Nottinghamshire County Council

Finance and Major Contracts Management Committee

Monday, 16 September 2019 at 14:00

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

1	Minutes of the last meeting held on 15 July 2019	3 - 4
2	Apologies for Absence	
3	Declarations of Interests by Members and Officers:- (see note below) (a) Disclosable Pecuniary Interests (b) Private Interests (pecuniary and non-pecuniary)	
4	Financial Monitoring Report Period 4 2019-20	5 - 46
5	CIPFA Annual Public Finance Conference 2019	47 - 56
6	The Competitive Dialogue Procurement Approach for Public Health Services	57 - 58
7	Work Programme	59 - 62

Notes

(1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.

(2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

(3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Peter Barker (Tel. 0115 977 4416) or a colleague in Democratic Services prior to the meeting.

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

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

Nottinghamshire County Council

minutes

Meeting	FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE
Date	15 July 2019 (commencing at 2.00pm)

Membership
Persons absent are marked with an 'A'

COUNCILLORS

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

John Clarke	Diana Meale
Keith Girling	Mike Pringle
Eric Kerry	Mike Quigley MBE
Rachel Madden	Alan Rhodes

OTHER COUNCILLORS IN ATTENDANCE

Councillor John Longdon

OFFICERS IN ATTENDANCE

Pete Barker	Democratic Services Officer
Lorraine Dennis	Category Manager, Procurement
Kaj Ghattaora	Group Manager, Procurement
Colin Pettigrew	Corporate Director, Children, Families and Cultural Services
Nigel Stevenson	Service Director, Finance, Infrastructure & Improvement

1. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 17 June 2019, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

2. APOLOGIES FOR ABSENCE

There were no apologies.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. FINANCIAL MONITORING REPORT: PERIOD 2 2019/20

RESOLVED: 2019/042

That the contingency requests, as detailed in the report, be approved.

5. MYNOTTS APP

RESOLVED: 2019/043

That no further actions are required as a direct result of the contents of the report.

6. HS2 COMMISSIONS FOR MIDLAND ENGINE

RESOLVED: 2019/044

That no further actions are required as a direct result of the contents of the report.

7. WORK PROGRAMME

RESOLVED: 2019/045

That no further actions are required as a direct result of the contents of the report.

The meeting closed at 3.03pm

CHAIR

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

16 September 2019

Agenda Item: 4

REPORT OF THE SERVICE \DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT

FINANCIAL MONITORING REPORT: PERIOD 4 2019/20

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2019/20.
2. To provide a summary of capital programme expenditure to date, year-end forecasts and approve variations to the capital programme.
3. To request approval for an additional contingency application.
4. To inform Members of the Council's Balance Sheet transactions.
5. To provide Members with an update from the Accounts Payable and Accounts Receivable teams.
6. To provide Members with an update from the Procurement Team.

Information

Background

7. The Council approved the 2019/20 budget at its meeting on 28 February 2019. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.

Summary Revenue Position

8. The table below summarises the revenue budgets for each Committee for the current financial year. A £3.2m net overspend is currently predicted. As a consequence of the in-year overspend and the significant financial challenges facing the Council over the medium term, the key message to effectively manage budgets and, wherever possible, deliver in-year savings is being reinforced.

Table 1 – Summary Revenue Position

Forecast Variance as at Period 3 £'000	Committee	Annual Budget £'000	Actual to Period 4 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
8,047	Children & Young People's	128,969	31,124	137,271	8,302
(3,210)	Adult Social Care & Public Health	215,739	61,967	210,411	(5,328)
2,195	Communities & Place	122,607	39,387	124,620	2,013
267	Policy	32,729	13,051	32,840	111
(118)	Finance & Major Contracts Management	2,847	1,062	2,768	(79)
157	Governance & Ethics	7,306	2,414	7,439	133
(105)	Personnel	14,932	5,599	14,825	(107)
7,233	**Net Committee (under)/overspend**	**525,129**	**154,604**	**530,174**	**5,045**
(2,779)	Central items	(19,968)	(10,868)	(22,750)	(2,782)
-	Schools Expenditure	9	-	9	-
489	Contribution to/(from) Traders	(259)	1,027	230	489
4,943	**Forecast prior to use of reserves**	**504,911**	**144,763**	**507,663**	**2,752**
-	Transfer to / (from) Corporate Reserves	654	-	654	-
271	Transfer to / (from) Departmental Reserves	(16,038)	(392)	(15,571)	467
-	Transfer to / (from) General Fund	(2,099)	-	(2,099)	-
5,214	**Net County Council Budget Requirement**	**487,428**	**144,371**	**490,647**	**3,219**

Committee and Central Items

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

Children & Young People's (£8.3m overspend, 6.4% of annual budget)

9. The Youth, Families and Social Work Division is reporting a forecast £1.0m overspend. The major contributing factor is a £1.1m overspend on social work staffing. The overspend has arisen due to a combination of staffing changes including permanent recruitment to vacancies, additional capacity staff to respond to continuing increased workload and maintain manageable caseloads; and agency workers. All agency posts continue to require the explicit approval of the Service Director Youth, Families and Social Work and are subject to scrutiny by the quarterly Agency Challenge Panel.

10. The Education, Learning and Skills Division is reporting a net nil position although the achievement of the sold service income target is still a concern.

11. The Commissioning and Resources Division is forecasting an overspend of £7.3m of which £1.8m is attributable to growth in the number of Independent Fostering Agency placements, £3.3m residential and £2.2m on semi-independent placements. External placements increased by a net of 4 in the month. Whilst this is fairly typical for an average month (based on trend data from Jan 2017), numbers were forecast to stay the same due to a relatively large number of leavers expected in the July. However, there was a surge in use of semi-independent spot

purchased placements (partly due to a lack of suitable residential placements) with a number of them costing around £3,000 per week. This primarily accounts for the increased forecast overspend in the month. Historically, demand is more volatile over the summer months so short term forecasts are likely to fluctuate during this period.

12. As reported at the last Finance and Major Contracts Management Committee on 15 July 2019 in addition to existing high-level budget control actions a more detailed Action and Recovery Plan has been prepared. This plan is being reported to Children and Young Peoples Committee on 16th September 2019. A copy of this report is attached, Appendix A.

13. In addition to the cost pressures being experienced in the Children and Families Local Authority budget there is also significant pressure on the Authority's High Needs Block which is funded from Department for Education grant. Although this does not impact on local authority budgets, the increase in numbers of pupils requiring Special Educational Needs and Disabilities (SEND) support, alternative provision and a range of SEND services has an impact on transport costs and this is referred to in paragraph 17.

Adult Social Care & Public Health (forecast £5.3m underspend, 2.5% of annual budget)

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

- Older Adults across the County are forecasting an underspend of £1.9m with underspends on Direct Payments, Employee costs and over achievement of Joint Healthcare funding more than offsetting overspends on Long Term Care and Homecare.
- Younger Adults across the County are forecast to overspend by £0.9m, due to increases in Direct Payments and Residential and Nursing Care costs, although these are partly offset by underspends on Staffing and additional Joint Healthcare funding.
- Other budgets are forecasting an overspend of £0.4m, mainly due to a forecast overspend on reablement.

15. The Strategic Commissioning, Accessing and Safeguarding Division is reporting an underspend of £4.3m made up of a net increase of £0.5m in Service User Contributions, due mainly to increases in Residential and Nursing income, £3.1m in Service User Contributions due mainly to increases in Personal Budget income and £0.9m additional savings being released from the closure of the Care and Support Centres due to fewer long-term residents. There is a forecast overspend of £0.2m in agency costs within the mosaic team due to delays in the systems review.

16. Public Health is currently forecasting an underspend of £0.4m, mainly due to slippage in stop smoking support and Tobacco. Any net underspend will be added to reserves at year end and therefore reduce the net use of reserves.

Communities & Place (forecast £2.0m overspend, 1.6% of annual budget)

17. Transport is forecasting an overspend of £1.6m. The major contributing variances are :

- There are additional SEND Home to School (HtS) costs of £0.9m caused by an increase in pupil numbers. The costs are SEND Pre-16 HtS transport £0.6m; SEND Post 16 Transport £0.1m; and EOTAS (education other than at school) of £0.2m. The SEND and HtS forecasts are based on current known pressures. A more accurate year-end forecast will be available once the new academic year intake of pupils and re-tendering of contracts is confirmed.
- There is an overspend on Mainstream Home to School transport of £0.3m. This is due to the increase in pupil numbers and capacity limits at the closest designated school, necessitating transport to alternative educational establishments either by bus or taxi.
- There is a forecast overspend on Concessionary Fares of £0.3m due to increased costs for CT4N where a new operator has taken over commercial routes previously provided under a fixed rate deal by Trent Barton.
- There is a forecast overspend on Local Bus Services of £0.1m caused by ongoing pressure on provision of services, especially when commercial operators withdraw from a particular route, and inflationary increases.

18. The Coroner's budget is forecasting an overspend of £0.5m based on advice from Nottingham City Council (who manage the service) and is due to an anticipated increase in the annual cost of mortuary services.

19. Communities Staffing and Grants is forecasting an underspend of £0.1m due to staffing savings that have arisen following the restructure of the Community Safety and the Community and Voluntary Sector Teams

Trading Services

20. County Supplies are forecasting a deficit of £0.2m, this is attributed to trading activity prior to transfer to Hertfordshire County Council, including costs for legacy staffing, legal and IT costs. There is no reserve to fund this overspend.

21. Catering, Cleaning & Landscapes are forecasting a deficit prior to use of Reserves of £0.7m. This is to be funded partly from Traded Services Reserves (£0.4m), the result being a forecast overspend of £0.3m. There is no reserve to fund this overspend.

22. Clayfields are experiencing difficulties in the achievement of its income target and further work is needed to assess the implications of this on the trading position. This work is currently being undertaken and the outcome will be reported for the period 5 budget monitoring report.

Central Items (forecast £2.8m underspend)

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

24. At the time of setting the 2019/20 budget, several funding allocations had not been announced, specifically with regard to the impact of business rates revaluations and, therefore, assumptions about certain grants were made based on the best information available at the time. Throughout

the year confirmations are received and current forecasts suggest a net additional grant of £3.1m will be received in 2019/20.

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

26. The Council's budget includes a main contingency budget of £4.6m (not including the requests below) to cover redundancy costs, slippage of savings and unforeseen events. Contingency requests approved previously total £0.7m. Table 1 assumes that the remaining contingency budget will be used for future requests.

Contingency Budget

27. A request for contingency of up to £105,591 has been submitted by Children and Young People's Committee (15 July 2019) to fund additional posts that enables the Council to fulfil its statutory requirements to care leavers. The ongoing funding and full year effect of care leavers will be factored into the Medium-Term Financial Strategy.

28. The 2019/20 pressure bids were submitted on certain assumptions at the time. Within Adult Social Care Committee, the inflationary rate awarded from the CCG's to the Council is higher than that anticipated by £1.0m. It is proposed that this is incorporated into the Council's contingency budget.

Progress with savings and risks to the forecast

29. Council on 28 February 2019 approved savings proposals of £15.2m for delivery in 2019/20, with further savings identified for the period 2020-23. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn. The progress of the Council's current savings programme is reported to the Improvement and Change Sub-Committee on a regular basis. This report highlights all projects that are either experiencing obstacles or are at risk, the latest being 24 June 2019.

30. The 2018/19 Local Government Finance Settlement reflected the final year of the current Comprehensive Spending Review. As such, considerable uncertainty beyond 2019/20 will remain until the outcome of the Comprehensive Spending Review is known. For example, a number of funding strands will drop out after the current financial year including the Revenue Support Grant (£6.9m), the Business Rates Levy Account, (£1.6m), Winter Pressures (£3.5m) and the Adults and Children's Social Care Support Grant (£6.0m).

Balance Sheet
General Fund Balance

31. Members approved the 2018/19 closing General Fund Balance of £24.1m at Full Council on 11 July 2019. The 2019/20 budget approves utilisation of £2.1m of balances which will result in a closing balance of £22.0m at the end of the current financial year. This is 4.5% of the budget requirement.

Capital Programme

32. Table 2 summarises changes in the gross Capital Programme for 2019/20 since approval of the original Programme in the Budget Report (Council 28/02/19):

Table 2 – Revised Capital Programme for 2019/20

	2019/20 £'000	2019/20 £'000
Approved per Council (Budget Report 2019/20)		116,375
Variations funded from County Council Allocations :		
Net slippage from 2018/19 and financing adjustments	20,365	
		20,365
Variations funded from other sources :		
Net variation from 2018/19 and financing adjustments	(1,945)	
		(1,945)
Revised Gross Capital Programme		**134,795**

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

Table 3 – Capital Expenditure and Forecasts as at Period 4

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 4 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People's	51,568	7,417	51,568	-
Adult Social Care & Public Health	2,904	298	3,044	140
Communities & Place	60,587	9,051	62,012	1,425
Policy	19,300	2,277	19,509	209
Finance & Major Contracts Mngt	180	7	180	-
Governance & Ethics	256	-	256	-
Contingency	-	-	-	-
Total	**134,795**	**19,050**	**136,569**	**1,774**

Children & Young People's

34. In the Children and Young People's Committee capital programme, a section 106 contribution totalling £0.2m has been received. This will be used to fund a capital project to create additional school places in Mansfield Woodhouse.

It is proposed that the Children and Young People's Committee capital programme is varied to reflect the £0.2m additional section 106 contribution.

Adult Social Care & Public Health

35. In the Adult Social Care and Public Health Committee capital programme, the Authority has received a further £0.6m Disabled Facilities Grant which funds the purchase of equipment that can enable adults with special needs to remain in their homes.

    It is proposed that the Adult Social Care and Public Health Committee capital programme is varied to reflect the £0.6m Disabled Facilities Grant received by the Authority.

Communities & Place

36. In the Communities and Place Committee there is a forecast overspend of £1.4m. This is mainly as a result of £1.9m identified acceleration in the Road Maintenance and Renewals capital programme. The County Council funded element of the programme has progressed more quickly than anticipated in response to requests for additional works.

37. This overspend has been offset by a £0.4m underspend against the Transport and Travel Services programme. This is as a result of the return of a Department for Transport capital grant which had been allocated to deliver green vehicle technology in the City. Following the receipt of this grant, the City's requirements changed thereby negating the need for it.

    It is proposed that the Communities and Place capital programme is varied to reflect the £1.9m acceleration in the Roads Maintenance and Renewals programme and the £0.4m capital grant that has had to be returned to the Department for Transport.

38. Also, in the Communities and Place capital programme, external funding of £0.2m has been received to part fund projects in the Integrated Transport Measures capital programme. In addition, it is proposed that £0.1m of funding from the Southern Growth Corridor and Average Speed Camera projects is transferred to the Integrated Transport Measures capital budget to reflect the accounting treatment of those projects.

    It is proposed that the Communities and Place capital programme is varied by £0.2m to reflect the £0.2m external funding received by the Authority and the realignment of budgets to reflect the accounting treatment of the Southern Growth Corridor and Average Speed Camera projects.

39. Finally, in the Communities and Place capital programme, it has been confirmed that the Rolls Royce Development capital project has been completed with an underspend of £0.2m.

    It is proposed that the Communities and Place capital programme is varied to reflect the underspend achieved on the Rolls Royce Development capital project.

Financing the Approved Capital Programme

40. Table 4 summarises the financing of the overall approved Capital Programme for 2019/20.

Table 4 – Financing of the Approved Capital Programme for 2019/20

Committee	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People's	32,287	18,674	-	607	51,568
Adult Social Care & Public Health	2,271	633	-	-	2,904
Communities & Place	15,303	43,739	1,128	417	60,587
Policy	15,187	4,091	-	22	19,300
Finance & Major Contracts Mngt	-	-	-	180	180
Personnel	256	-	-	-	256
Contingency	-	-	-	-	-
Total	**65,304**	**67,137**	**1,128**	**1,226**	**134,795**

41. It is anticipated that borrowing in 2019/20 will increase by £18.4m from the forecast in the Budget Report 2019/20 (Council 28/02/2019). This increase is primarily a consequence of:

- £20.4m of net slippage from 2018/19 to 2019/20 and financing adjustments funded by capital allocations.
- Net acceleration into 2019/20 of £2.0m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

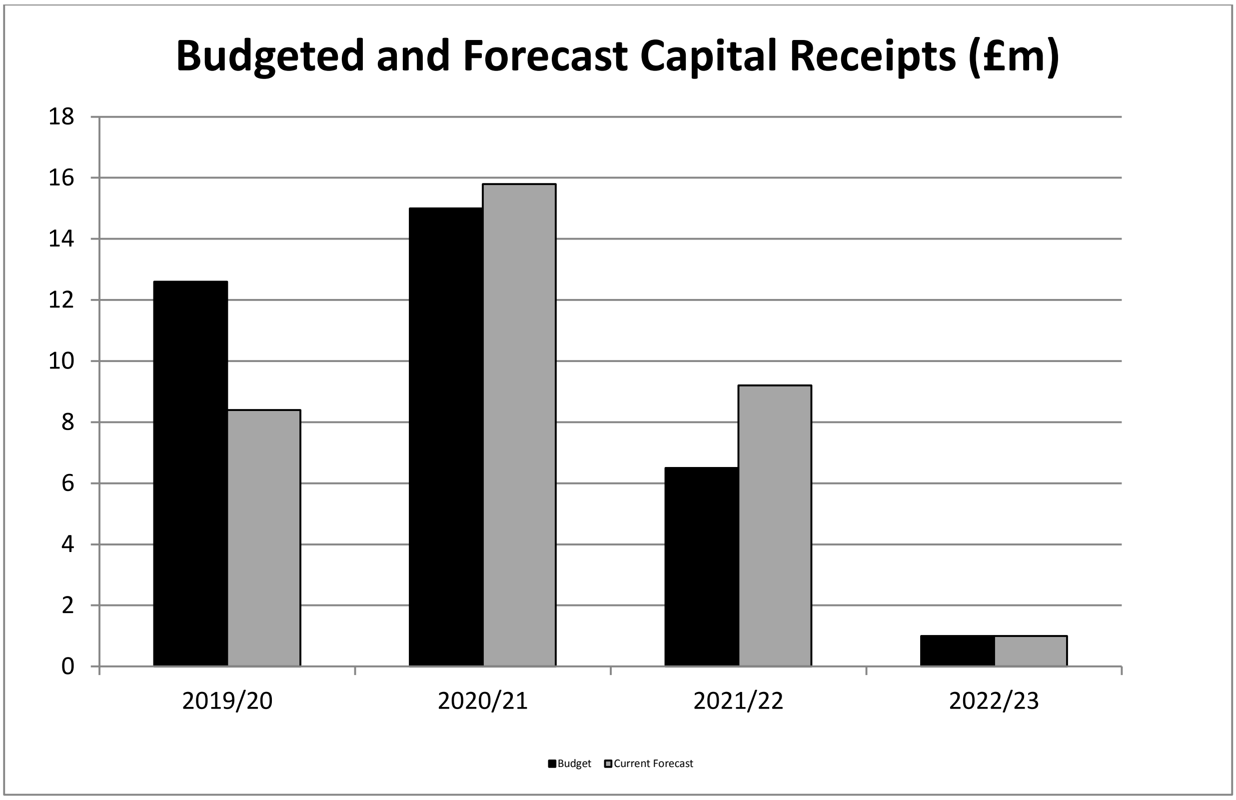
Prudential Indicator Monitoring

42. 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

43. 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.

44. The chart below shows the budgeted and forecast capital receipts for the four years to 2022/23.



45. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2019/20 (Council 28/02/2019). These capital receipts budgets prudently incorporated slippage, giving a degree of “protection” from the risk of non-delivery.

46. The capital receipt forecast for 2019/20 is £8.4m. To date in 2019/20, capital receipts totalling £0.2m have been received.

47. 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.

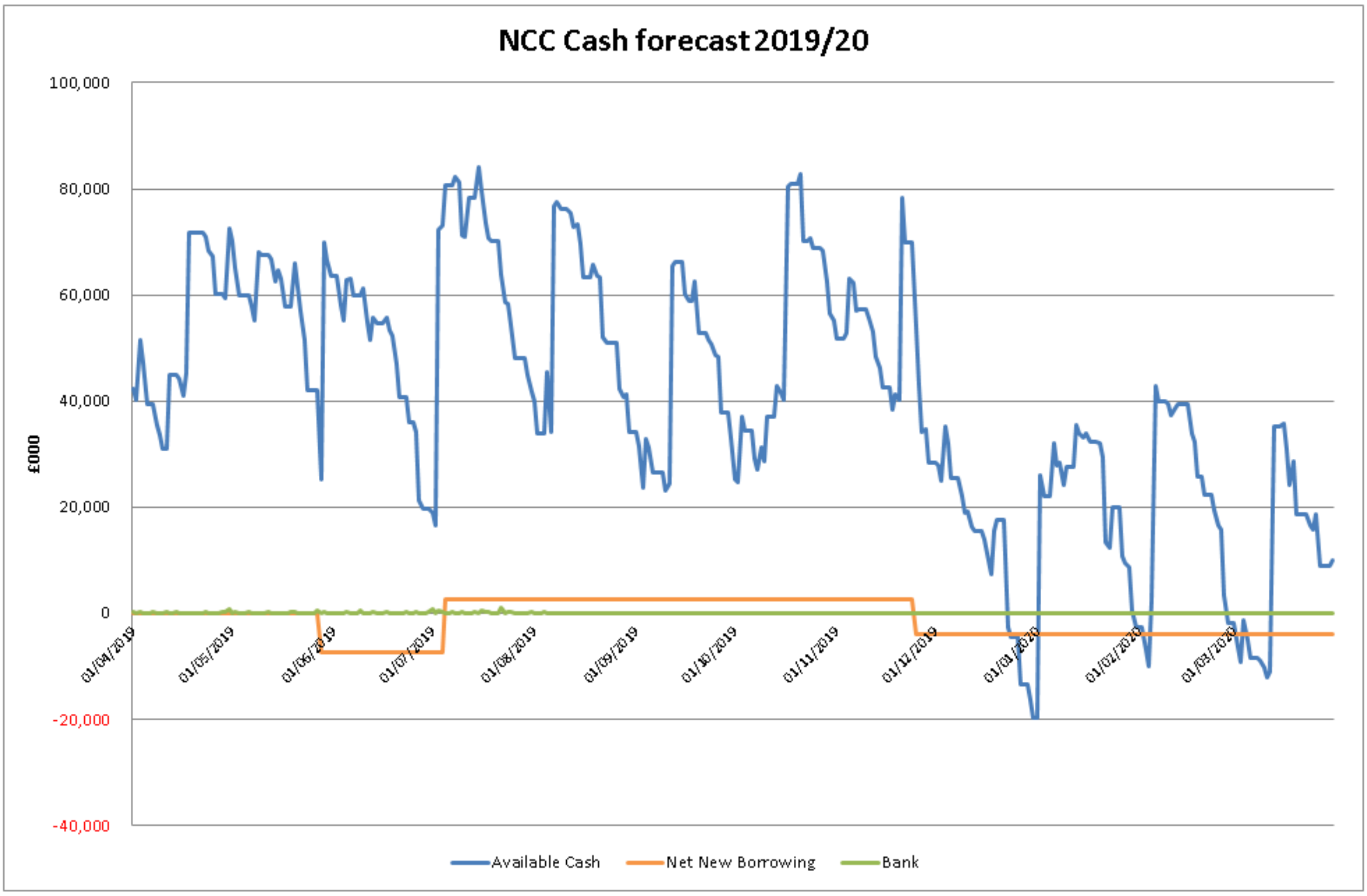
48. Current Council policy (Budget Report 2019/20) is to use the first £4.9m of capital receipts to fund in-year transformation costs. Any capital receipts in excess of this will be set against the principal of previous years’ borrowing. This reduces the amount of Minimum Revenue Provision (MRP) to be set aside each year. It is important to regularly monitor capital receipt forecasts and their effect on the overall revenue impact of the Capital Programme.

Treasury Management

49. 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.

50. The Cash forecast chart below shows the current cash flow position for the financial year 2019/20. 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.

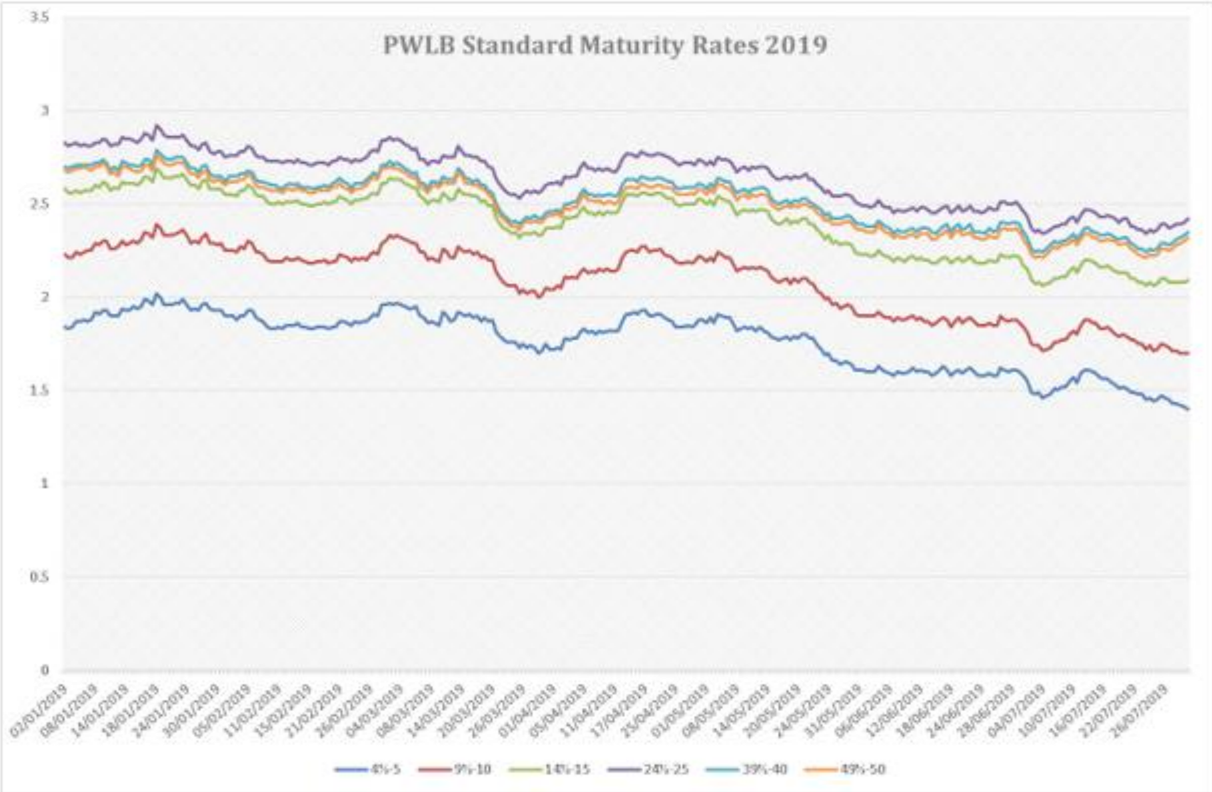


51. The chart above gives the following information:

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.

52. The Treasury Management Strategy for 2019/20 identified a need to borrow approximately £7m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. After the 2018/19 accounts closure this estimate has been revised to £30m (and will be revised periodically throughout the year). £10m of this was borrowed from PWLB in July at 2.05% for 42 years.

53. 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 2019 so far.

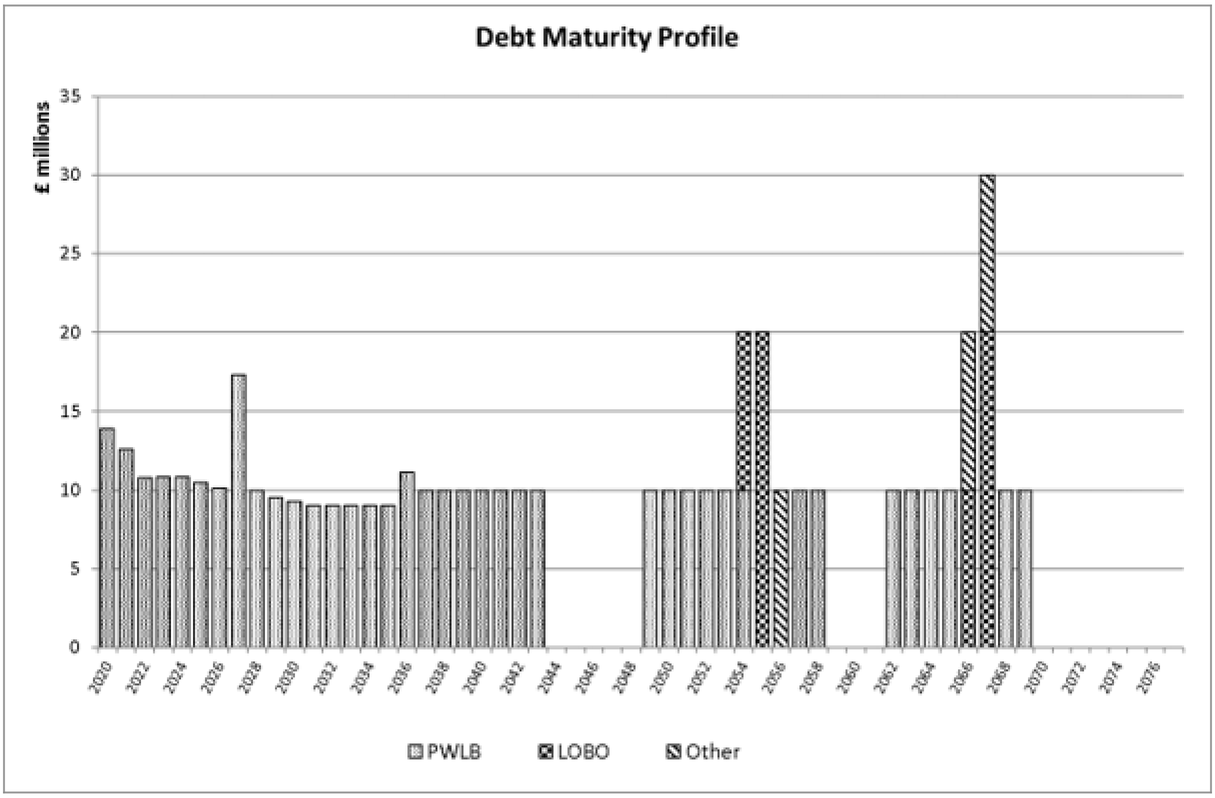


54. Borrowing decisions will take account of a number of factors including:
    - expected movements in interest rates
    - current maturity profile
    - the impact on revenue budgets and the medium term financial strategy
    - the treasury management prudential indicators.

55. 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.

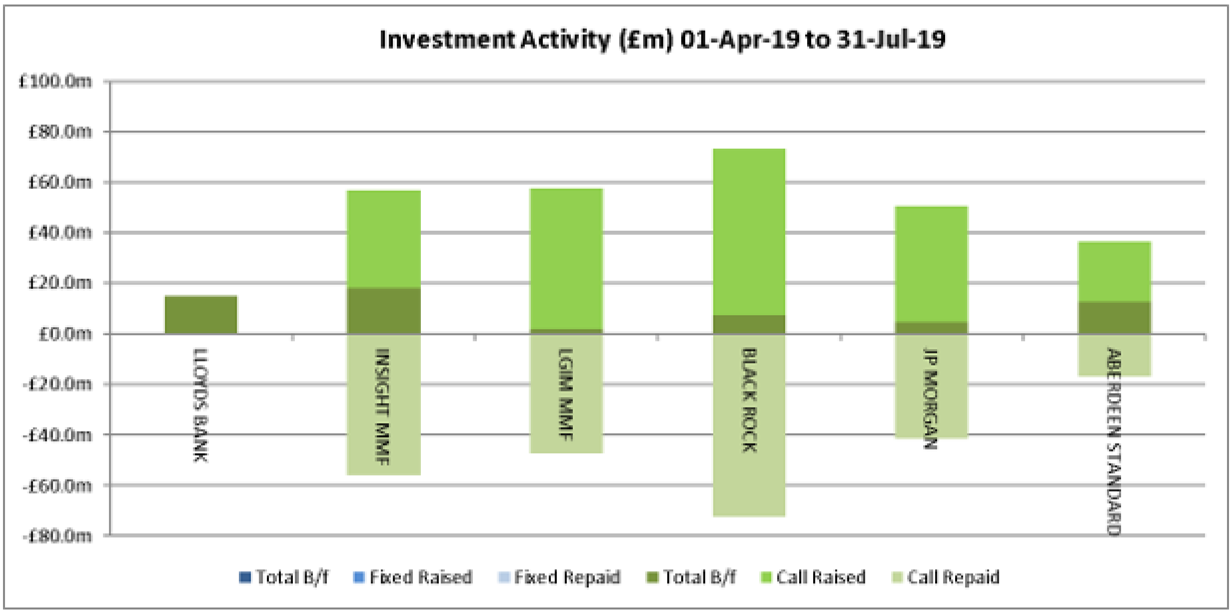
56. Long-term borrowing was also obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken 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.

57. The 'other' loans shown in the chart consists of LOBO loans from Barclays Bank that were converted to standard fixed-term loans in 2016.



58. The investment activity for 2019/20 is summarised in the chart and table below. Outstanding investment balances totalled approximately £60m at the start of the year and approximately £57m at the month-end.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
Lloyds Bank	15,000	-	-	15,000
Insight MMF	18,100	39,000	(55,850)	1,250
LGIM MMF	2,200	55,550	(47,400)	10,350
Black Rock	7,600	65,900	(72,450)	1,050
JP Morgan	4,900	45,800	(41,600)	9,100
Aberdeen Standard	12,500	24,150	(16,650)	20,000
Total	**60,300**	**230,400**	**(233,950)**	**56,750**



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

Debt Recovery Performance

60. Sales Invoicing trends during quarter 1 are showing the typical decreases in volume and value from year end activities recorded at quarter 4.

61. The overall debt position shows typical decreases from quarter 4 of £9.2m, attributed to payments received for Non-Statutory debt invoices. The over 6 months positions for Statutory and Non-Statutory debtors both show small increases from quarter 4.

62. The residential and domiciliary debts debt figures continue to be influenced by full cost invoices to service users that have not yet joined the deferred payments scheme (91 accounts totalling £1.8m). The resulting debts are a direct effect of the changes brought about by the Care Act. These users are charged full costs for their care which they have no funds to make payments.

63. The write off total during quarter 1 was £27,000.

Invoices raised in quarter

	Quarter 1	Year to date
Number	34,932	34,932
Value	£38,300,410	£38,300,410

Debt position at 30/06/19

	Residential & Domiciliary Care	All Other	Total
Total	£10,948,639	£13,861,002	£24,809,641
Over 6 months	£5,839,712	£851,501	£6,691,213
% over 6 months	53.3%	6.1%	27.0%

Accounts Payable (AP) Performance

64. In Quarter 1, 95% of commercial invoices were paid within terms. This trend has continued to meet the performance targets.

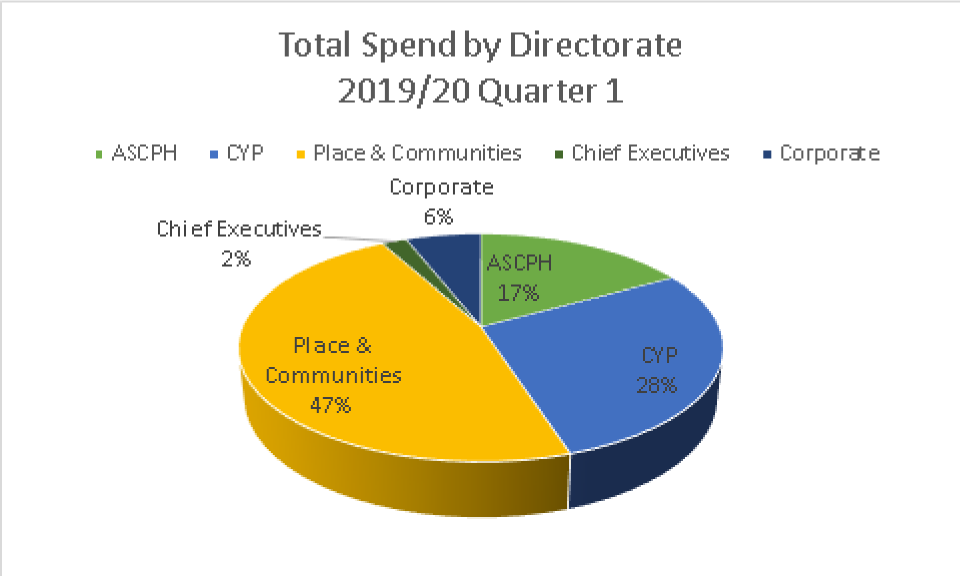
65. The volume of commercial invoices processed has now stabilised with an expected annual volume nearing 79,000 invoices per year.

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

Procurement Performance

67. As an organisation, NCC has spent £146m in the first quarter of the financial year 2019/20 with external suppliers. This represents an increase of £13m when compared with the same period of the previous financial year. The top 4% (115 suppliers) account for 80% (£117m) of the total supplier spend. The remaining 96% (2,502 suppliers) have a total expenditure of £29m with an average spend of £11,300.

68. The chart below shows the total amount spent in the period, by Directorate. Place has the highest level of expenditure at 47%, whilst collectively the care related directorates (ASCHPH, CYP) account for about 45% of all spend.



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

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

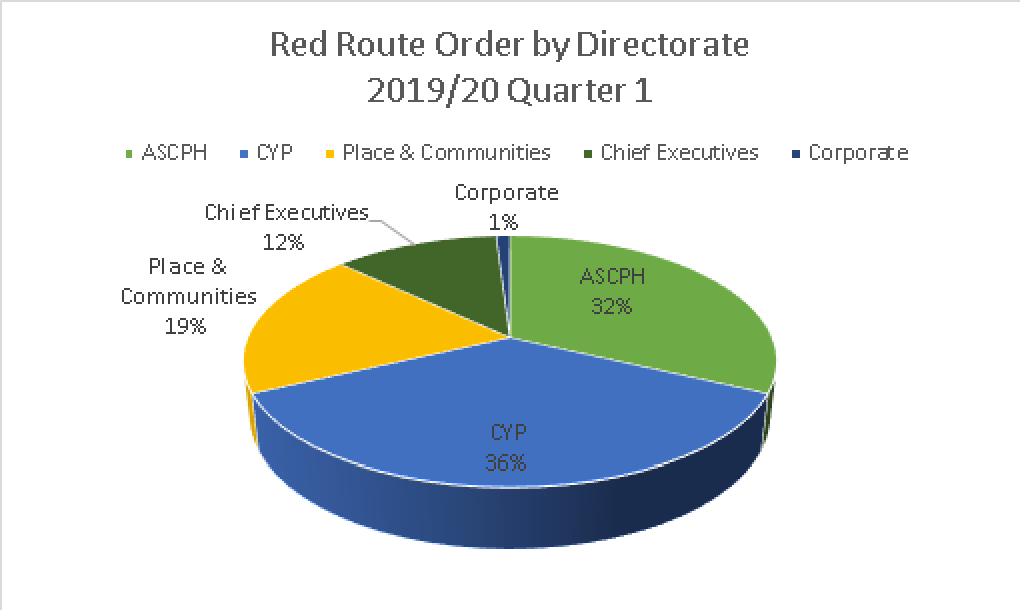
- Compliant ordering has decreased by 2%
- Non-compliant (non-PO) ordering has increased by 2% from 32% to 34% of the total spend

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

Directorate	PO Volume Apr 2019	PO Volume May 2019	PO Volume Jun 2019	Total Q1 2019/20	Total Q1 2018/19
ASCHPH	153	116	72	**341**	**393**
CYP	185	180	154	**519**	**839**
Place & Comm	242	182	172	**596**	**870**
Corporate	2	7	7	**16**	**12**
Chief Executives	126	88	107	**321**	**250**
Total	**708**	**573**	**512**	**1,793**	**2,364**

71. Purchase orders themselves are split into Green and Red orders. Green orders are those which are raised with the Procurement Centre's pre-arranged agreements or contracted suppliers. Red orders are those that do not have approved suppliers or contracts set up on BMS and require additional work. When compared with the same period in the previous financial year the volume of 'Red' orders has decreased slightly from 9,105 to 8,010. The chart below

identifies the percentage of Red Route orders by Directorate in the 2019/20 financial year. The Procurement Team continue to work with stakeholders to improve these figures.



Statutory and Policy Implications

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

RECOMMENDATIONS

1) To comment on the revenue budget expenditure to date and year-end forecasts.

2) To comment on the capital programme expenditure to date, year-end forecasts and approve the variations to the capital programme.

3) To approve the contingency requests.

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

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

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

Nigel Stevenson Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:
Keith Palframan - Group Manager, Financial Services
Tamsin Rabbitts - Senior Accountant, Pensions and Treasury Management

Constitutional Comments (KK 04/09/2019)

73. Pursuant to section 27 of the Nottinghamshire County Council's Constitution the Finance and Major Contracts Management Committee has the delegated authority for all decisions within the control of the Council including but not limited to responsibility for the financial management of the Authority. The recommendations contained within this report fall within the delegated authority to this Committee

Financial Comments (GB 03/09/2019)

74. 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 Children and Young People's Committee

16th September 2019

Agenda Item: 11

REPORT OF THE CORPORATE DIRECTOR, CHILDREN AND FAMILIES

2019/2020 CHILDREN AND FAMILIES BUDGET UPDATE

Purpose of the Report

1. To provide an update on the current budget position for Children and Families, setting out the in-year financial challenges being faced and the actions being taken to mitigate these.

2. To agree the Improving the Effectiveness and Efficiency of Children's Services Plan (the Plan), attached as **Appendix C**, and to receive progress updates against the Plan every three months.

3. To consider whether there are any further actions Committee requires in relation to the information contained in the report.

Information

4. As a service children's social care is working within an environment which is facing considerable pressure. The National Audit Office issued a report, Pressures on children's social care, in January 2019 which set out recent trends in pressures on children's social care with rising demand, increased spending and reported overspends by local authorities for the period 2010/11 and 2017/18. It stated that the proportion of local authorities that overspent on children's social care had risen from 63% in 2010-11 to 91% in 2017-18.

5. Nottinghamshire is still significantly below statistical neighbour levels in terms of looked after children (LAC) as a proportion of the 0-19 population and has been since 2009. In 2018 Nottinghamshire's LAC level was 22% lower than statistical neighbours (Derbyshire, Staffordshire, Lancashire, Worcestershire, Cumbria, Northamptonshire, Essex, Kent, Cheshire West and Chester and Warwickshire) and 25% below the England average. As LAC levels increase nationally this places pressure on the Independent Fostering Association (IFA) and residential placement markets. This is making it difficult and expensive to place children with the most complex needs.

6. There is the additional challenge of increasing numbers of care leavers and new burdens for them. Under the Children and Social Work Act 2017, local authorities have a statutory duty to provide Personal Advisor support to all care leavers who request it, up to the age of 25 years, with little additional funding to provide this. Prior to the new legislation the local authority had a duty to support care leavers up to the age of 21 years.

7. The recruitment and retention of child and family social workers continues to be a national challenge with the National Audit Office reporting that the workforce is characterised by high vacancy and agency rates. Recently published data suggests a national vacancy rate of 16% and a national agency rate of 15.4% at 30 September 2018[1].

8. **Appendix A** provides a number of graphs which illustrate the Nottinghamshire growth in demand between 2016/17 and 2018/19 and the demographic of the LAC population.

9. Nottinghamshire children's services were impacted by these demand pressures and at the end of 2018/19 the Children & Families department reported a net overspend of £6.266m equivalent to 5.22% of the final budget. This was mainly due to the rise in the number of looked after children and the need for external foster and residential placements. This increase accounted for £5.4m (86%) of the overspend with the net balance attributable to spend on agency workers in the hard to retain social work teams.

10. As part of the 2019/20 budget setting process an additional budget allocation of £7.1m for known and anticipated budget pressures was approved and included £4.8m for LAC external residential placements to fund growth in 2018/19 and projected inflationary increases and population growth. Despite this additional funding the department is currently forecast to overspend by £8.5m (6.65%). This was reported to Finance & Major Contracts Management Committee in July 2019 when it received the 2019/20 Period 2 corporate budget monitoring report. The overspend comprised of:

    - £7.5m overspend in relation to external residential placements for LAC due to the continued and sustained growth in external residential and fostering placements which commenced in early 2018. Part of this relates to the full year effect of the external residential placement budget overspend in 2018/19 due to the increase in LAC numbers and;

    - £1.0m overspend on social work staffing due to a combination of staffing challenges including additional capacity staff to respond to demand challenges and agency workers to cover vacancies and other gaps e.g. maternity leave.

11. Since that report the budget forecast for Period 4 has been undertaken and the overspend is now £8.3m (6.54% of the budget), a reduction of £0.2m, which will be reported to Finance & Major Contracts Management Committee on 16th September 2019. The reduction in the overspend relates to external residential placements.

External Residential Placements

12. The external placements budget overspent by £5.477m (budget of £22.4m) in 2018-19 which included £0.941m of temporary funding, therefore the underlying permanent overspend was £6.418m.

13. During 2018/19 LAC numbers rose from 807 at the start of the year to 875 by March 2019, peaking at over 890 and averaging 856. During the same period the number of external placements, in foster care or residential, increased from 332 to 398 with an average of

[1]Department for Education. *Experimental Statistics: Children and family social work workforce in England, year ending 30 September 2018.* 28 February 2019.

371. As well as the increase in volume of placements, the average weekly cost also increased and the mix of placements changed as internal and external fostering placements reached capacity and external residential placements were sought instead.

14. It was recognised that the increase in LAC external placements during 2018-19 would have an ongoing impact on future years' budgets and a pressure bid was submitted and approved as part of the 2019/20 budget setting process. The early timetable for the pressure bids meant that the data available to inform the external placements financial projection was only available up to August 2018 and it was not anticipated that LAC numbers and consequently demand for external residential placements would continue to rise through the year, exacerbated by the temporary closure of Oakhurst.

15. Reference was made in the pressure bid to the risk associated with a modest growth in the LAC rate per 10,000 of 2.0% in 2019/20 and 0.5% in each of the following two years – which would place a further financial pressure in excess of £1.7m on the external placements budget over this period. However, this growth was not included in the bid as it was impossible to predict accurately how the LAC rate per 10,000 would move over the coming years.

16. At the time the pressure was calculated, the number of external placements was 349 with a forecast overspend of £3.8m and by the end of the year the number of placements had increased to 398 (an additional 49 external placements) with a corresponding increase in the overspend to £6.4m (excluding temporary funding).

17. The unexpected sustained increase in LAC and consequently the demand for external placements has resulted in additional pressure on the 2019/20 external placements budget. The overall LAC numbers appear to have stabilised over the last few months but there has not been a corresponding stabilisation of the external placements and numbers continue to grow. In addition, the average weekly cost of placements are rising due to, market conditions, inflation, complexity of need and limited capacity within the Authority's own internal residential and foster care provision.

18. The first financial monitoring report for 2019/20 to be presented to Finance and Major Contracts Management Committee on 17 June 2019 drew attention to the significant pressures continuing to be experienced in Children's Social Care in respect of the rise in Looked After Children external placements for the reasons mentioned above and that this high risk area would continue to be monitored closely during the year through the robust monthly budget management process and reported back to Committee.

19. Work was undertaken on projections for 2019/20 and a range of scenarios modelled to inform the forecast out-turn position for external placements. The forecast for Period 2 of £7.5m was based on the knowledge of the first two months of the financial year and assumptions for the remainder based on trend data and current and planned initiatives to reduce spend. This was considered a reasonable forecast for Period 2 on the basis that the stabilisation of the LAC numbers over the last few months has not seen a corresponding stabilisation of external residential placement numbers with growth still experienced in April and May and trend data indicating that the numbers will continue to grow.

20. The latest forecast for Period 4 is showing a slight improvement at £7.3m, a reduction of £0.2m. It is based on the following data and assumptions:

- the actual number of children in placement at 31 July 2019 which is 411 (398 March 2019)
- projected net growth for August 2019 – March 2020 of 25 children
- projected number of external placements at March 2020 436 (398 March 2019) based on past trend data from January 2017 and current and planned initiatives to reduce spend
- 420 average number of external placements for the financial year.

21. This is a difficult service to forecast for because it is demand led and volatile in nature. It is highly sensitive to changes in numbers, weekly costs and placement mix due to the high cost of placements. There is a risk that if any of the assumptions change the forecast position will also change. There is however a robust monthly monitoring process to track trend data, average costs and actual numbers of children in placement to highlight potential issues as soon as possible.

Activity Already Being Undertaken and Proposed Actions

22. There are a significant number of initiatives planned or already being undertaken by the department to manage the overspend in this year and aimed at delivering increased value for money in future years. Some of these will take time to implement and, given legislative and regulatory constraints may not impact significantly on the current year financial position. Whilst the number of looked after children in Nottinghamshire continues to be below statistical neighbours there remains a very significant challenge in respect of the number of children in care, the growing complexity of need they present and the mix of placements available. A key challenge is to manage and develop the care market to ensure sufficient cost effective placements. This will lead to reduced spend although it may not produce cashable savings given the wider context. The Remodelling Care change programme is underway to increase the number of internal placements available so that reliance on the external market is minimised. Action to make progress in this area as well as the other challenging area of social worker recruitment and retention are detailed in the Improving the Effectiveness and Efficiency of Children's Services Plan at **Appendix C**.

Social Work Staffing

23. The staffing challenges in 2018/19 led to an overall overspend on social work staffing of £1.8m (budget of £18.841m) with £1.5m (budget £13.348m) relating to the hard to retain teams. This arose due to a combination of using additional capacity staff to respond to demand challenges and agency workers to cover vacancies and other gaps e.g. maternity leave.

24. As part of the 2019/20 budget setting process there was a pressure bid for social work staffing which included a structural budget shortfall for 3.4 posts required in the context of service demands. In addition, the service had a recurrent overspend on agency social work posts due to the increased caseloads that the service was managing. Whilst a range of measures were initiated to mitigate this, for example the introduction of additional Social Work Support Officers and the development of a case progression model, it was

recognised that this would take time to embed in practice, demand pressures continued to be a challenge, and therefore a temporary budget pressure of £467,000 was agreed (equivalent to 7 agency social work posts).

25. For 2019/20 social work staffing continues to be a challenge and the department still has a significant number of agency staff. The overall Period 2 forecast overspend on social work staffing was £1.0m (budget of £20.3m) with £0.9m (budget £14.6m) relating to the hard to retain teams. The latest forecast for Period 4 is showing an increase in this overspend by £0.1m to £1.1m although this has been offset by other underspends within the Youth, Families & Social Work division.

26. At the end of July there were 77 agency Social Workers and Team Managers in the hard to retain and Looked After Children teams. The assumptions in the forecast are for agency numbers to reduce to 66 by March 2020 which takes into account a number of newly qualified social workers, the continuation of additional capacity to maintain sustainable caseloads and to cover vacancies etc. Also included is a reduction to reflect the annual leave, sickness and bank holidays to be taken by agency workers.

27. The Department for Education's children's social work workforce report suggests a national vacancy rate of children's social workers on the snapshot date of 30 September 2018 of 16%, against which Nottinghamshire has a relatively favourable vacancy rate of 6%[2], although it should be noted that these are experimental statistics.

28. On the snapshot date of 11 June 2019, Nottinghamshire's vacancy rate in hard to retain teams was 16%. Hard to retain teams are the Council's child protection teams, the Multi-Agency Safeguarding Hub, Assessment Services, District Child Protection Teams, Court Team and Children with Disabilities Team. Vacancy levels in the Council's other children's social work teams are very low, hence contributing to the overall children's social work vacancy rate as nationally reported of 6%.

29. Positive progress has been made in recruiting newly qualified social workers to the authority, with 40 new recruits already due to start in September 2019. This is in part due to the success of the Teaching Partnership, and the Authority's ability to successfully recruit students who have been on placement with the Local Authority, either from one of the local universities or through a programme such as Step Up to Social Work.

30. The D2N2 Teaching Partnership, launched in 2016 with Department for Education funding, currently encompasses four local authorities, an NHS Trust, three Universities, a Housing Association and two service user and carer organisations – with Nottinghamshire County Council being the lead partner. Building on its success to date, the Partnership's ongoing mission is to deliver excellent social work practice and education in the East Midlands region. Its vision is for social work excellence that can be co-produced, recognised and evidenced - improving the quality of social work by training high quality social workers to address local need, enhancing opportunities for ongoing learning and career development and using research to understand "what works" and achieve good outcomes.

[2] Department for Education. *Experimental Statistics: Children and family social work workforce in England, year ending 30 September 2018.* 28 February 2019.

31. Involvement to date has generated a number of beneficial outcomes including access to free Continuing Professional Development (CPD) opportunities for hundreds of Nottinghamshire social workers from Adults and Children's Social Care.

32. At a time when the recruitment and retention of children's social workers is presenting a significant challenge for many local authorities, Nottinghamshire children's services has recently received some very positive feedback from its frontline staff about their experiences of working for the Council:

- 98% said their manager was accessible when they needed them
- 93% felt supported, and listened to
- 90% said new technologies were saving them time and travel
- 80% said flexible working benefited their work:life balance and their well-being
- 83% said they valued the support offered by our social work support officers
- 98% stated that they received regular supervision

33. As an employer in the social care sector, it is also recognised that frontline staff face unique challenges, both professionally and emotionally, and the Council has therefore continued to invest in the support infrastructure, so that staff have a range of options if they are needing personal or emotional support – with the introduction of Mental Health First Aiders, Schwartz Rounds, counselling, a workplace chaplaincy service, and an Employee Wellbeing Hub.

34. Collectively, the focus on improving work-place practices and developing support services has helped both with recruitment and retention, and the Council's reputation as an employer of choice is growing.

35. Whilst it is extremely positive that the Local Authority is seen as an employer of choice for graduate social workers, there is also a need to recruit and retain experienced social workers, to progress child protection cases and those going through care proceedings. The department is involved in a Grow Our Own social work scheme through which experienced child and family workers already employed by the Council can do a fast track social work qualification through Manchester Metropolitan University. There are currently seven students on this course, with a further 10 joining the next cohort. The benefit of this course is that students tend to be more experienced and are committed to Nottinghamshire, hence are more likely to stay working within the Local Authority.

36. In order to maintain safe services, the Council recruits agency social workers to cover vacancies, or staff absence due to other reasons such as maternity leave or long-term sickness. Agency social workers are also employed when teams have newly qualified social workers within their skill mix, as they are not able to independently hold child protection cases in the first 3-6 months. Agency workers are also used to provide additional capacity where the number of open cases within teams are higher than the numbers of social workers who can safely manage them (a manageable caseload for experienced social workers in the assessment service is considered to be 15, whilst in the child protection teams it is 20; caseloads also need to be reduced for newly qualified social workers, which given the proportion of the workforce which is newly qualified, is a challenge).

37. According to the DfE Children's Workforce Return (September 2018), Nottinghamshire has an agency rate of 14%, compared with a national rate of 15.4% and a statistical neighbour rate of 11.3%. The East Midlands average rate is 13.6% and the agency rate for neighbours with whom the Local Authority "competes" for both permanent and agency social workers, ranges from 4% (Lincolnshire) to 25.7% (Northamptonshire).

38. Use of agency staff is scrutinised at a quarterly agency challenge panel involving the Youth, Families and Social Work Leadership Team, Finance and HR.

39. **Appendix B** provides the trend data of agency usage and agency spend.

Activity Undertaken and Actions Proposed

40. The strategy for retaining experienced children's social workers is being driven through the department's Remodelling Practice Programme. The Children and Young People's Committee received a progress update on this programme in July 2019. The actions associated with this are detailed in the Plan at **Appendix C**.

Other In Year Budget Pressures and Risks

41. There are other areas of underlying pressure which will need careful management to avoid a negative impact on the forecast in future months. These are currently being managed within the overall budget by temporary underspends in other areas or grant funding and are explained below.

Care Leavers

42. The Leaving Care service is facing significant challenges. From April 2019 new legislation has meant that the Council must offer support to all care leavers to age 25 years and little additional Government funding has been provided to do this. A report was presented to Children and Young People's Committee in July 2019 which approved the establishment of 6 FTE posts to service this new burden to be funded by a request from contingency. The full year effect of this will need to be considered as part of the 2020/21 budget setting process. In addition to the staffing costs there are also support costs e.g. accommodation, higher education, and home establishment grant which pose a risk to the budget.

Elective Home Education

43. The Association of Directors of Children's Services (ADCS) conducts an annual survey of Elective Home Education (EHE)[3]. Across 106 (of 152) local authorities responding the number of known home-schooled children and young people has increased in each of the last five years (recorded on schools October census day), by an average of approximately 20% each year. In Nottinghamshire the numbers of EHE pupils registered on 1 September has seen an overall increase of 89% from 359 in 2014 to 680 in 2018. At 1 May 2019 this had increased again to 842 indicating that this is a continuing trend.

44. This increase in numbers means that the budget to monitor the suitability of the education and to enable the Local Authority to fulfil its statutory safeguarding duty is under considerable pressure. The budget for 2019/20 is £77,000 and this will be subsidised by

[3] ADCS Elective Home Education Survey 2018 (November 2018)

£175,000 from the School Improvement Grant to fund the forecast cost of £252,000. There is a risk that this will leave insufficient funding to support school improvement in maintained schools.

Sold Services to Schools and Other Income Generation

45. The provision of sold services present a risk to the department if the level of buy back is not as projected. An example of this is the School Improvement service whose achievement of its income target is a concern for this financial year.

46. The children with disabilities homes have an income target of £0.8m which includes continuing health care contributions, bed sales to other local authorities and recharges to Adults Social Care & Health for young people over the age of 18 years. The current income target is at risk due to the withdrawal/reduction of continuing health care funding and the uncertain nature of bed sales.

Savings still to be delivered

47. As well as the savings attached to specific Children & Families projects there have been other savings allocated to departments since 2016/17 as a departmental levy. In total £1.4m has been allocated to the department for the period 2016/17 to 2019/20 and of this £0.9m has been saved with the remaining balance of £0.5m proving difficult to address in light of the current challenges facing the department.

Academy Conversions

48. The Local Authority is responsible for funding any deficit balances of sponsored academy conversions. There is currently one school with a sponsor attached and another for which a sponsor is being sought, both have projected deficits and recovery plans in place. If a deficit remains at the point of conversion this may be charged to the department dependent on the timing (i.e. financial year) of the conversion.

Clayfields

49. Clayfields is experiencing difficulties in the achievement of its income target and further work is needed to assess the implications of this on the trading position. This work is currently being undertaken and the outcome will be reported for the Period 5 budget monitoring.

High Needs Block of the Dedicated Schools Grant

50. The High Needs Block (HNB) of the Dedicated Schools Grant (DSG) funds provision for children and young people with special education needs and disability (SEND) from their early years to age 25 years. It is also intended to support alternative provision for pre-16 pupils who because of exclusion, illness or other reasons cannot receive their education in mainstream or special schools. The HNB continues to experience considerable pressure due to the increase in the number of children with an Education, Health and Care Plan (EHCP) and consequently alternative provision. Part of this increase is due to the extension of local authority responsibility for supporting young people with an EHCP from age 19 to 25 years which has been accompanied by little additional funding. The HNB is

forecast to overspend in 2019/20 by £0.6m which will be met by the DSG Non Individual School Budgets reserve.

51. Analysis from the County Councils Network[4] has found 27 out of 31 county authority members responding to a survey by the Society Of County Treasurers (SCT) reporting a deficit had a total shortfall of £123m on their HNB for 2018/19. Nottinghamshire ended that year with a £1.4m underspend. However, it remains the case that Nottinghamshire's high needs budget is under significant strain as Special School provision is at capacity and the current proposed expansions, including the rebuild of the Newark Orchard School which will provide additional places, remains insufficient to meet projected need. The cost of Independent Non Maintained school placements also continues to rise and Members are advised that without the additional emergency DfE high needs funding of £1,7m provided in December 2018 and the transfer of £2m from the schools block to the High Needs Block, Nottinghamshire's High Needs Block would have overspent by £2.7m.

52. Growth trend projections suggest that the HNB will be overspent in 2020/21 unless the Authority's funding allocation is significantly increased. This will need to be considered as part of the wider schools funding consultation with the Schools Forum in autumn 2019.

Improving the Effectiveness and Efficiency of Children's Services Plan

53. As a result of the financial challenges facing the department and Local Authority an improvement plan has been developed. The overarching objective of the plan is to ensure that the Children and Families department is taking the necessary steps to provide safe, effective, efficient and cost-effective services to vulnerable children, young people and their families in Nottinghamshire, with enabling support and challenge from the Chief Executive, Adult Social Care and Health and Place Departments. The plan should be read in conjunction with the existing highlight reporting against the department's major change programmes: Remodelling Care and Remodelling Practice. These programmes detail the specific benefits to be delivered in respect of financial savings/cost avoidance and efficiency. The plan is due to be reported to Finance & Major Contracts Management Committee on 16 September 2019.

The improvement actions in the plan are grouped under the following headings:

I. Addressing the in-year financial challenges
II. Effective delivery of change programmes
III. Creating the conditions for good practice to flourish.

54. In conclusion the department for Children and Families Services, despite it looking after fewer children than similar councils, being a preferred good employer, having transformation programmes of practice and care and having similar levels of vacancy as the national average, continues to experience significant budget pressures. Children who are looked after numbers have risen by 8% (an additional 68) whilst reliance on the independent sector provider market to meet this demand has risen by 20% (an additional 66) reflecting that the Council's in-house care capacity is full and therefore required to buy placements and need, in the medium term, to increase the Council's own provision. There is a continued need to supplement the permanent workforce with temporary but expensive

[4] CCN Analysis Special Educational Needs and Disabilities: The Challenge Facing County Authorities

agency staff and a need to review whether this is genuinely all temporary or an underlying staff shortage. These two factors of increased demand for LAC and workforce represent the two largest pressures on the budget. The attached action plan describes what is being done to mitigate these pressures.

Other Options Considered

55. No other options have been considered.

Reason/s for Recommendation/s

56. These recommendations provide the range of measures being taken by the Children and Families department via the Improving the Effectiveness and Efficiency of Children's Services Plan, to address the financial and service challenges currently being faced.

Statutory and Policy Implications

57. 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

58. The financial position of the department is reassessed every month as part of the monthly budget monitoring process. The department is currently forecasting an overspend of £8.3m against a budget of £126.9m which is 6.54%. This will be incorporated into the Financial Monitoring Report to be reported to Finance & Major Contracts Management Committee on 16 September 2019 together with the Improvement Plan.

59. There are risks associated with the forecast in relation to external residential placements and social work staffing due to the volatile nature of the demand on these budgets. The forecast is highly sensitive to changes in e.g. numbers, weekly costs and placement mix. There is a robust monthly monitoring process to track trend data, average costs and actual numbers of children in placement to highlight potential issues as soon as possible.

60. There are other areas of underlying pressure which will need careful management to avoid a negative impact on the forecast in future months.

61. The impact of the overspend on future years' budgets is currently being assessed and will need to be considered as part of the budget setting process for 2020-21 and beyond.

62. The Improvement Plan has a number of actions which are part of the department's current major change programmes and already have savings attached to them for 2019/20, 2020/21 and 2021/22. The ongoing deliverability of savings are monitored and reported on a quarterly basis to the Improvement and Change Sub-Committee.

63. There may be some Improvement Actions which will potentially have a financial impact but it is too early to say what they are or the timing of when they will occur.

64. Of the additional project resources identified in paragraph 2.9 of the plan the three Programme Officers and two Project Managers will be contained within the existing Programme & Projects team resources. Further scoping work is required to assess the need for the other two Project Managers and if additional posts are required this will be the subject of a separate report.

Human Resources Implications

65. The human resources implications are set out in **paragraph 64**.

RECOMMENDATION/S

That the Committee:

1) considers whether there are any further actions required in relation to the information contained in the report.
2) approves the Improving the Effectiveness and Efficiency of Children's Services Plan, attached as **Appendix C**.
3) agrees to receive progress updates against the Plan every three months.

Colin Pettigrew
Corporate Director, Children & Families

For any enquiries about this report please contact:

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Constitutional Comments (GR 30/08/19)

66. Pursuant to the County Council's Constitution the Children and Young People's Committee has the delegated authority to receive the report and make the recommendations contained within this report.

Financial Comments (SAS 29/08/19)

67. The financial position of the department is reassessed every month as part of the monthly budget monitoring process. The department is currently forecasting an overspend of £8.3m against a budget of £126.9m which is 6.54%. This will be incorporated into the Financial Monitoring Report to be reported to Finance & Major Contracts Management Committee on 16 September 2019 together with the Improvement Plan.

68. There are risks associated with the forecast in relation to external residential placements and social work staffing due to the volatile nature of the demand on these budgets. The forecast is highly sensitive to changes in e.g. numbers, weekly costs and placement mix.

There is a robust monthly monitoring process to track trend data, average costs and actual numbers of children in placement to highlight potential issues as soon as possible.

69. There are other areas of underlying pressure which will need careful management to avoid a negative impact on the forecast in future months.

70. The impact of the overspend on future years' budgets is currently being assessed and will need to be considered as part of the budget setting process for 2020-21 and beyond.

71. The Improvement Plan has a number of actions which are part of the department's current major change programmes and already have savings attached to them for 2019/20, 2020/21 and 2021/22. The ongoing deliverability of savings are monitored and reported on a quarterly basis to the Improvement and Change Sub-Committee.

72. There may be some Improvement Actions which will potentially have a financial impact but it is too early to say what they are or the timing of when they will occur.

73. Of the additional project resources identified in paragraph 2.9 of the plan, the three Programme Officers and two Project Managers will be contained within the existing Programme & Projects team resources. Further scoping work is required to assess the need for the other two Project Managers and if additional posts are required this will be the subject of a separate 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.

Financial Monitoring Report Period 1 2019-20 - report to Finance & Major Contracts Management Committee on 17 June 2019

Financial Monitoring Report Period 2 2019-20 - report to Finance & Major Contracts Management Committee on 15 July 2019

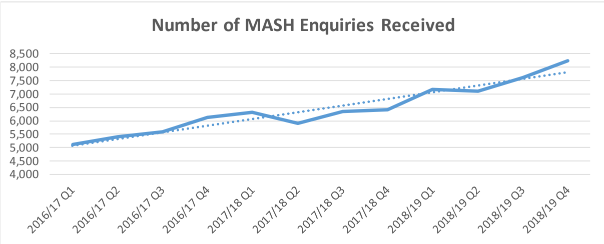
Update on the Remodelling Practice Programme - report to Children and Young People's Committee on 15 July 2019

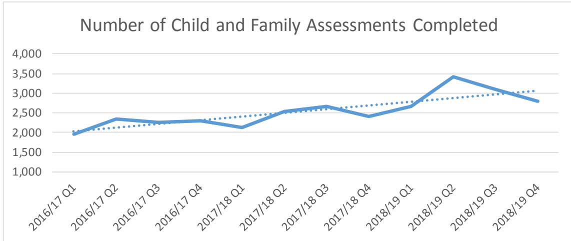
Electoral Division(s) and Member(s) Affected

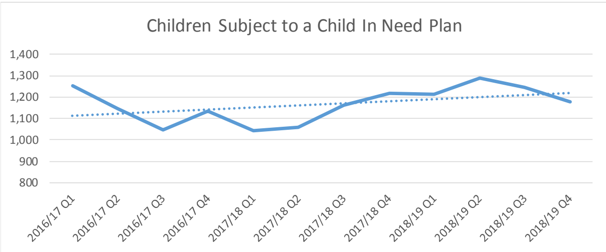
All.

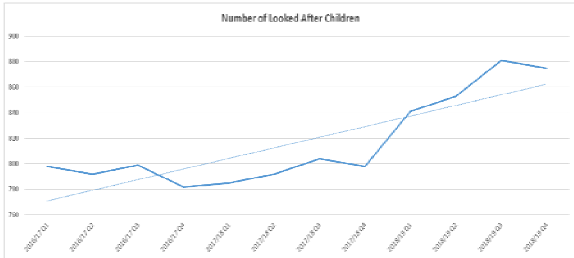
C1286

Nottinghamshire Growth In Demand between 2016/17 and 2018/19

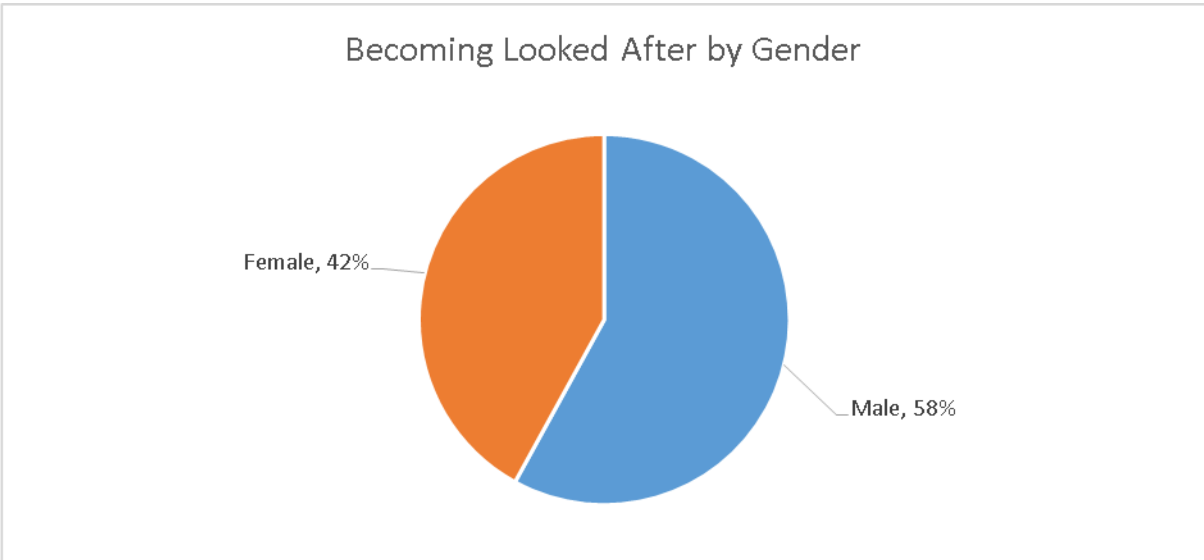


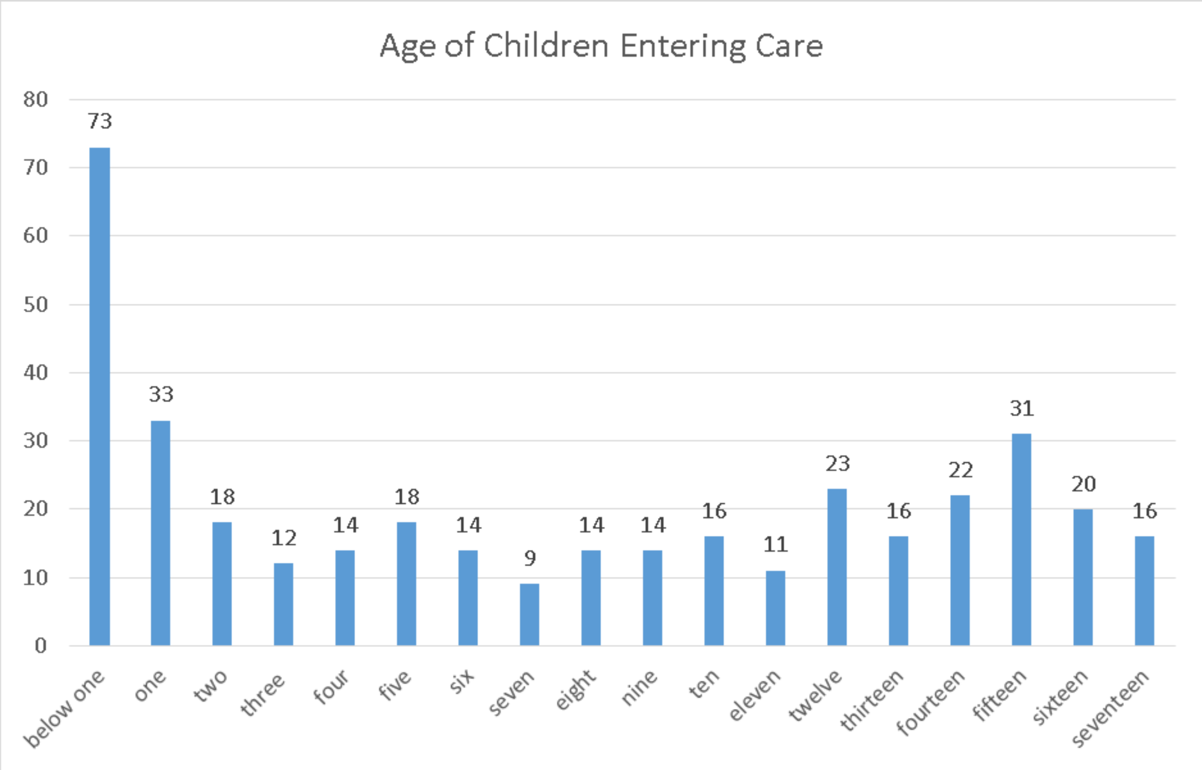


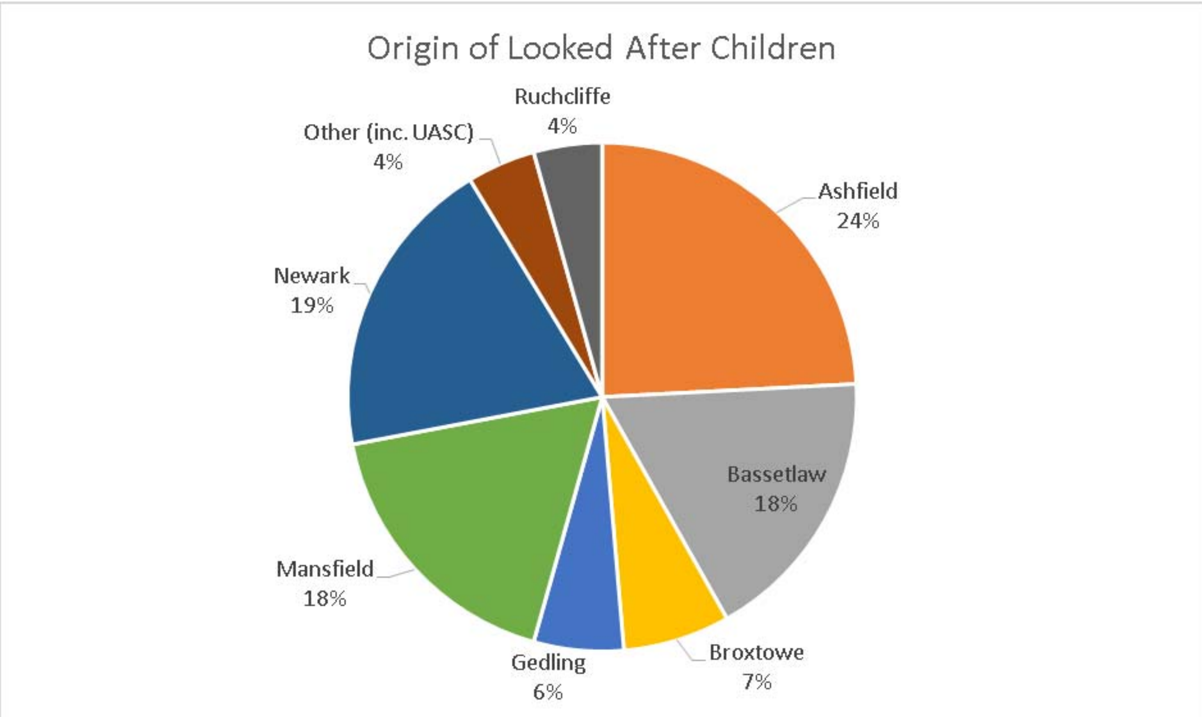


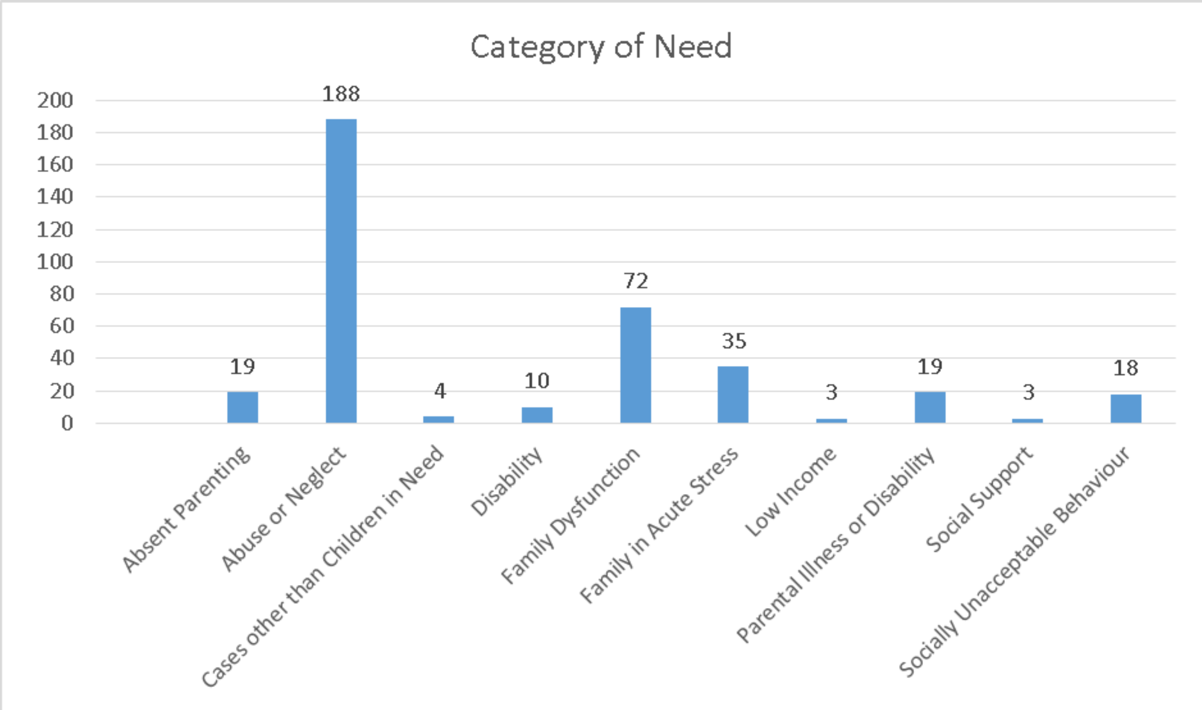


Demographics of Children Becoming Looked After (2018-19)



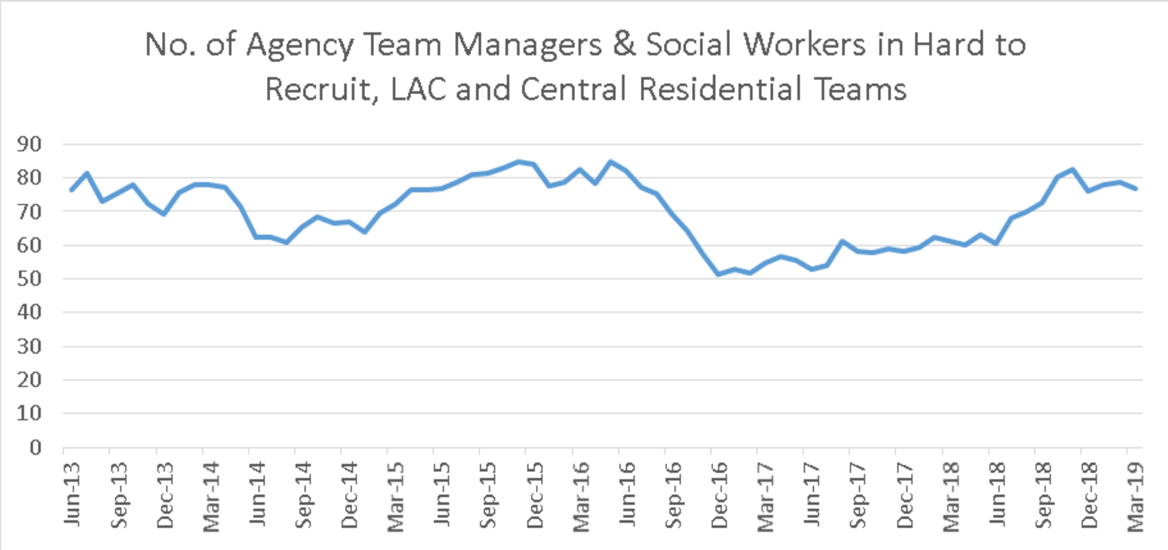

Age of Children Entering Care
80
70
60
50
40
30
20
10
0
73
33
18
12
14
18
14
9
14
14
16
11
23
16
22
31
20
16
below one
one
two
three
four
five
six
seven
eight
nine
ten
eleven
twelve
thirteen
fourteen
fifteen
sixteen
seventeen


Origin of Looked After Children
Ruchcliffe
4%
Other (inc. UASC)
4%
Ashfield
24%
Newark
19%
Bassetlaw
18%
Mansfield
18%
Gedling
6%
Broxtowe
7%


Category of Need
200
180
160
140
120
100
80
60
40
20
0
19
188
4
10
72
35
3
19
3
18
Absent Parenting
Abuse or Neglect
Cases other than Children in Need
Disability
Family Dysfunction
Family in Acute Stress
Low Income
Parental Illness or Disability
Social Support
Socially Unacceptable Behaviour

Trend Data for Agency Workers

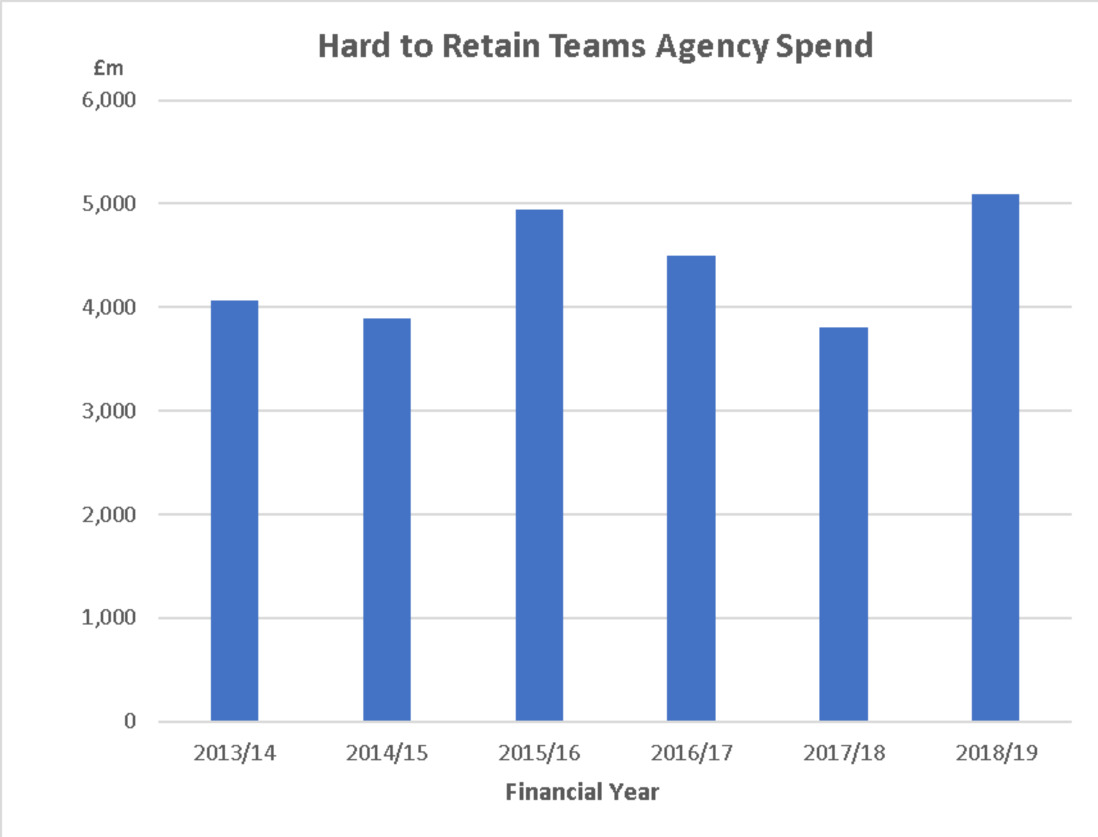
Number of agency workers since June 2013.



Reasons for the engagement of agency workers

Resaons for Agency in Hard to Recruit, LAC & Central Residential Teams- Yearly Average							
	Additional Capacity	ASYE Cover	LTS	Maternity	Suspension	Vacancy	TOTAL
2013/14	15.59	3.36	3.78	8.36	0.71	44.92	**76.72**
2014/15	3.33	3.33	4.58	5.03	0.50	50.54	**67.33**
2015/16	0.79	10.03	5.50	6.29	0.67	56.86	**80.14**
2016/17	3.79	13.82	2.79	7.75	0.08	38.40	**66.63**
2017/18	9.66	11.74	5.42	6.78	1.03	23.72	**58.35**
2018/19	14.72	6.48	8.00	8.00	0.43	34.46	**72.09**

Actual spend on agency workers since 2013-14



Improving the Effectiveness and Efficiency of Children's Services Plan

The overarching objective of this improvement plan is to ensure that the Children and Families Department is taking the necessary steps to provide safe, effective, efficient and cost-effective services to vulnerable children, young people and their families in Nottinghamshire, with enabling support and challenge from the Chief Executives, Adult Social Care and Health and Place Departments.

The plan should be read in conjunction with the existing highlight reporting against the Department's major change programmes: Remodelling Care and Remodelling Practice. These programmes detail the specific benefits to be delivered in respect of financial savings/cost avoidance and efficiency.

1. **Addressing the in-year financial challenges**

	Improvement Action	CLT Accountable Officer	Lead Officer	What we hope to achieve	Timeframe	Success Measure	Progress	Links to other plans and strategies
1.1	Regularly review the need for agency staffing through Agency Challenge Panel.	Colin Pettigrew	Steve Edwards	Reduce agency spend. Ensure that any agency deployment is absolutely necessary and is targeted at our highest priority areas.	Quarterly. Next meeting 24 September 2019	All social work caseloads are within the set manageable number when measured each month. The forecast on agency staffing spend for 2019-20 is carefully monitored and does not exceed the number of agency staff required to ensure that Social Workers have manageable workloads.	Quarterly reviews in place. Ongoing need for current levels of agency staff due to need for manageable caseloads.	Departmental continuous improvement plan Workforce strategy
1.2	Quarterly reviews of non-essential spend.	Colin Pettigrew / Nigel Stevenson	Laurence Jones / Sue Summerscales	Identify and eliminate unnecessary spend.	Completed every quarter.	Completion of review and advice issued to staff on changes needed to expenditure approvals.	Quarterly reviews in place.	
1.3	Audit of financial management processes and culture within the department.	Colin Pettigrew / Nigel Stevenson	Simon Lacey	To understand if any changes are required to deliver the optimum oversight of value for money within the department.	November 2019	An action plan is approved and implemented to take forward any recommendations within the report.	Fieldwork has commenced.	
1.4	Benchmark current service outcomes and financial performance against statistical neighbours who are rated good or outstanding in an OFSTED ILACS.	Colin Pettigrew / Nigel Stevenson	Laurence Jones	This will help understand how the department is performing relative to others and prompt a deeper challenge of balancing children care need and staying within budget.	November 2019	An action plan is approved and implemented to take forward any recommendations as a result of the benchmarking.		
1.5	Independent review of 20 most recently accommodated children.	Colin Pettigrew	Steve Edwards	Assurance that only those children who need to come into care do so.	Report completed July 2019	Only children that need to come into care do so.	Audit undertaken and draft report submitted for consideration by the Service Director.	Children and Families Departmental Strategy

	Improvement Action	CLT Accountable Officer	Lead Officer	What we hope to achieve	Timeframe	Success Measure	Progress	Links to other plans and strategies
1.6	Senior managers to regularly review the most expensive care placements.	Colin Pettigrew	Laurence Jones	Effective use of budget and appropriate investment in long term outcomes for children.	Monthly	The top 20 most expensive placements are reviewed monthly.	Reviews are underway	LAC and Care Leavers Strategy

2. Effective delivery of change programmes, accelerating pace where possible, and improving ability to track benefits realisation

	Improvement Action	CLT Accountable Officer	Lead Officer	What we hope to achieve	Timeframe	Success Measure	Progress	Links to other plans and strategies
2.1	Increased number of internal fostering placements available • Ongoing prioritised support of marketing and communications colleagues with comprehensive campaign through to July 2020 • Corporate and partnership approach to improve offer to foster carers (leisure facilities, council tax discount, parking etc).	Marje Toward Anthony May/ Adrian Smith	Luke Barrett/ Catherine Kelly Derek Higton/ Pete Mathieson/ Chris Ward/ Andy Dawson	Safe, caring and loving placements for children. Higher percentage of foster placements are made internally Any unnecessary expenditure is avoided	Rolling marketing campaign to July 2020 Revised offer for foster carers by April 2020	Savings target achieved A net increase of 50 fostering placements by March 2021 Increase in fostering enquiries of 20% Increase in conversion from enquiry to approved foster carer of 10%	Marketing campaign has been planned and will commence in September 2019. Initial meetings have taken place with stakeholders to explore potential improvements to offer. Paper to be taken to next Chief Executives meeting on 6 September by Adrian Smith (Steve Edwards to draft).	LAC and Care Leavers Strategy Care Sufficiency Strategy
2.2	Increase in internal residential children's home capacity • Additional 4 bed residential home opened. • Consideration when remodelling wider NCC estate and in planning applications for housing developments to increase children's home capacity/ accommodation for care leavers	Colin Pettigrew/ Adrian Smith	Devon Allen/ Neil Gamble	Timely mobilisation of new residential home. Four new NCC residential placements available avoiding the need for more costly external residential placements and resulting in good outcomes for the children.	Timeframe is largely dependent on the operating model agreed by Members, but is estimated at between June and September 2020.	Four additional residential placements for Nottinghamshire in a NCC owned home by May 2020.	Policy Committee has approved the purchase of a new residential home (17/7/19). Next step is to develop the operating model for the new home whilst pursuing the purchase.	Care Sufficiency Strategy
2.3	Increase the number of "block contract" residential placements with external providers. The total number of new homes under this arrangement will be four.	Colin Pettigrew	Jon Hawketts	Contracts which provide a better cost per placement (as long as occupancy is maintained) and therefore help reduce placement costs.	First two homes by September 2019	Savings target achieved New homes operational and fully occupied by February 2020.	The first two homes became operational from July 2019.	Care Sufficiency Strategy

	Improvement Action	CLT Accountable Officer	Lead Officer	What we hope to achieve	Timeframe	Success Measure	Progress	Links to other plans and strategies
2.4	Establish a D2N2 Commissioning Framework for residential and Independent Fostering Agencies.	Colin Pettigrew	Jon Hawketts	To use economies of scale to reduce the cost of placements. To develop the market across the D2N2 footprint to increase diversity, availability and quality. This will also reduce costs per placement overall. Further development of block arrangements may also reduce unit costs.	February 2020	New D2N2 Framework in place	Currently on track. First round of tenders due back in August. A further round of tenders planned for November prior to the new arrangements going live from 01 February 2020 (upon the cessation of the current East Midlands-wide Framework on 31/01/20)	Children and Families Departmental Strategy
2.5	Develop enhanced models of semi-independent accommodation for the most complex care leavers in smaller units.	Colin Pettigrew	Jon Hawketts	The most complex care leavers often fail to make a successful transition from residential care to supported accommodation. By providing smaller units an earlier successful transition could be made which is better for the young person as they reach adulthood and is also significantly cheaper than residential care. It also frees places in residential care for those who need it the most.	Some already operational; others planned to be so by 2020/21	14 new units in place by April 2020 Reduced instances and level of evictions Improved outcomes for individual young people (as evidenced via Outcome Star scores)	1 smaller 5-bed 24 hour staffed setting has been developed and is operational. Core+ specification developed and being negotiated with current provider (3/4 bed with intensive staff support). Initial plans to commission a model within a £500K budget envelope (current spend on spot purchase) to meet needs of most vulnerable care leavers aged 18+ Making teenage parent service staffed 24/7 (6 bed unit)	Care Sufficiency Strategy LAC and Care Leavers Strategy
2.6	Delivery of the Social Impact Bond Model (jointly with Nottingham and Derby City Councils).	Colin Pettigrew	Jon Hawketts	To reduce the number of young people in high cost residential placements and therefore reduce the pressure on the placements budget. To make use of up to £3m of Big Lottery (LCF) funding.	SIB to be operational by Feb 2020 (revised)	SIB to become operational, receiving referrals and delivering positive outcomes for individual CYP and delivering budget savings	The implementation of this intervention programme has been delayed as a result of the selected commissioned provider having to re-procure a social investor following the withdrawal of its original partner	Care Sufficiency Strategy

Improving the Effectiveness and Efficiency of Children's Services Plan

	Improvement Action	CLT Accountable Officer	Lead Officer	What we hope to achieve	Timeframe	Success Measure	Progress	Links to other plans and strategies
2.7	To ensure that the corporate Digital Development Programme supports delivery of the Children and Families Department's "Digital Development Plan"	Adrian Smith / Colin Pettigrew	Katharine Smith Tracy Hill Sue Milburn Joe Foley	Using technology to achieve simple and immediate access and better support for service users More efficient access to relevant information between organisations within the children's partnership (e.g. social care and CAMHS). Care leavers better able to access information about local offer.	Details	Delivery of the Children and Families Department's "Digital Development Plan"	Programme Board to be convened in September which will identify priority "asks". Departmental Digital Development Board is well established. Consultation on plan is complete.	Departmental Digital Development Plan
2.8	Ensuring there is sufficient/prioritised capacity to develop the BI reports required to meet Ofsted requirements (including workforce reporting), baseline and track benefits of change programmes, and facilitate management decision-making.	Nigel Stevenson	Rob Disney	Reduction in manual tasks undertaken within frontline services thus freeing up management and business support capacity. Better data on which to inform decision making. Better data upon which to inform benefits monitoring of projects Fulfil Ofsted requirement. Ability to track impact of project initiatives on recruitment and retention of staff. Better decision making on use of agency staff.	End of September 2019 for Ofsted reporting Further development by June 2020	A suite of appropriate reports and dashboards available	Meeting scheduled 19 August to progress.	Departmental Digital Development Plan
2.9	Additional project management capacity/financial resource for capacity within the department to be established to deliver the following change projects: • Establishing whole family safeguarding teams between children's and adults; • Making the front door delivery model sustainable within the context of increasing demand; • Taking a joint commissioning approach with health for children with complex needs;	Nigel Stevenson /Colin Pettigrew	Sue Milburn/ Lucy Peel / Marion Clay	More timely delivery of a range of projects intended to: • improve practice and through this children's outcomes; • release capacity within frontline teams; and • make more efficient use of resources and avoid cost where possible.	To be determined once projects initiated. Next step for progressing family safeguarding is joint CFS and ASCH leadership team meeting on 17 September. SEND strategy – initial phases are being delivered following Higher Level Needs budget review. This is being developed into a formal 5 year strategy for	• Establishing whole family safeguarding teams between children's and adults; • Making the front door delivery model sustainable within the context of increasing demand; • Taking a joint commissioning	Agreement in principle at Transformation and Governance Group on 26 July. SEND strategy in development. Following the review of the High Needs Budget and underpinning Strategy by Peter Grey published June 2018, there has been a	

	Improvement Action	CLT Accountable Officer	Lead Officer	What we hope to achieve	Timeframe	Success Measure	Progress	Links to other plans and strategies
	• Delivering a five year SEND transformation strategy • and • Developing a coherent approach to supporting children living in kinship arrangements. Anticipated additional capacity requirements: 2 project managers, 3 programme officers within programmes and projects, plus funding for 2 project manager posts to be hosted within the department, graduate trainee.			SEND budgets are managed so that large budget deficits do not appear in the Dedicated Schools Grant.	implementation from spring 2020.	approach with health for children with complex needs; • Delivering a five year SEND transformation strategy • and Developing a coherent approach to supporting children living in kinship arrangements.	comprehensive consultation with the schools sector and with parents and as a result the Education, Learning and Skills Service has been reviewed and a new structure agreed by CYP in June 2019. In addition, this review, including the parent and stakeholder feedback of the high consultation undertaken between Dec 2018 – Jan 2019, it was agreed that there should be a move to locality working by the Schools and Families Specialist Services and the Service is now in the process of advertising for 7 district SENCOs and to move to a locality working model. Also, "Nottinghamshire SEND Policy" (0-25 years) 2020 – 2023 will go to consultation on 16th September which will open until the 29 November 2019. This consultation will inform the final Policy which will be taken to the December 2019 Policy Committee.	
2.10	Ensuring that sold services are achieving full cost recovery in all instances	Colin Pettigrew	Laurence Jones	Accurately calculating full costs and having charges which reflect these	1 April 2020	• full cost calculated • income achieved	Full cost reviews underway	

3. **Creating the conditions for good practice to flourish**

	Improvement Action	CLT Accountable Officer	Lead Officer	What we hope to achieve	Timeframe	Success Measure	Progress	Links to other plans and strategies
3.1	Taking a corporate approach to parking at all sites to ensure social workers have prioritised access to parking.	Adrian Smith	Derek Higton	Better efficiency of social work time. Improved staff morale.	To be determined.	Improved staff satisfaction ratings as measured through feedback via annual health check and through Practice Forum	Initial meeting held with Derek Higton and John Hughes to identify potential solutions to parking challenges at key sites (Prospect, Meadow House, Lawn View House, Piazza, Chancery Lane).	
3.2	Ensuring that the smartphones for social workers function as smartphones at the earliest possible opportunity and no later than the current planning go live date of October 2019.	Nigel Stevenson	Nigel Harlow	Social workers better able to work efficiently. Would mean that Apps that have been commissioned (Mind of My Own, Guardian 24) can be used on work phones. Reduction in risk of IG breaches. Improved staff morale.	All social workers to have smartphones by October 2019	All relevant staff having functioning smartphones Improved staff morale as measured through feedback via annual health check and through Practice Forum	Agreement reached to pilot mobilising smartphones with 10 users.	Corporate Health and Safety Plan.
3.3	Introduction of Guardian 24 on smartphones to improve personal safety for workers during visits in the community	Nigel Stevenson / Marje Toward	John Nilan	Improved staff morale. Reduction in cost (current solution more expensive).	Implementation from September 2019	All relevant staff have access to Guardian 24. Improvement in percentage of staff feeling safe as measured through annual health check (baseline through health check of 79%).		Children and Families Departmental Strategy
3.4	Introduce a clear values-based framework within which to work and support in managing the challenges of complex case work (rollout of reflective group supervision).	Colin Pettigrew	Lucy Peel	Improve case progress and successful outcomes therefore over time reducing the number of cases requiring a social worker. Increase job satisfaction and therefore social worker retention. This then reduces the need for expensive agency workers.	Rollout across District Child Protection Teams and the Children's Disability Service by September 2019. Further roll outs to follow.	Social work caseloads are within the set manageable number Reduced drift and delay (average duration of child in need and child protection cases) Improved staff retention during 2020-21 Continued reduction in use of agency staff during 2020-21	Pilot in Bassetlaw completed and evaluated. Facilitators trained for rollout in September.	Children and Families Departmental Strategy

Improving the Effectiveness and Efficiency of Children's Services Plan

	Improvement Action	CLT Accountable Officer	Lead Officer	What we hope to achieve	Timeframe	Success Measure	Progress	Links to other plans and strategies
3.5	Provide support recognising the emotional toll of the work that social workers do (piloting Schwartz Rounds, access to counselling support and a health and wellbeing hub).	Colin Pettigrew	Lucy Peel	Reduce stress related absence and therefore for the need for expensive agency worker cover. Improve social worker recruitment and retention through the offer to social workers.	Pilot commences June 2019. Full rollout out January 2020 pending evaluation.	Improved staff retention Improved staff wellbeing as measured through health check Reduction in stress related absence	Initial Schwartz Rounds have taken place with positive feedback from staff and Point of Care Foundation.	
3.6	Good continuing professional development and career progression opportunities through a refreshed CPD offer for experienced social workers and new team managers, and developing additional advanced practitioner roles.	Colin Pettigrew / Marje Toward	Lucy Peel / Helen Richardson	Improved social worker recruitment and retention through the offer to social workers.	Detailed action plan being developed.	Improved staff retention during 2020-21 Quality of practice as assessed through the Quality Management Framework	Cross-council steering group established. Extended offer for NQSWs developed. CPD portfolio for experienced social workers and team managers being developed	Children and Families Departmental Strategy

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

16 September 2019

Agenda Item: 5

REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA) ANNUAL PUBLIC FINANCE CONFERENCE 2019

Purpose of the Report

1. To report on the CIPFA Annual Public Finance Conference entitled 'Public Finance Live 2019' held in Birmingham.

Information

2. The CIPFA Public Finance Live 2019 Conference was held on 9th to 10th July 2019 at the International Convention Centre in Birmingham. The conference gathered together Public service leaders, politicians, Chief Finance Officers, auditors, and all those concerned with public finance and governance to tackle the key questions for government and public services in the decade ahead. The conference was attended by Councillor Richard Jackson, Councillor John Ogle and Mr Nigel Stevenson (Service Director – Finance, Infrastructure and Improvement). There was an opportunity this year to attend sessions at CIPFA Regeneration 2019, a CIPFA event that ran alongside which addressed the issues around public property and asset management.

3. ***Carolyn Williamson: CIPFA president and deputy chief executive & director of corporate resources, Hampshire County Council***
   The main conference began with the new elected president of Cipfa welcoming everyone to the Conference and setting the tone for the event before handing chairing of the day's sessions to Chris Mason, political correspondent with the BBC.

   Carolyn set out her 3 key priorities for her presidency year, namely;
   a) Diversity and inclusion
   b) Collaboration, and
   c) Championing our profession

4. ***Breaking the mould – Brexit Britain, a new political and economic landscape?***
   Given the uncertainty of Brexit, the impending spending review and ongoing challenges to public services' financial sustainability this is likely to be a highly significant year for UK public

services. Who do people think government is actually working for? In an age of populism, driven by sharp divides in attitudes, geography, and economics, this session will reveal people's perceptions of winners and losers in society; who people think are doing better economically and who people think are doing worse, and the political implications of these assessments. The panel of political scientists, Matthew Goodwin, professor of politics, University of Kent, Grace Blakeley, economics commentator, and Professor Jane Green professor of political science and British politics, University of Oxford and Professorial Fellow, Nuffield College set out what policy-makers need to consider on how to bridge the gap between the realities of who government is working for and people's perceptions of who government is serving.

Jane began by showing the results of research into UK population perceptions which as expected demonstrated people's perceptions on issues such as migration and who is doing better economically both in terms of region and ethnicity were always higher than reality. Consequently, it is important that we have a better informed public and the need to find a messenger people will trust. Whilst Mathew set out 5 predictions, namely:

i) Our Brexit attitudes are unlikely to change anytime soon
ii) Brexit identities (leavers or remainers) will shape how we see the world around us in the short-term
iii) British politics will stay European in style with more multi-party election results
iv) Britain will become more socially but not necessarily economically liberal
v) Labour will be the largest party

Grace completed the session surmising that Brexit is a process not a thing and warning that Conservatives may use Brexit as an opportunity for more free market approach to capitalism that would ultimately lead to more economic inequality.

5. *Concurrent Sessions*

A number of concurrent sessions were delivered:

a) *How Public Services Succeed in Challenging Times and Public Services in 2019: performance and pressures*

The session began with Gareth Davies, the newly appointed Comptroller and Auditor General NAO sharing his perspective on the challenges facing public bodies operating under sustained financial pressure, drawing on the successes and difficulties he has observed during a career spent in public audit, and considered how financial reporting and auditing can successfully adapt to remain relevant and reliable in an era of diminishing public trust.

As a delay to the Spending Review looks increasingly likely, what are the biggest public service pressures facing the country? Which public services will dominate the new prime minister's in-tray? Drawing on data from the latest Institute for Government and CIPFA Performance Tracker, this session ended with an exploration of how key public services are performing – including prisons, hospitals, schools, police and children's social care. This session was delivered by Graham Atkins, senior researcher with the Institute for Government and Ryan Shorthouse, founder and chief executive, Bright Blue.

b) *Delivering Incremental Business Process Innovation with the Oracle Local Government Cloud (Sponsored by Oracle)*

As the move from on-premise applications to cloud based services continues to gain momentum, we heard from two organisations – the London Borough of Lewisham and the

Home Office – that have migrated to the cloud for their financial operations. It is well documented that the transition from on-premise applications to the cloud should be faster and easier. However, with an integrated cloud Finance and HR platform in place, there is an incredible opportunity for continuous business process improvement. Both Selwyn Thompson from Lewisham and Kathy Thompson from the Home Office highlighted how each is taking advantage of cloud-based technologies to drive significant further value through their organisations. Examples include use of 'digital assistants' and chat bots, collaborative working, employee self-service and the delivery of customer services multiple locations. Cloud can support improvements in outcomes and reduce the administrative burden on staff, however, with the pace of change and technology disruption seen in the sector today, the trick is to deliver smaller, incremental wins at pace, on a sustainable platform.

6. ***A number of additional concurrent workshop sessions were held over the lunchtime, including:***

a) *Innovative delivery models - social value and profit with a purpose*
How to generate financial return and social impact through alternative means of delivering services by focusing on the journey to setting up an alternative service delivery model, the organisational culture and corporate social responsibility.

b) *Finding buried treasure? Using the balance sheet to drive PFM*
This session provided an update on both international and UK initiatives to use government balances sheets as a key tool in Public Financial Management improvement, releasing previously untapped resources to improve public services.

c) *The Financial Management Code*
This session looked at the background and the development of the new code. From reflections on the input of those who helped shape the current version to practical comments on implementation and evidence.

7. ***Concurrent Sessions***
A number of concurrent sessions were delivered:

a) *Robots and Risk- what could possibly go wrong? The revolution is here!*
Over the last few years, public bodies have enthusiastically embraced a new world of technological innovation. Predictive analytics, machine learning, Artificial Intelligence, the Internet of Things, robotics and big data- the 4th Industrial revolution-has become integral to the way public bodies deliver their services. And the momentum for digital transformation is growing. It's a fascinating glimpse into our future which will profoundly affect your organisation, your community and you. What could possibly go wrong!?

But alarm bells are ringing. From national newspapers flagging up the challenges of unethical bias to sensitive business models utterly dependent on technological solutions, the risks are growing. In this session John Thornton, executive director and David Forster, head of risk from Zurich Municipal argued that governance, accountability and the management of risk is failing to keep up with change. That the traditional 'three lines of defence ' model isn't fit for purpose in this future and that senior managers, auditors and those charged with the governance of their organisations need to broaden their risk planning and skill sets to meet the new challenges.

b) *Enhancing finance*
As austerity continues to bite and many authorities find their finances increasingly stretched, maximising the capability of councils' finance teams and widening the range of tools available to them has become increasingly important. Innovation need not be innovative. Absorbing lessons learned elsewhere and adapting some proven financial management practices, structures, tools and models from overseas and the UK that have delivered benefits in both the private and public sectors, will help local authorities enhance their finances without taking undue risk or incurring significant costs. This session was delivered by Mike Jensen, director of investment, Lancashire County Council and Christian Wall, director, PFM Advisors UK.

c) *Markets - a catalyst for transforming neighbourhoods into thriving communities*
Since the early beginnings of society when markets were a place where you went to buy life's necessities, these vibrant centres of commerce have evolved and snaked into the hearts of every kind of community. Nowhere is the power of the market to bring people together and inspire community determination more plain than the world famous Borough Market in the aftermath of the London Bridge terror attack in 2017. Only 11 days after the atrocity, businesses were back up and running, with traders and customers alike quoted across the media saying 'We welcome everyone. We're going to go forward. Nothing's going to shut us down.' From Altrincham to Harrogate and nationwide, markets are increasingly seen as central to transforming places, promoting sustainable economies and binding communities together. In this session we heard from Darren Henaghan, managing director, Borough Market and Graham Wilson, chief executive, NABMA.

d) *Unlocking the potential– Realising the role of not-for-profits in public service delivery*
The charity and voluntary sector continues to be locked out of the delivery of public services. This trend is pronounced at a local level, where the tendering and procurement processes typically favour providers able to navigate complex commissioning systems, bid aggressively and carry financial risk. Set against a backdrop of austerity, how can authorities adopt an approach that recognises the significant knowledge, experience and expertise of the sector?

In this session, delivered by Caroline Howe, policy and national programmes manager, Lloyds Bank Foundation and Andy McCartan, commissioning services manager, Wirral Council we explored the changes needed to enable more authorities to access the untapped benefits of the charitable and voluntary sector, and examined what could be done differently.

8. *Concurrent Sessions*
A number of concurrent sessions were delivered:

a) *Developing talent in your teams*
Great people are at the heart of great public service, so it is crucial that we are ambitious and innovative in our approach to cultivating talent. In this session we heard from Rebecca Richards, director, NHS Wales Finance Academy and Pete Gillett, executive director of commercial and financial services, Sussex Police and Surrey Police how these organisations had employed a collaborative and inclusive approach to allow staff across an entire country to learn and network across organisational boundaries.

b) *Financial Management and Commerciality in Districts – What next?*
A session for the Society of District Council Treasurers explored the challenges and opportunities faced by district councils, including approaches to financial management and commercial investments. This session will reflect on what districts have delivered over the last five years, and looked to examine what the future holds for these vital organisations.

c) *Delivering social value*
The pressure is on for public organisations to generate more revenue to compensate for over a decade of cuts. But with this turn towards commercialism, how do we deliver social value? How can we ensure our public sector ethos is not lost in the age of austerity?

The session began with Tony Deakin, group director resources and Adrian Johnson, commercial director, both from Cartrefi Conwy setting out how Creating Enterprise, a subsidiary of Cartrefi Conwy – a registered social landlord with more than 3,800 homes – has become a social enterprise with a £5.8m turnover. The project was born out of the need to create income streams to support growth while offering employment opportunities to unemployed tenants. Through exploring alternative methods of service delivery, Cartrefi Conwy has saved money, improved the quality of services and created new employment opportunities.

The second part of the session was delivered by Harvey Tilley, chief operating officer, Independent Living Fund Scotland. This organisation helps disabled people with complex levels of need in Scotland and Northern Ireland, helping them to live independently in their own communities. Their innovative co-design programme won the title of Community Engagement Project of the Year at the 2019 Public Finance Awards. We learnt how the team worked with young disabled people to co-design the application process for new government funding, guaranteeing accessibility and inclusivity in all parts of the process.

9. *Delivering sustainable policy and social value*
As the threat of climate change and the depletion of resources has grown, sustainability issues are playing an increasingly significant role in public service investment and development decisions. We will increasingly see environmental, social and governance (ESG) criteria dominating decision making in public sector investment decisions and social value led commissioning. What policies and action do governments and in turn those managing the public finances need to be putting in place now to ensure a sustainable future and meet UN sustainable development goals? Day 1 concluded with presentations from Sony Kapoor, managing director, RE-DEFINE, and Professor Tim Lang, professor of food policy, City University, London.

10. Presidents Welcome: Carolyn Williamson
Day 2 included a special conference stream that explored the economics of regeneration; the role of infrastructure in creating the right conditions for inclusive growth as a catalyst for change; planning, funding, managing and promoting the role of the UK's town, city and coastal centres. Both a main stream of the conference and a standalone event, Regeneration 2019 was aimed at public sector property professionals and regeneration experts and was a unique opportunity for the finance, funding and property professions to come together and make connections to explore the challenges of regeneration in the UK.

In a period of prolonged economic stagnation, with a blight affecting high streets up and down the UK, a desperate shortage of housing and an environment in the last chance saloon, the need for regeneration strategies to reverse these economic, social and physical declines have never been needed more. Critical to the success of regeneration strategies in post Brexit Britain will be the support government can provide businesses with in relation to a skilled workforce, economic incentives, integrated transport systems and connected technologies.

The main conference continued with the following sessions:

11. ***A reforming agenda – new policies for prosperous communities***

How can public services be delivered to ensure they address and develop key elements of a local agenda, including regeneration of our town centre and high streets? What are the resources required to secure the local powers and resources communities needed to deliver local economic plans and generate growth in the local economy?

This session included presentations from Chair: Emma Mackenzie, director, NewRiver REIT (UK) Limited and Rt Hon Hazel Blears, chair, Social Investment Business, and discussed the alternative use of empty retail space in town centres that requires partnerships between private, voluntary and local government bodies.

12. ***Concurrent Sessions***

A number of concurrent sessions were delivered:

a) *Developing local resilience*

The increased uncertainty, volatility and complexity under which local governments operate, coupled with recent shocks, starting with the 2008 financial crisis, but also including Brexit and the increasing influx of refugee migrants, have put great emphasis on governmental financial resilience. A recent study increased our understanding of local government financial resilience by presenting the results of a survey of local governments across Italy, the UK and Germany. Analysing the combination of internal and external resilience dimensions against the background of recent crises and across countries, the project not only shed light on different performance enabling capacities but also helped to achieve a greater understanding of how local governments maintain or build resilience.

David Phillips, associate director Institute for Fiscal Studies, and Professor Ileana Steccolini, professor of accounting, Essex Business School set out their understanding of the research and understanding of the limited options for alternative finance available to local/national government to improve the sustainability of local government services.

b) *Early intervention, prevention and investing for long-term benefits*

Early intervention works to prevent problems occurring in young people's lives, or to tackle them head-on before they get worse. Acting early to support children and families at risk of poor outcomes can help to build communities that are better-off, more resilient and more supportive places to grow up, and to generate a range of long-term economic benefits that significantly outweigh the costs.

Effective early intervention, supported by strategic investment and rigorous evaluation, has a crucial role to play in public services and support across a wide range of policy areas, including education and attainment, physical and mental health, family support, parenting, antisocial behaviour and youth justice. Early intervention is not a panacea for all of society's problems, nor is it a financial coping strategy for local or national government. It is a vital way of providing children and young people with the skills they need to succeed in life, and of mitigating the negative impacts of poverty and other forms of disadvantage. We have understood the theoretical potential of early intervention for long enough. To realise its massive potential requires leadership, coordination, strategic planning and investment to identify, support and provide high-quality, evidence-based interventions and services.

In this session Duncan Selbie, chief executive, Public Health England, and Jo Casebourne, chief executive, Early Intervention Foundation set out what a long-term plan for sustainable, effective, life-changing early intervention looks like, at national and local level.

13. Ministerial Address

The Rt Hon James Brokenshire MP echoed his speech provided to the previous week's LGA Conference when he stated that "I can't see a better future for this country that doesn't have local democracy at the heart of it". He stated that the Government remained committed to implementing the local government finance reforms, including increased business rates retention, incentives to authorities to help grow local businesses and a new approach to distributing funding. Unfortunately, due to the uncertainties of leadership at the time James was unable to provide any detail on the future funding of local government.

14. Concurrent Sessions

A number of concurrent sessions were delivered:

a) *The future is here. Disruption is happening. How must finance react and evolve?*
Business model disruptors are changing the demands on finance. Finance as we know it is already changing, and will be radically different in the years to come. The sophistication of operating models, extreme automation and increasing focus on data and insights is kick-starting this finance revolution. In this rapidly changing environment, finance leaders need to focus on the implications for themselves and their teams.

This session, delivered by Asif Akhtar, head of finance transformation, KPMG, and Rob Shaw, finance director, Innovate UK explored the reinvention of finance, and the skillsets needed to support this transformation.

b) *Finance Transformation: How to tell the story of your numbers (Sponsored by insightsoftware)*
In the public sector, today, the role of finance is changing. It has become less about accounting and more about strategy, insight, and providing advice to other business areas. To stay one step ahead, modern CFOs are transforming their department from a report generating cost centre into a provider of strategic insight and an enabler of change – it's all about the narrative, telling the story of your numbers in way that is easily understood. During this session, Malcolm Hewlett, senior account executive Insight Software investigated how organisations have been successful (or not) at adapting to this new reality by reviewing the latest surveys and research, and by looking at industry case studies.

c) *Tackling fraud and corruption in government and public services*
Fraud is a blight on all areas of the public sector. The government estimates that between £31bn and £49bn of taxpayers' money is lost to fraud and error each year. So how do we identify and guard against risks in this area? This session explored these questions, looking at new research from a major MHCLG study into procurement fraud and corruption

in local government, and included further perspectives from the NHS Counter Fraud Authority and others across the public sector.

d) Presentations from Laura Hough, head of research and development for counter fraud CIPFA, set out the work that has been undertaken from the anti-corruption strategy specifically in procurement. This was followed by a live example from Peter Lees and Mike Harrington from HMRC on their approach to tackling excise duty fraud across borders. And concluded with presentations from Oliver Stopnitzky, fraud prevention officer, and Davina Teeluck, senior fraud prevention officer, from the NHS Counter Fraud Authority on their approach from this new organisation in tackling procurement fraud across the NHS.

15. ***Tackling McMafia and Co.***
The public sector has long been battling fraud and corruption, but the fight has opened up on several new fronts. Corrupt activity jeopardises public confidence and trust in institutions both at home and internationally. Increasingly online and organised, it has become a central focus for those charged with protecting our public finances. As financial systems change and evolve so do fraud threats and risks. For instance, as society becomes more reliant on digital technology, public services become more vulnerable to cyberattacks.

In this constantly shifting context, Misha Glenny, author and journalist, and Andrew Preston, Anti-Corruption Unit set out their thoughts on how we should encourage and develop good behaviours and ensure we are pursuing strategic actions that will keep services resilient, finances secure and retain public trust.

Statutory and Policy Implications

16. 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 Finance and Major Contracts Management Committee members continue to attend appropriate conferences to enable members to be kept up to date with the main national topics relating to local government finance.

2) That Members consider if there are any actions they require in relation to the issues contained within the report

Nigel Stevenson
Service Director - Finance, Infrastructure & Improvement

For any enquiries about this report please contact: Nigel Stevenson

Constitutional Comments (KK 19/08/2019)

17. Finance & Major Contracts Management Committee is the appropriate body to consider this report.

Financial Comments (NS 26/07/19)

18. There are no financial implications arising from this report

Background Papers and Published Documents

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

None

Nottinghamshire County Council

Report to Finance and Major Contracts Management Committee

16 September 2019

Agenda Item: 6

REPORT OF GROUP MANAGER - PROCUREMENT

THE COMPETITIVE DIALOGUE PROCUREMENT APPROACH FOR PUBLIC HEALTH SERVICES

Purpose of the Report

1. To inform Committee of a presentation to be delivered on the approach that Corporate Procurement and Public Health have taken to recommission Integrated Wellbeing Services and an All Age Substance Misuse Treatment and Recovery Service.

Information

2. The Category Manager, Corporate Procurement, will deliver a presentation on the procurement approach to secure Integrated Wellbeing Services and an All Age Substance Misuse Treatment and Recovery Service, both scheduled to commence in April 2020.

3. At the Finance and Major Contracts Management Committee 29th April 2019 Members requested a report on the progress to date and the conclusions and recommendations around the procurement approach that has been used to re-commission services from 1st April 2020. A Competitive Dialogue process was used as Public Health Commissioners were unable to describe detailed requirements with sufficient certainty or could not assess without in-depth dialogue what the market could offer in terms of technical, financial or legal solutions. Bidders had a major role in defining the solution.

Update on the implementation of the new services

4. The previous report to Committee in April 2019 provided an indicative timeline for both tenders. Both projects are in line with the schedule and are planned to be awarded on the 1st October 2019.

5. Both Contracts have a six month mobilisation period allowing a lead in period so service commencement will be in place and fully operational by the 1st April 2020. This period will also allow for TUPE issues to be resolved.

Reasons for Recommendations

6. To allow Committee to consider whether there are any actions they require in relation to the issues raised in this report.

Statutory and Policy Implications

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

Financial Implications

8. The Public Health budget available to invest in the Integrated Wellbeing Service is £2,630,000 per year.

9. The current Public Health and PCC investment in Substance Misuse contracts total £8,570,135 per year.

RECOMMENDATIONS

10. That Committee considers whether there are any actions they require in relation to the issues raised in this report and presentation.

Kaj Ghattaora
Group Manager – Procurement

For any enquiries about this report please contact:
Michael Fowler
Category Manager, Procurement
T: 0115 9774360
E: michael1.fowler@nottscc.gov.uk

Constitutional Comments (AK 08/08/2019)

11. The recommendation falls within the delegation to Finance and Major Contracts Management Committee under its terms of reference.

Financial Comments (DG 20/08/19)

12. The budget envelope for these services are £2.630m for the Integrated Wellbeing Service and £8.570m for Substance Misuse, which will be met from the Public Health Grant.

Background Papers and Published Documents

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

None.

Electoral Division(s) and Member(s) Affected

All.

Report to Finance and Major Contracts Management Committee

16 September 2019

Agenda Item: 7

REPORT OF THE SERVICE DIRECTOR - CUSTOMERS, GOVERNANCE AND EMPLOYEES

WORK PROGRAMME

Purpose of the Report

1. To consider the Committee's work programme for 2019-20.

Information

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.

3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.

4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason/s for Recommendation/s

6. To assist the committee in preparing its work programme.

Statutory and Policy Implications

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

RECOMMENDATION/S

1) That the Committee considers whether any amendments are required to the Work Programme.

Marjorie Toward
Customers, Governance and Employees

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

Constitutional Comments (HD)

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (NS)

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

Background Papers

None.

Electoral Division(s) and Member(s) Affected

All.

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

Report Title	Brief summary of agenda item	Lead Officer	Report Author
14 October 2019			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations my version	Nigel Stevenson	Glen Bicknell
Gedling Access Road (GAR)	Report on progress	Adrian Smith	Mike Barnett
Orchard School	Latest Estimated Costs Report	Derek Higton	Phil Berrill
Procurement Strategy		Kaj Ghattaora	Kaj Ghattaora
Wide Area Network (WAN) Tender	Outcome / Update on the procurement of the WAN tender	Lorraine Dennis	Kaj Ghattaora
Staff Agency Contract	Update on Staff Agency re-procurement	Lorraine Dennis	Kaj Ghattaora
18 November 2019			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Risk and Insurance	Update report	Nigel Stevenson	Rob Disney
BCF 6 Monthly Reconciliation		Joanna Cooper	Joanna Cooper
New School at Sharphill Development, Edwalton – Latest Estimated Cost	LEC Report	Derek Higton	Phil Berrill
16 December 2019			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
D2N2 Children in Care Framework		Lynn Brammer	Kaj Ghattaora

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

13 January 2020			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
DN2 Partnership Children's Services Intervention Programme	6 Monthly Update	Lynn Brammer / Jon Hawketts	Kaj Ghattaora
18 May 2020			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
BCF 6 Monthly Reconciliation		Joanna Cooper	Joanna Cooper
TO BE PLACED			
Commercial Development Unit	Report on progress.	Mark Knight	Nigel Stevenson
The provision of new schools and school places	Details of the Authority's approach	Derek Higton	Derek Higton