people (1,502.75 hours) between January and May 2022.

33. Care Support and Enablement providers are currently facing a staffing crisis with most providers having a 12% gap between their staffing commitments and the availability of staff to meet demand. In the accommodation-based services staff are working longer shifts and work such as enablement activity has reduced, with providers just meeting basic care needs. Out of the 200 schemes three are currently under review due to staffing issues which are compromising service delivery.

Quality and Contractual Concerns

34. There has been a steep rise in the level of safeguarding and complaints linked to quality of care. For the period January to March 2021 the Quality and Market Management Team received 700 quality/safeguarding referrals; for the same period in 2022, 1,157 were received (65% increase). This is related to staffing issues with insufficient cover and lack of experienced workers, but also due to the difficulties some providers have had in balancing Covid restrictions with the need to maintain high quality services.

35. During the emergency period home care providers prioritised essential calls and care tasks to manage day to day workforce pressures which resulted in increased complaints and poorer experience and outcomes for people receiving support.

Outcomes

36. As a result of lack of availability of provision, people are not always receiving the right service at the right time. This is particularly evident in the number of people who are waiting for home care, either in the community or who are waiting to be discharged from hospital.

37. There is insufficient capacity in the home care market to meet current requirements and the gap in capacity is projected to grow. This gap will increase due to two key factors – an expected continued decline in care workers (estimated 4-5%) and increased demand as NHS elective care is restored.

38. Additionally, as referenced above, patterns of demand are changing. The department estimates that demographic pressures are at 3-4% per year and the Association of Directors of Adult Social Services predicts that based on this factor alone the workforce requirements will need to grow by 31% by 2035.

39. The Council's strategy to support people and keep them well at home for longer is underpinned by a supply of readily available and good quality homecare.

Table 1: Number of people awaiting home care (Snapshot May 2022)

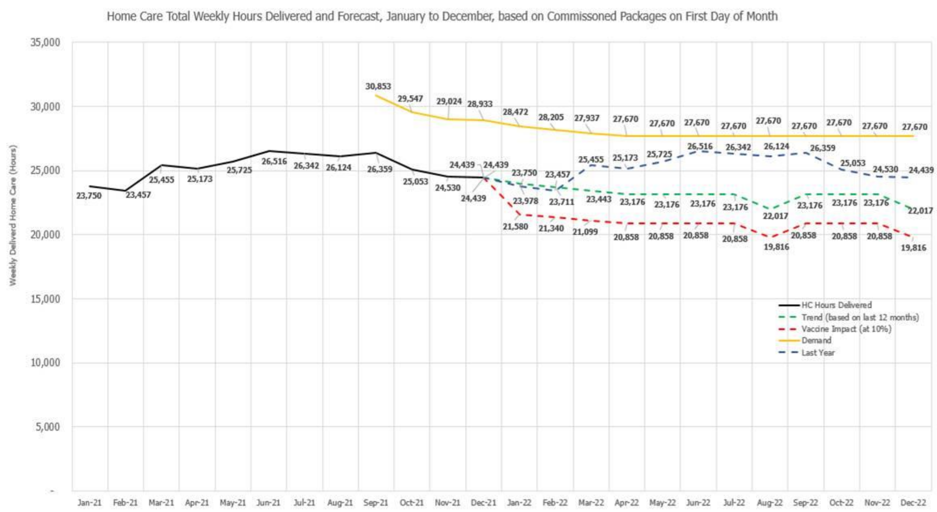
	Number	Details
Number in hospital awaiting home care across the county hospitals	**311**	People in hospital awaiting discharge with an active referral for social care
People waiting for pathway 1 service in an interim bed	**9**	In the block purchased beds
People waiting for home care in short-term services	**15**	People in short-term services, assessed and waiting for home care to start
People waiting for home care support to be agreed in short-term services	**31**	People in short-term services, assessed and waiting for home care to be sourced
People being supported by the re-ablement team while they wait for homecare	**44**	People supported by the department's reablement team ready to move on, but waiting for home care
Additional health and care interim beds commissioned for people unable to get a homecare package	**137**	Commissioned beds LA and Health
Total	**547**	

40. The above table shows the number of people delayed in hospital and short-term services and the use of interim care beds as an alternative to home care.

41. At any given time, there are approximately 500 people delayed in these services or in the wrong care setting. This situation is likely to worsen over the coming months due to the

impact of Covid on people's health, delays in treatments and as the NHS begins to deal with the electives backlog.

Table 2: Projected Homecare Gap



Demand Assumptions

Average HC hours (weekly)	14
P1 to HC SUs (weekly)	37
P1 HC Hours (weekly)	518
Short Term Services to Home Care (weekly)	110
Short Term Services to Home Care Hours (weekly)	1540
Internal Home Care (weekly)	65
Internal Home Care Hours (weekly)	910
Interim Care Beds to Home Care	109
Interim Care Beds to Home Care Hours (weekly)	1526

Short Fall	Weekly Hours
Short Fall in Hours (against last year average)	-2,560
Short Fall in Hours (against trend)	-4,494
Short Fall in Hours (against vaccine impact)	-6,946

42. In March 2022, the department was unable to source over 5,000 hours of home care per week. Based on the current average home care rate, this represents gross costs of over £5 million and approximately 150 full time equivalent (FTE) staff to meet this gap if projected across the year. To get a steady state of capacity, the home care workforce needs to grow by 3% year on year - that is 28 FTE staff gross per year on top of this amount to meet demand.

43. Since November 2021 there has been significant pressure from the health system to use interim beds for people that are delayed in hospital waiting for home care. Over the last four months 137 beds have been used for interim care, of which 48 have been purchased by the Council on behalf of health.

<u>Financial Impact</u>

Health Costs

44. Lack of timely home care may lead to a rapid escalation in someone's needs and an impact on the numbers of unplanned admissions to hospital. For every week's delay in hospital, it is estimated that there is a one-month delay in a person's ability to recover. This has cost implications for both health and social care.

45. The inability to move people out of hospital when they are medically fit for discharge means that wards become clogged up and the ability of hospitals to undertake planned electives is reduced. Hospitals are funded based on electives undertaken. To mitigate this, hospitals are paying for additional capacity in care home beds as well as paying for very high-cost homecare themselves. The target agreed with the system is to aim for no more than 37 patients waiting over 24 hours as medically fit for discharge (0 is not achievable).

46. The average for 2021/22 is 154 per day (117 over target) at an approximate bed day rate of £250, equalling £10.7m over a year. Approximately 50% of these delays will be attributable to home care.

Social Care Costs

47. There is an increased net cost to the Council of people being in the wrong setting of care based on unit cost. The net cost is calculated by deducting the current cost from the cost in **Table 4** of the home care capacity gap. This is based on the higher cost of short-term services which vary between £35 - £50 per hour against long term home care at an average cost of £19.89 per hour. These costs are based on full year projections and worst case scenarios.

Table 3: Summary of likely cost pressures based on extrapolating January 2022 snapshot demonstrating costs if current blockages persist

Activity	**Extrapolated annual cost in millions**
Additional cost of capacity in Short Term Services compared to long term services	£2.01
Paid higher costs for home care funded by Direct Payments when not possible to source commissioned home care	£1.1
Total	**£3.11m**

48. Additionally, there is a cost to savings when capacity is diverted to long-term care rather than reablement or transformation. Home care is required to support people to move on from reablement services. Reablement underpins all the savings work associated with the Maximising Independence Service business case. There is a risk that if the Maximising Independence Service reablement service must deliver home care rather than re-abling people this will lead to a slippage of up to £1.2 million in projected savings.

49. Until the end of March, many of the direct costs to social care were being paid for via national Covid funding of which the Council received £6.8m. This included four weeks' funding for people following discharge from hospital or who required a service to prevent hospital admission. From 1st April, these costs have reverted to social care. An agreement is in place for the Clinical Commissioning Group to pay for the block funded interim beds until the end of June 2022. As part of the Discharge to Assess Business Case, agreement is being sought to fund additional reablement capacity.

50. As well as the direct costs associated with these activities, this also creates longer term costs for the Council. If someone goes into a care bed instead of going home, there is a 48% likelihood that person will not go home and will stay permanently in long term care. If this is applied to the additional 109 beds across health and social care that have been purchased, even with no turnover on the beds this would equate to 52 more people requiring long term care at an additional cost of approximately £150,000 per annum. It is likely that there will be a turnover in terms of numbers in interim beds of three or four times that amount.

Adult Social Care Reforms

51. A suite of reforms is being introduced as part of the government's Adult Social Care reform, many of which have significant implications for the market including:

- **Fair Price for Care -** which incorporates:
  - Cost of Care exercises for home care and older people's care homes
  - development of a Market Sustainability Plan
  - Spend Report which outlines what the Council is paying now, and what the Council will need to pay in line with Cost of Care Activities.
- **Charging Reforms** including the introduction of a Care Cap and increased payment threshold
- **Care Quality Commission Quality Assurance Framework** which sets out clear quality expectations for the Council and the services commissioned on behalf of County residents.

52. The government recognised in its Fair Cost of Care policy document in December 2021 that 'a significant number of local authorities are paying residential and domiciliary care providers less than it costs to deliver the care received. This is undermining their markets, creating unfairness, affecting sustainability and, at times, leading to poorer quality outcomes.'

53. As part of social care reform, councils are required to undertake the cost of care exercise by October 2022. There is an expectation that if councils are not sufficiently funding services there will be an increase in rates from October 2022. A national Market Sustainability Fund has been allocated to support this in-year cost and is intended for this specific purpose.

Risk Management

54. The level of risk in the current care market is unprecedented and without intervention on the part of the Council it is likely there will be a rapidly escalating level of provider failure.

55. The current lack of capacity is already creating system wide pressures and resulting in people not receiving the most appropriate service which is leading to poorer outcomes for residents. It is also impacting on the quality of some of the provision being offered.

56. The lack of market capacity is also presenting a significant cost pressure to the Council in terms of increased spend on more expensive alternatives and reductions in savings initiatives.

57. The Council only has limited internal resources to mitigate this risk and so will soon reaching a tipping point where it will be unable to meet the needs of some of our residents.

58. The inflationary pressures are particularly impacting on low paid workers, so the benefit of any uplift is likely to be offset by these increases and workers will not experience any financial benefit in real terms. However, without such an uplift, care sector jobs will become financially unviable for many people.

59. Whilst additional national funding is anticipated via the Health and Social Care Levy and other funding streams linked to the Social Care reforms, this is not fully quantified. However, whilst increasing the pay of frontline workers and addressing the wider inflationary pressures on our services is likely to help mitigate this situation, there is no clear evidence that it will have the desired level of impact.

Current Mitigations

60. To address the current pressures in the market and to address the workforce capacity gap, several measures are being implemented. These include:

- establishing a temporary Market Development Team within the Quality and Market Management Team to work collaboratively with providers to identify solutions and pilot innovative practice
- development of a Market Workforce Plan
- providing a temporary local provider sustainability fund to mitigate immediate cost pressures to the market.

Other Options Considered

61. **Do Nothing –** if the current pressures within the market are not addressed, there is a significant risk that the level of market failure will continue to escalate, and the Council will not be able to meet its Care Act responsibilities which has a significant impact on the experience and outcomes of people that require care and support. In addition, there will continue to be severe implications for health partners as well as direct costs to the Council itself.

62. **Apply a direct £1 per hour uplift to frontline staff -** whilst this has the merit of ensuring that any funding from the Council directly supports frontline workers and so supports longer-term ambitions around increased recompense for workers in the care market, this approach has significant legal and procurement issues. A few areas such as Somerset have been able to implement such an uplift. This has been in areas where there is a flat fee rate for providers. In Nottinghamshire contracts were awarded and rated based on price and quality. Through open book accounting and the relationship with providers, the department can seek to achieve the same impact through the proposed option.

63. **Extend the arrangements for a temporary provider sustainability fund -** providers have told us that whilst the workforce grants have been an important mechanism for meeting many of their different cost pressures, the short-term nature of this approach does not allow organisations to implement long term changes to their business model such as rates of pay and leads to a ‘cliff edge’ when temporary initiatives end which then leads to an increased number of staff choosing to leave.

64. **Apply a one-off bonus payment to staff** - whilst this has the merit of directly rewarding the frontline workforce without the contractual challenges of the £1 hourly uplift, the cost of this approach would be very high to ensure a meaningful incentive. It does not directly support the sustainability of the care providers themselves and it shares the risk of short-term options as listed above.

Reason/s for Recommendation/s

65. Whilst there are many other factors influencing people's choices to enter or stay working in the care sector, finance is a key issue. The single biggest factor which would have an impact on stabilising the care workforce is to increase fee rates to enable the providers to increase care worker pay. Whilst recruitment has been problematic for most of our home care providers, our short-term services that do pay higher rates have been consistently more successful.

66. The report 'Unfair to Care' published by Community Integrated Care in July 2021 calculated that many Support Workers would receive up to 39% higher pay if they held roles with the equivalent level of accountability, responsibility, and skill within other publicly funded industries such as the NHS. The Association of Directors of Adult Social Services and the Home Care Association has recommended that care worker pay is set nationally at £11.14 per hour for parity with the NHS.

67. Our longer-term ambition is to achieve parity for care workers with NHS staff Band 3 (£11.14 rate) for the whole care market. To enable this will take a combination of national funding and a joint commissioning commitment from health that the Council will continue to advocate for locally, regionally, and nationally.

68. In the interim the proposal is for a direct fee uplift to local home care and Care Support and Enablement providers. This will support them in addressing cost of living pressures alongside being able to offer their workers an hourly rate above the National Living Wage. As identified previously, home care presents the greatest area of risk to the system regarding current provision and there is a need to support significant growth in the Care Support and Enablement sector to meet the demands of projected projects which will in turn reduce our reliance on residential care.

69. A pressure bid has already been agreed in respect of our Care Support and Enablement providers to achieve greater parity with home care providers. To maintain this parity, to reduce the risk of care workers moving between care jobs and to meet the additional pressures that the market is experiencing, it is therefore proposed that this further uplift is applied. Given that there are some historical contracts at a higher rate there will be a maximum capped rate.

70. The uplift in funding will be permanent. However, as fee uplifts occur in line with potential changes to the National Living Wage or because of increases following the Fair Cost of Care exercise this differential will not be maintained and at this point any additional costs will be netted off.

Statutory and Policy Implications

71. 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

72. The department is seeking a full year effect investment of £5 million to seek to mitigate the risks raised above. This would support an uplift of £1 per hour to home care and Care Support and Enablement providers. This proposal represents a medium-term financial commitment to the Council. This uplift will be netted off against any future rise in fee rates linked to National Living Wage increases or arising from changes because of the Fair Cost of Care exercise.

73. This uplift will be managed in line with financial and procurement guidelines.

74. With current home care hourly rates ranging from £17.96 to £22.63 across the lead, additional and supplementary providers and Care Support and Enablement hourly rates ranging from £17.86 (post pressure uplift) to £22.14, a £1 increase in these hourly rates would represent an increase of between 5.6% for the lowest rates and 4.4% for the highest rates and an average increase of 5%.

75. This can be funded from the following combination of funds; £1.786 million from the Market Sustainability and Fair Cost of Care Grant 22/23 and the remaining £2.306 million in the Market Reserve. Any cost more than £4.09 million in 22/23 will need to be funded from a Contingency Request, with any ongoing costs for future years being offset by budget pressure bids.

Consultation

76. There has been ongoing discussion and engagement with local providers to inform this report as well as feedback through the utilisation of the national Workforce Grants. A detailed engagement plan is in place with care providers to inform the Fair Cost of Care exercise alongside work on Market Sustainability Plans.

Implications for Residents

77. Currently, the lack of sufficient staffing in home care and Care Support and Enablement means delays in care support, residents receiving services that are not meeting their needs in the best way and increased referrals around quality concerns. Increasing fee rates will support providers to be better placed to address recruitment and retention issues and to thereby improve outcomes for residents.

RECOMMENDATION/S

1) That Cabinet approves the proposed increase in fee rates to commissioned home care, and care support and enablement services, by a £1 per hour uplift from September 2022 to address current instability and support longer term sustainability in the social care market.

Councillor Matt Barney
Cabinet Member, Adult Social Care and Public Health

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Constitutional Comments (LPW 30/06/22)

78. The recommendations fall within the remit of the Cabinet by virtue of its terms of reference.

Financial Comments (KAS 14/06/22)

79. The department is seeking a full year effect of investment of £5 million to increase fee rates to commissioned home care, and care support and enablement services, by £1 per hour to address current instability and support longer term sustainability in the social care market.

80. In 22/23 the department can directly fund £4.09 million with a combination of £1.786 million from the Market Sustainability and Fair Cost of Care Grant 22/23 and the remaining £2.306 million in the Market Reserve. Any cost more than £4.09 million in 22/23 will need to be funded from a Contingency Request.

81. The ongoing cost for future years will be offset by budget pressure bids.

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.

Unfair to Care: understanding the social care pay gap and how to close it, Community Integrated Care, July 2021 https://www.unfairtocare.co.uk

Electoral Division(s) and Member(s) Affected

All.

A0006

Nottinghamshire County Council

Report to Cabinet

14th July 2022

Agenda Item: 7

REPORT OF THE CABINET MEMBER, ADULT SOCIAL CARE AND PUBLIC HEALTH

ADULT SOCIAL CARE REFORM IMPACT AND RISKS

Purpose of the Report

1. The report sets out the programme of Adult Social Care reform and how the Council will respond to this. It describes the potential requirements, cost, and risks to the Council associated with implementation of the reforms.

Information

Background

2. Adult Social Care services are faced with implementing no less than eight pieces of reform through 2022 and 2023. These are:

- Social Care assurance and Integrated Care System assurance (Health and Care Act and Build Back Better)
- Build Back Better - new models of care for workforce and system improvement
- The Health and Care Act 2022
- Fair Price for Care
- Charging Reform
- Liberty Protection Safeguards
- Mental Health Act Reform
- Integration White Paper.

3. The key areas of legislative change are summarised below:

Area of Reform	Legislation	Summary of change	Implementation Dates
Social Care assurance and Integrated Care System assurance	Health and Care Act 2022 Build Back Better	Introduction of Integrated Care Board and an Integrated Care Partnership to deliver joined up care for the local population	April 2022 - Intelligence gathering and baseline April 2023 - Assessment regime anticipated to commence

		Inspection regime for Local Authority Adult Social Care Statutory functions with a single word rating outcome	
Fair Price for Care	Social Care White Paper Build Back Better	Equalisation of rates for regulated care providers	October 2022 - Cost of Care Exercise February 2023 - Final Market Sustainability Plan
Charging Reform	Social Care White Paper Build Back Better	Increase in the Minimum Income Guarantee. Maximum set on amount of contribution to care costs for individuals	October 2023 - Cap on care to commence October 2023 - Self-funders being able to approach the Council to fund their care at contracted rates under section 18(3) of the Care Act
Liberty Protection Safeguards	Liberty Protection Safeguards were introduced in the Mental Capacity (Amendment) Act 2019 and will replace the Deprivation of Liberty Safeguards (DoLS) system	Changes to social work practice set out in the new Code of Practice	To be agreed 2022
Mental Health Act Reform	New Mental Health Act	Changes to the detention and treatment of adults. Implications for the Adult Mental Health Professional (AMHP) service	Autumn 2022
New models of care for workforce	Social Care White Paper Build Back Better	**Housing** - Investment in Disabled Facilities Grants and supported housing	To be confirmed

Social Care System Improvement		**Innovation models of care** for reablement, prevention and outcomes-based commissioning Information, advice and social care technology blueprint awaited **Workforce –** Knowledge and skills framework to deliver a trained, healthy, sustainable, and recognised workforce	
Integration measures and establishment of Integrated Care System (ICS)	Health and Social Care Act 2022	**Leadership and Accountability -** A single person who is accountable for the delivery of the shared plan and outcomes for the place **Shared Outcomes Framework -** Person centred locally adopted framework to include individual health, population health and wellbeing	1st July 2022 - ICS established as legal entity By April 2023 Governance and Accountability model in place
Joining up care for people, places, and populations	Integration White Paper	**Finances** - Pooling/ Aligning of Budgets **Data and Digital** - Shared Care Records, rapid adoption of proven technologies by Social Care **Workforce** - Develop and test joint roles in health and social care	By 2024 Shared Care Records in place By 2026 Placed Based arrangements in place

Quantum of Adult Social Care Reform

4. This Council has for some time impressed the need for reform on the Department of Health and Social Care. The reform of the Mental Health Act and Liberty Protection Safeguards

have been outstanding for some years and make essential changes to the way that the Council supports some of the most vulnerable residents receiving care and support.

5. Phase two of The Care Act 2014 was paused in July 2015 given the affordability of some of the changes to the way the Council charges people for their care and support, and the current unfairness of higher costs being paid by people who fund their own care. The plan to tackle charging is welcomed and in the interests of many residents.

6. That said, the timetable for implementing the proposed reforms presents significant risks. Like other local authority areas, Nottinghamshire is coming to the end of the most protracted emergency since the Second World War and currently the Adult Social Care department is in a recovery phase. Additional infection control measures persist in care settings which impacts on the collective capacity within the Council and within the 500+ social care providers whom the Council relies on to support residents.

7. Adult Social Care has a key role in supporting the NHS to manage both the day-to-day significant pressures it is experiencing and the planned recovery of elective procedures. The challenge of both activities has been well described in the media.

8. The last two years have taken a significant toll on the workforce (some 25,000 social care workers in the County) and local social care providers. Covid created additional pressure on an already challenged system; this was regularly reported to the Adult Social Care and Public Health Committee throughout the pandemic but in summary:

   - there is a gap of around 5% between demand and capacity for support at home due to challenges in the recruitment of care workers
   - on average there are 500 people waiting for support at any one time, often in the wrong care setting, such as hospital or reliant on family carer support
   - requests for specialist support in mental health assessments and safeguarding concerns have increased by over 25% in the last three years, signalling the impact of Covid on the wellbeing of our residents
   - staff turnover in the Council's adult social care services has increased to 11%, and for local care providers it is 29%, creating an unprecedented level of vacancies across the County.

9. Each set of reforms increases the requirement for skilled and qualified staff, even where digital and self-serve options (which are not currently available in the market) are fully optimised. Much of the reform requires capacity in corporate services and within areas where there are existing recruitment challenges.

10. In the report 'Preparing for Reform' by the County Council Network and Newton (a UK based specialist in operational improvement) they conclude that the government could potentially need to spend half of the Health and Social Care Levy (funded by National Insurance increases) on these proposals alone by 2032, irrespective of other social care pressures in the system. The allocation of this between national bodies such as the Care Quality Commission and Department of Health and Social Care programme costs, or how money will pass to Local Government has not yet been set out.

11. The report estimates that the total costs of the reforms could be between £5.6bn and £6.2bn a year by 2031/32. The levy will generate an extra £12bn in annual revenue

earmarked for both the health service and social care, but only £1.2bn in each of the next three years has been committed to these social care reforms so far.

12. For Adult Social Care, £5.4bn has been announced nationally over three years from which:

- £1.4bn has been allocated for market support - split as following across the years:

2022/23	£162m
2023/24	£600m
2024/25	£600m

- From a national pot of £162m in 2022/23 the Council has been allocated £2.381m or 1.47%

- £500m has been announced nationally for workforce support, with currently no indication on how this will be allocated.

Charging Reform

13. In 2014 the Council published the potential capacity and cost requirements for Part 2 of the Care Act. These were indicative costs and based on assumptions of the number of self-funders that would come forward and the costs assumed using the traditional model of social care assessment. The cost ranged from £40m to £51m depending on the number of self-funders that come forward for support.

14. Several planning assumptions have changed since then and these need to be considered in modelling:

- introduction of the Three Conversations approach within Social Care
- the Asset Thresholds and Cap value have changed
- the type of care cost that counts toward the cap has changed
- the economic situation has changed, and cost of living increases will mean that self-funders may come forward at an earlier stage.

15. The Association of Directors of Adult Social Services (ADASS) has modelled the capacity that is required to implement Charging Reform and has used average costs from across the country. This work proposes that 80% of self-funders will come forward. Given the wealth of people in Nottinghamshire and the cost-of-living pressure, this is likely to be an underestimate and it is more likely that 90-95% of self-funders will come forward. The number of self-funders in Nottinghamshire is not known and the Office for National Statistics is supporting reform by undertaking work to establish self-funder numbers. The Council now knows how many self-funders are supported in residential care, but not those who live independently.

16. The proposed approach for Nottinghamshire is to continue with prevention and promoting independence strategies and to support people to support themselves wherever possible. Therefore, the Council would seek to invest in technology solutions to support self-assessment and to increase investment in information, advice, and guidance services. Research with East Midlands ADASS shows that self-funders report problems with navigating support and negotiating with providers for care. Investment in advocacy support

to enable self-funders to optimise and maximise their care would be required. These costs are not yet fully modelled and are currently estimated to be in the region of £5m.

17. There is no guidance as to the allocation of resource for meeting the new burden of Charging Reform in community social work capacity.

18. Analysis undertaken by Newton and the County Council Network estimates that 4,300 social work staff will be required to carry out Care Act assessments, reviews and care management on top of the current vacancy rate of 1,782. For the East Midlands this equates to a further 221 social work staff and 45 financial assessors.

19. Modelling for Charging Reform will be refreshed in the coming months to provide an up-to-date estimate of cost. An early indication is detailed in a recent County Council Network and Newton report which estimates the cumulative cost of the over 65's means test and cap at £614m - £743m for the East Midlands for the period 2023-2032.

Fair Cost of Care

20. This area of reform requires the Council to engage with home care and care home providers to undertake and report on a fair cost of care exercise by 14th October 2022. The exercise, as it is scoped, does not address the two current financial risks facing social care providers - price and wage inflation. Neither does the exercise look to address rates for new models of care referenced in the Build Back Better paper.

21. There is a risk that the two main policy objectives of the Fair Cost of Care cannot be realised in full within the budget envelope and the timetable set out in the Department of Health and Social Care policy paper (December 2021).

22. It is therefore difficult to see how Nottinghamshire's share of the £1.4bn attributed to the delivery of this policy over the next three years will be sufficient to meet the stated objectives for the Fair Cost of Care reform. There is no formula announced for the distribution of this funding, but assuming the department has a similar share to that received in 2022/23 when it received £2.381m, the Council could get £8.8m per year in 2023/24 and 2024/25.

23. The Council does not currently know of the rates paid for care across the County by self-funders. It can draw assumptions from national modelling work undertaken in the County Council Network commissioned report by Laing and Buisson dated March 2022. This work modelled that the Fair Cost of Care for Ageing Well Care homes will cost £1.232bn nationally, however the government have only allocated £378m nationally for this exercise for 2023/24. For the Council that could mean an additional £18m which would be a 19% increase.

24. For home care, there is no national costing exercise, but the UK Care Home Association (UKHCA) publish an annual calculation for what a fair cost of home care is. Using this as a guide for what an equalised rate would be, UKHCA suggest the rate should be £23.20 per hour, which would be a 17.5% uplift costing approximately £5.15m or a 19% uplift based on care homes would cost £5.6m for homecare only, compared to an allocation of £3.2m in funding.

25. Supported Living providers, Day Service providers and Personal Assistants are also a key part of the social care market. Any change of rates in home care and care homes would destabilise the market unless fee rate increases across the market are considered. If similar modelling assumptions are applied across the total community care provision commitment of £135m, the cost would be **£23.57m** instead of the £5.15m referenced in **paragraph 24**.

26. Based on these modelling assumptions, the department could be looking at additional costs of either £23.15m (£18m Care Homes uplift and £5.15m Homecare) or £41.57m (£18m Care Homes uplift and £23.57m across the market for homecare) as described in **paragraphs 23, 24 and 25**, but funding of only £8.82m if it receives an allocation of 1.47% of the £600m in 2023/24 and 2024/25 as described in **paragraph 12**. Therefore, a significant shortfall is anticipated.

27. The Council is working with East Midlands ADASS to undertake a cost of care exercise across the region to determine the actual cost of care for the Council. As well as meeting the requirements of the Department of Health and Social Care guidance, this will enable Nottinghamshire to understand the cost risk of neighbouring councils.

28. The County Council Network and Newton recent report describes the risk that Fair Cost of Care will have on an unstable market, as some providers will gain, and some providers will lose income. Market instability is already costly for the Council given the impact that managing provider risk has on Adult Social Care staff capacity, and Adult Social Care savings in the Council's Medium Term Financial Strategy rely on a sufficient supply of good quality care.

29. The Fair Cost of Care exercise requires local authorities to publish the results of their local assessment by 14th October 2022, with a timescale of 2025 to reach this published Fair Cost of Care. Potentially, this places local authorities in a position of making unfunded commitments for fee levels until 2025, without the requisite financial certainty given the department had a one-year funding settlement and is facing significant wage and price inflation impacts across the Council.

30. Based on the recent Preparing for Reform report by the County Council Network and Newton, across the East Midlands region there is an estimated overall funding shortfall of £221m over the next decade.

People at the Heart of Care

31. The Health and Care Act and the Adult Social Care White Paper both set out that Integrated Care Systems and Social Care within local authorities will be subject to assurance through the Care Quality Commission (CQC). This is in addition to the CQC inspection regime that has been in place for many years across local provider services where the department has been rated Good or Outstanding consistently in its regulated services - Reablement, Short Breaks and Shared Lives.

32. Moving to a system where the department will be required to evidence compliance to the Care Act will be a significant change and will require investment to implement the requirements.

33. The department is still waiting to understand what the new assurance framework will look like and the CQC is in the initial stages of setting this out through a small number of stakeholder events. It is unclear how Adult Social Care inspection will relate to the Integrated Care System, or what specifically the CQC will look for when assessing how well the Council is meeting its duties under the Care Act. Further guidance is expected in September 2022.

34. The CQC has set out that the Making it Real Statements - published by Think Local Act Personal - that relate to the experience and outcomes of people who draw upon care and support, and of staff, will underpin the gathering of evidence in the inspection. These statements were used to produce the department's Adult Social Care Core Metrics in 2021, but the reporting capability to routinely gather and report on these indicators is not yet in place. The department's Co-Production Strategy that was agreed by the Adult Social Care and Public Health Committee in March 2022 is a key enabler for the improvement required.

35. The department has begun to set out the requirements to resource assurance which will include dedicated roles, as well as work to change and improve corporate systems to automate reporting and record keeping that evidence compliance such as HR, MOSAIC (electronic social care records of people) and performance management.

36. East Midlands ADASS has begun work to support inspection readiness and to build on the Sector Led Improvement process to grow capability and confidence within the leadership of councils.

37. The funding for the burden of inspection has not yet been announced. For 2022/23 the CQC is gathering evidence and inspections will start from 2023 onwards.

38. As well as the risk of funding and resourcing the required capacity in the department, there is also the risk to the Council further to inspection, given the current quality and capacity concerns in Adult Social Care following the emergency period.

Build Back Better

39. Build Back Better describes the service model and workforce action required to implement reform. Much of the work is consistent with the Adult Social Care Transformation Programme agreed by the Adult Social Care and Public Health Committee in January 2021.

40. The changes require working across the Council to deliver improvements in areas such as digital and workforce support, as well as working across the Housing, Health, and Care system in areas such as Supported and Independent Living.

41. Funding for this is yet to be announced and early work has started to map the requirements against the department's existing social care programme. This work is a lower priority than the earlier parts of reform described above.

42. Nationally £500m over three years has been announced to support the workforce. There are multiple demands for this funding that outstrip the amount of the grant:

- training for new models of care both for our own staff and the 22,000 people who work in social care

- training for legislative changes such as Liberty Protection Safeguards and Mental Health Reform
- recruitment and retention of care workers – tackling career pathways and pay
- increasing numbers training for Social Work Occupational Therapy (SWOT) and SWOT placements
- wellbeing and recovery from the pandemic
- leadership succession.

Implementation of Adult Social Care Reform

43. Adult Social Care has a funded programme of Transformation and Service Improvement agreed by Committee in January 2021. This sets out the aspiration to deliver several changes reflected in the new models of care and delivers £10.593m benefit in the Council's Medium Term Financial Strategy. This programme is currently experiencing obstacles and delivery is delayed, due to the department needing to stand down activity during the emergency period which ended in March 2022 and the situation is currently exacerbated by staff vacancies in key roles. Staff time is currently focussed on reducing the time people are waiting for Care Act assessments and reviews.

44. The dilemma is that the Council needs to reform to reduce the financial risk it is facing through improving outcomes for people and reducing their costs, but it lacks the capacity and time to change in the required timetable.

45. The department has identified five key themes which it is using as a framework to navigate this multi-faceted complex change and they are set out below:

- **Charging Reform** – introduction of the cap on care costs
- **Fair Price for Care –** changes to the rates local authorities pay to CQC registered providers
- **People at the Heart of Care** – introduction of a CQC Assurance Framework
- **Integration White Paper** – introduction of an Integrated Care Board and Integrated Care Partnership across the Integrated Care System footprint
- **Build Back Better** – workforce and service reform as set out in the White Paper.

46. A programme for responding to reform has been implemented and the following actions have been undertaken:

- Adult Social Reform is now a Corporate Transformation Programme
- Adult Social Care and Public Health has launched a Quality Assurance Framework
- the required reform and assurance resources have been identified and are partially funded by reform monies and departmental underspend
- the reform programme is in place
- Mental Health Act reform and Liberty Protection Safeguards are existing workstreams within the All-Age Approaches Programme given the implications of those pieces of law reform.

Key significant risks and mitigations

47. The Council expressed its concerns in a letter to Sir Chris Wormald, Permanent Secretary at the Department of Health and Social Care, about the risks associated with the fair price

for care deliverables and social care assurance. In response Michelle Dyson, Director General for Adult Social Care, has provided little assurance around the affordability of the changes or flexibility in terms of the tight deadlines the department is working towards.

48. To summarise the main areas of significant risk are:

- funding fee increases across home care (18+) and care homes (65+) that will be established following the cost of care exercise as part of the Fair Price for Care deliverables
- funding and recruiting sufficient workforce capacity to implement and embed the Charging Reform deliverables especially around the increase in self-funders the Council will be required to support (section 18(3) of the Care Act)
- managing the significant change within the required timescales and with a depleting workforce
- preparing for CQC Assurance and managing any reputational damage that may emerge from inspection.

49. To mitigate the risks the department is:

- setting out the Council's concerns about the timetable and funding available for the implementation of the Government's Social Care Reform to the Department of Health and Social Care as mentioned in **paragraph 47**
- working nationally on behalf of ADASS on implementation options with the Department of Health and Social Care
- collaborating regionally with ADASS on work that reduces duplication and supports economies of scale
- where possible prioritising work in the department to focus on Social Care Reform
- using a Stage and Gateway approach to reform implementation, working closely with the Cabinet Member and Cabinet to understand the risks, costs, and quality at key stages in the reform timetable (**Appendix A**).

Other Options Considered

50. No other options have been considered as Cabinet is asked to consider whether there are any further actions it requires in relation to the programme of Adult Social Care reform and the potential requirements, cost, and risks to the Council associated with implementation of the reforms.

Reason/s for Recommendation/s

51. The report requests endorsement from the Cabinet of the ongoing issues and risks linked to the implementation of the Adult Social Care reforms, the proactive work in progress to mitigate these risks as far as possible and support to make further representations to Government about the impact of the reforms.

Statutory and Policy Implications

52. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty,

safeguarding of children and adults at risk, service users, smarter working, sustainability, and the environment 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

53. The financial implications are as follows:

Fair Cost of Care	**Potential Costs**	**Potential costs for the Council per annum**
Care Homes (Laing Buisson Report March 2022)	**£1,232bn (for the country)**	**£18m (19% uplift)**
Home Care (UKHCA)	**£23.30 per hour**	**£5.15m (17.5% uplift)**
Homecare (UKHCA) including Supported Living Day Services & Personal Assistances	**£23.30 per hour**	**£23.57m**

Charging Reform	**Potential Costs for the Council**
In 2014 modelling was undertaken which estimated the costs but was dependent on the number of self-funders. This will need to be refreshed.	£40m to £51m

East Midlands potential costs (CCN-Newton Report May 2022)	**2023-2032**
Fair Cost of Care	£802m
Over 65's means test and cap	£614m Lower Scenario £743m Upper Scenario
Operational Spend	£100m
Additional assessment/review capacity	221 Social Care Workers
Additional Means Test Capacity	45 Financial Assessors

54. The department awaits further allocation of government funding around workforce, social care assurance and other aspects of Social Care Reform, therefore further financial implications cannot be detailed at this time.

Public Sector Equality Duty implications

55. As more guidance emerges from central government, the department will review the equality impact of the reforms and decide if a quality impact assessment is necessary. Currently there is insufficient information available to understand the equality duty implications.

Implications for Residents

56. The ambitions of Social Care reform are to give residents greater choice, control, and support to live independent lives, access to personalised care and support of outstanding quality and fair and affordable adult social care.

RECOMMENDATION/S

1) That Cabinet recognises the potential requirements, cost, and risks to the Council associated with implementation of the reforms.

2) That Cabinet makes further representations to the Government about the issues and risks highlighted in this report and endorses continued work through the Corporate Director, Adult Social Care and Health to raise the specific issues for Nottinghamshire to Government.

Councillor Matt Barney
Cabinet Member, Adult Social Care and Public Health

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Constitutional Comments (GMG 15/06/22)

57. This is an information only item and no constitutional issues arise.

Financial Comments (KAS 28/06/22)

58. Further modelling and more information from government regarding potential funding is required before we can provide a better indication of the potential costs.

59. Currently the only confirmed funding nationally, is the Market Sustainability and Cost of Care Fund of which we will receive £2.381m in 2022/23. Should we receive a similar proportionate allocation of 1.47% of the funding announced for 2023/24 and 2024/25 we could receive a further £8.82m as described in **paragraph 12.**

60. The indicative costs within the report are either £40m - £51m as described in **paragraphs 13 to 16** for charging reforms based on the modelling the council undertook in 2014 for phase 2 of the Care Act but this needs to be refreshed and either £23.15m or £41.57m for the Fair Cost of Care as described in **paragraphs 23 to 25**.

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.

Social Care Reform White Paper: People at the Heart of Care: adult social care reform white paper - GOV.UK (www.gov.uk)

Build Back Better Build Back Better: Our Plan for Health and Social Care - GOV.UK (www.gov.uk)

Health and Social Care Act 2022 Get in on the Act: Health and Care Act 2022 | Local Government Association

Integration White Paper Health and social care integration: joining up care for people, places and populations - GOV.UK (www.gov.uk)

Liberty Protection Safeguards Liberty Protection Safeguards: what they are - GOV.UK (www.gov.uk)

Changes to the MCA Code of Practice and implementation of the LPS: consultation document - GOV.UK (www.gov.uk)

Mental Health Act Reform Reforming the Mental Health Act: summary - GOV.UK (www.gov.uk)

Laing Buisson Report – Impact Assessment of Section 18(3) of The Care Act 2014 and Fair Cost of Care

County Councils Network and Newton Report 25th May 2022 New analysis reveals the regional impact on local councils of the government's flagship adult care reforms - County Councils Network

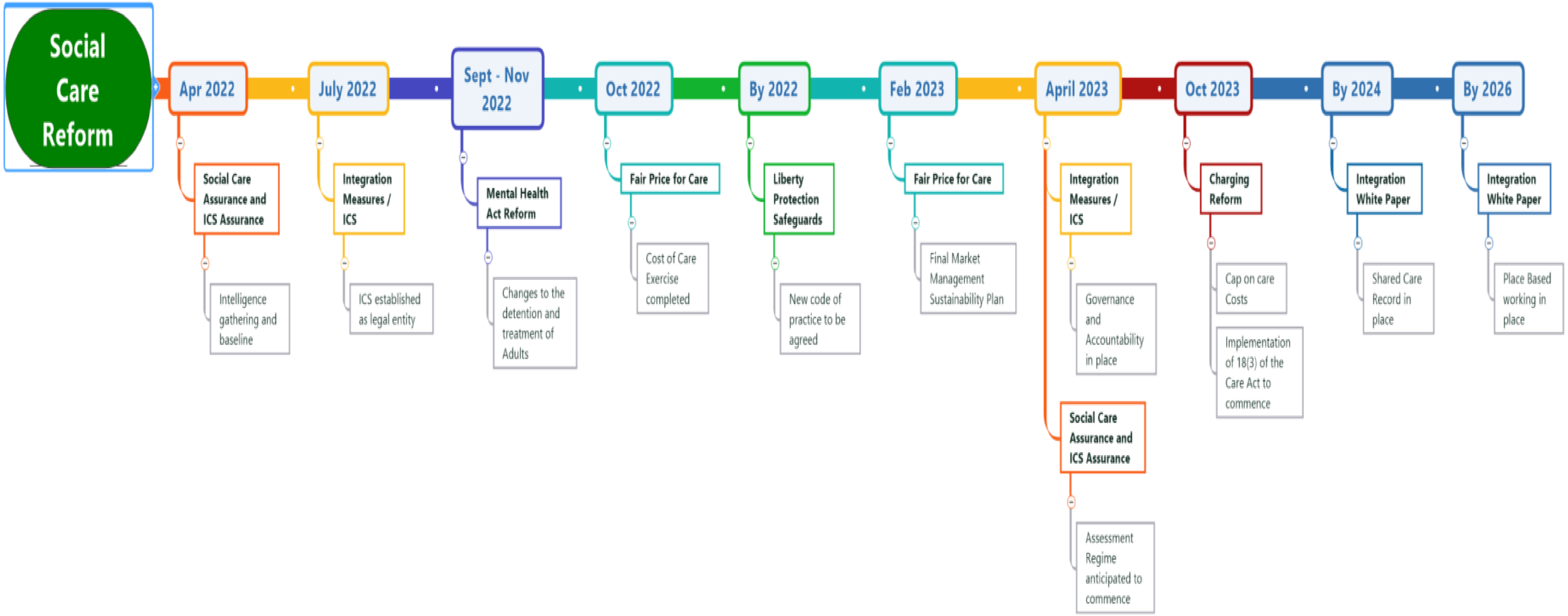
Report to Adult Social Care and Public Health Committee 11th January 2021 Adult Social Care and Public Health Service Improvement Programme 2021/22- 2023/24

Electoral Division(s) and Member(s) Affected

All.

A0007

Appendix A – Social Care Reform Timeline



Nottinghamshire County Council

Report to Cabinet

14 July 2022

Agenda Item: 8

REPORT OF THE LEADER OF THE COUNCIL

DEVOLUTION UPDATE

Purpose of the Report

1. To update Cabinet on the progress of the Joint Working and Devolution programme, and devolution discussions with Government.

2. To agree to further reports to Cabinet on the progress of devolution discussions with Government, as work on a deal document and high-level governance arrangements develops

Information

Discussions with Government

3. Nottingham and Nottinghamshire, and Derby and Derbyshire were named as pathfinder areas by the Government in the Levelling Up White Paper, and invited to apply for a devolution deal. This would mean the transfer of powers and funding from national to local government. To maximise the benefits for residents, Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council are now working together with district and borough councils to develop proposals for a new Level 3 combined authority with a directly elected mayor across this geographical footprint.

4. Devolution is an opportunity to deliver more for all our residents and address sustained low levels of investment in our region. That said, it is important that any deal is comparable to deals done previously elsewhere. A successful devolution deal would mean:

   - Significantly more funding for services in our region
   - More major decisions made locally, near the people they affect
   - Our region has a bigger voice. Derby, Derbyshire, Nottingham, and Nottinghamshire are home to 2.2 million residents, which would make a future combined authority with a directly elected mayor one of the largest in the country.

5. The excellent collaborative work the City of Nottingham and Nottinghamshire Economic Prosperity Committee (EPC) is leading between city, county, district, and borough councils is integral to Nottingham and Nottinghamshire's devolution ambitions, and wider discussions with Derby and Derbyshire. Government has been clear that deals will be negotiated with

upper tier councils, but they expect meaningful engagement with all councils. Local partners understand the inclusion of district and borough councils in the development of proposals is vital to success. Nottinghamshire County Council's 24 March 2022 Policy Committee gave unanimous approval to a recommendation to recognise the importance of and endorse the continuing inclusion of Nottinghamshire's district and borough councils in the ongoing discussions about devolution

6. Nottingham City Council, Nottinghamshire County Council, Derby City Council and Derbyshire County Council returned an initial devolution deal proposal template to Government on 25 March 2022. The Government's template, discussed at the 18 March 2022 EPC meeting, requested information on the level of devolution deal being sought; the geography, the leadership and governance model; powers, functions and flexibilities being pursued from the Devolution Framework; and other innovative ideas. Responses provided the starting point of negotiations for a devolution deal, where proposals will be examined in more depth. Submission of this template does not commit any council to a single course of action.

7. The leaders of Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council had a very positive meeting with Minister Neil O'Brien MP on 21 March 2022. Minister Neil O'Brien MP subsequently wrote to these leaders on 13 May 2022 welcoming the ambitious proposals outlined in the March 2022 template as making the most of the opportunities devolution offers local people. The Minister strongly welcomed the commitment of the four leaders to closely involve districts of both counties in the deal.

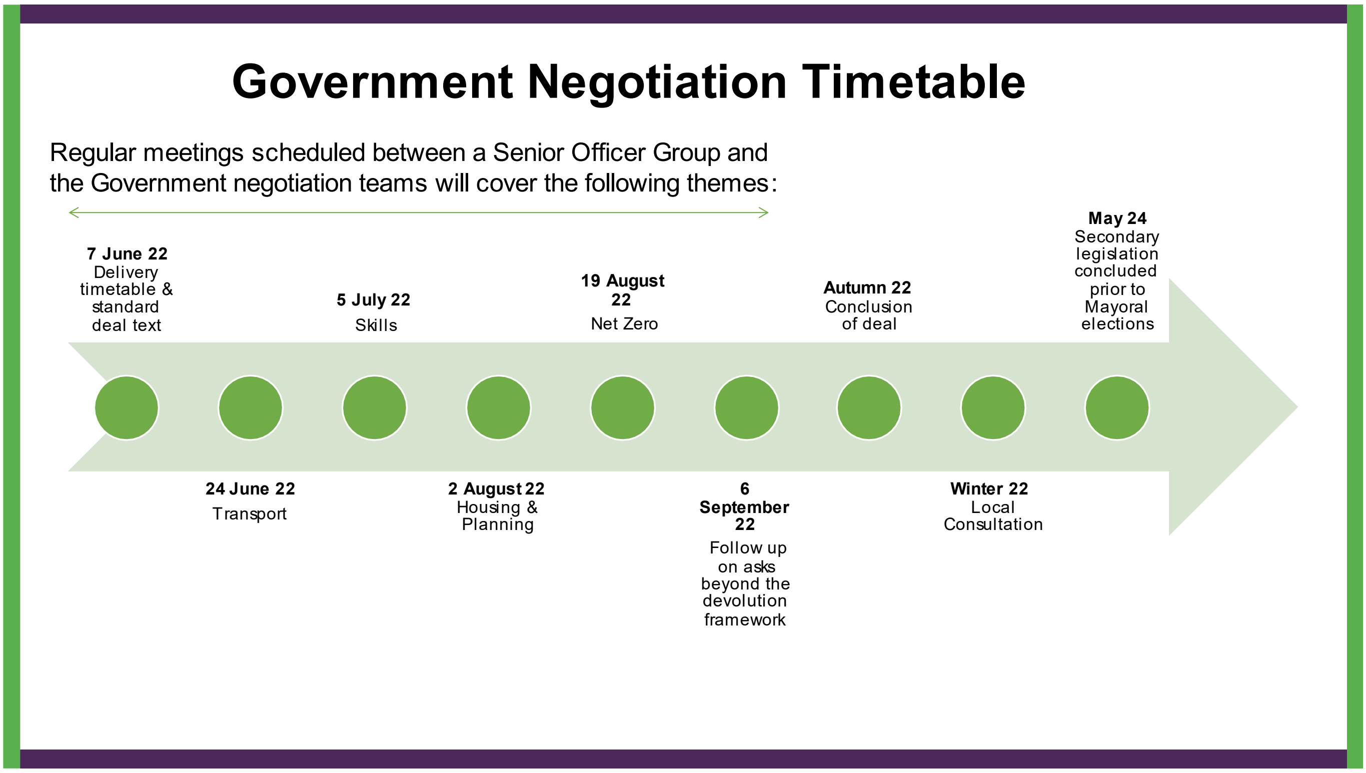
8. Government's aim is for a number of devolution deals to be agreed in principle by Autumn 2022. The 13 May 2022 letter from Minister Neil O'Brien MP indicates that the first mayoral election would be likely to be held in May 2024. This is dependent on the legislative timescale for the Levelling Up and Regeneration Bill which will enable a new type of combined authority. Our ambition is to secure the earliest possible deal.

9. Work to negotiate a deal by Autumn 2022 is now moving at pace, with fortnightly discussions arranged between a cross organisational senior officer group (see paragraph 11) and Government negotiation leads. A high-level negotiation timetable is shown in Figure 1. These sessions will develop the framework of a draft devolution deal, for consideration by leaders in September 2022.

10. We are working with Government to understand the timetable and milestones for the deal. It is likely that the deal document and high-level governance arrangements will require consent of either Cabinet or County Council. These details will be confirmed as part of the negotiations with Government over the summer of 2022 and reported to Cabinet as soon as possible.

11. Figure 1 reflects current understanding that consultation is likely to take place during Winter 2022. Discussions are ongoing with Government officials to understand the nature and timing of any consultation with the public and stakeholders. Details in respect of consultation will be clarified in further reports to Cabinet.

Figure 1: Government Negotiation Timetable



12. Contributions from a wide range of members and officers will be required to ensure the relevant political steer and technical expertise is considered at each stage of the negotiation. The Senior Officer Group will maximise use of existing expertise and capacity across councils and partners with engagement aligned to the negotiation timetable. Existing regional partnerships and working groups will be used wherever possible.

13. The leaders of Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council are meeting on a fortnightly basis to direct the programme, supported by chief executives. These discussions are informed and complemented by a regular rhythm of meetings being established to support the programme.

- The D2N2 Leaders Board, which comprises of all leaders of district, borough, city and county councils across Derby, Derbyshire, Nottingham, and Nottinghamshire, met on 17 May 2022. Leaders were positive about the opportunities devolution could bring. The Board will be meeting more frequently as the details of the deal are developed. The next meeting on 20 July 2022 will consider governance principles and a communications plan. Chief executives across the region met on 27 May 2022 and committed to monthly meetings, aligned to the D2N2 Leaders Board.
- The EPC, and the equivalent Derby/Derbyshire joint committees, will continue to play a crucial role in the development of a deal, ensuring that Nottinghamshire district and borough councils are fully engaged in the devolution programme and driving forward collaborative work across a range of priorities.
- A cross-organisational Senior Officer Group has been established to oversee the delivery of the programme and act as the negotiation team in discussions with Government. The

senior officer group includes the Place Directors from the upper tier authorities, chief executive representatives from Nottinghamshire and Derbyshire district and borough councils, and the chief executive of the Local Enterprise Partnership (LEP).

- Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council chief executives will be meeting with the Senior Officer Group on a fortnightly basis to offer support and additional capacity.

Future work programme

14. The EPC led the development of six draft outline business cases for identified priority themes for Nottingham and Nottinghamshire. These business cases provided critical input to the March 2022 Government devolution template submission and provide an excellent starting point for future work across Nottingham and Nottinghamshire, and the wider region. The Government negotiation timetable (Figure 1) includes sessions that will touch on all six original Nottingham and Nottinghamshire priority themes, albeit worded slightly differently:

Negotiation Session	**Priority Themes**
Standard devolution deals text	All
Transport	Connectivity & Infrastructure
Skills	Education and Skills
Housing and Planning	Land and Housing
Net Zero	Environment
Follow up on asks beyond the framework The March 2022 template submission also included a range of innovative ideas for powers and funding not specified in the devolution framework, including: • support young people • enhance social mobility • reduce homeless • improve digital connectivity • enhance the visitor economy, heritage, and culture • community safety.	Supporting and enabling young people through their journey to adulthood Connectivity and Infrastructure (Digital connectivity aspect) Long list Nottingham and Nottinghamshire themes: Community safety and cohesion Visitor economy, heritage, and culture

15. It is a requirement of Government that each devolution proposal is accompanied with an expression of interest as to which powers and resources might be utilised by the eventual Combined Authority. In our case, having submitted an expression of interest in March 2022, we are negotiating with Government about which of these powers and resources could be included in our draft deal document. These negotiations are ongoing and will focus, primarily, on the main powers for areas such as skills, transport, housing, climate change

etc. Although the majority of devolution deals include, as standard, the option to use a Mayoral Precept, this is rarely taken up and there is no appetite amongst local partners to use a Mayoral Precept in our deal. Whilst the detailed arrangements for the application of powers and resources in our deal have not yet been agreed (it is part of the negotiations), the County Council has made it clear that it would not support the use of a Mayoral Precept.

16. Government has indicated that it is likely there will need to be a prioritisation of our template proposals that sit outside of the standard devolution framework, as it might not be possible to take all of these requests forward in an initial deal. Government will want to see evidence and more detail on any areas that are requesting powers and flexibilities beyond those already granted to existing combined authorities. The process for prioritisation of proposals across Derby, Derbyshire, Nottingham, and Nottinghamshire priorities is to be determined. It is important to note however that collaborative work across Nottingham and Nottinghamshire, and the wider geography can still progress regardless of any devolution deal.

17. The changing context requires the work programme to be refreshed, building on the strong foundation of collaboration developed through the EPC. Maintaining momentum following submission of the Government template, the senior officer group are meeting regularly to agree a joint programme covering identifying key milestones, stakeholder mapping, residents' engagement, securing the deal, developing our priority themes, and developing an implementation plan to enable the combined authority with a directly elected mayor to be effective from the outset.

18. A programme initiation document (PID) is being developed that will bring all this work together. Four priority work areas have been identified:
    - Negotiating the deal
    - Agreeing a governance framework
    - Communications and engagement
    - Organisational design of a future combined authority so it is effective from day one

    Chief Executive sponsors have been identified for each workstream and regular progress updates will be provided to the EPC and Cabinet.

19. The Nottingham and Nottinghamshire joint working and devolution programme team will start to work across the wider geographical area to ensure best use of resources and delivery of benefits for residents. These include close working with complementary teams in Derby and Derbyshire to ensure a coordinated programme and avoid duplication of effort.

20. Meetings are being arranged with the Greater Manchester and West Midlands Combined Authorities to learn from their experiences. A session for leaders and West Midlands elected members will be arranged as soon as possible.

21. Collaborative work across Nottingham and Nottinghamshire will continue regardless of the form of any future devolution deal. Progress in recent weeks includes:
    - Positive discussions have been held with the Department for Digital, Culture, Media, and Sport regarding a Youth Investment Fund (YIF) bid in Nottinghamshire. This will support the work developed under the "Supporting and enabling young people through their journey to adulthood" theme

- An initial meeting between the chairs of the Safer Nottinghamshire Board and Nottingham Crime and Drugs Partnership meeting has been held. This has led to a meeting being arranged between the chief constable and Police & Crime Commissioner to explore joint working in relationship to community safety and cohesion.
- An officer workshop was held for the N2 Environmental Strategy Group on 11 March 2022. Projects being explored include a central overarching work plan to achieve net zero ambitions, a Local Area Energy Plan across Nottingham and Nottinghamshire and development of the Local Nature Recovery Strategy, including the Trees for Climate project to develop 250 hectares of woodland across Nottinghamshire over five years.

22. The Government has issued guidance on integrating Local Enterprise Partnerships (LEPs) into local democratic institutions, which is being considered as part of a LEP options appraisal. Government has set out two windows for submission of an implementation plan for LEP integration, the first ending on 29 July 2022.

Governance

23. High level principles and a governance framework are in development. It will be important that these are aligned to the governance principles and options discussed at previous EPC meetings. Given the now wider geographical footprint, this needs to be explored together with Derby and Derbyshire partners, with a jointly agreed timeframe and approach.

Resources

24. Project costs to date have been lower than originally expected. An underspend is reported for the financial year 2021/22 - £23,093 has been spent of the £150,000 mid-year budget set for 2021/22 (£450,000 spend agreed on an annual basis at the 29 October 2021 EPC). Unspent funds are returned to the business rates pool at the end of the year.

25. The underspend is reflective of the time taken to recruit the programme team, which is now complete with all seven posts within the team filled as of 8 June 2022:
    - 1 Programme Manager
    - 1 Senior Communications and Marketing Business Partner
    - 4 Project Officers
    - 1 Business Support Administrator

26. Interim programme arrangements have remained in place whilst recruitment was completed and wider partnership discussions continue, including support from officers of all nine of Nottingham and Nottinghamshire's Councils. A nine-month placement from Nottinghamshire County Council's graduate scheme will provide additional capacity up to December 2022 at no cost to the programme budget.

27. Work is underway, led by the current Senior Officers Group, to map existing skills and capacity and to identify gaps. This will ensure the existing expertise and capacity across partners, including the programme team established by the EPC, is used effectively. This includes consideration of whether any external support is required, with Derby, Derbyshire, Nottingham and Nottinghamshire city and county councils considering resource implications.

28. A procurement exercise has been undertaken to secure external programme management resource; Deloitte UK were successful, and a contract awarded on 20th June 2022. This

contract is jointly funded by Derby, Derbyshire, Nottingham and Nottinghamshire city and county councils from existing resources which does not include business rates pool.

Communications

29. Successful recruitment of the Senior Communication Business Partner will now provide the capacity and expertise to deliver a proactive communication strategy, keeping stakeholders engaged and up to date and taking advantage of opportunities to achieve media coverage of our objectives and priorities for devolution.

30. A communications plan outlining key messages and a set of FAQs has been prepared and was discussed by Derby, Derbyshire, Nottingham, and Nottinghamshire leaders on 10 June 2022. It will subsequently be presented to the next D2N2 Leaders Board on 20 July 2022. The communications plan will be shared with Cabinet, the EPC, and wider partners to help ensure consistent messaging and briefing of all elected members. A supporting piece of work on developing the rationale for and benefits of establishing a combined authority with a directly elected mayor has been completed and informed the development of draft communications materials.

31. A joint press release, "Government welcomes bid for new East Midlands combined authority" was issued on 14 June 2022. This included messages of support from the East Midlands Chamber of Commerce, and universities in Derbyshire and Nottinghamshire.

Next Steps

32. The next steps for the programme are to:
    - progress political discussions locally, with a joint meeting of all councils to take place on 20 July 2022;
    - share and implement a communications plan;
    - jointly develop governance options with partners across the wider geography with an early draft coming to the EPC; and,
    - work collaboratively across Nottingham, Nottinghamshire, Derby and Derbyshire to agree a PID, which will set out a joint work programme, timeline and roles and responsibilities across the partnership.

Other Options Considered

33. Do Nothing – A decision could be taken to not to respond to the invitation in the Levelling Up White Paper to negotiate a devolution deal with Government. This option has been rejected as it would prevent the benefits and opportunities of devolution from being achieved. Likewise, Government's commitment to progress deeper devolution deals with areas such as the West Midlands and Greater Manchester emphasises the importance of achieving a successful devolution deal for our area, to avoid being left behind.

Reason for Recommendations

34. To ensure that Cabinet Members, other County Councillors, wider partners, and the public are kept up to date on the progress of the Devolution deal.

Statutory and Policy Implications

35. 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

36. The financial implications of producing a devolution proposal for Government were considered at the 29 October 2021 EPC. This report contains no further financial implications.

Consultation

37. The Government negotiation timeline indicates that public consultation on a devolution deal is likely to take place over Winter 2022. Discussions are ongoing with Government officials to understand the nature and timing of any consultation with the public and stakeholders. Details in respect of consultation will be clarified in further reports to Cabinet.

Implications for Residents

38. The joint working and devolution programme is ultimately about changing things for the better for local people and giving all our residents and businesses the best possible opportunities and experiences. The programme continues to be developed with this primary objective in mind.

Implications for Sustainability and the Environment

39. Enhancing and protecting the local environment and addressing climate change was identified as a priority theme from the inception of this programme. This remains the case with achieving net zero ambitions mutually identified as a crucial element of negotiations between local councils and Government.

RECOMMENDATIONS

It is recommended that Cabinet:

1) Notes progress to date on the devolution and joint working programme and ongoing discussions about a devolution deal on a Derby, Derbyshire, Nottingham, and Nottinghamshire footprint; and,

2) Receives further reports on the progress of devolution discussions with Government, as work on a deal document and high-level governance arrangements progress.

Cllr Ben Bradley MP
Leader of the Council

For any enquiries about this report please contact:
Anthony May, Chief Executive Nottinghamshire County Council, Tel: 0115 9773582

Constitutional Comments (HD 29/06/2022)

40. Cabinet has the authority to consider the issues within the report.

Financial Comments (SES 27/06/2022)

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

Background Papers and Published Documents

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

- “Government welcomes bid for new East Midlands combined authority” – Press Release 14 June 2022
- The City of Nottingham and Nottinghamshire EPC 17 June 2022 – Joint Working and Devolution Programme Update
- “Council leaders bid for combined devolution deal for more funding and new local powers” – Press Release 25 March 2022
- The City of Nottingham and Nottinghamshire EPC 18 March 2022 – Joint Working and Devolution Programme Update
- "East Midlands council leaders consider options for new devolved powers and resources" – Joint Statement 23 February 2022
- Levelling Up White Paper 2 February 2022
- The City of Nottingham and Nottinghamshire EPC 17 December 2021 – Joint Working and Devolution Programme Update
- The City of Nottingham and Nottinghamshire EPC 17 December 2021 – Nottingham and Nottinghamshire Case for Devolution – Development of Priority Themes
- Policy Committee 2 December 2021 – Nottingham and Nottinghamshire Case for Devolution Resourcing Requirements
- Policy Committee 2 December 2021 – Appendix 1 Case for Devolution
- The City of Nottingham and Nottinghamshire EPC 29 October 2021 – Case for Devolution
- The City of Nottingham and Nottinghamshire EPC 29 October 2021 – Nottingham and Nottinghamshire Case for Devolution Resourcing Requirements

Electoral Divisions and Members Affected

- All

Nottinghamshire County Council

Report to Cabinet

14 July 2022

Agenda Item:9

REPORT OF THE CABINET MEMBER - BUSINESS MANAGEMENT

OUTSIDE BODIES REGISTER UPDATE

Purpose of the Report

1. To agree changes to the list of organisations included in the Outside Bodies Register, make relevant appointments and note the updated Register.

Information

2. In the Council's revised Constitution agreed as part of the move to the new Executive arrangements in May 2022, any changes to the list of organisations in the Outside Bodies Register are delegated to Cabinet, with the Cabinet Member – Business Management having authority to make appointments to those organisations.

3. The findings of a review which were agreed by Policy Committee in May 2019 divided the Register into the following categories of outside bodies:

   a. Category A – organisations which have been established or are owned /partly owned by the Council

   b. Category B – local or national organisations that are linked to the strategic focus of the Council

   c. Category C – local community groups, charities and partnerships whose primary focus is on local community issues.

4. This categorisation of organisations will be continued for administrative purposes although the Team Manager – Democratic Services will no longer have delegated authority to add Category B bodies to the Register.

Inclusion of Outside Bodies in the Register

<u>East of England and East Midlands Regional Youth Work Unit</u>

5. The Council has been named as a Trustee to this organisation which has recently been registered as a Charitable Incorporated Organisation. The aims of the Unit are to promote charitable purposes for the benefit of young people in the East of England and the East Midlands regions as defined by Government, in particular but not exclusively:

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a) to advance the education, wellbeing and opportunities for young people and others who work with young people through the provision of training events, conferences and other events;

b) to promote and share best practice in the field of youth work including the co-ordination of work on quality standards;

c) to work with other agencies including regional and national bodies to improve services and image of young people.

6. It is recommended that this organisation be added to the Register as a Category B body. The Cabinet Member – Business Management has agreed that the Council will be represented by an officer (Group Manager - Young People's Service) on this body. In agreeing to add this body to the Register, Cabinet approval is also sought for that initial appointment.

NHS Nottingham and Nottinghamshire Integrated Care Board

7. A significant change to the local NHS landscape is underway as a result of the Health and Care Act 2022. Clinical commissioning groups, which have been the primary budget holders for NHS services since 2013, have been abolished. In their place, Integrated Care Boards will perform this role from the 1st July 2022 as Integrated Care Systems are put on a statutory footing. This means the establishment of a new Integrated Care Board (ICB) for Nottingham and Nottinghamshire. This change will bring health and care organisations together in new ways, with a greater emphasis on collaboration and aligning the work of system partners to achieve a shared purpose to improve health outcomes and tackle inequalities, enhance productivity, make best use of resources and support social and economic development.

8. As part of this transformation, the ICB is required to appoint partner members to its Board. These partner members will be critical to the ICB, bringing their knowledge and a perspective from their sectors to the work of the Board, and playing a key role in establishing new ways of working across the system to meet the needs of citizens.

9. Following consultation with the Cabinet Member – Business Management, the Council made a nomination for the position of Local Authority partner member that aims to bring a perspective of the social care needs and health and wellbeing characteristics of people and communities living in market towns and rural areas.

10. The nomination of the Corporate Director of Adult Social Care and Health to this role has now been agreed through the relevant Integrated Care System processes, subject to Cabinet agreeing that the ICB be added to the Register as a Category B body.

11. The Integrated Care Partnership joint committee which flows from the establishment of the ICB is the subject of a report to Full Council on 7 July 2022. Subject to approval of that report by Council, it is anticipated that further nominations to the 5 Council places on the Integrated Care Partnership will take place in the usual way through the Cabinet Member – Business Management.

The Nottinghamshire Combatting Substance Misuse Partnership

12. The County Council Nottinghamshire Combating Substance Misuse Partnership (the Partnership) is responsible for providing a multiagency approach to reducing harm from substance misuse and supporting Nottinghamshire County Council in meeting its duty in implementing the Government 10 Year Strategy: From Harm to Hope. The Partnership has the accountability for delivering the outcomes in the National Combatting Drugs Outcomes Framework. The membership and responsibilities of the Partnership are informed by the local guidance.

13. Government guidance lays out a range of agencies to be involved in these Partnerships and has communicated with them about the requirement to form a Partnership and the timescales for this work. The guidance requires that the Partnerships are established by 1 August 2022, across a geographical footprint which is logical to local residents and consistent with existing relevant arrangements. It also requires the selection of a Senior Responsible Officer (SRO) who can represent the partnership nationally and report to central government regarding performance, improvement and unblocking issues where necessary.

14. Given the need to move at pace since receipt of the guidance in mid-June, it is proposed that Cabinet agrees the Council's membership of the developing partnership with an initial geographical footprint of Nottinghamshire being a footprint likely to be most logical for County residents. However, it is also proposed that in developing the new Terms of Reference for the Partnership the need for close collaboration with any neighbouring partnerships on matters of joint interest is built in to ensure effective operational outcomes where issues cross administrative boundaries.

15. Cabinet is also asked to approve the nomination of the Director of Public Health as an interim SRO for the Partnership, pending further dialogue and agreement across the member agencies regarding a permanent nominee for that role.

16. The Terms of Reference for the new Partnership are yet to be determined and the timetable for their submission to government is the end of September 2022. It is proposed that the Director of Public Health be authorised to agree those Terms of Reference in liaison with the Chairman of the Health and Wellbeing Board following their development amongst the participating partner agencies.

Removal of Outside Bodies from the Register

17. It is recommended that the following organisation be removed from the Register:

    a. Holme Pierrepont Leisure Trust – as a result of new arrangements, this Trust has now been formally wound up and therefore needs to be removed from the Register.

18. The updated Register, with those bodies proposed for inclusion and removal highlighted, is attached at Appendix A for information.

Information on the work of outside bodies

19. Under the revised Constitution, representatives appointed to outside bodies must report back to the relevant decision making individual or committee as required.

Other Options Considered

20. The actual appointments to the three bodies recommended for inclusion could be approved by the Cabinet Member – Business Management under his delegated authority but for efficiency of decision-making it is proposed that these be confirmed as part of this report. Any subsequent changes in these appointments will be made by the Cabinet Member-Business Management.

Reasons for Recommendations

21. To update the Register of Outside Bodies as appropriate.

Statutory and Policy Implications

22. 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.

RECOMMENDATIONS

1) That the inclusion of the East of England and East Midlands Regional Youth Work Unit in the Outside Bodies Register as a category B body be approved, with the Group Manager - Young People's Service appointed as the Council's representative.

2) That the inclusion of the NHS Nottingham and Nottinghamshire Integrated Care Board in the Outside Bodies Register as a Category B body be approved, with the Corporate Director – Adult Social Care and Health appointed as the Council's representative.

3) That the inclusion of the local Combatting Drugs Partnership "Nottinghamshire Combatting Substance Misuse Partnership" in the Outside Bodies Register as a Category B body be approved together with authority for the Director of Public Health to be nominated as the proposed interim SRO for the Partnership.

4) That the Director of Public Health be authorised to agree the initial Terms of Reference for the local Combatting Drugs Partnership following liaison with other relevant agencies and in consultation with the Chairman of Health and Wellbeing Board, prior to submission to the government by 31 September 2022.

5) That Holme Pierrepont Leisure Trust be removed from the Outside Bodies Register.

6) That the updated Register as detailed in Appendix A be noted.

Councillor Chris Barnfather
Cabinet Member – Business Management

For any enquiries about this report please contact: Keith Ford, Team Manager, Democratic Services, Tel: 0115 9772590 E-mail: keith.ford@nottscc.gov.uk

Constitutional Comments (LW 24/06/2022)

23. Cabinet is the appropriate body to consider the content of the report.

Financial Comments (RWK 06/06/2022)

24. There are no specific financial implications arising directly from the report.

Background Papers

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.

- Letter from Nottingham and Nottinghamshire Integrated Care Systems to the Council's Leader and Chief Executive, dated 11 May 2022.

Electoral Division(s) and Member(s) Affected

All

Outside Bodies Register as at 5 July 2022

Cat	Organisation	Appointees
A	Arc Partnership	Cllr Reg Adair Derek Higton
C	Arnold Old People's Welfare Committee	Cllr Pauline Allan
C	Brunts Charity	Cllr Stephen Garner
C	Chesterfield Canal Partnership	Cllr Sybil Fielding Heather Stokes
C	Clayworth Education Foundation	Cllr Tracey Taylor
B	County Councils Network (CCN)	Cllr Ben Bradley MP Cllr Bruce Laughton Cllr Chris Barnfather Cllr Kate Foale
B	Creswell Heritage Trust	Cllr John Cottee
B	D2N2 European Structural Investment Fund (ESIF) Sub Committee	Cllr Keith Girling
B	D2N2 Investment Board	Cllr Keith Girling
B	D2N2 Local Enterprise Partnership	Cllr Keith Girling
C	Diana Eyre's Educational Foundation	Cllr John Ogle
C	Doncaster Sheffield Airport Consultative Committee	Cllr Nigel Turner
C	East Midlands Airport Independent Consultative Committee	Cllr Matt Barney Cllr Reg Adair (sub)
B	East Midlands Councils	Cllr Ben Bradley MP 'added place' given to: Cllr Bruce Laughton Cllr Tracey Taylor Cllr Kate Foale Cllr Mike Pringle
B	East Midlands Councils Employers' Board	Cllr Kate Foale
B	East Midlands Councils Executive Board	Cllr Ben Bradley MP
B	East Midlands Councils Regional Migration Board	Cllr Tracey Taylor

Cat	Organisation	Appointees
B	East Midlands Freeport Board	Cllr Ben Bradley MP
B	**East of England and East Midlands Regional Youth Work Unit**	**Pom Bhogal**
B	EM Devco Limited (Oversight Authority)	Cllr Ben Bradley MP
C	Faith Clerkson Trust	Cllr Stephen Garner
C	Focus on Young People in Bassetlaw	Cllr Callum Bailey
A	Futures Advice, Skills and Employment Ltd	Cllr Boyd Elliott Cllr Sinead Anderson Nicola McCoy-Brown
B	Greater Nottingham Joint Planning Advisory Board	Cllr Richard Jackson Cllr Neil Clarke MBE
A	Greater Nottingham Light Rapid Transit Ltd	Cllr Neil Clarke Cllr Eric Kerry Cllr Gordon Wheeler
C	Greenwood Community Forest Partnership	Cllr Tom Smith
C	Groundwork Greater Nottingham	Cllr Jim Creamer
A	**Holme Pierrepont Leisure Trust**	**Cllr John Cottee** **sub: Cllr Tom Smith**
B	HS2 East Midlands Strategic Growth Board	Cllr Ben Bradley MP Cllr Bruce Laughton
B	HS2 Skills and Supply Chain Board	Cllr Philip Owen
A	Inspire	Cllr John Cottee Cllr Paul Henshaw
C	Lamb's Charity	Cllr Sam Smith
C	Lilley & Stone Charity Trust	Cllr Sam Smith Cllr Keith Girling
B	Local Authorities Energy Partnership (LAEP)	Cllr Mike Adams
B	Local Authority Pension Fund Forum (LAPFF)	Cllr Eric Kerry Mr Nigel Stevenson
B	Local Government Association (LGA) General Assembly	Cllr Ben Bradley MP Cllr Bruce Laughton Cllr Kate Foale Anthony May

Cat	Organisation	Appointees
B	Local Government Flood Forum	Cllr Roger Jackson Sue Jaques
B	Lowland Derbyshire & Nottinghamshire Local Nature Partnership	Cllr John Cottee
C	Manor Park Residents Association Limited	Cllr Reg Adair
C	Mansfield BID	Cllr Keith Girling
C	Mansfield Educational Foundation	Cllr Sinead Anderson Cllr Bethan Eddy
C	Mansfield Woodhouse Community Development Group (Executive Forum)	Cllr Ben Bradley MP
B	Midlands Engine Development Corporation Alchemy Board	Cllr Ben Bradley MP Anthony May (Chair)
C	Municipal General Charity	Cllr Sam Smith
B	**NHS Nottingham and Nottinghamshire Integrated Care Board**	**Melanie Brooks**
C	Norwell Educational Foundation	Cllr Bruce Laughton
C	Nottinghamshire Building Preservation Trust	Cllr Richard Butler
C	Nottinghamshire Clubs for Young People	Cllr Johno Lee
B	**Nottinghamshire Combatting Substance Misuse Partnership**	**TBC**
B	Nottinghamshire Healthcare NHS Foundation Trust	Cllr Dr John Doddy
B	Nottinghamshire Local Access Forum	Cllr Richard Butler Cllr Sybil Fielding Cllr Jim Creamer
B	Nottinghamshire Roosevelt Travelling Scholarship	Cllr Roger Jackson
C	Nottinghamshire Young Farmers Clubs	Cllr Roger Jackson
C	Platt Lane Management Committee	Cllr John Cottee
C	Portland College	Cllr Samantha Deakin

Cat	Organisation	Appointees
C	Queen Elizabeth's Endowed School Trust	Cllr Stephen Garner Cllr Sinead Anderson Cllr Andre Camilleri *Hon Ald John Carter *Hon Ald Terry Butler
C	Rural Community Action Nottinghamshire (RCAN)	Cllr Jim Creamer
B	Rural Services Network	Cllr Bruce Laughton
B	SACRE (Standing Advisory Council for Religious Education)	Cllr Boyd Elliott Cllr Tracey Taylor Cllr Richard Butler
B	Safer Nottinghamshire Board	Cllr Tom Smith
A	Scape Group Ltd	Cllr Reg Adair Cllr Richard Jackson Sub: Cllr Roger Jackson Sub: Cllr Keith Girling
B	Sherwood Forest Hospitals NHS Foundation Trust	Cllr Dr John Doddy
B	Sustainable Urban Development Strategic Advisory Committee	Cllr Reg Adair
C	The Crossing SEC Ltd	Cllr Nigel Turner Sub: Cllr Callum Bailey
C	The Magnus Educational Foundation	Cllr Sam Smith
B	Transforming Cities Programme Steering Board	Cllr Keith Girling
B	Transport for the East Midlands (TFEM) Board	Cllr Neil Clarke MBE
B	Transport for the North (TfN) Board	Cllr John Ogle
B	Trent Regional Flood and Coastal Committee	Cllr Roger Jackson
A	Via EM	Cllr Reg Adair Cllr Richard Jackson Derek Higton Keith Palframan