

Finance and Major Contracts Management Committee

Monday, 19 March 2018 at 14:00

Mansfield MRF, Warren Way, Mansfield, Notts, NG19 0FL, [Venue Address]

AGENDA

- | | | |
|---|--|---------|
| 1 | Minutes of the last meeting held on 26 Feb 2018 | 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 10 2017-18 | 5 - 20 |
| 5 | Fair Funding Review - A Review of Relative Needs and Resources | 21 - 32 |
| 6 | Local Spend and Supplier Engagement | 33 - 36 |
| 7 | Veolia PFI Contract Update | 37 - 44 |
| 8 | Work Programme | 45 - 52 |

None

Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

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

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

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

Meeting FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE

Date 26 February 2018 (commencing at 10.30am)

Membership

Persons absent are marked with an 'A'

COUNCILLORS

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

| | |
|----------------|--------------|
| Richard Butler | Eric Kerry |
| John Clarke | Diana Meale |
| Keith Girling | Mike Pringle |
| Tom Hollis | Andy Wetton |

OFFICERS IN ATTENDANCE

| | |
|--------------------|---|
| Mick Allen | Group Manager - Place Commissioning |
| Pete Barker | Democratic Services Officer |
| Joanna Cooper | Better Care Fund Programme Manager |
| Jayne Francis-Ward | Corporate Director - Resources |
| Keith Palframan | Financial Services Team Manager |
| Nigel Stevenson | Service Director – Finance, Procurement and Improvement |
| Clare Winter | Group Manager - Procurement |

1. MINUTES OF THE LAST MEETING

The minutes of the last meeting, held on 6 February 2018, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

2. APOLOGIES FOR ABSENCE

Councillor Richard Butler replaced Councillor Mike Quigley MBE for this meeting only.

3. DECLARATIONS OF INTEREST

No declarations of interest were made.

4. FINANCIAL MONITORING REPORT PERIOD 10 2017-18

RESOLVED: 2018/006

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

5. BETTER CARE FUND – Q3 2017/18 RECONCILIATION AND BCF POOLED FUND AGREEMENT FOR 2018/19

RESOLVED: 2018/007

That the variation to the Better Care Fund section 75 pooled budget for 2018/19 be approved, subject to amendments proposed by the Governing Bodies of the Clinical Commissioning Groups (CCG).

6. EAST LEAKE PFI CONTRACT UPDATE

RESOLVED: 2018/008

That a report containing details of other contracts in place and how they are monitored, along with lessons learned from the East Leake PFI contract, be brought to a future meeting of the Committee.

7. LATEST ESTIMATED COSTS – DEMOLITION OF THE FORMER GROVE LEISURE CENTRE, NEWARK

RESOLVED: 2018/009

1. That an informal meeting be arranged for members of the Committee following the meeting on 19 March to allow members to ask detailed questions about the incident, clean-up operations, and additional costs incurred.
2. That the variation to the 2017/18 capital programme, as detailed in the report, be approved.

8. PROCUREMENT WORK PLAN REVIEW

RESOLVED: 2018/010

That the work plan be approved and the Work Programme be updated as a result.

9. WORK PROGRAMME

RESOLVED: 2018/011

1. That a report detailing the terms of the Veolia PFI contract be brought to a future meeting of the Committee.
2. That the meeting of the Committee due on the 19 March 2018 be held at the MRF facility in Mansfield.

The meeting closed at 11.14am

19 March 2018**Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND
IMPROVEMENT****FINANCIAL MONITORING REPORT: PERIOD 10 2017/18****Purpose of the Report**

1. To provide a summary of the Committee revenue budgets for 2017/18.
2. To request approval for an additional contingency request.
3. To approve the request to transfer money into an earmarked reserve.
4. To provide a summary of capital programme expenditure to date and year-end forecasts.
5. To inform Members of the Council's Balance Sheet transactions.

Information**Background**

6. The Council approved the 2017/18 budget at its meeting on 23 February 2017. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.

Summary Revenue Position

7. The table below summarises the revenue budgets for each Committee for the current financial year. An £8.2m net underspend is currently predicted. In light of the Council's continuing financial challenges, the key message to effectively manage budgets and, wherever possible, deliver in-year savings is being reinforced.

Table 1 – Summary Revenue Position

| Forecast Variance as at Period 9 £'000 | Committee | Annual Budget £'000 | Actual to Period 10 £'000 | Year-End Forecast £'000 | Latest Forecast Variance £'000 |
|--|--|---------------------|---------------------------|-------------------------|--------------------------------|
| 367 | Children & Young People | 120,053 | 96,974 | 120,259 | 206 |
| (2,856) | Adult Social Care & Public Health | 208,945 | 150,913 | 204,793 | (4,152) |
| (193) | Community & Place | 125,288 | 102,188 | 125,823 | 535 |
| (170) | Policy | 34,050 | 32,930 | 33,934 | (116) |
| (236) | Finance & Major Contracts Management | 3,229 | 2,946 | 2,985 | (244) |
| (158) | Governance & Ethics | 7,209 | 6,092 | 6,983 | (226) |
| (725) | Personnel | 16,263 | 15,494 | 15,458 | (805) |
| (3,971) | Net Committee (under)/overspend | 515,037 | 407,537 | 510,235 | (4,802) |
| (6,538) | Central items | (10,400) | (33,925) | (15,840) | (5,440) |
| - | - Schools Expenditure | 149 | - | 149 | - |
| 100 | Contribution to/(from) Traders | 505 | 553 | 685 | 180 |
| (10,409) | Forecast prior to use of reserves | 505,291 | 374,165 | 495,229 | (10,062) |
| 313 | Transfer to / (from) Corporate Reserves | (15,066) | (794) | (15,641) | (575) |
| 1,664 | Transfer to / (from) Departmental Reserves | (9,446) | (818) | (7,052) | 2,394 |
| - | - Transfer to / (from) General Fund | (5,500) | - | (5,500) | - |
| (8,432) | Net County Council Budget Requirement | 475,279 | 372,553 | 467,036 | (8,243) |

Committee and Central Items

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

Adult Social Care & Public Health (forecast £4.2m underspend, 2.0% of annual budget)

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

- Older Adults across the County are forecasting a reduced overspend of £1.8m (a reduction of £0.3m compared with the last monitoring period). This is primarily due to a reduction in homecare packages and an agreement being reached on the funding of posts recharged to the Health Service.
- Younger Adults across the County are forecast to underspend by £2.2m, due primarily to a sustained over achievement of Continuing Health Care income, and small reduction in Long Term Care and Homecare.

9. The Strategic Commissioning, Accessing and Safeguarding Division is reporting an underspend of £1.6m due mainly to overachievement of client contribution income and an underspend on the advocacy contract.

10. Residential Services are forecasting a reduced underspend of £0.3m. All services are now forecasting underspends across staffing plus overachievement of income targets.
11. Day Services are forecasting a reduced underspend of £0.4m. This is due to an underspend of £0.7m on staffing, offset partly by the remaining overspend on Fleet transport.
12. The Transformation Division is forecasting an underspend of £0.2m on the Better Care Fund (BCF) and Care Act, through slippage on various schemes.
13. Public Health is currently forecasting an underspend of £1.3m, due to underspends on the staffing budget, less activity from Payment by Results on Health Check Programmes, Obesity and Smoking and Tobacco. The overall County Council forecast assumes that this net underspend will be transferred to the Public Health reserve.
14. The Adult Social Care and Public Health Committee, at its meeting on 12 March 2018, agreed the new transformation resources required for the Service in 2018/19 at a cost of £0.7m. This forecast, therefore, includes a transfer of £0.7m into the departmental transformation reserve in order to fund these costs (paragraph 23).

Community & Place (forecast £0.5m overspend, 0.4% of annual budget)

15. This overspending is due to the charge for additional bins for the green waste roll-out which will be entirely funded from the Waste PFI Reserve.

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

16. This underspending relates mainly to savings associated with holding vacancies in Business Support and in the Business Support Centre in anticipation of future years' budget reductions, together with additional income from the sale of services to schools.

Central Items (forecast £5.4m underspend)

17. Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and capital charges.
18. At the time of setting the 2017/18 budget, several funding allocations had not been announced, specifically with regard to the impact of business rates revaluations and, therefore, assumptions about certain grants were made based on the best information available at the time. Throughout the year confirmations are received and current forecasts suggest a net additional grant of £0.8m will be received in 2017/18.
19. At the Finance and Major Contracts Management Committee in September 2017, it was approved that the contingency budget would be increased by £3.9m to reflect the in-year savings identified in the Adult Social Care and Public Health Committee. Table 1 assumes that this additional contingency budget will not be spent thereby resulting in a £3.9m underspend.

20. The Council's budget includes a permanent contingency of £5.1m to cover redundancy costs, slippage of savings, the November increase of the Living Wage Foundation rates paid to Authority employees, Business Rates Revaluations, the Apprenticeship Levy and unforeseen events. There is currently £4.5m of the permanent contingency budget that remains uncommitted. This is due in part to further transfer of underspends from Adult Social Care and Public Health and a reduced draw down from contingency by departments.
21. There is also a net underspend of £0.7m on pension enhancements, trading organisations, National Non-Domestic Rates and interest charges.

Request for Contingency

22. As reported to Policy Committee in February 2018, a request for contingency for up to £245,990 in 2018/19 has been submitted to create a team to support the delivery of the HS2 East Midland Station. This investment will ensure that the Council has sufficient capacity to help drive the delivery of growth at Toton in a way that meets residents and business needs and aspirations. These costs and the funding thereof will be reviewed on an annual basis.

Request for transfer to an Earmarked Reserve

23. As per Paragraph 14 and reported to Adult Social Care and Public Health Committee in March 2018, a request for transfer to earmarked reserve for £0.7m for new transformation resources.

Progress with savings and risks to the forecast

24. Council on 23 February 2017 approved savings proposals of £1.6m for delivery over the four year period 2017-21. These proposals are in addition to those approved previously by County Council. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn. The progress of the Council's current savings programme is reported to the Improvement and Change Sub-Committee on a regular basis. This report highlights all projects that are either experiencing obstacles or are at risk, the latest being 12 March 2018.
25. At the Improvement and Change Sub-Committee on 12 March 2018 there were change requests for Care and Support Centres and Targeted Reviews. These were approved and the changes are reflected in the MTFS reported to Full Council on 28th February 2018.
26. The report also highlighted further savings targets that were at risk, including, Integrated Community Equipment Loans scheme (ICELS), Contracts Review and Statutory School Transport.

Balance Sheet

General Fund Balance

27. Members were asked to approve the 2016/17 closing General Fund Balance of £27.7m at Council on 13 July 2017. The 2017/18 budget approves utilisation of £4.5m of balances which will result in a closing balance of £23.2m at the end of the current financial year. This is 4.9% of the budget requirement.

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

Capital Programme

29. Table 2 summarises changes in the gross Capital Programme for 2017/18 since approval of the original Programme in the Budget Report (Council 23/02/17):

Table 2 – Revised Capital Programme for 2017/18

| | 2017/18 | |
|--|---------|---------------|
| | £'000 | £'000 |
| Approved per Council (Budget Report 2017/18) | | 102,520 |
| Variations funded from County Council Allocations : Net slippage from 2016/17 and financing adjustments | (4,251) | |
| | | (4,251) |
| Variations funded from other sources : Net variation from 2016/17 and financing adjustments | (399) | |
| | | (399) |
| Revised Gross Capital Programme | | 97,870 |

30. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 10.

Table 3 – Capital Expenditure and Forecasts as at Period 10

| Committee | Revised Capital Programme £'000 | Actual Expenditure to Period 10 £'000 | Forecast Outturn £'000 | Expected Variance £'000 |
|-----------------------------------|--|--|------------------------------|-------------------------------|
| Children & Young People | 28,115 | 19,779 | 27,385 | (730) |
| Adult Social Care & Public Health | 4,958 | 805 | 4,658 | (300) |
| Community & Place | 43,737 | 18,996 | 43,652 | (85) |
| Policy | 20,661 | 12,480 | 18,453 | (2,208) |
| Finance & Major Contracts Mngt | 180 | 85 | 180 | - |
| Personnel | 219 | 7 | 219 | - |
| Contingency | - | - | - | - |
| Total | 97,870 | 52,152 | 94,547 | (3,323) |

Children & Young People

31. In the Children and Young People capital programme, a forecast underspend of £0.7m has been identified. This is due to a £0.7m forecast underspend against the replacement Bestwood Hawthorne School project as work continues to conclude the final project solution.

It is proposed that the Children and Young People capital programme is varied to reflect the slippage identified against the replacement Bestwood Hawthorne School project.

Policy

32. In the Policy Committee capital programme an underspend of £2.2m has been identified. This is mainly as a result of £1.5m slippage against the Journey to the Cloud project as there have been delays in signing the contract with the approved provider.

Financing the Approved Capital Programme

33. Table 4 summarises the financing of the overall approved Capital Programme for 2017/18.

Table 4 – Financing of the Approved Capital Programme for 2017/18

| Committee | Capital Allocations £'000 | Grants & Contributions £'000 | Revenue £'000 | Reserves £'000 | Gross Programme £'000 |
|-----------------------------------|------------------------------|---------------------------------|------------------|-------------------|--------------------------|
| Children & Young People | 19,292 | 8,684 | - | 139 | 28,115 |
| Adult Social Care & Public Health | 4,221 | 674 | - | 63 | 4,958 |
| Community & Place | 10,739 | 32,375 | 188 | 435 | 43,737 |
| Policy | 18,129 | 2,300 | - | 232 | 20,661 |
| Finance & Major Contracts Mngt | - | - | - | 180 | 180 |
| Personnel | 219 | - | - | - | 219 |
| Contingency | - | - | - | - | - |
| Total | 52,600 | 44,033 | 188 | 1,049 | 97,870 |

34. It is anticipated that borrowing in 2017/18 will decrease by £4.3m from the forecast in the Budget Report 2017/18 (Council 23/02/2017). This increase is primarily a consequence of:

- £14.6m of net slippage from 2016/17 to 2017/18 and financing adjustments funded by capital allocations.
- Net slippage in 2017/18 of £18.9m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

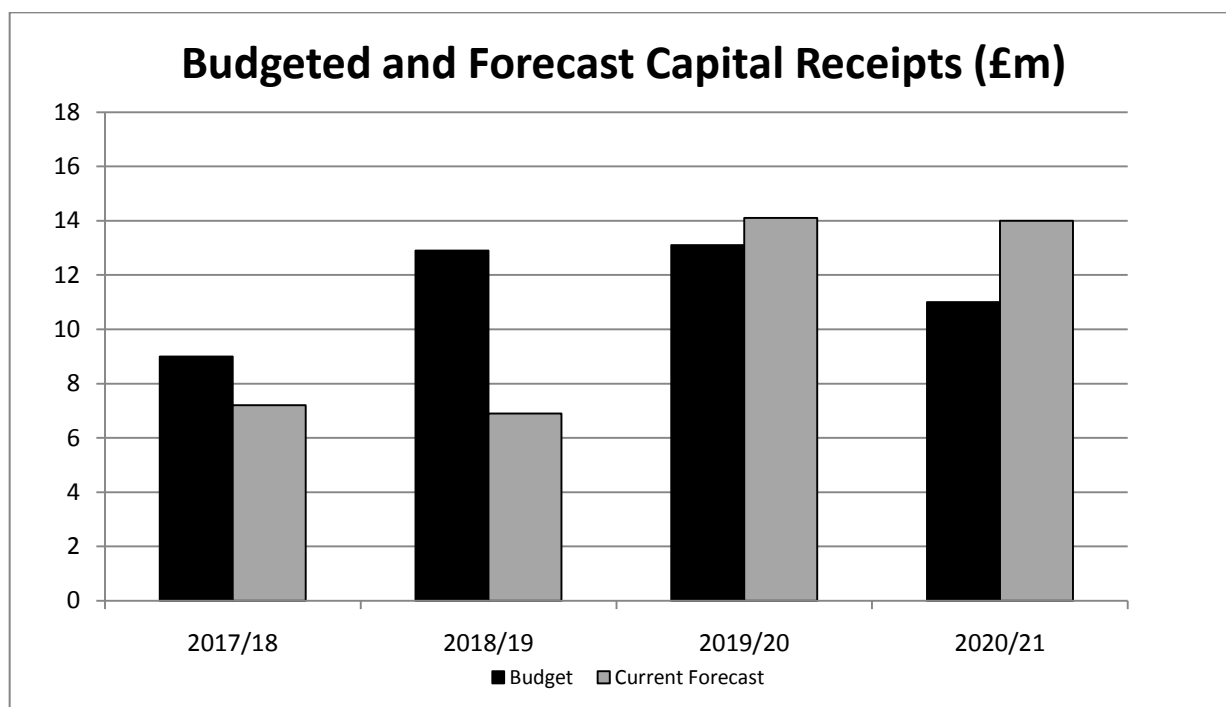
Prudential Indicator Monitoring

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

Capital Receipts Monitoring

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

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



38. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2017/18 (Council 23/02/2017). These capital receipts budgets prudently incorporated slippage, giving a degree of “protection” from the risk of non-delivery.

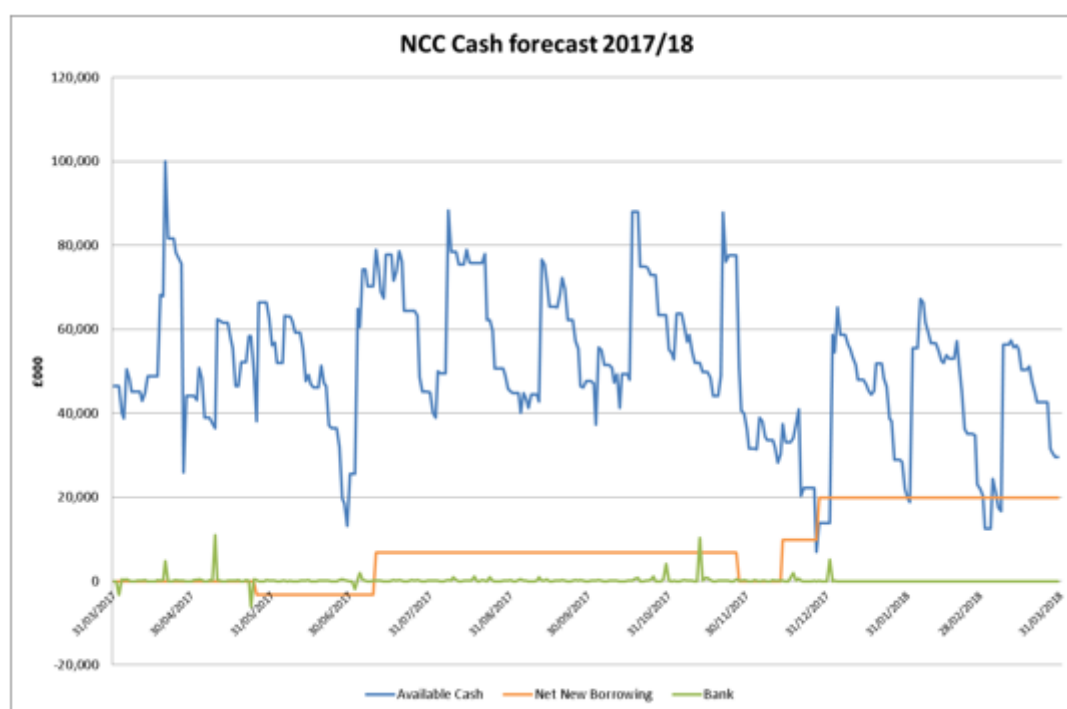
39. The capital receipt forecast for 2017/18 is £7.2m. To date in 2017/18, capital receipts totalling £3.1m have been received.

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

41. Current Council policy (Budget Report 2017/18) is to use the first £2.6m of capital receipts to fund in-year transformation costs. Any capital receipts in excess of this will 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

42. Daily cash management aims for a closing nil balance across the Council's pooled bank accounts with any surplus cash invested in accordance with the approved Treasury Management Policy. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group.
43. The Cash forecast chart below shows the actual cash flow position for the financial year 2017/18. Cash inflows are typically higher at the start of the year due to the front loading receipt of Central Government grants, and the payment profile of precepts. Cash outflows, in particular capital expenditure, tend to increase later in the year, and the chart shows a clear need for the Council to borrow during the course of the year.

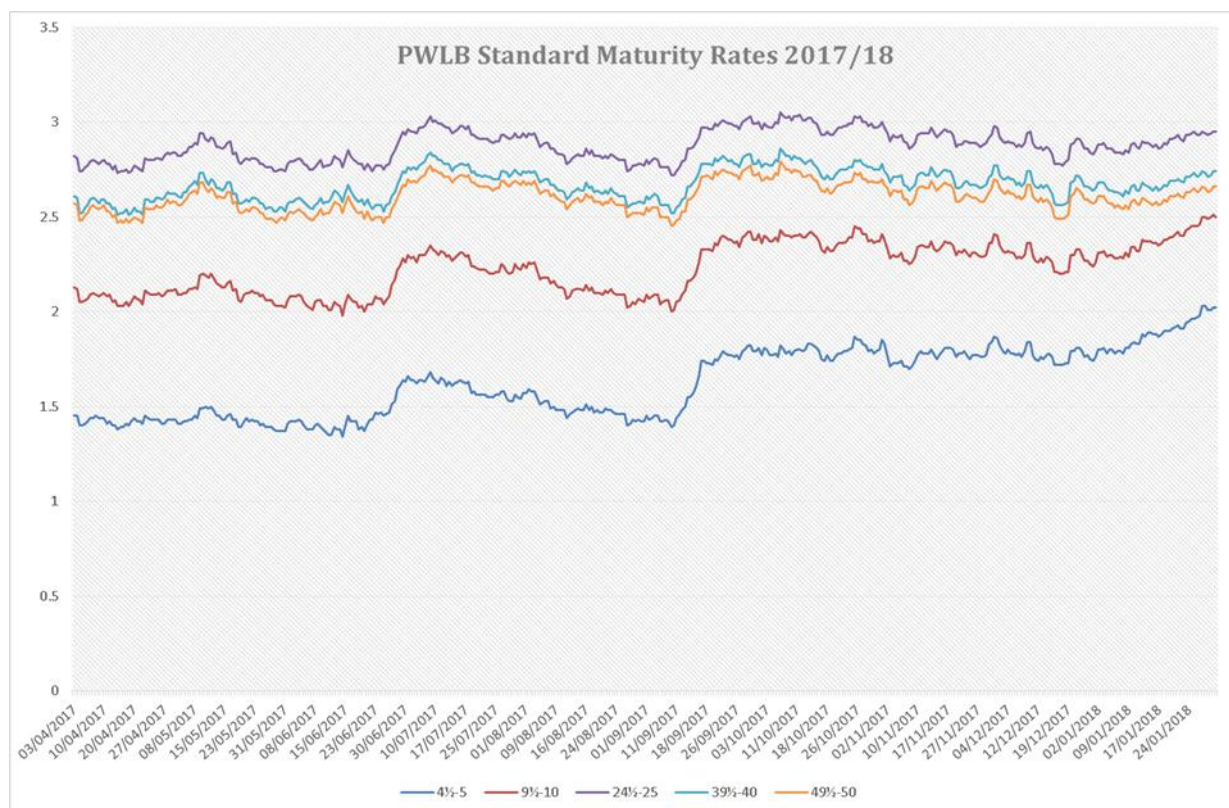


44. The chart above gives the following information:

| | |
|--------------------------|--|
| 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. |

45. The Treasury Management Strategy for 2017/18 identified a need to borrow approximately £30m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. The first £10m tranche of this was taken from PWLB in July, and a further £20m was taken in December. This is reflected in the cash forecast chart above. PWLB interest rates continue to be monitored closely to allow changes

- or potential changes - in rates to feed into decisions on new borrowing. The Council remains able to take advantage of the PWLB “certainty rate” which is 0.2% below the standard rates. The chart below shows the movement in standard PWLB maturity rates over the course of 2017/18 so far.



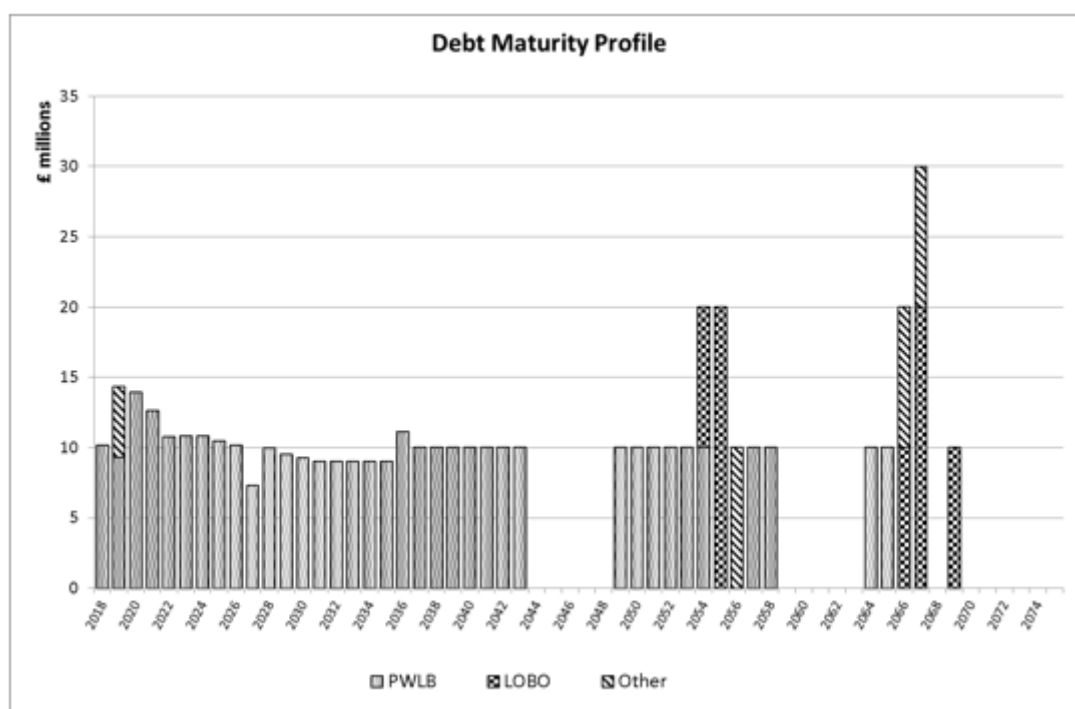
46. Borrowing decisions will take account of a number of factors including:

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

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

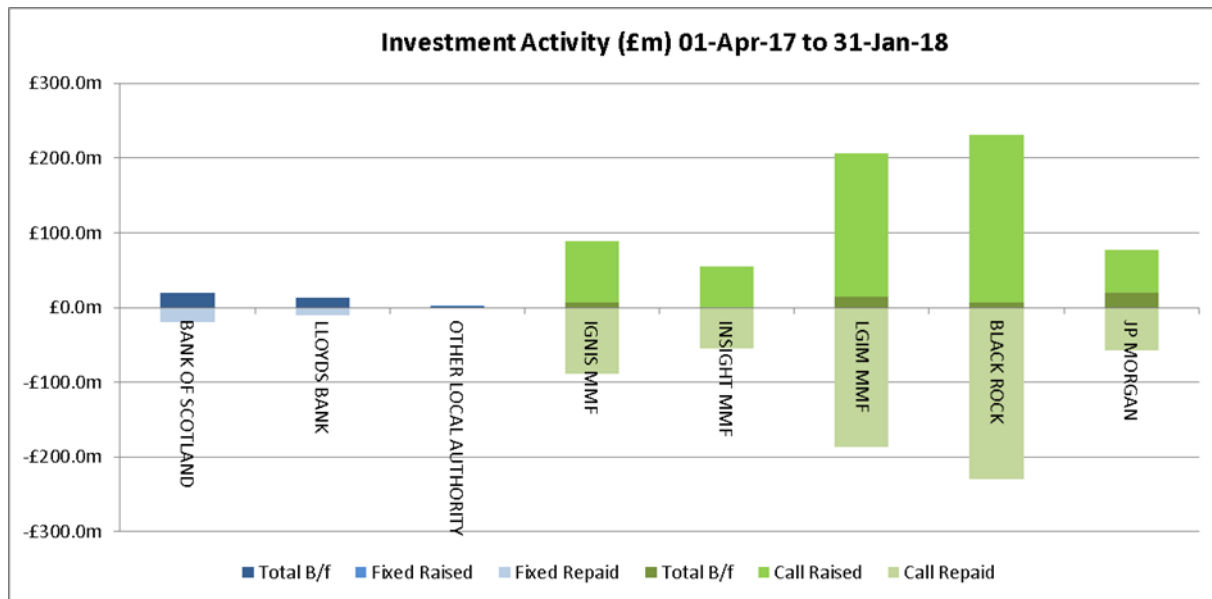
48. Longer-term borrowing (maturities up to 51 years) was obtained from the market some years ago in the form of ‘Lender’s Options, Borrower’s Options’ loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken at rates lower than the prevailing PWLB rate at the time. However, LOBOs could actually mature at various points before then, exposing the Council to some refinancing risk.

49. The 'other' loans denote borrowing from the money markets where the main objective was to minimise interest costs, and also includes loans from Barclays Bank that were converted from LOBOs to fixed-term loans in 2016.



50. The investment activity for 2017/18 to the end of January 2018 is summarised in the chart and table below. Outstanding investment balances totalled £81m at the start of the year and £47m at the end of the period. This reduction includes the effect of making a £39m contribution to the Nottinghamshire Pension Fund in April 2017 for the 3 years of the triennial valuation period.

| | Total B/F £ 000's | Raised £ 000's | Repaid £ 000's | Outstanding £ 000's |
|-----------------------|----------------------|-------------------|-------------------|------------------------|
| Bank of Scotland | 20,000 | - | (20,000) | - |
| Lloyds Bank | 13,000 | - | (10,000) | 3,000 |
| Other Local Authority | 1,500 | 1,450 | (1,450) | 1,500 |
| IGNIS MMF | 6,000 | 83,250 | (88,250) | 1,000 |
| Insight MMF | - | 54,450 | (54,450) | - |
| LGIM MMF | 13,950 | 192,850 | (186,800) | 20,000 |
| Black Rock | 6,500 | 225,200 | (229,900) | 1,800 |
| JP Morgan | 20,000 | 57,500 | (57,500) | 20,000 |
| Total | 80,950 | 614,700 | (648,350) | 47,300 |



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

Debt Recovery Performance

52. The debt position at the end of Quarter 3 shows an increase in the total debt of £3.0m mainly attributed to the raising of back dated invoices to account for VAT on the provision of school meals to academy schools. The position at 6 months shows a comparable position for care debts and an improvement in sundry debtors.

53. The Residential and non-domiciliary debt figures continue to be influenced by full cost invoices to service users that have not yet joined the deferred payments scheme. This debt amounts to £2.0m, 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.

54. The write off total as at the end of Quarter 3 was £420,606.

Invoices raised in quarter

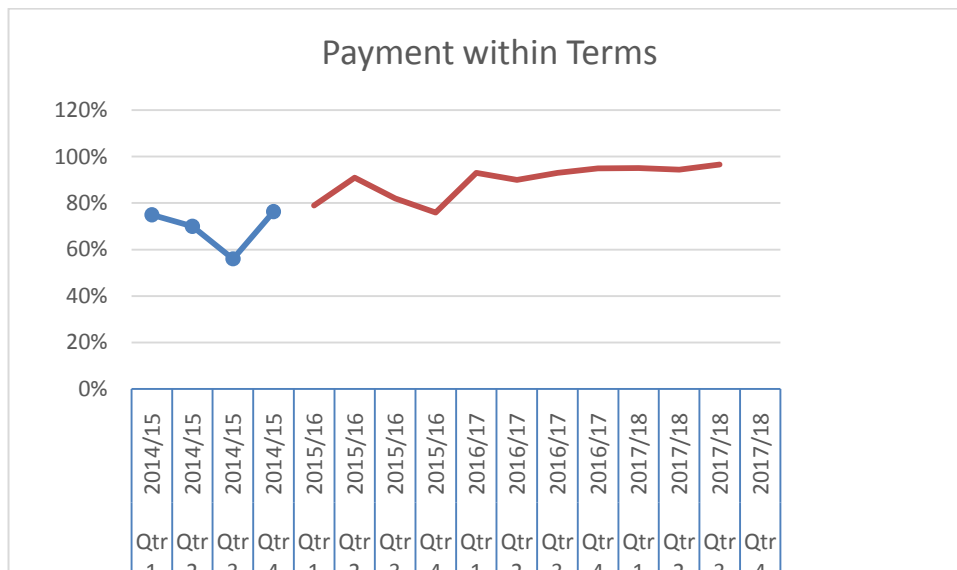
| | Quarter 3 | Year to date |
|--------|-------------|--------------|
| Number | 35,028 | 111,093 |
| Value | £36,504,434 | £113,941,257 |

Debt position at 30/09/17

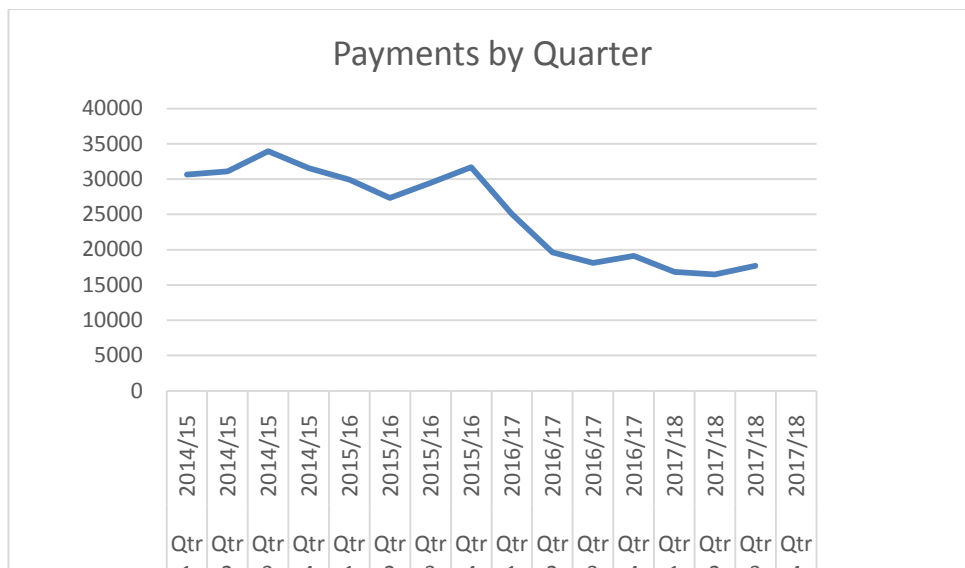
| | Residential & Domiciliary Care | All Other | Total |
|-----------------|--------------------------------|-------------|-------------|
| Total | £8,731,692 | £10,955,348 | £19,687,040 |
| Over 6 months | £5,225,142 | £669,543 | £5,894,685 |
| % over 6 months | 59.8% | 6.1% | 29.9% |

Accounts Payable (AP) Performance

55. During quarter 3, 97% of commercial invoices were paid within terms. This represents a cumulative 95% payment within terms figure for 2017/18. The department also monitors where invoices were paid late and subjected to a dispute and fall outside the late payment compensations legislation. This is done retrospectively and collated for annual reporting requirements.



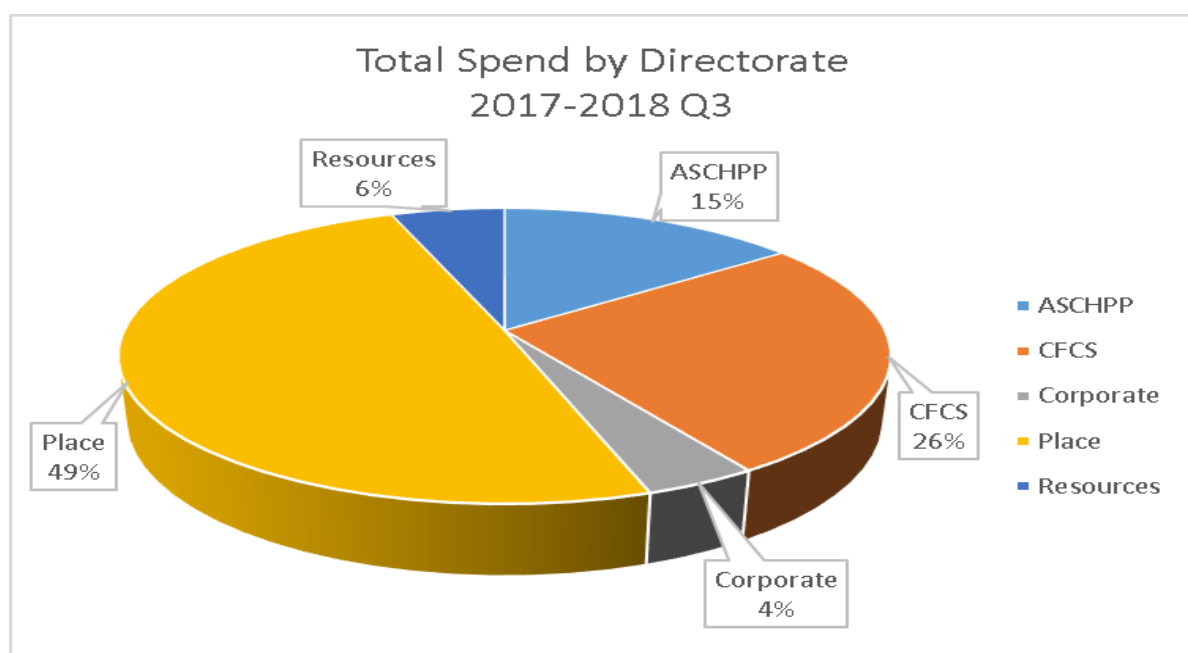
56. The increased use of consolidated invoices and the shift to ASDM's during the last financial year has resulted in a reduction in the volume of invoices processed, we now anticipate an annual volume of 70,000 documents relating to commercial spend annually, a reduction of around 40% compared to 2015/16.



Procurement Performance

57. As an organisation, NCC has spent £126m in the third quarter of the financial year 2017/18 with external suppliers. This represents a decrease of £36m when compared with the same period of the previous financial year. The top 3% (91) of suppliers account for 80% (£100m) of the total supplier spend. The remaining 97% (2,736 suppliers) have a total expenditure of £26m with an average spend of £9,600.

58. The table and chart below shows the total amount spent in the period, by Directorate. Place has the highest level of expenditure at 50%, whilst collectively the care related Directorates (ASCH&PP, CFCS) account for about 41% of all spend.



59. 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'.

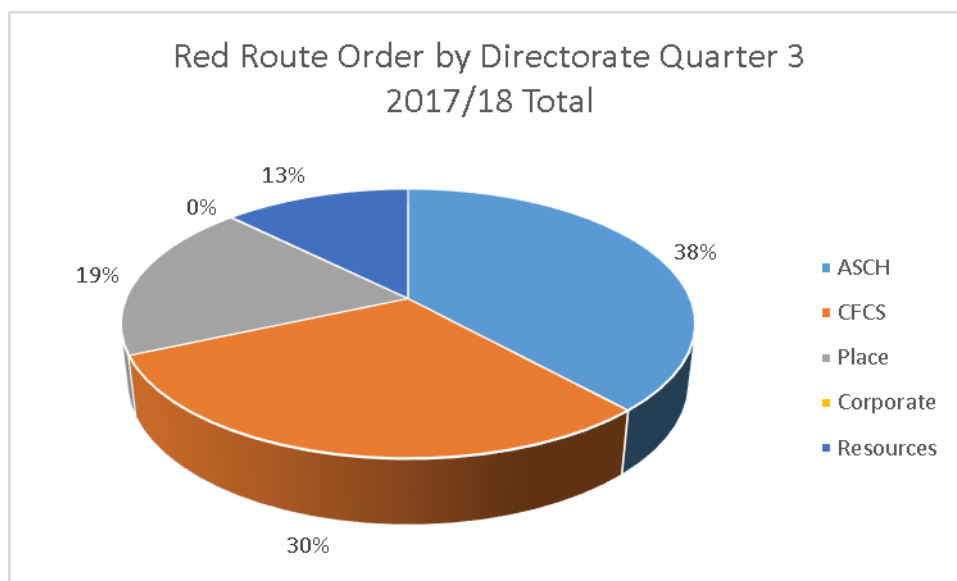
Retrospective orders are also classified as non-compliant, as they are typically raised after delivery of goods/services. Services commissioned and managed through other Corporate Systems, for example Frameworki/Mosaic, are out of scope. Purchase Orders are beneficial to the organisation as they provide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

60. When compared with the same period of the previous financial year, compliant ordering remains at 72% for all three quarters of the total spend and therefore Non-compliant (non PO) ordering remains at 28% of the total spend. This reflects a slight change when compared with quarter 3 2016/17 results at 73% compliant spend and 27% non-compliant spend

61. The table below shows the number of retrospective orders by month and by Directorate. The total volume of retrospective orders has reduced overall when compared with quarter 3 of the previous financial year for comparison.

| Directorate | PO Volume Oct 2017 | PO Volume Nov 2017 | PO Volume Dec 2017 | Total Q3 2017/18 | Total Q3 2016/17 |
|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| ASCH & PH | 241 | 247 | 227 | 715 | 486 |
| CFCS | 334 | 369 | 332 | 1,035 | 937 |
| Place | 229 | 236 | 179 | 644 | 759 |
| Corporate | 5 | 4 | 5 | 14 | - |
| Resources | 137 | 162 | 136 | 435 | 285 |
| Total | 946 | 1,018 | 879 | 2,843 | 2,467 |

62. Purchase orders themselves are split into Green and Red orders. Green orders are those which are raised with the Procurement Centre's pre-arranged agreements or contracted suppliers. Red orders are those that do not have approved suppliers or contracts set up on BMS, and require additional work. When compared with the same period in the previous financial year the volume of 'Red' orders have reduced from 6,204 to 6,457. The chart below illustrates Red Route orders by Directorate as a percentage for Quarter 3 2017/18. The Procurement Team are continuing to work with stakeholders to improve these figures.



Statutory and Policy Implications

63. 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 approve the contingency request.
- 3) To approve the request to transfer money into an earmarked reserve.
- 4) To comment on the capital programme expenditure to date and year-end forecasts
- 5) To comment on the Council's Balance Sheet transactions.

Nigel Stevenson Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:

Keith Palframan - Group Manager, Financial Strategy and Compliance

Tamsin Rabbitts - Senior Accountant, Pensions and Treasury Management

Constitutional Comments (GR 21/02/2018)

64. Pursuant to Part 4 section 21 of the Nottinghamshire County Council's Constitution the Finance and Major Contracts Management Committee has the delegated authority for all decisions within the control of the Council including but not limited to responsibility for the financial management of the Authority. The recommendations contained within this report fall within the delegated authority to this Committee

Financial Comments (KP 21/02/2018)

65. 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

19 March 2018

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND IMPROVEMENT

FAIR FUNDING REVIEW: A REVIEW OF RELATIVE NEEDS AND RESOURCES

Purpose of the Report

1. To inform Committee of the Authority's response to the government consultation on Fair Funding.

Information

2. At the time of the local government settlement the government launched a consultation on the proposed Fair Funding system.
3. The deadline set for replying to the consultation was 12th March 2018. The dates set for the meetings of the Committee mean that it has not been possible to bring the Authority's response to Committee before the deadline expired.
4. The Authority's draft response is attached as an appendix to this report. Any amendments made to this draft will be reported orally at the meeting.

Other Options Considered

5. Consideration was given to not bringing a report to Committee but in the interests of transparency and keeping the Committee informed, this report and the attached appendix have been submitted.

Reason/s for Recommendation/s

6. To allow Committee to see the Authority's draft response to the consultation.

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.

RECOMMENDATION/S

That Committee considers the response submitted to Government as a result of the consultation on the Fair Funding Review.

Nigel Stevenson
Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:
Nigel Stevenson

Constitutional Comments

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

Financial Comments

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

Background Papers and Published Documents

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

- None

Electoral Division(s) and Member(s) Affected

- All

This matter is being dealt with by:

Nigel Stevenson

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Local Government Finance Settlement Team
Ministry for Housing, Communities and Local Government
2nd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

12 March 2018

Dear Sir/Madam,

Response to the consultation on Fair Funding Review: a review of relative needs and resources

I write on behalf of Nottinghamshire County Council in response to your consultation on the review of relative needs and resources as part of the Fair Funding Review. As the Section 151 Officer I write this as the response of Nottinghamshire County Council.

The Council understands that the fair funding review is primarily concerned with the distribution of the quantum rather than the quantum itself; however, we believe that without sufficiency of funding, fairness will be impossible to achieve. We therefore call on the government to provide additional resources as simply redistributing existing funding will not address the extreme funding pressures in local services.

During summer 2017 the Society of County Treasurers (SCT) undertook a survey of its members in order to exemplify these unfunded cost-pressures. The survey estimated that in SCT member authorities these would grow to £2.6bn by 2020-21. This is as a result of growing service demand for Adult Social Care services and the rapidly growing pressure in Children's Services budgets.

The SCT survey showed that counties face unfunded pressures in adult social care of just under £1bn by 2020-21 equating to an average cost pressure of £26m per member. Similarly members forecast that costs associated with delivering children's services will increase by 159% between 2016-17 and 2020-21. Consequently members believe that funding of preventative services should be a priority to stop the number of families relying on the support of children's social care from continuing to grow.

This echoes the earlier work undertaken by the County Council's Network. In response to the Local Government Settlement in January 2017, the CCN provided evidence to the DCLG. This highlighted that local government is at a significant crossroads which will determine the future sustainability of core statutory services, in particular children's and adult social care. Counties have transformed services and made extraordinary efficiency savings to safeguard frontline services, this in the face of an estimated 37% real-terms reduction in government funding since 2010 and facing a 93% reduction in the revenue support grant from 2015/16-2019/20.

In addition, as you are aware Nottinghamshire, along with other areas in the East Midlands, has suffered from the lowest levels of public expenditure in the country over a number of years. A report by East Midlands Councils has identified that our region has missed out over a number of years in terms of public expenditure based on evidence from the HM Treasury. The East Midlands suffers from:

- Third lowest expenditure on services in real terms between 2011-12 and 2015-16.
- Lowest level of expenditure on economic affairs (economic development type spending).
- Lowest percentage increase in spending on economic affairs between 2011-12 and 2015-16.
- Lowest levels of transport spending 2015-16, and lowest percentage increase between 2011-12 and 2015-16.
- Lowest levels of expenditure on rail per head of the population.

The region does not just compare poorly to London and the South-East – it was similarly poor when compared against the Northern Powerhouse and the West Midlands. The implications are significant – it identifies a poor situation and the need to increase spending in our infrastructure if we are not to fall further behind.

Although we recognise that the review of local government funding is separate to this the continued level of under investment does play a significant impact on the demand placed upon and the long term sustainability of funding for local government services. As such it should be considered alongside any reform of local government finance.

It is clear that there is a fundamental mismatch between the level of funding available to county areas and levels of demand. Counties remain underfunded in comparison to other local authority groups, most significantly due to the remit of adult social care, and the gap is increasingly being met by county tax payers. Residents of inner London pay below average council tax, by any measure, yet earn 47% more than the national average. Residents in shire areas, where salaries are only £200 a year above the national average, find themselves paying the highest band D council tax, the highest council tax per household and the highest per adult council tax.

Whilst local politics will have had some influence over levels of council tax there can be no doubt that patterns as ingrained as these must have also be driven by other factors, namely the distribution of revenue support grants and business rates.

Consequently, the fair funding review should provide not only the opportunity to address the disparity in funding for Nottinghamshire County Council but also the inequalities highlighted in the East Midlands Councils report.

Placed alongside the potential to increase the retention of business rates the Council believes that the outcome of the Fair Funding Review must be implemented alongside this increase. These are two elements of the complex system of local government funding and to implement them separately would be counterintuitive and cause significant delay in moving the system to a fair footing.

The need for the review demonstrates that in order for the Fair Funding Review to be successful a system must be developed whereby the formula and data can be kept up to date. The existing formulae have suffered from becoming out of date and, as a result, discredited and unreliable. Furthermore whilst we support simplicity where achievable, we recognise that the funding of local government services is complex and believes that simplicity should not be at the price of fairness. A transparent formula must be the key.

The Council also opposes the use of formulae derived from expenditure-based regression. It is widely accepted that historic expenditure must be driven by historic funding. Using this expenditure data as the dependent variable in a regression will not be capable of capturing need driven by factors which have previously been systematically underrepresented in funding allocations. It is therefore paramount that a formula is developed based on independent and sector-led expertise to inform the drivers of need and attempt to capture this unmet need.

A new funding formula, in the absence of additional funding, will clearly result in both “winners” and “losers”. For some local authorities it is likely that implementation of the new system will result in a considerable change in their need allocation. With implementation just two years away it is essential that local authorities are notified of allocations under the new formula early to allow local authorities to plan appropriately. Late notification would lead to crisis management in the sector with serious issues for the services provided. Announcements must also include the effects of appropriate transitional funding arrangements to ensure a smooth move to the new system.

Nottinghamshire remains very supportive of returning business rates to local government and a fundamental review of the needs and distribution for local government funding.

We have made detailed responses to each of the questions set out in the consultation and hope you have found this letter helpful.

Again we would like to record our appreciation of the openness and collaborative nature that the Ministry and the LGA have adopted in working with all colleagues, and look forward to continuing that way of working going forward.

Regards



Nigel Stevenson
Service Director for Finance, Procurement & Improvement and Section 151 Officer
On behalf of Nottinghamshire County Council

DRAFT

Question 1): What are your views on the Government's proposals to simplify the relative needs assessment by focusing on the most important cost drivers and reducing the number of formulas involved?

In all cases we are in agreement that simplification is preferable however this should not be at the expense of cost drivers that explain the regional, authority type or the characteristics of service need. Hence there is an expectation that some level of complexity is needed in any distribution formula based on evidence.

There is a definite need to remove formulas that rely on historical spending analysis and those that are weighted too heavily on judgements; instead we see transparency as being paramount.

Question 2): Do you agree that the Government should use official population projections in order to reflect changing population size and structure in areas when assessing the relative needs of local authorities?

Yes; however, projections have often proved different to reality and therefore we suggest that a threshold mechanism will be required in order to ensure outlying authorities where significant differences to the predictions of population generally, or with a particular characteristic significantly, appear between resets are adequately compensated for this growth or adjusted accordingly.

Question 3): Do you agree that these population projections should not be updated until the relative needs assessment is refreshed?

Yes.

Question 4): Do you agree that rurality should be included in the relative needs assessment as a common cost driver?

We believe some recognition for the extra cost for the provision of services in rural communities should be reflected in the relative needs assessment. However, we ask that more detailed evidence is required to demonstrate the relative impact and allow further understanding of this proposed adjustment. This would reduce the requirement for judgements in the distribution formula.

Whilst we support the use of rurality, alongside deprivation and population as a key cost driver the formula must be designed to recognise small areas or pockets of rurality that currently get averaged out over larger geographical areas. We believe further evidence should be gathered to understand the impact of this in order to ensure a robust formula for distribution is developed.

Question 5): How do you think we should measure the impact of rurality on local authorities' 'need to spend'? Should the relative needs assessment continue to use a measure of sparsity or are there alternative approaches that should be considered?

We feel that the impact of rurality on local authorities' 'need to spend' can be separated into two different categories and each should be reflected by the Fair Funding Review differently. Where rurality increases the need to spend due to increased service demand, then this should be addressed by the "need formula". However, where rurality is driving up the cost of service delivery, it should be addressed by the Area Cost Adjustment.

Question 6): Do you agree that deprivation should be included in the relative needs assessment as a common cost driver?

Similarly to our response to question 4, we do understand the need to reflect deprivation in the relative needs formula. However, we ask that more detailed evidence is required to demonstrate the relative impact and allow further understanding of this proposed adjustment as the term “deprivation” encompasses a wide variety of types of deprivation including health deprivation, income deprivation, poor educational attainment and rural deprivation.

As mentioned previously, the formula must also be designed to recognise small areas or pockets of deprivation that currently get averaged out over larger geographical areas.

Question 7): How do you think we should measure the impact of deprivation on ‘need to spend’? Should the relative needs assessment use the Index of Multiple Deprivation or are there alternative measures that should be considered?

The most appropriate measure would be to use the relevant index of deprivation to reflect the relevant characteristic of group being measured and resources being allocated. A general indexation would not be appropriate in all parts of the relative needs assessment.

Question 8): Do you have views on other common cost drivers the Government should consider? What are the most suitable data sources to measure these cost drivers?

The Council is in agreement with the Government that population, rurality and deprivation are the most important characteristics of a community that affect the costs a local authority faces in the delivery of services. However, we do not yet understand the impact of including other specific grants into the quantum of funding. These grants are distributed outside the current relative needs assessment formula, for example Public Health. We believe it is important that these are brought into the Fair Funding review of relative needs as early as possible.

Question 9): Do you have views on the approach the Government should take to Area Cost Adjustments?

We understand the need to reflect the differing costs of delivery of services through some form of area cost adjustment. It is vital that elements that reflect differences in service delivery due to rurality, e.g. through more time required to deliver home based services, are not confused with those that are of cost due to differences in labour rates and business rate values. Again it is important that thresholds are employed to enable swifter changes in costs between base funding level resets. So too is the need to ensure these measures are in line with business rate revaluation cycles.

Question 10a): Do you have views on the approach that the Government should take when considering areas which represent a small amount of expenditure overall for local government, but which are significant for a small number of authorities?

We do not believe any adjustment should be made to reflect this as this adds unnecessary complexity and undermines the arguments made for population, rurality and deprivation being the most important characteristics affecting the costs a local authority faces in the delivery of services.

Question 10b): Which services do you think are most significant here?

Please see response to question 10a.

Question 11a): Do you agree the cost drivers set out above are the key cost drivers affecting adult social care services?

The only addition we would make relate to young adults. Many younger adults receiving support from the local authority will do so because of health conditions that require social care support. In many cases, these will be conditions that they have had from childhood. The prevalence of these conditions will not be related to deprivation, and any new funding formula should reflect this. Where necessary, actual client data should be used to fund services rather than proxies that do not reflect the actual distribution of costs.

Question 11b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting adult social care services?

Other than to seek the addition of the numbers of learning disability clients included since these clients commonly generate the most expensive packages over a prolonged period of time the Council has no issues with the proposed data sets.

Question 12 a): Do you agree that these are the key cost drivers affecting children's services?

The Council does not believe the number of indicators reflect the complex nature of the service nor the demand placed upon it. We would highlight that the use of number of children (under 18 years of age) does not fully capture the variety of services delivered for SEND up to the age of 25 years.

In these cases much of the support provided through Children's Services will be for children who have certain conditions. These children will often require very high-cost placements or support packages. Their distribution throughout the country may be relatively random, and may not necessarily be correlated with deprivation. More detailed expert analysis is required to ensure a future formula reflects actual/potential numbers of children in receipt of care packages or support.

Question 12b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting children's services?

In or response to question 12 a.

Question 13a):Do you agree that these are the key cost drivers affecting routine highways maintenance and concessionary travel services?

Our only concerns would regarding concessionary bus boarding as this relies on there being a bus for people to board. In a time of austerity it is inevitable that reductions in subsidies to bus operators has had a negative impact on the availability of transport. Hence this proposed cost driver would not reflect need. We believe that in this instance a mix of indicators that needs to reflect the inherent demand based on deprivation and measures reflecting eligibility for concessionary travel would be more appropriate.

Question 13b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting routine highways maintenance or concessionary travel services?

Please see response to question 13a.

Question 14a): Do you have views on what the most suitable cost drivers for local bus support are?

We believe that this is a mix of indicators that needs to reflect the rural nature of county areas as well as the inherent demand based on deprivation and measures reflecting eligibility for concessionary travel. Counties such as Nottinghamshire have large rural communities that rely on a subsidised bus network although ironically we are not classed as a rural enough to receive any rural services delivery grant. A more detailed analysis is required to obtain data sets at district level that can be aggregated at county level would allow a proper reflection of the diverse nature of county areas.

Question 14b): Do you have views on what the most suitable data sets are to measure the cost drivers for local bus support?

Please response to question 14a

Question 15a): Do you agree that these are the key cost drivers affecting waste collection and disposal services?

Yes

Question 15b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting waste collection and disposal services?

No changes to the current data sets are suggested.

Question 16a): Do you agree these remain the key drivers affecting the cost of delivering fire and rescue services?

We have no comment to make on this question.

Question 16b): Do you have views on which other data sets might be more suitable to measure the cost drivers for fire and rescue services?

We have no comment to make on this question.

Question 17a): Do you agree these are the key cost drivers affecting the cost of legacy capital financing?

We agree with these proposals.

Question 17b): Do you have views on what the most suitable data sets are to measure these or other key cost drivers affecting legacy capital financing?

No changes to the current data sets are suggested.

Question 18a): Are there other service areas you think require a more specific funding formula?

As indicated earlier, if Public Health is to be included in the proposed 75% business rates retention then it is vital this is included in this review as early as possible.

Question 18b): Do you have views on what the key cost drivers are for these areas, and what the most suitable data sets are to measure these cost drivers?

Not at this stage.

Question 19): How do you think the Government should decide on the weights of different funding formulas?

We believe this is the most difficult area to reach agreement upon. As set out in the consultation paper it is clear that any form of regression analysis based on historic spending patterns is absolutely flawed and should not be considered. Unfortunately, we are not in a position to understand the alternative techniques suggested and would prefer more expert advice before drawing a conclusion on use of alternative techniques.

Question 20): Do you have views about which statistical techniques the Government should consider when deciding how to weight individual cost drivers?

Please see response to question 20.

Question 21): Do you have any comments at this stage on the potential impact of the options outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

Local government has a duty to protect the most vulnerable members of society including the elderly, young and vulnerable. These groups of people who attract some of the most costly targeted services local government delivers are simultaneously facing the greatest (and increasing) services demands as quoted earlier in our response. It could therefore be said that the most important role of government and this review of local government funding is to ensure that these services are given sustainable future funding arrangement.

19 March 2018

Agenda Item: 6

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

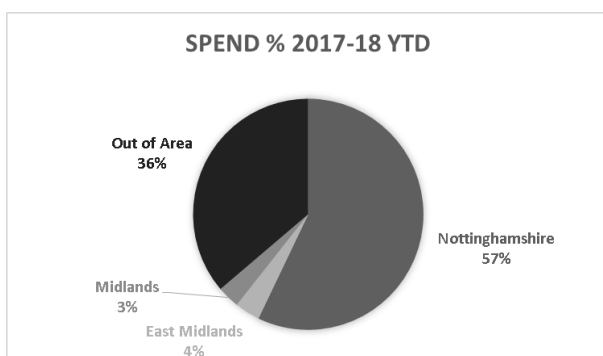
LOCAL SPEND AND SUPPLIER ENGAGEMENT

Purpose of the Report

1. To provide Members with updated information relating to supplier spend both within and outside of the County boundary following on from an original report presented in September 2017.
2. Provide members with an update on work that is underway and planned for engaging with the local supply markets.

Information

3. This report is based on supplier invoice spend recorded in BMS, by postcode. The report presents the current financial spend analysis for the financial year 2017/18. The data used excludes, Individuals & Service Users, Foster Carers & Adoption Parents and Employees. The spend figures have been rounded and the percentages quoted are based on those adjusted figures.
4. The information presented has been divided into four categories, Nottinghamshire Spend (Inc Nottingham City), East Midlands, Midlands, and Out of Area, and is illustrated in two formats by value and by supplier numbers



5. It was reported at the September 2017 committee that the local spend was predicted to be between 50-60% of overall spend by the end of the current financial year and the data presented in this report suggests that this will be achieved. The previous two financial years have seen a 53% and 56% local spend outcome.
6. The current running value of overall spend is £762,482m of which £414,987m is being spent within Nottinghamshire. Of this local spend approximately 19% of goods and services are being delivered by local voluntary organisations, SME's and Sole Traders. It is recognised that there is value in increasing the amount of work that is undertaken utilising the local supply market.
7. Historically Small to Medium Sized Enterprises (SMEs) and other organisations have faced a range of barriers in accessing procurement opportunities and in winning contracts. These barriers include suppliers viewing the procurement process, often, as overly bureaucratic, they do not have the capacity to bid for opportunities and compete with large business; and the belief that the process of procurement is being undertaken on the basis of cost thus ruling out the ability of SMEs to demonstrate their wider value.
8. Whilst the procurement regulations do not allow the direct award of contracts to local suppliers the procurement service aims to increase its engagement with this market with a view to encouraging more local suppliers to bid for NCC contracts, in 2018-19.

Current Supply Market Engagement

9. At present premarket engagement events are undertaken before each procurement project with local businesses and SMEs these involve them in the design of goods and services before a tender process formally commences.
10. The procurement team undertake regular Meet the Buyer Events the most recent event was in Partnership with the East Midlands Chamber on 6th March 2018.
11. Where possible contracts are broken down into smaller lots to encourage SMEs and local businesses to bid for work, in addition there is an increased focus on the use of the Dynamic Purchasing System which allows suppliers to apply to be part of an approved supplier list for a specific set of goods or service delivery as and when required.
12. NCC has its own local website for advertising contracting opportunities called Source Nottinghamshire, this approach to advertising locally is a joint one with the wider East Midlands.

Proposals Going Forward

13. There is a need to make improvements to the procurement webpages on the internet so that they are more accessible and easy to navigate for potential suppliers.
14. Work has started with a local bid writing firm to set up a supplier and buyer focus group to explore ways that we can both improve what we do.
15. Work has started with the Growth Hub to see how further engagement with our local suppliers can be achieved.

16. Exploring the design and delivery of some procurement workshops for local suppliers is underway.
17. The procurement service is starting to review and refresh the approach to Social Value in the procurement projects to enable SMEs and local businesses to properly demonstrate social value by applying greater weighting to it in the procurement process.

Statutory and Policy Implications

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

RECOMMENDATION/S

- 1) Members to endorse the approach to engaging the local supply market.

Nigel Stevenson

Service Director – Finance, Procurement & Improvement

For any enquiries about this report please contact:

Clare Winter - Group Manager, Procurement

19. Constitutional Comments (KK 06/03/2018)

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

20. Financial Comments (SES 06/03/18)

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

Background Papers and Published Documents

21. 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



19 March 2018

Agenda Item: 7

REPORT OF THE SERVICE DIRECTOR FOR PLACE AND COMMUNITIES

VEOLIA PFI CONTRACT UPDATE

Purpose of the Report

1. To inform Committee of the commercial arrangements governing the PFI contract and update on the feasibility of collecting additional materials for recycling.

Information

2. The Finance and Major Contracts Management Committee in October 2017 asked for further information in relation to the Waste PFI contract as follows
 - To look into the feasibility of increasing the number of recycling centres with the capability of recycling paint.
 - To look into the feasibility of increasing the range of materials accepted for recycling at kerbside, including food waste.
 - That a report be brought to a future meeting of the Committee containing detailed financial information regarding the Veolia contract including details of the rolling programme on benchmarking.
 - That Veolia be invited to a future meeting of the Committee.

Feasibility of expanding Community RePaint Scheme

3. There are currently four sites that operate as part of the Community RePaint scheme covering a wide geographical area of the county (Beeston, Calverton, Newark and Warsop) and where members of the public can take unwanted paint where it is checked to see whether it is still usable. Any usable paint is then offered free of charge to community groups, charities and other organisations by appointment and to members of the public at organised paint evenings.
4. The sites selected for the scheme were chosen for their geographical position as well as having a sufficient site footprint and capacity to house all the large separate containers required to store all the reusable and non-useable water and oil based paints that the scheme and acceptance requires.

5. At present there are currently no other sites which have sufficient physical capacity to host a paint reuse scheme, although options for this will be considered in the design for the proposed additional Recycling Centre for the Rushcliffe area.
6. In addition while the scheme is popular, there is currently insufficient demand for all the reusable paint to meet the oversupply of it, and extending the scheme further could exacerbate this issue.
7. This is an issue as there is a common misconception that the RePaint scheme operates at low cost, however the majority of paint that is received at the sites is not suitable for re-use and therefore needs to be disposed of. The treatment and disposal of paint is an expensive process and requires separate segregation, containment and consignment. At present from four sites this costs around £175k per annum.
8. At the present time extending the scheme is not a viable operational or financial option, however in the future as technology improves and the possibility of stronger producer responsibility obligations becomes a reality it is hoped that the scheme could be extended.

Increasing the range of materials collected for recycling

9. Materials currently collected at the kerbside are consistent across the County: paper, card, tins, cans, plastic bottles, margarine tubs and yoghurt pots. Whilst many other materials are recyclable there needs to be a reprocessor demand, suitable reprocessing facilities and a long-term sustainable market for any additional material to make it viable.
10. Many materials are not likely to yield high enough capture rates to make the recycling of them financially viable. This is especially true of other plastic materials, many of which are made from low grade plastic. Items such as plastic fruit punnets are typically made from a number of different, poor quality, polymer types and black plastic food trays are not recognised by the sorting technology. Advice from WRAP (the Waste Resources Action Programme) is therefore that councils should inform residents that these items are not currently recycled.
11. Recent media reports around the China plastics market situation have highlighted the pitfalls of collecting low grade, low value plastics destined for volatile markets.
12. The County Council and Veolia have always sought to communicate the plastics recycling message to residents as simply as possible, thereby maximising the capture rate of good quality, high-value sustainable plastics in concentrating efforts on the capture of plastic bottles, margarine tubs and yoghurt pots.
13. With regard to food waste collections, although some of the borough and district councils have expressed an aspiration to introduce food collections, and the PFI contract offers the flexibility to provide treatment processing if a demand exists, the costs associated with introducing separate food waste collections at the collection authority level are significant. Unfortunately due to these prohibitively expensive capital and revenue costs it is not presently feasible to consider without additional central government funding or statutory targets to drive the service changes necessary.

Financial and Benchmarking Information

14. Veolia submit a monthly invoice to the Council for the Unitary Charge in respect of providing the services under the contract, a sample format of a typical invoice is included as **Appendix A** and is made up of the following elements:
- An availability related payment in respect of the key facilities; the MRF and each of the Recycling Centres;
 - Tonnage related payments in respect of transportation, treatment and disposal of the various waste types;
 - Charges for ad-hoc wastes, additional services performed under the contract and paint;
 - Performance deductions and royalty payment income contributions;
 - A performance related payment linked to landfill tax which incentivises Veolia to maximise recycling and composting performance rather than disposal.
15. The following KPI's are measured monthly or annually by Veolia;
- WCA vehicle turnaround time at Delivery Points;
 - Facility capacity for Contract Waste delivery vehicles;
 - Accuracy, completeness and timeliness of reporting;
 - Contract Interface Obligations;
 - HWRC Service User satisfaction;
 - Performance Standards for Recycling and Composting;
 - Performance Standards for Contract Waste Landfill Diversion;
 - Greenhouse Gas emissions;
 - Operational and environmental performance;
 - Sustainability performance.
16. In contract year 2017-18 £9,600 in performance deductions have been made in respect of reporting deductions to date.
17. The major challenge in benchmarking the service is in the way in which these services across other similar contracts are configured and the lack of transparency in financial data and a reluctance to share such data. CIPFA used to provide independent reporting on these services, however the last published data set was in 2014-15.
18. Schedule 32 of the PFI Project Agreement requires Veolia to undertake a Recycling Centre benchmarking exercise every 5 years which was last undertaken in 2017 to ascertain the relative quality and competitiveness of the Recycling Centre service against other similar Councils, and assess performance against the following criteria:
- Recycling
 - Composting
 - Recovery
 - Landfill diversion
 - Customer satisfaction
19. Furthermore Market Testing is undertaken annually in respect of chipboard and plasterboard waste arising at Recycling Centres, since available outlets, and hence prices for the treatment and disposal of this material, are very volatile.

20. Market Testing is also undertaken every five years on the waste treatment and disposal of residual waste not sent through the Eastcroft Energy from Waste, Sheffield Energy from Waste or Welshcroft Residual Derived Fuel arrangements, and this exercise was last undertaken in 2017.
21. Additionally Market Testing is carried out in respect of ad-hoc waste streams either annually or as the waste type may arise. Ad-hoc waste includes a range of wastes which are either received in small quantities, or are not normally dealt with through the contract, but which may from time to time be either received at the Recycling Centres or be fly-tipped in the County. Amongst others this includes the following:
- Refrigerators and freezers;
 - Dead domestic pets and animal carcasses;
 - Gas cylinders;
 - Pressurised containers;
 - Caravans and trailers;
 - Fluorescent light tubes;
 - Animal faeces;
 - Fibreglass loft insulation;
 - Petrol or other inflammable fuels;
 - Fireworks;
 - Flares;
 - Bombs and unexploded ordnance;
 - Chemicals

Veolia presentation to Committee

22. Further details of the current input specification for the Materials Recovery Facility in Mansfield and the feasibility of widening the range of materials that can be accepted for kerbside recycling, will be provided by Veolia during a presentation to this Committee meeting. Veolia will also be happy to answer any questions that Members may have.

Other Options Considered

23. As this report has been prepared in response to a specific information request from Members of this Committee, the alternatives considered are outlined within the body of this report.

Reasons for Recommendations

24. To address the queries raised at the previous Finance and Major Contracts Management Committee on 16 October 2017.

Statutory and Policy Implications

25. 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

26. None

Recommendation

That Committee:

- 1) Considers the report in light of the questions previously raised, and identifies any further issues which require action.

Derek Higton
Service Director, Place and Communities

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

Constitutional Comments [KK 08/03/2018]

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

Financial Comments [RK 08/03/2018]

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

Background Papers

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

Electoral Divisions

All

APPENDIX A



Nottinghamshire PFI Waste Management Contract Invoice

Nottinghamshire County Council
Waste & Energy Management Group
County Hall
West Bridgford
Nottingham
NG2 7QP

Payment Period:

Invoice Number:

| | | Definition | Tonnes/Units | Definition | Price per Tonne/Unit | Total |
|--|--------------------------------------|------------|--------------|------------|----------------------|-------|
| Part A - Composting Services | | | | | | |
| Total Tonnage of Compostable Waste | WCA | ART | 0.00 | | xx | xx |
| | HWRC | ART | 0.00 | | xx | xx |
| Transport of Kerbside Compostable Waste from BDC | | Tonnes | 0.00 | | xx | xx |
| Transport of Kerbside Compostable Waste from BBC | | Loads | 0.00 | | xx | xx |
| Part A - Composting Services Total | | | | | | |
| | | At | | | | xx |
| Part B - Residual Waste Management and Treatment/Disposal Services | | | | | | |
| WCA Delivered to Contact Waste Transfer Stations | BBC to Derby TS (Eastcroft Shutdown) | TR | 0.00 | | xx | E - |
| | Newark TS & Workop TS | TR | 0.00 | | xx | E - |
| | Freeth St TS (Eastcroft Shutdown) | TR | 0.00 | | xx | E - |
| | | | 0.00 | | | E - |
| Tonnage of HWRC Residual Waste Transported | HWRC Residual | HTR | 0.00 | | xx | E - |
| Tonnage of Non-Sheffield Residual Waste | WCA - Notts - Welshcroft Close RDF | BTt | 0.00 | BR | | E - |
| | HWRC CARPET | BTt | 0.00 | BR | xx | E - |
| | HWRC LF (Veolia Albion - Sun) | BTt | 0.00 | BR | xx | E - |
| | HWRC RDF (Wastecycle Mon-Sat am) | BTt | 0.00 | BR | xx | E - |
| BBC, GBC & RBC Bulky Waste to Wastecycle | BBC to Derby TS (Eastcroft Shutdown) | BTt | 0.00 | BR | xx | E - |
| | WCA - Wastecycle (BULK) | BTt | 0.00 | BR | xx | E - |
| NSDC Bulky via NSDC TS & BDC Bulky via WOR TS | Newark TS Bulky & Workop TS Bulky | BRt | 0.00 | BR | xx | E - |
| | Freeth St TS (Eastcroft Shutdown) | BRt | 0.00 | BR | xx | E - |
| Tonnage Handled Through Sheffield Contract | Newark TS & Workop TS | STt | 0.00 | SR | xx | E - |
| | Sheffield Excess or Shutdown | BRt | 0.00 | BR | xx | E - |
| | | | 0.00 | | | |
| Non Contract Residual Waste Received (>2000t/annum) | Newark, Workop TS & Welshcroft Close | TSRP | 1.00 | | E - | E - |
| Part B - Residual Waste Management and Treatment/Disposal Services Total | | | | | | |
| | | Bt | | | | E - |
| Part C - House Waste Recycling Centre Services | | | | | | |
| Availability Payment for HWRC Services | | TCPt | 0.00 | | 1/4 hrs | E - |
| HWRC Compostable Material Transported | | CTt | 0.00 | CRt | E - | E - |
| HWRC Hardcore Transported | | CTt | 0.00 | CRt | E - | E - |
| Tonnage of Recyclables at HWRCs | | RTt | 0.00 | RRt | E - | E - |
| Tonnage of Gypsum at HWRCs | | GTt | 0.00 | GRt | | E - |
| Tonnage of Chipboard at HWRCs | Plevin | WTt | 0.00 | WRt | | E - |
| | | | | | | E - |
| Part C - House Waste Recycling Centre Services Total | | | | | | |
| | | Ct | | | | E - |
| Part D1 - Recyclable Waste & Street Cleansing Waste | | | | | | |
| Availability Payment for MRF | | D1PHt | 0.00 | D1PRy | E - | E - |
| Third Party Recyclable Waste Royalty Rebate (<=25,000t/annum) | | | 1.00 | D1TPWRy | E - | E - |
| WCA Delivered Recyclable Waste | | D1Tt | 0.00 | D1Rt | E - | E - |
| WCA Delivered Street Mechanical Street Sweeping Waste | | D1St | 0.00 | D1SRt | E - | E - |
| Part D1 - Recyclable Waste & Street Cleansing Waste Total | | | | | | |
| | | D1t | | | | E - |
| Landfill Tax Calculation | | LFTt | | | | E - |
| Performance Mechanism Deduction | | TMDt | | | | E - |
| Asbestos Disposal Services | | AHWt | | | | E - |
| Paint Disposal Services | | AHWt | | | | E - |
| Additional Services and Adhoc Waste Services | | ASt | | | | E - |
| Tipping Away Payment | | TAPt | | | | E - |
| Additional Non Contract Waste Adjustment | ANCCWA Adj | | 0.00 | | | E - |
| Other Services Total | | | | | | |
| | | | | | | E - |
| Sub Total | | | | | | |
| | | | | | | E - |
| VAT @ 20% | | | | | | |
| | | | | | | E - |
| Total Amount Payable | | | | | | |
| | | | | | | E - |
| <div> <div> Veolia ES Nottinghamshire Ltd Trentside Offices Freeth Street Nottingham NG2 3GT </div> <div> BACS PAYMENT DETAILS : </div> <div> xxxxxxx BANK </div> </div> <div> <div> </div> <div> </div> <div> </div> </div> <div> <div> </div> <div> </div> <div> </div> </div> <div> <div> </div> <div> </div> <div> </div> </div> | | | | | | |

19 March 2018**Agenda Item: 8****REPORT OF CORPORATE DIRECTOR, RESOURCES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Committee's work programme for 2018/19.

Information

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason/s for Recommendation/s

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

Statutory and Policy Implications

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

RECOMMENDATION/S

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

Jayne Francis-Ward
Corporate Director, Resources

For any enquiries about this report please contact: Pete Barker, x 74416

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

| <u>Report Title</u> | <u>Brief summary of agenda item</u> | <u>Lead Officer</u> | <u>Report Author</u> |
|--|---|------------------------------------|----------------------------------|
| 23 April 2018 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Car Park Enforcement & Bailiffs | Compliant parking, parking management and debt collection service. | Andrew Magyar Category Manager | Clare Winter |
| Supporting people with homelessness and MH issues | To prevent people losing tenancies and to provide short term accommodation based support. | Michael Fowler Category Manager | Clare Winter |
| PFI Schools Management Contracts | Update report | Derek Higton | Mick Allen |
| Risk and Insurance | Update report | Nigel Stevenson | Keith Palframan |
| General Data Protection Regulation (GDPR) | Implications for contracts | Jayne Francis-Ward | Clare Winter / Heather Dickinson |
| Commercial Development Unit | Cohort 4 Outcome and Report on Progress | Martin Done | Mark Knight |
| 21 May 2018 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| BCF Q4 Reconciliation | | Joanna Cooper | Joanna Cooper |

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

| | | | |
|--|--|---|---------------|
| Collaborative Procurement | Benefits gained from working alongside Nottinghamshire Healthcare Trust and Sherwood Forest Hospitals. | Andrew Magyar Category Manager, Lorraine Dennis Category Manager | Clare Winter |
| Commercial Development Unit | Cohort 1 – Year 1 Results | Martin Done | Mark Knight |
| 18 June 2018 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Agency Contract | Provision of agency staff as required across the authority. | Lorraine Dennis Category Manager | Clare Winter |
| 16 July 2018 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Sales planning and Advice Framework | Managing corporate assets and external fundings. | Andrew Magyar Category Manager | Clare Winter |
| Commercial Development Unit | Cohort 5 Outcome and Report on Progress | Martin Done | Mark Knight |

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

| | | | |
|--|---|------------------------------------|---------------|
| | | | |
| 17 September 2018 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Fair Price for Care Project (older adults) | Outcome of consultancy work and how this is going to inform the approach to the market. | Michael Fowler Category Manager | Clare Winter |
| Commercial Development Unit | Cohort 6 Outcome and Progress Report | Martin Done | Mark Knight |
| 15 October 2018 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| DN2 Children's Services Intervention Programme | The DN2 Partnership consisting of NCC, Nottingham City and Derby City are developing an intervention programme via a social impact bond, and have secured funding of 3 million pounds in support of this via the Life Chances Fund. | Lynn Brammer Category Manager | Clare Winter |
| Day Care Services | Community based support. | Michael Fowler Category Manager | Clare Winter |

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

| | | | |
|--|--|------------------------------------|--------------------------------|
| | | | |
| 19 November 2018 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Home Based Care and Support Services Project | Update report | Jane Cashmore / Michael Fowler | Jane Cashmore / Michael Fowler |
| 17 December 2019 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Public Health Contracting | Update on a different approach to Public Health Commissioning and Procurement. | Michael Fowler Category Manager | Clare Winter |
| 14 January 2019 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Commercial Development Unit | Cohort 7 Outcome and Report on Progress | Martin Done | Mark Knight |

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

| | | | |
|--|---|-----------------|---------------|
| | | | |
| 11 February 2019 | | | |
| Annual Budget Meeting | To recommend to Full Council the financial strategy, annual revenue budget, annual capital budget, and precept on billing authorities | Nigel Stevenson | Glen Bicknell |
| 18 March 2019 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Commercial Development Unit | Outcome of Project | Martin Done | Mark Knight |
| 29 April 2019 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| 20 May 2019 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| 17 June 2019 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

| | | | |
|--|---|-----------------|-----------------|
| 15 July 2019 | | | |
| Monthly Budget & Capital Monitoring Report 2017/18 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| TO BE PLACED | | | |
| Local Government Finance | Overview report | Nigel Stevenson | Nigel Stevenson |
| Trading Organisations | Update report | Ian Hardy | Ian Hardy |