

## **Finance and Property Committee**

**Monday, 22 February 2016 at 14:00**

**County Hall, County Hall, West Bridgford, Nottingham, NG2 7QP**

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### **AGENDA**

- |    |  |         |
|----|--|---------|
| 1  | Minutes of the last meeting held on 25 Jan 2016  | 5 - 8   |
| 2  | Apologies for Absence  |         |
| 3  | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4  | Petition - Keep Our Black Bins Campaign  | 9 - 12  |
| 5  | Petition - Orchard Special School  | 13 - 16 |
| 6  | HealthWatch Nottinghamshire - Extension of Contract & Funding 2016-18  | 17 - 20 |
| 7  | ICT Programmes and Performance, Quarter 3, 2015-16   | 21 - 32 |
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| 10 | Proposed Changes to the Council's Minimum Revenue Provision Policy   | 59 - 64 |
| 11 | Treasury Management - Training Needs Analysis  | 65 - 72 |

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13b	Toot Hill Young People's Centre, Bingham	83 - 90
13c	Land (127 Sq m) at Thoresby Close, Bircotes - Lease from Bassetlaw District Council	91 - 96
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15 EXCLUSION OF THE PUBLIC  
The Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

**Note**

If this is agreed, the public will have to leave the meeting during consideration of the following items.

16 EXEMPT INFORMATION ITEMS

16a Radcliffe on Trent Infant School - Land Acquisition EXEMPT

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

16b Toot Hill Young People's Centre, Bingham EXEMPT Appx

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

16c Land (127 Sq m) at Thoresby Close, Bircotes - Lease from Bassetlaw District Council EXEMPT

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

### **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 PROPERTY COMMITTEE

Date 25 January 2016 (commencing at 2pm)

**Membership**

Persons absent are marked with an 'A'

**COUNCILLORS**

Councillor David Kirkham (Chair)  
Councillor Darren Langton (Vice-Chair)

Reg Adair	Liz Plant
Richard Butler	Mike Pringle
Kay Cutts MBE	Darrell Pulk
Stephen Garner	Ken Rigby
Diana Meale	

A Ex-Officio: Alan Rhodes

**OFFICERS IN ATTENDANCE**

Pete Barker	Democratic Services
Ian Brearley	Senior Estates Officer, Property
Jayne Francis-Ward	Corporate Director, Resources
Jas Hundal	Service Director, Transport, Property & Environment
Keith Palframan	Group Manager, Finance
Nigel Stevenson	Service Director, Finance & Procurement

**MINUTES OF THE LAST MEETING**

The minutes of the last meeting held on 7 December 2015, having been circulated to all Members, were taken as read and were confirmed and were signed by the Chair.

**APOLOGIES FOR ABSENCE**

None.

**DECLARATIONS OF INTEREST**

Councillor Rigby declared a non-pecuniary interest in the item 'Latest Estimated Cost: School Places Programme 2016' as one of the schools included in the programme was situated in Councillor Rigby's electoral division, which did not preclude him from speaking or voting on that item.

## **RESTRUCTURE OF THE PROCUREMENT SERVICE**

On behalf of the Committee the Chairman welcomed Keith Palframan to the meeting and congratulated him on obtaining his new post.

### **RESOLVED: 2016/001**

That Committee approve the changes to the Procurement Service structure effective from 1 April 2016 as set out in the report.

## **FINANCIAL MONITORING REPORT: PERIOD 8 2015 -16**

### **RESOLVED: 2016/002**

- 1) That the revenue budget expenditure to date and year end forecasts be noted
- 2) That the Capital Programme expenditure to date and year end forecasts be noted and that the variances to the Capital Programme be approved.
- 3) That the Council's Balance Sheet transactions be noted.

## **PROPERTY TRANSACTIONS**

### **SALE OF 49.52 HECTARES (122.3 ACRES) AGRICULTURAL LAND AT SUTTON CUM LOUND DN22 8PY**

### **RESOLVED: 2016/003**

That approval be given to the highest bid for the sale, subject only to contract, of 49.52 hectares (122.3 acres) of agricultural land at Sutton cum Lound DN22 8PY as set out in the exempt appendix.

### **PROPOSED GRANT OF LEASE OF MISTERTON LIBRARY, HIGH STREET, MISTERTON**

### **RESOLVED: 2016/004**

That the granting of a lease on terms detailed in the exempt appendix be approved.

## **LATEST ESTIMATED COST: SCHOOLS PLACES PROGRAMME 2016**

### **RESOLVED: 2016/005**

That the latest estimated costs for the building works programme, as set out in the report, be approved.

## **OPERATIONAL DECISIONS ANNUAL REVIEW & QUARTERLY UPDATE SEPT - DEC 2015**

### **RESOLVED: 2016/006**

- 1) That Committee confirms their continued support for the amendments to the authorising of operational decisions as approved by the Committee on 20 January 2014.
- 2) That the information set out in paragraph 3 of the report be noted.

### **WORK PROGRAMME**

### **RESOLVED: 2016/007**

That the Committee's work programme be noted.

### **EXCLUSION OF THE PUBLIC**

### **RESOLVED: 2016/008**

That the public be excluded from the remainder of the meeting on the grounds that discussions are likely to involve the disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### **EXEMPT INFORMATION ITEMS**

#### **SALE OF 49.52 HECTARES (122.3 ACRES) AGRICULTURAL LAND AT SUTTON CUM LOUND DN22 8PY**

### **RESOLVED: 2016/009**

That the information set out in the exempt appendix be noted.

#### **PROPOSED GRANT OF LEASE OF MISTERTON LIBRARY, HIGH STREET, MISTERTON**

### **RESOLVED: 2016/010**

That the information set out in the exempt appendix be noted.

**OPERATIONAL DECISIONS ANNUAL REVIEW & QUARTERLY UPDATE SEPT -  
DEC 2015**

**RESOLVED: 2016/011**

That the information set out in the exempt appendix be noted.

The meeting closed at 2.27pm.

CHAIR



**REPORT OF THE SERVICE DIRECTOR FOR TRANSPORT, PROPERTY AND  
ENVIRONMENT****PETITION – KEEP OUR BLACK BINS CAMPAIGN****Purpose of the Report**

1. The purpose of this report is to respond to the issues raised in a petition presented to the County Council on 14<sup>th</sup> January 2016 by County Councillor Jason Zadrozny.

**Information and Advice**

2. The County Council has a PFI contract target of recycling and composting 52% of household waste by 2020, which aligns with the EU Framework Directive target of 50% by 2020. The Council's current recycling rate stands at around 43% and has plateaued in recent years highlighting the need for schemes that will significantly increase the recycling rate.
3. Reports to Finance and Property Committee on 9<sup>th</sup> November 2015 and to Environment and Sustainability Committee on 19<sup>th</sup> November 2015, detailed an invest to save project to increase recycling performance in the Ashfield District Council area.
4. Working in partnership with Ashfield District Council the County Council would fund the purchase of new smaller 180 litre residual waste bins and pay for the re-purposing of the old 240 litre bins for the collection of green waste. Ashfield District Council are then to offer residents a free garden waste collection scheme for two years, due to begin in April 2016. The costs of establishing the scheme and operating the scheme in years one and two, both revenue and capital, would be funded by the County Council from the PFI reserve.
5. The County Council will take the full benefit of any savings through the shift of residual waste to other waste streams and all associated waste disposal savings, for the life of the service. The scheme is modelled to generate a surplus by the end of year three, pay back the set up capital cost by year five, and to save the County Council a total of £6.2m in waste disposal costs (and generating a net saving of £3.4 million) over 10 years.

6. The resultant savings over the term of the contract will reduce the requirement for future funding from the reserve and so enable this funding to be released to be invested in this initiative. As noted above the 10 year saving for the County Council is predicted to be £3.4million, with a payback period of 5 years.
7. Ashfield District Council are operating the project which is now in the implementation stage. The collection rounds have been reconfigured and orders for the new residual bins and collection vehicles have been placed.

**The petition: “Back our Campaign to keep the black bins”**

8. A 3611 signature petition was presented to the Chairman of the County Council at the meeting of 14<sup>th</sup> January 2016 by County Councillor Jason Zadrozny.
9. The petition was from residents of Ashfield District who were opposing the service change of providing a free garden waste service for two years starting from April 2016 and replacing the current 240 litre residual bin with a 180 litre bin.

10. The petition states:

- The scheme is expensive and will not achieve the desired outcomes;
- The scheme penalises families;
- Calls to investigate other options to improve local recycling without reducing the size of the General Waste bins, e.g. food waste collections, textiles, free garden waste without reducing the black bin size; and
- The scheme will increase fly-tipping.

11. Ashfield District Council, with the support of County Council, have carried out a substantial amount of work to answer the concerns raised in the petition and all the information is readily available on their website. In addition a report went to Ashfield District Council Cabinet on 5<sup>th</sup> November 2015, and the issues were discussed at the Ashfield Council meeting of 10<sup>th</sup> December 2015.

12. In response to the issues above:

- Nottinghamshire County Council is funding the scheme through its PFI Reserve monies. Although there are initial capital and revenue costs it is an invest to save scheme and as noted above will result in significant financial savings. A clear business case to support the scheme exists.
- Ashfield District Council will assess on a case by case basis and put in place support policies to provide additional capacity for particular needs e.g. larger families and residents with medical waste;
- Feasibility studies into other options to improve recycling have been carried out both locally and nationally. Reducing the residual waste bin capacity or the frequency of residual waste collections has been proven to increase recycling performance whilst reducing waste disposal costs. Currently the introduction of additional recycling services, for example food waste collections, are not financially viable. Smaller residual bins will reduce waste disposal costs allowing the County Council to fund the

improvements to green waste services being implemented by Ashfield District Council.

- Collection of other materials such as textiles will not have any significant impact on the recycling performance as most textiles are currently already captured through charity shops or door-step charity collections for re-use.
- Fly-tipping is a criminal offence and offenders could be subject to prosecution. The majority of fly-tipped waste is commercial or industrial; not residual household waste and it is not anticipated that incidents of fly-tipping will increase substantially as a result of this scheme.

### **Statutory Responsibilities**

13. The decision to amend the service provided to residents by introducing a free garden waste collection for two years and reduce the capacity of the residual waste bin was taken by Ashfield District Council's Cabinet on 5<sup>th</sup> November 2015.
14. Although the County Council have agreed to fund the project it is recommended that the lead petitioner be informed that the decision to change the service falls under the remit of Ashfield District Council, and not the County Council.
15. It is therefore proposed that the following response be sent to the lead petitioner:

*"The County Council acknowledges receipt of the "Back our Campaign to keep the black bins" petition to full Council on 14 January 2016 presented by County Councillor Jason Zadrozny.*

*The issues raised in the petition have previously been considered by Ashfield District Council in a report to Cabinet on 5<sup>th</sup> November 2015, and at the Ashfield Council meeting of 10<sup>th</sup> December 2015.*

*And by the County Council in the report to Finance and Property Committee on 9<sup>th</sup> November 2015 when funding for the project was approved, and in a report to Environment and Sustainability Committee on 19<sup>th</sup> November 2015.*

*Finance and Property Committee agreed that a clear business case for the County Council to fund the scheme as an invest to save project existed and agreed to fund the scheme from the PFI reserve monies.*

*The detailed implementation and operation of the scheme does not fall under the remit of the County Council and is a matter for Ashfield District Council as a statutory Waste Collection Authority."*

### **Statutory and Policy Implications**

16. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below.

Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Recommendation**

17. It is recommended that approval be given for the proposed response detailed in paragraph 15 to be sent to the lead petitioner.

**Jas Hundal**

**Service Director, Transport, Property and Environment**

**For any enquiries about this report please contact:**

**Mick Allen, Group Manager, Waste and Energy Management**

## **Constitutional Comments (EP 01.02.2016)**

The recommendation falls within the remit of Finance and Property Committee by virtue of its terms of reference.

Any response to a petition by the County Council should be dealt with in accordance with the County Council's Petition Scheme.

## **Financial Comments (SES 02.02.2016)**

The financial implications are set out in the report.

## **Background Papers**

Minutes of the County Council meeting 14<sup>th</sup> January 2016.

Report to Environment and Sustainability Committee – Ashfield District Council Green Waste Incentive Scheme - 19<sup>th</sup> November 2015.

Report to Finance and Property Committee – Ashfield District Council Green Waste Incentive Scheme – 9<sup>th</sup> November 2015.

Report to Ashfield District Council Cabinet on 5<sup>th</sup> November 2015

Report to Ashfield District Council meeting of 10<sup>th</sup> December 2015

## **Electoral Divisions**

Hucknall, Kirkby-in-Ashfield North, Kirkby-in-Ashfield South, Selston, Sutton-in-Ashfield Central, Sutton-in-Ashfield East, Sutton-in-Ashfield North, Sutton-in-Ashfield West.

22 February 2016

Agenda Item: 5

## **REPORT OF SERVICE DIRECTOR ENVIRONMENT, PROPERTY & TRANSPORT**

### **PETITION RE: ORCHARD SPECIAL SCHOOL**

#### **Purpose of the Report**

1. This report advises the Committee about a Petition which has been received in respect of rebuilding Orchard Special School.

#### **Information and Advice**

2. A petition has recently been received signed by 1064 people, requesting that the Orchard Special School be rebuilt onto one site. They consider that the existing school is not fit for purpose due to: -
  - a) Condition issues including leaking roofs and rotten window frames.
  - b) Suitability issues including limited wheelchair movement around school, narrow doorways and uneven playgrounds.
3. The petition states that its target is The Department for Education and refers to the government, however the petitioner has confirmed that the petition is presented to the County Council.
4. Orchard Special School occupies two sites, one in Newark town centre and the other in New Balderton. The buildings on both sites are of CLASP construction dating back to 1961 and 1971 respectively. Since that time medical advances have achieved higher survival rates and sustained children with a wider range of complex needs, more of whom are now able and entitled to access formal education. This has significantly increased the demand for places and the requirements of special schools. The split site presents operational problems for the school. The town site is sloping and constrained; the individual buildings whilst close together at different levels to each other making the provision of ramps to facilitate immediate access impossible. The County Council accepts that the current buildings do not offer the ideal environment for the challenging needs of the pupils.
5. The structural form CLASP of construction is lightweight and dependent on strategic bracing, corridors and doorways are often narrow. Asbestos will be present and whilst managed in its current state would require removal through any change to the fabric of the building. In summary, the ability to remodel and upgrade CLASP buildings to meet the complex needs is limited.

6. The school was to be replaced as part of the sample project under the County Council's Building Schools for the Future programme funded by Central Government. A change of Government and policy in 2010 brought this programme to an end.
7. The Council has embarked on an extensive five year capital programme involving some £90m of spend utilising funding that had been identified to support the cancelled Building Schools for the Future programme. This Schools Capital Refurbishment Programme (SCRPR) undertakes essential works, on a prioritised basis, to all of the Council's maintained schools in order to maintain them in a condition that is suitable for their continued use. This clearly represents a significant financial commitment from the County Council at a time of financial contraction. The remit of the programme, approved by Full Council, is not to address issues of suitability such as split level sites, narrow doorways. SCRPR work is underway at Orchard School. The proposed works at the school have been moderated against the potential outcomes of the Priority School Building Programme 2.
8. The Priority Schools Building Programme 2 (PSBP2) is a government funded and managed programme to replace or refurbish the worst school and academy buildings across the country. The programme is managed and delivered by the Education Funding Agency (EFA). The criterion for eligibility to the programme is condition. Submissions in respect of suitability were not permitted. Bids were made for individual buildings on the site and each assessed by the EFA against their own condition data. The condition survey data held by the County Council suggests that all the buildings are of a similar poor condition.
9. The County Council submitted bids to PSBP2 for the replacement of all the buildings on both Orchard Special School sites proposing a single site replacement. The EFA judged only the bid in respect of one block on the school's Town site to be successful. An initial feasibility visit by officers from the Education Funding Agency (EFA) to understand the scope of their proposed project raised significant questions as to why only one block was successful and the sites capacity for a new build. The EFA recommended a revised feasibility be undertaken.
10. A meeting took place with the Secretary of State and Mike Green (EFA) on 14 October, County Council officers and Robert Jenrick MP were present. Mike Green reiterated EFA's commitment to relook at the Town site and also offered to make cost data and professional advice available. He confirmed that there is currently £1.03m allocated for the successful block which could be diverted to contribute to a larger County Council solution. The County Council are in continuing discussions with the EFA.
11. Current estimates to replace the school to current guidelines and regulations are approximately £10m.
12. A series of meetings chaired by Robert Jenrick MP have taken place with the school, the Friends of Newark Orchard and the trustees of Lilley & Stone charitable trust including County Councillor representatives to discuss the potential of rebuilding or relocating the school on the former Lilley & Stone site in Newark town. The County Council are grateful of this offer but are unable at this stage to offer any commitment to the trust to acquire the site. It may well be that it is not the best option in terms of access etc.



13. The County Council receives a capital grant from central government to address the need for additional school places and has a statutory duty to provide sufficient school places at schools where parents want to send their children to. The grant is based on pupil data returns but there is no provision within the returns to provide data on Special Educational Needs places. There are currently no capital grant or additional funding streams available to address issues of suitability.
14. Children, Families & Cultural Services have recently launched a full review of the County's Special Educational Needs provision. This review is expected to take 12 months and will cover location, need, function, and size of future provision across the County.
15. Ideally, the County Council would wish to be in a position to be able to replace Orchard Special School, and ensure that its other schools across the authority provide the ideal learning environment for the challenging needs of these young people. However, any solutions will require significant capital and should be informed by SEN review.

### **Other Options Considered**

16. The establishment of any new Capital Initiative runs the risk of the County Council failing to meet its statutory duty to provide sufficient school places.

### **Reason/s for Recommendation/s**

17. Given the current financial constraints and the budget available, the County Council must ensure that its statutory duties and high priority repairs are prioritised.

### **Statutory and Policy Implications**

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

### **Implications for Service Users**

19. The implications for the service users are set out above in paragraph 3 above.

### **RECOMMENDATION/S**

- 1) It is recommended that the Committee notes the petition and recognises that the Council alone is not in a position to rebuild the Orchard Special School on one site for the reasons detailed in the report.
- 2) It is recommended that the Committee recognises that Children, Families & Cultural Services have commenced their SEN review and note that officers continue their discussions with the EFA to explore potential funding streams.

- 3) It is further recommended that Committee agrees that a response to this effect be sent to the petitioner.

**Jas Hundal**

**Service Director, Environment, Property & Transport**

**For any enquiries about this report please contact: Sara Williams ext. 72359**

### **Constitutional Comments (CEH 29.01.16)**

20. The recommendations are within the remit of the Finance and Property Committee. A report back to Council on the outcome of the consideration of the petition should be made at the next meeting of Council.

### **Financial Comments (SES 29/01/16)**

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

### **Background Papers and Published Documents**

22. 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.

Redacted version of petition (on request).

### **Electoral Division(s) and Member(s) Affected**

23. Ward(s): Newark, Balderton  
Member(s): Stewart Wallace  
Tony Roberts  
Keith Walker

C0728  
File ref.: /SB/SB/  
Ward(s): Balderton  
Member(s): Councillor Keith Walker  
SP: 2997  
Properties affected: 01874 & 01875 – Orchard Special School



**22 February 2016****Agenda Item: 6****REPORT OF THE CORPORATE DIRECTOR, PLACE****HEALTHWATCH NOTTINGHAMSHIRE EXTENSION OF CONTRACT AND  
FUNDING 2016/18****Purpose of the Report**

1. The purpose of this report is to request £50,000 from contingency funding for 2016/17 to fund the continuation of NCC's contract with HeathWatch Nottinghamshire [HWN].

**Information and Advice**Background

2. Policy Committee on 6<sup>th</sup> January 2016 approved that the Council's contract with HWN be extended to March 2018 and that due to a shortfall in central government funding that a request for funding of £50,000 from contingency for 2016/17 is submitted to Finance and Property Committee.
3. Local HealthWatch [LHW] is one of the services supported through the Local Government Finance Settlement and as this is not hypothecated, local authorities can choose how to prioritise spending based on local priorities. In addition to this, the Department of Health [DoH] allocates the Local Reform and Community Voices Grant which includes additional funding for HealthWatch.
4. The Local Reform and Community Voices Grant allocation for Nottinghamshire for 2015/16 was £475,139 and was intended to cover: additional funding for Deprivation of Liberty Safeguards in hospitals; additional LHW funding and funding for the transfer of Independent Complaints Advocacy to local authorities.
5. However DoH funding for 2015/16 was reduced by £142,000. This reduction in central Government core funding has resulted in a financial shortfall. This reduction of approximately 40% from 2014/15 resulted in a budget pressure for NCC as commitment has been made to award £337,000 to HWN for 2015/16.

## Future Funding

6. A significant part of the shortfall for 2016 – 17 can be met from NCC contingency and mainstream budgets with an overall reduction in the HWN budget of 12.5%. This will be split as follows: £50,000 from contingency; £50,000 from Adult Social Care, Health and Public Protection and a £42,000 reduction in annual grant to HWN.
7. Following clarity on the outcome of the Local Government Spending Review, further consideration will need to be given to funding for 2017/18.

## **Other Options Considered**

8. NCC has a statutory duty to commission a LHW as a 'Body Corporate' and a social enterprise. HWN has in turn a set of statutory activities to undertake as outlined above. As part of contract management HWN have developed in consultation with NCC a set of KPIs which measure outcomes to support the delivery of these statutory activities. Since its establishment as a new independent organisation in April 2013, it has developed with the support of its commissioners, a strong organisational base including recruiting staff and volunteers, developing its governance arrangements and growing its governing board from 3 to 8 trustees and opening a satellite base in Bassetlaw CVS offices.
9. There are a number of different operating models for LHW across the country and different organisations vary widely in how they are organised. Within the current contract there is an option to extend for a further 2 years (2016–18) or go out to tender. HWN has a good reputation with service providers and commissioners and as a social enterprise and registered charity is actively seeking other funding from, for example, CCGs.
10. The tender process followed in 2012/13 was unsuccessful, in that local organisations did not feel ready or confident to tender to deliver this service. There is no evidence to suggest that this situation has changed significantly at this stage.

## **Reason/s for Recommendation/s**

11. HWN has in its early years of operation developed a robust infrastructure and is developing a strong and creditable reputation with partners, stakeholders, service users and the public. HWN is in the process of shifting from setting up the organisation and developing local relationships to developing effective processes for carrying out its activities and is beginning to achieve impact in terms of changes to service delivery.
12. The need for a strong, independent and resourced LHW for Nottinghamshire will be even more important over the next few years. Services in the NHS and Social Care are under severe pressure from the increasing level of demand and reductions in funding. The watchdog role of the organisation will be of increasing importance as pressure on services continues.
13. HWN's role is distinct from other organisations, for example, it has formal representation on the Health and Wellbeing Board and also has a distinctive power to 'enter and view' providers.
14. Meeting the shortfall through a mix of NCC contingency, mainstream budgets and an overall reduction in the HWN budget of 12.5%, will provide the opportunity to work with HWN on future funding models. This funding will be split as follows: £50,000 from contingency; £50,000 from

Adult Social Care, Health and Public Protection and a £42,000 reduction in annual grant to HWN.

## **RECOMMENDATION/S**

15. That Committee approve £50,000 from contingency funding for 2016/17 to fund the continuation of NCC's contract with Heathwatch Nottinghamshire [HWN].

**Tim Gregory**  
**Corporate Director, Place**

**For any enquiries about this report please contact:**

Cathy Harvey  
Team Manager, Community and Voluntary Sector Team  
Tel: 0115 977 3415

### **Constitutional Comments [EP 01.02.2016]**

The recommendation falls within the remit of Finance and Property Committee by virtue of its terms of reference.

### **Financial Comments [SES 29.01.2016]**

The financial implications are set out in 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



**22 February 2016****Agenda Item: 7****REPORT OF THE SERVICE DIRECTOR, ICT****ICT PROGRAMMES AND PERFORMANCE QUARTER 3 2015-16****Purpose of the Report**

1. To provide the Finance and Property Committee with the 3rd quarter progress update on key projects and performance measures for ICT Services and to outline the major planned activities over the next 6 month period.

**Information and Advice****Programmes Update**

2. The ICT Strategy 2014-17 identifies the five ICT strategic themes that will support business transformation across the County Council and these are shaping much of the activity and priorities within ICT Services, covered in the progress and planning sections of the report (paragraphs 3 and 4). The five key themes are:
  - **Workforce mobilisation:** using technology to transform the productivity, efficiency and mobility of the workforce
  - **Customer channel shift:** using technology to support the delivery of effective web based self-serve functions for public service users
  - **Business performance reporting:** using technology to improve how business data is extracted from multiple systems, interrogated and reported through to users
  - **Partnership working:** using technology to support the greater integration of public facing services, including the effective sharing of data, systems and ICT solutions
  - **Reliability and compliance:** maintaining a current and fit for purpose ICT estate that supports improved business continuity and is compliant with Public Services Network (PSN) standards
3. Progress has been made in all of the priority ICT projects over the last quarter. A summary of progress is as follows:
  - i. The emCloud project is delivering the new broadband network and internet services for 405 corporate and school sites. Based on an innovative design this new network will

deliver annual cash savings of £800k from 2016-17. The implementation of the core network is now complete and the installation of new broadband circuits into sites continues. Virgin Media Business are running behind on their installation schedule, and so the existing network contract with Capita has been extended for those delayed sites. There has been further take-up of our broadband network contract by Leicestershire Police and Nottinghamshire Healthcare Trust.

- ii. The workforce mobilisation project has progressed really well with a further 100 Windows tablet devices delivered to front-line social care staff in the period. Over 1,600 staff have now had this mobile solution. Data is now being collected and collated to monitor and support the delivery of project outcomes. Within the ASCH Department one of the initial teams to receive their mobile solution and training are now achieving 15-20% productivity gains in assessments completed and mileage has reduced by 16%.
- iii. The two scheduling and rostering pilot projects within the ASCH Department have been successfully completed and further roll-out is being planned. The pilot projects have centralised the appointment scheduling process and used the Total Mobile technology to schedule appointments. As part of this short pilot with the Mansfield and Ashfield Older Adults Team for Occupational Therapy, the percentage of assessments completed within the 28 days target has risen dramatically from 27% to 81%. The average number of working days each assessment has taken from initial contact to assessment end has reduced considerably from 34 days to 23 days.
- iv. Some 20 staff have been using EE SIM cards with their Windows tablets in parts of the county to see if this improves their connectivity. Initial indications are that coverage improved in parts of the north of the county. Formal feedback will be collated and assessed before a decision on an extended deployment is taken.
- v. The pilot project for deployment of 40 Windows smartphones has completed successfully with largely positive feedback from users. Further planning for the wider roll-out of smartphones now needs to take place in order to shorten and improve the process of migrating from BlackBerry to Windows devices.
- vi. With the re-population of County Hall H-block floor 2, the Ways of Working Programme is now complete and will be closed down.
- vii. The extended deployment of the Microsoft Lync telephony services has commenced with the roll-out to all users at Sir John Robinson Way. The Lync solution runs over the broadband ICT network (rather than requiring separate telephony lines) and provides telephony, presence, instant messaging and conferencing services.
- viii. In the ongoing work to support the Highways and Inspire ASDMs (Alternate Service Delivery Models), the high level technical designs to meet the agreed business requirements have been developed and signed-off. The Service Level Agreement for Inspire has been agreed and signed-off, and the SLA for Highways is expected to be signed-off in January 2016.
- ix. In support of the County Council's revised social media strategy, employee access to social and streaming media has been opened up.

- x. Microsoft Office 2013 has been deployed by remote update to most users, and will be completed in early 2016.

4. Over the next 6 months the major focus of activity will include the following:

- i. The emCloud project will be completed with all corporate and subscribing school sites having new broadband connections and being migrated onto the new network. The current Capita supported broadband network will be decommissioned.
- ii. The workforce mobilisation programme will be completed and closed down with the deployment and support of mobile devices being transitioned into business-as-usual.
- iii. Criteria for the allocation of EE SIM cards and a roll-out plan will be agreed.
- iv. Business cases and plans will be developed to support the further roll-out of scheduling and rostering capability.
- v. The ICT elements of the Smarter Working pilot at Lawn View House will be scoped and planned.
- vi. Plans will be put in place for the replacement of 1,000 BlackBerry devices with Windows Lumia smartphones, with the BlackBerry service being decommissioned.
- vii. Microsoft Lync telephony will be rolled out to core sites including Lawn View House, Sherwood Energy Village, Prospect House, Meadow House, Chancery Lane, Chadburn House and Dale Close. A pilot of video conferencing will be undertaken at Lawn View House, County Hall and Trent Bridge House.
- viii. As part of the Digital First Programme the revised web based customer journeys for concessionary bus travel, waste permits, streetlights and potholes will be made live.
- ix. The ICT requirements will be identified to support the Corporate Performance Reporting Project. This project aims to improve how information is extracted, displayed, reported and used from the wide range of ICT systems that are in use. This will result in a more uniform and consistent approach in order to enhance decision making. The project seeks to replace the current plethora of reporting solutions and approaches with a more holistic way forward and will be appointing an external partner to help shape this.
- x. Implementation of the *AchieveService* customer experience management system for use by the Customer Service Centre. This is used for managing enquiries from service users and members of the public and for maintaining customer records, replacing the current *Lagan* system.
- xi. ICT Services will develop and deliver the services designed to meet the business requirements for the Highways and Inspire ASDMs for the planned go-live dates of April 2016.

- xii. A proof of concept will be scoped and started with social care and health service teams to use technology to automate and integrate some of their work activities.
- xiii. A plan will be scoped for the initial transition from the current on premise data centre provision (at County Hall) to off-premise (cloud) based services.

## **Performance Update**

- 5. To provide a balanced assessment of performance, ICT Services measures four groups of indicators that cover business activities, customers, staff and finance. Performance for the 3<sup>rd</sup> quarter of 2015-16 is attached as an Appendix.

## **Business Activity Indicator**

- 6. The business activity indicators measure some of the key day to day operational performance areas, with the two most significant being systems availability and incident resolution. The focus is to ensure that business critical systems are operational during business hours and that any incidents are resolved speedily and within service level agreement (SLA). Systems availability continues to remain at high levels with 99.90% achieved in the quarter.
- 7. Incident resolution has continued to improve over the last couple of years but performance is not yet at the target level. Higher call volumes in October and November, associated with all of the site and corporate network changes, have contributed to a lower overall performance in this quarter. Improving incident resolution remains an area of focus for us.
- 8. The County Council is increasingly reliant on its ICT provision and so disruptions to services need to be avoided wherever possible. During October there was a temporary loss of access to the public web site. The resilient nature of our network enabled services to be redirected to Node4 (our second data centre) with minimum service disruption, allowing us to assist our partner organisations (for Easysite and Umbraco) in discovering and resolving the issues. A hardware failure to part of the storage infrastructure in December restricted access to files and folders for a group of users. During the quarter there were also power outages within County Hall. Whilst the underlying ICT infrastructure within the data centre is fully protected and remained unaffected, computers and printers within the building lost connectivity.
- 9. The business activity indicators also show two project performance indicators that are used by CIPFA (Chartered Institute of Public Finance and Accountancy). The project delivery index is used to measure conformance to good project management standards e.g. adoption of PRINCE 2 methodology, business case produced, delivery to timelines, business benefits achieved etc. Performance against this indicator remains good and has improved since we reorganised the service last year and incorporated dedicated programme and project management resources into our structure. The second indicator is related to delivery of milestones, and measures the overall percentage of milestones delivered by the planned timelines. Progress has remained steady during the period, see paragraph 3, with 76% achieved in the quarter. Although this is lower than target it reflects largely good progress against a very ambitious business and technology change programme. There has been some slippage by suppliers (impacts on the emCloud roll-out and Microsoft Lync roll-out), delays associated with new technologies (the transition from BlackBerry to Windows smartphones, shared Wi-Fi connectivity with health partners) and some delays due to customer re-scoping.



## **Customer Indicator**

10. The access channel into ICT Services is the Service Desk which receives and handles the incidents, service requests and enquiries. The efficiency and effectiveness of this function is crucial for the user perception of the whole range of services provided. Daily customer satisfaction feedback is collected from corporate and school users of the Service Desk and is being measured against a target score of 4.5 (score 1-poor, 5-excellent). The feedback from users remains very positive and above target and the Service Desk delivered good performance this quarter in resolving issues, minimising call time and answering calls quickly.

## **Staff Indicator**

11. The average number of sick days per staff member within ICT Services is broadly at the County Council target of 7 days. Training activity for ICT Services staff is crucial to ensuring that the relevant and required skills are available and we are on schedule for exceeding this year's development activity, which reflect the volume of technology and service change.

## **Financial Indicator**

12. Revenue spending remains in line with budget plans for the year. The profile of capital spend is changing as we plan to move away from owning and managing our own data centre and making use of off-premise (cloud) arrangements instead. We therefore plan an underspending on capital this year. We will look to sweat the assets that are located within the County Hall data centre as we acquire new platforms elsewhere.
13. ICT Services also continues to provide very favourable cost comparisons with other public sector bodies with each of the financial indicators within the best and lowest cost quartile of the current 2014 annual CIPFA benchmarking.

## **Reason for Recommendation**

14. To raise awareness of progress on the key ICT programmes and performance indicators for 2015-16.

## **Statutory and Policy Implications**

15. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION**

To note the progress against the key programme and performance measures for ICT Services and the priorities for the next 6 month period.

**Ivor Nicholson**  
**Service Director - ICT**

**For any enquiries about this report please contact: Ivor Nicholson on 0115 9774006**

**Constitutional Comments:**

This report is for noting only so no constitutional comments are required.

**Financial Comments: (SES 29/01/16)**

Financial performance is outlined in paragraphs 12 and 13. ICT Services continues to monitor against key performance indicators to improve value for money.

**Background Papers**








None





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







All









## ICT Services Overall Performance: Quarter 3 2015-16





## Key symbols table:













Status	Indicators	Trend	Base this on change from same period last year
	Below target by more than 10%		Improving trend
	Below target by up to 10%		Deteriorating trend
	On or above target		No change
	No reported data or no target		

Business Activity Indicator	Performance 2015-16						Comments
	Q1 Actual	Q2 Actual	Q3 Actual	Q3 Target	Status	Trend	
Average availability to users of NCC's business critical services during business hours	99.84%	99.90%	99.90%	99.7%			<p>There are 41 services identified as Business Critical to the County Council e.g. e-mail, internet, Framework, BMS, Capita ONE etc.</p> <p>Contributory factors to this high level of availability are the investment in the ICT infrastructure (such as the network, servers, cabling and data centres), a proactive approach to infrastructure alerts and monitoring (taking pre-emptive action where necessary), plus the rapid response of technical teams should issues occur.</p> <p>The target has been increased in 2015-16 from 99.6% to 99.7%.</p>
% Incidents resolved within agreed service levels	91.6%	90.1%	88.1%	92%			<p>This indicator assesses the performance of the ICT function in restoring service and responding to incidents within our Service Level Agreement (SLA). The changes made to the ICT operating model and staffing structure support a more focused approach to managing incidents and this is having a positive impact with improving performance. In this quarter there were 8,459 incidents reported (8,082 last quarter).</p>

Business Activity Indicator	Performance 2015-16						Comments
	Q1 Actual	Q2 Actual	Q3 Actual	Q3 Target	Status	Trend	
% of ICT changes successfully completed	99.6%	98.7%	100%	98%			The ICT change management process aims to ensure that upgrades and new services are implemented without any negative impact on service provision and ensure that all changes to business critical services have been comprehensively planned, tested and authorised before being carried out. In this quarter there were 350 changes (312 last quarter).
Compliance to CIPFA project delivery index	8.7	7.8	8.5	8.0			This indicator measures the effectiveness of ICT project management and delivery by assessing approved projects completed in the quarter against a set of 9 defined criteria established by CIPFA and based around PRINCE 2. In the period there were 11 projects that were closed and performance has improved as we are better at capturing cashable/non-cashable benefits.
% of project milestones delivered	78%	77%	76%	85%			Each project and priority activity incorporates a series of milestones (both for ICT Services and the business) that are the basis for assessing progress. These can be updated by Project Boards to reflect revisions to scope, priorities etc. Progress has been made against all priorities as outlined in paragraph 3. In this period there has been some slippage by suppliers (impact on Lync project, emCloud site connectivity, corporate fax solution), delays associated with new technology solutions (Windows Smartphones, shared Wi-Fi with health) and slippage due to customer input (EE SIM cards, SMS messaging service, health and social care integration pilot).

Customer Indicator	Performance 2015-16						Comments
	Q1 Actual	Q2 Actual	Q3 Actual	Q3 Target	Status	Trend	
Customer satisfaction score:  Corporate school users	4.7/4.5	4.7/4.6	4.7/4.8	4.5			The access channel into ICT Services is the Service Desk which receives and handles the incidents, service requests and enquiries. The efficiency and effectiveness of this function is crucial for the user perception of the whole range of services provided. ICT Services collects information regarding customer's satisfaction (score 1-poor, 5-excellent) of the ICT incident management process for both corporate and school users (weekly sample sizes are approximately 30 corporate users and 20 school users).
Service Desk 1 <sup>st</sup> call resolution	62%	61%	55%	60%			First call resolution measures the effectiveness of the Service Desk at first point of call. The 60% is an enhanced target and is a balance of being able to manage the call volumes through the desk and maintaining a high % success rate within the allocated call period (5 minutes). Over the quarterly period there has been implementation of the new broadband network and internet services to many sites, plus the deployment of Microsoft Office 2013 to most staff. Speed of deployment and the rapid pace of change combined with resource churn on the Service Desk has resulted in some product familiarisation issues for staff. It is anticipated that this trend will be reversed in quarter 4.
Average Service Desk call duration	3.7mins	4.2mins	4.5 mins	5mins			In order to manage call volumes and achieve a lower call abandonment rate, a target of 5 minutes (ICT industry practice) is allocated to each call to the first line Service Desk.
% dropped calls on Service Desk	6.4%	9.3%	11.1%	12%			This measures the proportion of calls unanswered by the Service Desk (including calls that are terminated by the user having heard recorded incident updates). Moving to a new broadband network has resulted in some call peaks at certain times, consequently the % of dropped calls has risen.

Staff Indicator	Performance 2015-16						Comments
	Q1 Actual	Q2 Actual	Q3 Actual	Q3 Target	Status	Trend	
Average Number of sick days per staff member	1.55	3.21	5.43	5.25			This level of staff sickness is currently at the profile of the annual county council target of 7 days per member of staff.
Average number of professional training days per member of staff	0.90	1.81	2.91	2.25			The annual target is 3 days per member of staff and we are ahead of plan at quarter 3. We now undertake significant levels of computer based training activities, rather than traditional classroom courses, covering more activity in less time.

Financial Indicator	Performance 2015-16				Comments
	Actual	Target	Status	Trend	
Expenditure against revenue	82%	82%			Planned budget reductions of £250k have been delivered for 2015-16 (£3.5 million in the last 5 years). Forecast spending for 2015-16 is in line with budget plans.
Expenditure against capital	66%	75%			Capital spending is in line with plans for the Infrastructure Replacement Programme and Microsoft licensing. There will be a year-end underspend as we have re-scoped the Infrastructure Replacement Programme to plan for our future migration away from the County Hall data centre to <i>off-premise</i> provision. There has also been slippage with the roll-out of Lync telephony.
Cost of ICT support per user	£187	£203			Our current cost of £187 per user puts the county council in the lowest cost quartile of CIPFA 2014 benchmarking. The target of £203 is based on remaining within the top quartile.
Cost of ICT support per workstation	£178	£235			Our current cost of £178 per workstation puts the county council in the lowest cost quartile of CIPFA 2014 benchmarking. The target of £235 is based on remaining within the top quartile.
Acquisition cost of desktop PC	£383	£448			This includes the cost of procurement and installation as well as the cost of the device and software. We currently perform at the lowest cost quartile of CIPFA 2014 benchmarking.
Acquisition cost of laptop	£597	£640			This includes the cost of procurement and installation as well as the cost of the device and software. We currently perform at the lowest cost quartile of CIPFA 2014 benchmarking.





**22 February 2016****Agenda Item: 8****REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND  
IMPROVEMENT****FINANCIAL MONITORING REPORT: PERIOD 9 2015/2016****Purpose of the Report**

1. To provide a summary of the revenue position of the County Council for the year to date with year-end forecasts.
2. Request approval for an additional contingency request.
3. To provide a summary of Capital Programme expenditure to date and year-end forecasts.
4. To inform Members of the Council's Balance Sheet transactions.

**Information and Advice****Background**

5. The Council approved the 2015/16 budget at its meeting on 26 February 2015. As with previous financial years, progress updates will be closely monitored and reported to both management and Committee on a monthly basis.

**Summary Revenue Position**

6. Table 1 below summarises the revenue budgets and forecast outturn for each Committee. A £5.8m underspend position 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 – Revenue Expenditure and Forecasts as at Period 9**

Forecast Variance as at Period 8 £'000	Committee	Annual Budget £'000	Actual to Period 9 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
1,722	Children & Young People	137,529	106,318	139,326	1,797
(5,700)	Adult Social Care & Health	207,992	143,449	201,018	(6,974)
(38)	Transport & Highways	59,926	47,177	59,782	(144)
(294)	Environment & Sustainability	31,262	21,040	31,016	(246)
228	Community Safety	3,008	958	3,276	268
(195)	Culture	13,373	10,648	13,060	(313)
(1,187)	Policy	24,999	17,366	23,928	(1,071)
(785)	Finance & Property	34,590	26,006	33,721	(869)
(536)	Personnel	3,287	1,749	2,729	(558)
11	Economic Development	1,525	801	1,534	9
(1,898)	Public Health	5,217	(2,334)	5,797	580
(8,672)	<b>Net Committee (under)/overspend</b>	<b>522,708</b>	<b>373,178</b>	<b>515,187</b>	<b>(7,521)</b>
376	Central items	(8,008)	(36,018)	(7,581)	427
-	- Schools Expenditure	186	186	186	-
87	Contribution to/(from) Traders	165	2,961	454	289
(8,209)	<b>Forecast prior to use of reserves</b>	<b>515,051</b>	<b>340,307</b>	<b>508,246</b>	<b>(6,805)</b>
684	Transfer to / (from) Corporate Reserves	(6,363)	-	(5,440)	923
3,313	Transfer to / (from) Departmental Reserves	(15,422)	(828)	(14,892)	530
-	- Transfer to / (from) General Fund	(6,038)	-	(6,038)	-
(4,212)	<b>Net County Council Budget Requirement</b>	<b>487,228</b>	<b>339,479</b>	<b>481,876</b>	<b>(5,352)</b>

\* The actual net expenditure for Public Health is skewed depending upon the timing of the receipt of grant.

## Committee and Central Items

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

### Children & Young People (forecast £1.8m overspend)

8. The underlying overspend is £1.4m (after planned use of grant reserves and excluding redundancy costs). There has been no change to this figure since period 8. A range of mitigating actions have been developed and pursued which has included a letter from the Corporate Director to restrict all non-essential spend and to adhere to vacancy control procedures as part of budget control measures. The recruitment of all agency staff requires the explicit approval of the Service Director Children's Social Care.

9. The Children's Social Care Division is reporting a forecast net overspend of £2.2m (£2.1m after the planned use of grant reserves), the major contributing variances being:

- £1.5m overspend on staffing due to the continued use of agency staff to cover vacancies in social work and safeguarding teams;

- £0.1m underspend on Provider Services (Looked after Children placements) due to an increase in grant income for interagency adoption fees and adjustments to continuing health care income;
  - £0.1m overspend on transport, as demand continues to exceed the budget;
  - £0.3m overspend on the rest of Children's Disability Services (CDS) mainly due to flexible and targeted short breaks and associated childcare;
  - £0.2m overspend on the social work practice pilot which includes a forecast extension to the original timescale of 6 months to 31 March 2016. This includes the successful bid of £0.2m from the Strategic Development Fund;
  - £0.1m net overspend on all other budgets mainly due to Child Arrangement and Special Guardianship Orders.
10. The Education Standards and Inclusion Division is reporting a forecast overspend of £0.9m, mainly due to an overspend on Special Educational Needs and Disability Policy and Provision. There is a continued demand for home to school transport in excess of the budget.
11. The Youth, Families and Culture Division is forecasting an underspend of £1.3m (£1.5m underspend after the planned use of grant reserves) mainly due to an underspend on Early Years and Early Intervention relating to contract savings and pension refunds.
12. The Capital and Central Charges area is forecasting a £0.3m overspend due to insurance charges in excess of the budget allocated for this purpose which is the additional cost of premiums for historic abuse cases.
13. There is also an underspend of £0.6m in Business Support which relates to savings associated to the part year effect of fixed term contracts and holding vacancies in anticipation of future year's savings.

#### **Adult Social Care & Health (forecast £7m underspend)**

14. The underlying forecast position is an underspend of £5.2m (after the planned use of reserves and excluding redundancy costs).
15. The Strategic, Commissioning, Access and Safeguarding Division is currently reporting a net underspend of £1.2m (£1.0m underspend after the use of reserves). The main variances are:
- Client Contribution income is forecasting a shortfall of £0.9m. This is a reduction in the shortfall of £0.2m since period 8. This improved position is partly due to a general increase in Residential income
  - Access and Safeguarding are forecasting an overspend of £0.1m relating to agency staff within the MASH and Intake Teams
  - Supporting People are forecasting a £1.6m underspend due to a reduction on the LD Contract spend
  - There remains an underspend of £0.2m on software costs within the Framework Team and the Market Development Team
  - Business Support are showing an underspend of £0.4m against various non-staffing budgets.

16. The North Nottinghamshire Division is currently forecasting a net underspend of £1.4m (£1.0m underspend after the use of reserves) against the budget. This is comprised of the following:

- Residential Services are now forecasting an underspend of £0.5m, primarily due to staffing in the Care and Support Centres.
- Day Services and Employment are forecasting an underspend of £1.4m. This is comprised of a £1.7m underspend on staffing within Day Services and Supported Employment partly offset by £0.4m overspend on Transport Services
- Bassetlaw Community Care are forecasting an overspend of £0.5m due to overspends in Younger Adults.

17. The Mid and South Divisions are currently forecasting a £1.4m underspend (after reserves £0.2m underspend). This is due to the continued pursuit of Continuing Health Care (CHC) funding from the NHS, which has seen the total at risk fall from £4.8m in October to £2.5m in January. This has already been factored in as a saving for next financial year.

18. Across Mid, South and North Nottinghamshire the major variances on care package costs are:

- Older Adults across the County are currently reporting an underspend of £3.5m; this is a net decrease in commitment of £0.2m since last month
- Younger Adults across the County are reporting an overspend of £0.1m which is due to increased CHC income which is offsetting the additional in year costs of Transforming Care and Independent Living Fund
- Expenditure under the remit of Service Directors and the Principal Social Worker are reporting an overspend of £2.0m. This is a significant increase due to additional spend on Section 256 agreements, though these are funded by reserves so have no impact on the overall forecast.

19. Throughout the County, the service continues to experience difficulties recruiting to vacancies. This is having an impact on the number of assessments and reviews waiting to be done.

20. The Transformation Division is currently forecasting an underspend of £3.0m against the budget. This is due to the announcement that the County Council will not be required to repay the funding provided by the Government for Part 2 of the Care Act.

#### **Policy (forecast £1.1m underspend)**

21. This forecast underspend is due to:

- £0.3m underspend in Legal Services due mainly to continuing improvements in electronic and digital working and an ongoing efficiency programme reducing operating costs where possible;
- £0.1m underspend relating to running costs in Democratic Services;
- £0.2m reduction in running costs at the Customer Services Centre, together with an increase in income resulting from a small increase in blue badge applications;

- £0.3m underspend resulting from a detailed review of expenditure relating to the Programme and Project Team, this is matched by a reduction in the use of corporate reserves;
- £0.2m underspend against the Ways of Working Programme budget.

### **Finance & Property (forecast £0.9m underspend)**

22. This forecast underspend is due to:

- £0.5m underspend in Property due to a staffing rationalisation and savings on county office building maintenance in advance of saving requirements in 2016/17, together with additional Estates income
- £0.2m underspend on county offices and facilities management due to reduced business rates payable on county offices;
- £0.2m underspend within Finance and Procurement relating to staff vacancies in advance of saving requirements in 2016/17.

### **Personnel (forecast £0.6m underspend)**

23. This forecast net underspend is due to vacancy savings across the Health and Safety Group and the Workforce Planning and Organisational Development Group, together with savings on running costs and additional income generation.

### **Public Health (forecast £0.6m overspend)**

24. The Public Health Department's Revenue Budget is currently showing an overspend of £0.6m. With this overspend being transferred to the ring-fenced Public Health reserve, the underlying budget position is net nil.

25. The Department of Health has confirmed the Government's initial proposal to reduce local authority public health allocations for 2015/16 by 6.2%. This adjustment has now been reflected in the overall forecast overspend for Public Health in the current financial year.

### **Central Items (forecast £0.4m overspend)**

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

27. 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 £0.6m.

28. At the time of setting the 2015/16 budget, several funding allocations had not been announced 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 £0.4m will be received in 2015/16.

29. The Council's original budget included a contingency of £5.1m to cover redundancy costs, slippage of savings and unforeseen events. Following base budget adjustments (£2.5m) being removed from Departmental budgets and contingency requests (£4.5m) approved at previous Finance and Property Committees, the remaining contingency balance stands at

£3.1m. Table 1 assumes that the full contingency allocation will be used before year end as new requests are likely to emerge.

30. Following the announcement of the section 188 notice on 1<sup>st</sup> December 2015 there is some work to be done to assess the impact of the provision created at the end of the last financial year, in year redundancies and the provision required for 2015/16.

### **Request for Contingency**

31. On 6 January 2016, the Policy Committee recommended that a request for £0.05m funded from 2016/17 contingency is submitted to the Finance and Property Committee. It is proposed that this funding is made available to fund the continuation of activities associated with Healthwatch Nottinghamshire.

### **Transfer to / (from) reserves**

32. A review of reserves has been undertaken to identify surplus departmental reserves that may be released to support the budget. The outcome of this review resulted in £3.6m of departmental reserves being transferred to corporate reserves as part of the overall budget strategy.
33. As reported under Policy Committee, there is slippage in the Programme and Projects Team and Ways of Working which are funded by Corporate Reserves. To match the slippage there is a corresponding reduction in the use of reserves.

### **Progress with savings (forecast shortfall £4.7m in 2015/16)**

35. Given the continued financial challenge that the Council is facing, savings schemes were approved as part of the 2015/16 budget process.
36. As reported in previous Financial Monitoring Reports, issues have been experienced with regard to Provider Services (Looked after Children placements), SEND Home to School Transport and Independent Travel Training savings. Reviews have been carried out with regard to these savings with the following outcomes:
37. Unachievable savings totalling £2.1m have been identified in the current year against the Looked after Children option for change. This saving was based upon an overall reduction in the Looked after Children population. This reduction has not materialised. Also, the transfer of young people from external placements to more cost effective internal alternative has not happened at the expected rate.
38. Unachievable savings totalling £0.2m have been identified in the current year against the Special Educational Needs Home to School Transport option for change. Analysis of this savings option has found that parents were generally not in favour of receiving personal budgets for transporting their children to school.
39. Unachievable savings totalling £0.2m have been identified in the current year against the Independent Travel Training option for change. This is mainly as a result of the low number of children being able to use the scheme either due to routes not being available or, again, parental preference.

40. The recent review of Redefining Your Council (considered by Policy Committee in July 2015) noted that transformation is inherently risky to deliver and that the task of achieving significant budget savings becomes increasingly difficult over time, as change is overlaid upon change. Considerable lessons have been learned from savings projects which have been approved and delivered to date. Whilst programme and project management arrangements have been effective, a stronger approach to the identification and management of the assumptions which underpin projects is being put in place to ensure that they are evidenced and challenged prior to full implementation.

## Capital Programme

41. Table 2 summarises changes in the gross Capital Programme for 2015/16 since approval of the original programme in the Budget Report (Council 26/02/15):

**Table 2 – Revised Capital Programme for 2015/16**

	2015/16	
	£'000	£'000
Approved per Council (Budget Report 2015/16)		112,039
Variations funded from County Council Allocations : Net slippage from 2014/15 and financing adjustments	(2,523)	
		(2,523)
Variations funded from other sources : Net slippage from 2014/15 and financing adjustments	6,836	
		6,836
<b>Revised Gross Capital Programme</b>		<b>116,352</b>

42. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 9.

**Table 3 – Capital Expenditure and Forecasts as at Period 9**

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 9 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People	50,505	17,381	35,273	(15,232)
Adult Social Care & Health	4,933	1,803	4,668	(265)
Transport & Highways	35,961	26,405	36,116	155
Environment & Sustainability	2,416	1,548	2,418	2
Community Safety	-	-	-	-
Culture	1,532	784	1,096	(436)
Policy	2,033	1,802	1,981	(52)
Finance & Property	10,590	5,186	9,441	(1,149)
Personnel	298	24	258	(40)
Economic Development	7,554	4,571	7,305	(249)
Contingency	530	-	530	-
<b>Total</b>	<b>116,352</b>	<b>59,504</b>	<b>99,086</b>	<b>(17,266)</b>

43. In the Children and Young People's Committee, there is a total forecast underspend of £15.2m. This is mainly as a result of slippage against the School Places programme (£10.9m) and savings identified against the School Capital Refurbishment programme (£3.3m).



44. The forecast underspend against the main School Capital Programmes have increased by £4.9m since Period 8. This is mainly as a result of capital contributions to Priority School Building Programme schemes slipping into the 2016/17 financial year.

45. In the Finance and Property Committee capital programme there is a forecast underspend of £1.1m. This is mainly as a result of re-profiling identified against the Customer Services Centre project (£0.6m) due to tender process delays which have slipped the occupation date to June 2016. Minor slippage has been identified against a number of other projects.

### **Financing the Approved Capital Programme**

46. Table 4 summarises the financing of the overall approved Capital Programme for 2015/16.

**Table 4 – Financing of the Approved Capital Programme for 2015/16**

<b>Committee</b>	<b>Capital Allocations £'000</b>	<b>Grants &amp; Contributions £'000</b>	<b>Revenue £'000</b>	<b>Reserves £'000</b>	<b>Gross Programme £'000</b>
Children & Young People	17,536	26,486	817	5,666	50,505
Adult Social Care & Health	4,124	729	45	35	4,933
Transport & Highways	12,703	22,069	47	1,142	35,961
Environment & Sustainability	1,187	729	500	-	2,416
Community Safety	-	-	-	-	-
Culture	1,232	70	-	230	1,532
Policy	2,029	-	-	4	2,033
Finance & Property	9,479	50	-	1,061	10,590
Personnel	-	118	-	180	298
Economic Development	4,109	3,445	-	-	7,554
Contingency	530	-	-	-	530
<b>Total</b>	<b>52,929</b>	<b>53,696</b>	<b>1,409</b>	<b>8,318</b>	<b>116,352</b>

47. It is anticipated that borrowing in 2015/16 will decrease by £19.2m from the forecast in the Budget Report 2015/16 (Council 26/02/2015). This decrease is primarily a consequence of:

- £8.9m of net slippage from 2014/15 to 2015/16 and financing adjustments funded by capital allocations.
- Variations to the 2015/16 capital programme funded from capital allocations totalling £11.4m as approved to the January 2016 Finance and Property Committee.
- Net slippage in 2015/16 of £16.7m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

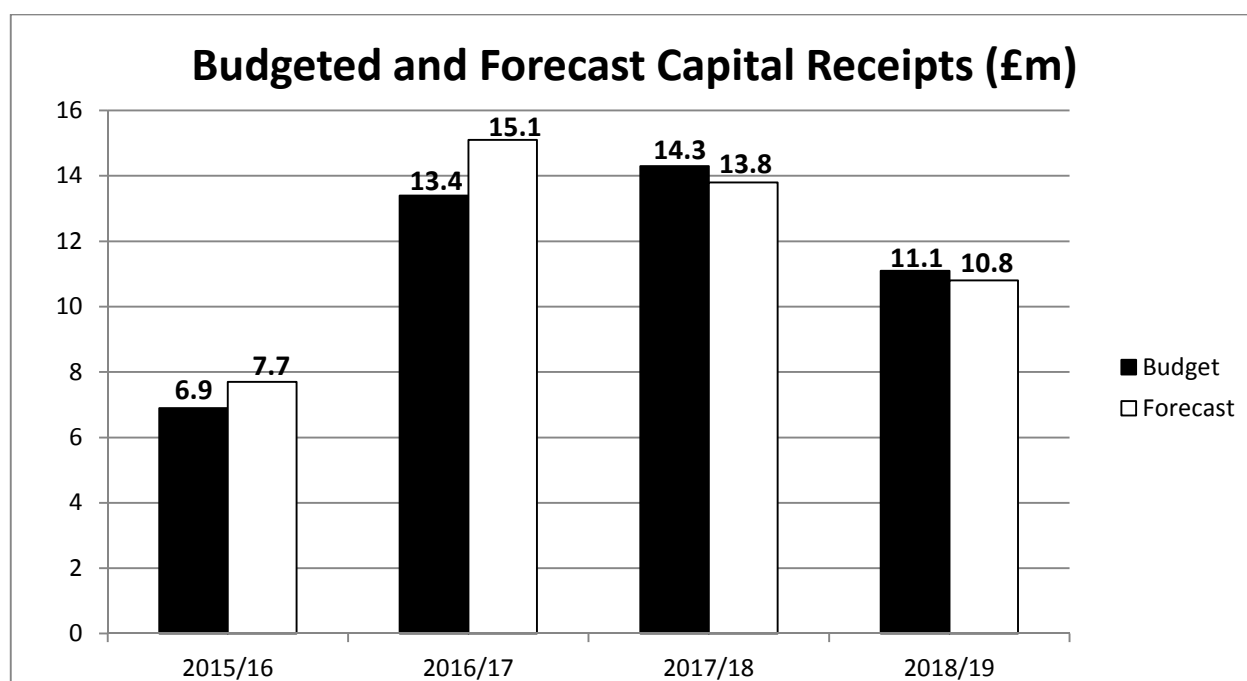
## Prudential Indicator Monitoring

48. 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

49. 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.

50. The chart below shows the budgeted and forecast capital receipts for the four years to 2018/19.



51. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2015/16 (Council 26/02/2015). These capital receipts budgets prudently incorporated slippage, giving a degree of "protection" from the risk of non-delivery.

52. The capital receipt forecast for 2015/16 is £7.7m. To date in 2015/16, capital receipts totalling £5.5m have been received.

53. 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.

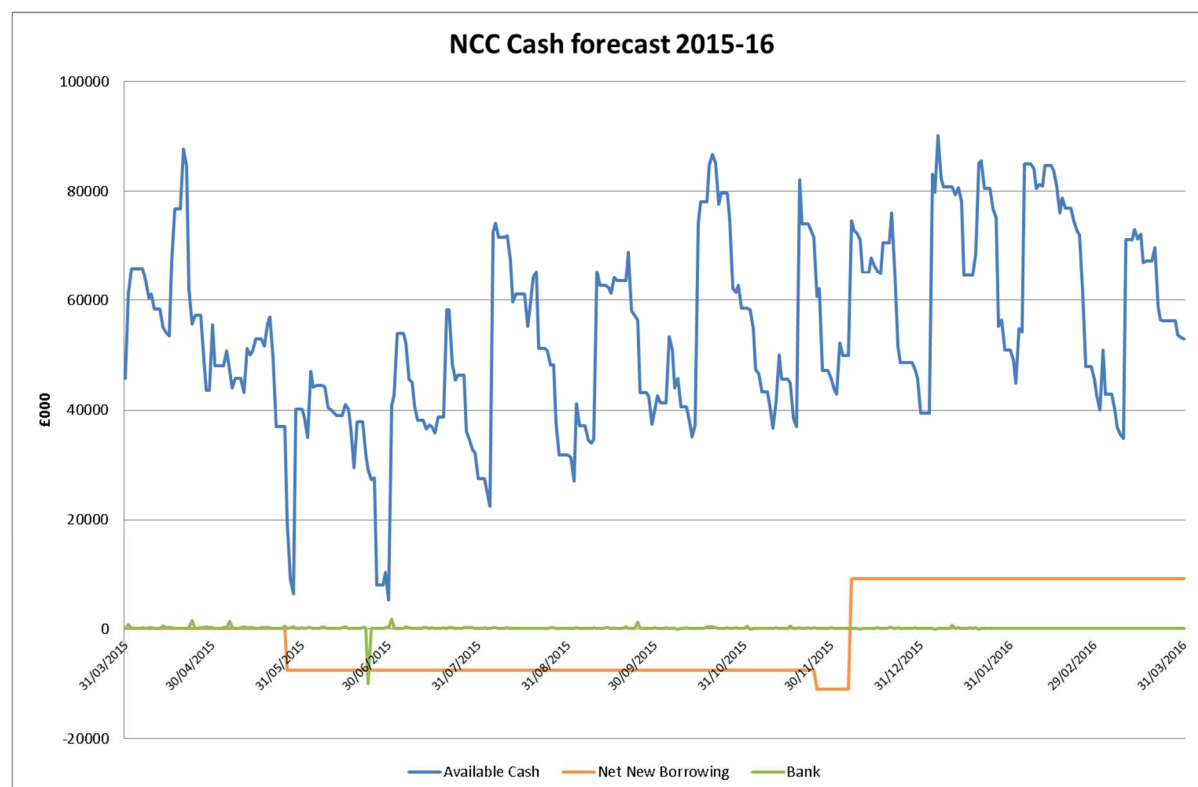
54. Current Council policy (Budget Report 2015/16) is to set capital receipts against the principal of previous years' borrowing. This reduces the amount of Minimum Revenue Provision (MRP) to be set aside each year. It is important to regularly monitor capital receipt forecasts and their effect on the overall revenue impact of the Capital Programme.

## Treasury Management

55. 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. The Cash forecast chart below shows the actual cash flow position to date and forecasts for the remainder of the year. 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. However, cash outflows, in particular capital expenditure, tend to increase later in the year.

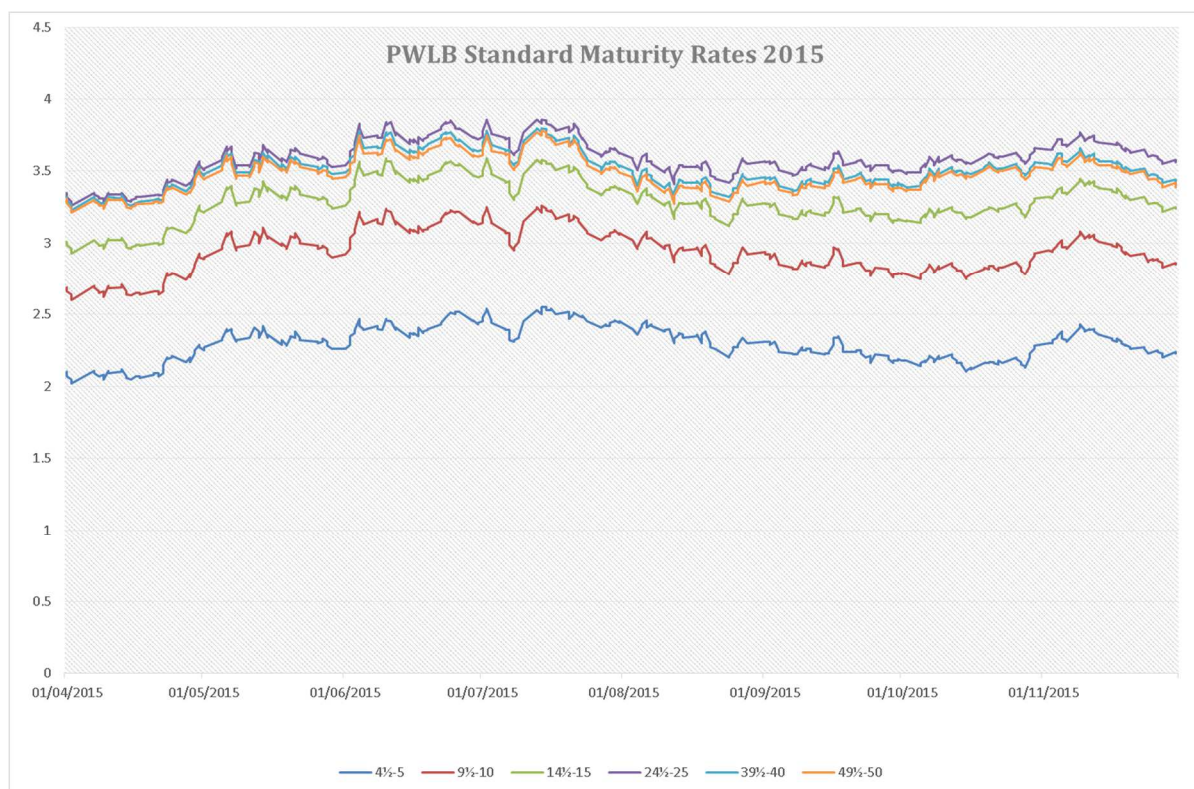
56. The chart below gives the following information:

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



57. The Treasury Management Strategy for 2015/16 originally identified a need for additional borrowing of £78m to fund the capital programme, replenish internal balances and to replace maturing debt. This was later adjusted to nil, in line with the most recent capital monitoring and reserves forecast and the TM Mid-Year report. However, in-year cash flow analysis indicated a possible shortage of cash over the Christmas period, and so £20m long-term debt was borrowed from PWLB on 7 December. The forecast year-end under-borrowed position for 2015/16 is now £200m. In other words, the Council's reserves and working capital will allow some £200m of potential debt to be postponed to 2016/17 and beyond.

58. PWLB rates are monitored closely in order to feed into decisions on new borrowing. Longer term rates are currently slightly higher than they were at the beginning of the year although they have dropped off recently. Shorter term rates have drifted up by around 0.2%. The Council is 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 during 2015/16.

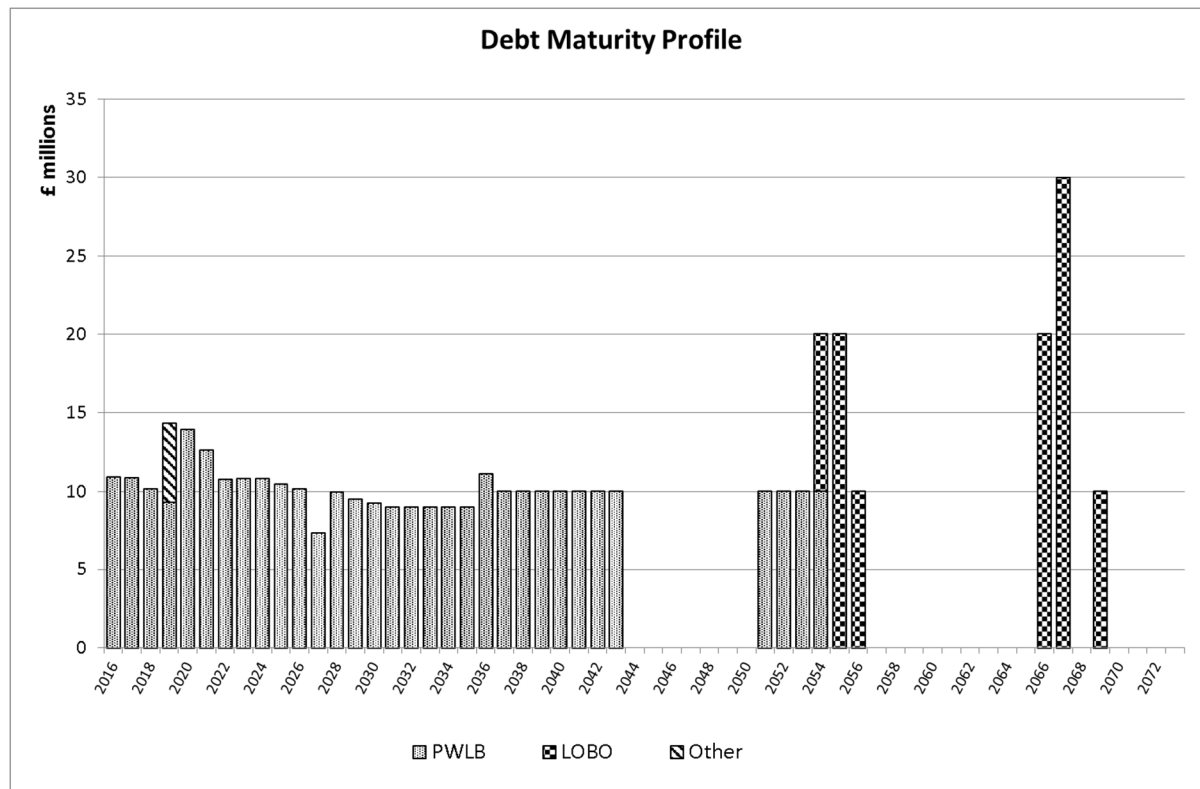


59. Borrowing decisions will take account of a number of factors including:

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

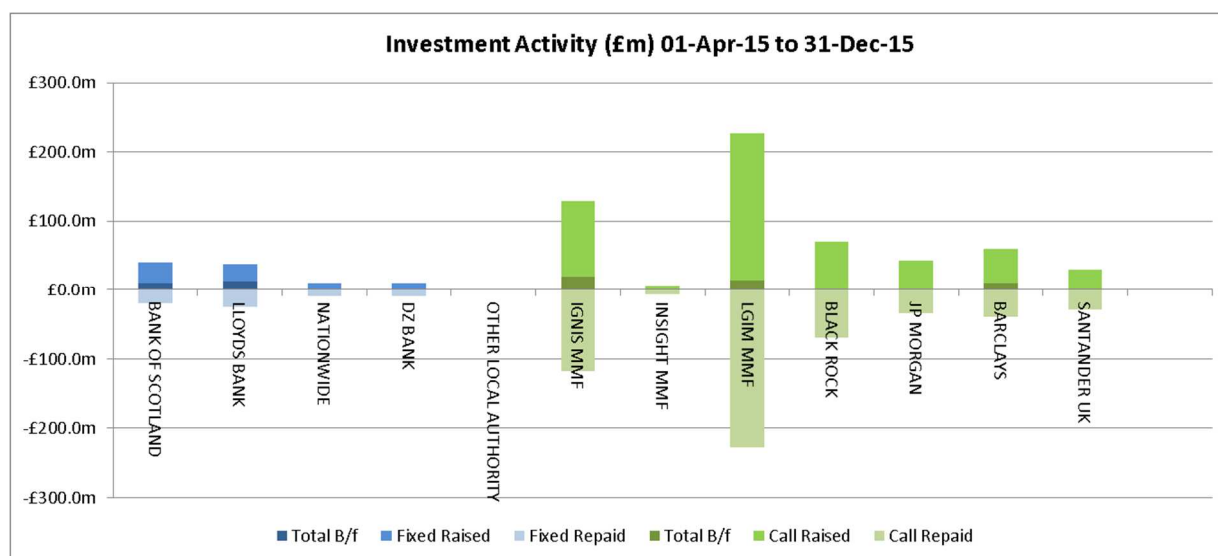
60. The maturity profile of the Council's debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 38 years. Longer-term borrowing (maturities up to 55 years) was obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender increases the rate at an option point, the

Council will repay the loan) and were all taken at rates lower than the prevailing PWLB rate at the time. They are shown in the chart below at their latest maturity points, but could actually mature at various points before then, constituting a risk that the Council will have to then borrow at the prevailing interest rate. The 'other' loan denotes more recent borrowing from the money markets where the main objective was to minimise interest costs. Refinancing of these loans has been factored into the Treasury Management Strategy.



61. The investment activity for 2015/16 to the end of December 2015 is summarised in the chart and table below. Outstanding investment balances totalled £70.2m at the start of the year and £73.9m at the end of the period. This is in line with the forecast cash flow profile for the year.

	Total B/f £ 000's	Total Raised £ 000's	Total Repaid £ 000's	Outstanding £ 000's
Bank of Scotland	10,000	30,000	(20,000)	20,000
Lloyds Bank	13,000	25,000	(25,000)	13,000
Nationwide	-	10,000	(10,000)	-
DZ Bank	-	10,000	(10,000)	-
Other Local Authority	1,500	-	-	1,500
IGNIS MMF	20,000	109,050	(117,350)	11,700
Insight MMF	-	6,700	(6,700)	-
LGIM MMF	14,550	213,100	(227,650)	-
Black Rock	500	69,500	(70,000)	-
JP Morgan	-	42,300	(34,600)	7,700
Barclays	10,650	49,100	(39,750)	20,000
Santander UK	-	29,500	(29,500)	-
<b>Total</b>	<b>70,200</b>	<b>594,250</b>	<b>(590,550)</b>	<b>73,900</b>



62. The majority of fixed term deals have been placed with Lloyds Bank or Bank of Scotland, both part of Lloyds Banking Group (LBG). Although LBG does not currently meet the minimum credit rating criteria required by the Council's Treasury Management Policy, both Lloyds Bank and Bank of Scotland individually do and LBG currently has a significant shareholding held by the UK government. This shareholding was planned to be sold off in the early part of 2016, but this has recently been postponed due to market volatility. The position of LBG and of Lloyds Bank and Bank of Scotland individually will be factored into the formulation of the TM policy for 2016/17, to be taken to Council in February.

## Procurement Performance

63. The Procurement Group continues to review the Council's performance on a regular basis. An update on Strategic Performance Information and ongoing developments will be provided for



this report to Committee on a quarterly basis with the next update to be included in the Period 10 report.

### **Debt Recovery and Accounts Payable Performance**

64. 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 with the next update to be included in the Period 10 report.

### **Statutory and Policy Implications**

65. 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.

## **RECOMMENDATIONS**

- 1) To note the revenue budget expenditure to date and year end forecasts
- 2) To approve the contingency request
- 3) To note the Capital Programme expenditure to date and year end forecasts and approve variances to the Capital Programme
- 4) To note the Council's Balance Sheet transactions

### **Nigel Stevenson Service Director – Finance, Procurement and Improvement Division**

#### **For any enquiries about this report please contact:**

Glen Bicknell - Senior Finance Business Partner, Senior Accountant

Simon Cunnington - Senior Accountant, Pensions and Treasury Management

### **Constitutional Comments (HD 27/01/2016)**

66. Committee has the authority to determine recommendations within the report.

### **Financial Comments (GB 27/01/2016)**

67. The financial implications are stated within the report itself.

### **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'



**22 February 2016****Agenda Item: 9****REPORT OF SERVICE DIRECTOR, FINANCE, PROCUREMENT AND  
IMPROVEMENT****RESTRUCTURE OF THE INTERNAL AUDIT SECTION****Purpose of the Report**

1. This report sets out proposals for a new structure for the Internal Audit Section. The purpose of the proposed structure is to ensure that it is fit for purpose and meets the changing requirements of the County Council whilst reducing net expenditure by £75k.

**Information and Advice**

2. The Internal Audit structure was last amended in December 2013 and is detailed in Appendix A. Since then the level of change at the County Council has been significant and it continues to develop in the face of reducing government financial support, changes in legislation, including the introduction of the Care Act, and closer working with partners and the development of Alternative Service Delivery Models.
3. As part of the outline business case process for 2016/17, an agreed savings proposal for Internal Audit set a target reduction in its budget of £75k. The Service Director for Finance, Procurement and Improvement has, until recently, been in discussion with the Finance Officers of other Nottinghamshire authorities, with a view to establishing a Shared Service for Internal Audit. Unfortunately, these discussions have ultimately proved unsuccessful. One of the key reasons for exploring a shared service, was to improve the resilience of the service; by developing a pool of experienced staff over a range of authorities, the impact of vacancies, turnover and sickness would be reduced.
4. The work of Internal Audit is carried out in compliance with the Public Sector Internal Audit Standards. The Standards set out the requirements of an effective Internal Audit function. As part of these changes, the Internal Audit Section needs to continue to be able to deliver three things.
  - Deliver an effective Audit Plan by adopting a systematic and disciplined approach, that enables an informed judgement to be made on the effectiveness of the Authority's level of internal control, risk management and governance arrangements
  - Add value to the Authority by carrying out work that helps the Authority progress in delivering effective services to the people of Nottinghamshire
  - Helps the Authority to minimise loss and waste through tackling inefficiency, error and fraud

5. The size of the County Council is continuing to reduce as budget reductions continue to impact on the scale of services that can be provided. The current Government are keen to encourage schools to convert to Academy schools, removing them from Local Authority influence. The Internal Audit Section currently generates income of approximately £75k by selling services to schools. As more schools convert to Academy status, the level of income is likely to reduce.
6. At the same time, the demand for advice and assistance on new systems, processes and controls has been significant. It is anticipated that the demand will continue to grow, as the pace of change in systems increases and the need for advice and guidance on internal controls on new systems is on-going. In addition, the complexity of new systems is such that the provision of advice needs to be carried out at a senior level. The advice needs to be provided by people who have excellent technical knowledge, a good understanding of the Authority's needs, and good inter-personal skills to communicate effectively and influence the final solution.
7. The Internal Audit service currently generates approximately £100,000 income from services to schools, Academies and the Nottinghamshire Fire and Rescue Service. The service has maintained good working relationships with these clients and it is intended to continue to provide this work in the future. However, this work is not "core" to the purpose of the function as set out in paragraph 4.
8. The new structure proposed will involve a further reduction in staffing and this will impact on the resilience of the service. One way to address this would be to enter into a partnership with another Internal Audit service provider, either local authority or private sector. Following this restructure it is intended to develop such a partnership.
9. In addition, the service has effectively used the CIPFA trainee scheme to provide audit resource, whilst simultaneously providing a good grounding for trainees in audit work. This will also be used to augment audit resource wherever possible.
10. Given the continuing need to minimise expenditure on "back-office" services, the proposals would generate a substantial reduction in the cost of the Internal Audit Service. This will be achieved by reducing the number of employees, but maintaining the number of more senior employees, so that the high priority, high risk areas can still be completed. This will inevitably have an impact on the volume of work that can be carried out by the Section. In particular, it will require some requests for audit work to be rejected. Indeed, this has already happened over the last 12 months. Requests for additional work that will not contribute to the "core" work set out in paragraph 4 have had to be declined.
11. There are currently a number of vacancies within the Internal Audit Section, so it is not anticipated that any compulsory redundancies would be required to implement the new proposed structure.
12. The current and proposed structures are set out in Table 1 below.

Table 1: Internal Audit Section current structure and proposed structure

Job Title	Grade	Current Structure (FTE's)	Vacant posts	Proposed Structure
Head of Internal Audit	Band F	1	0	1
Team Leader / Audit Manager	Band D	2	0	2
ICT Auditor	Band C	1	0	1
Senior Auditor	Band B	4.5	0.5	4.5
Auditor	Scale 5	4.82	2.8	2
Clerical Assistant	Scale 2	0.4	0	0.4
Total		13.72	3.3	10.9

13. The current structure is not split into teams. A matrix structure is used, with the Audit Managers responsible to a distinct set of clients. This provides departments with clarity over the contact point for their services, but individual auditors work across all services. Audit Managers will continue to supervise Audit Section employees on a range of audits and will sign off audit files to confirm their compliance with the Public Sector Internal Audit Standards. The proposed structure is set out in Appendix B.

14. The financial implications of the proposed changes have been calculated and are set out in Table 2. The Table sets out the salary costs of the current and proposed structures, but not the on-costs relating to Employers National Insurance contributions and Employers Pension contribution. The on-costs increase salary costs by approximately 27%.

Table 2: Financial Implications of the Proposed Restructure of the Internal Audit Section

Job Title	Salary 2015/16	Current Structure (FTE's)	Current Structure Cost (£)	Proposed Structure (FTE's)	Proposed Structure Cost (£)
Head of Internal Audit	54,913	1	54,913	1	54,913
Team Leaders / Audit Managers	41,140	2	82,280	2	82,280
ICT Auditor	38,405	1	38,405	1	38,405
Senior Auditor	33,857	4.5	152,357	4.5	152,357
Auditor	24,472	4.82	117,955	2	48,944
Clerical Assistant	15,941	0.4	6,376	0.4	6,376
Total		13.72	452,286	10.9	383,275

The proposed restructure would result in a significant reduction in the budget for the Internal Audit Section of approximately £88k, comprising direct salary cost reductions of £69k plus reductions in on-costs of £19k. This is higher than the targeted saving, but the additional reduction will be used to offset anticipated reduced income in future years.

15. The proposals have been subject to a formal consultation with the employees concerned and reviewed in light of the comments made.

### **Other Options Considered**

16. The current structure could be retained, or alternative models of delivering the service could be considered.

### **Reason/s for Recommendation/s**

17. To provide Members with the opportunity to review and approve changes to the structure of the Internal Audit section and reduce expenditure for 2016/17 onwards as set out in the savings proposals approved in February 2015.

### **Statutory and Policy Implications**

18. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, 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**

1) That Committee approve the proposed new structure for the Internal Audit Section.

**Nigel Stevenson**

**Service Director (Finance, Procurement and Improvement)**

**For any enquiries about this report please contact:**

Rob Disney

Head of Internal Audit

### **Constitutional Comments (KK 28/01/16)**

The proposal in the report is within the remit of the Finance and Property Committee.

### **Financial Comments (SES 29/01/16)**

The financial implications are set out in 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.

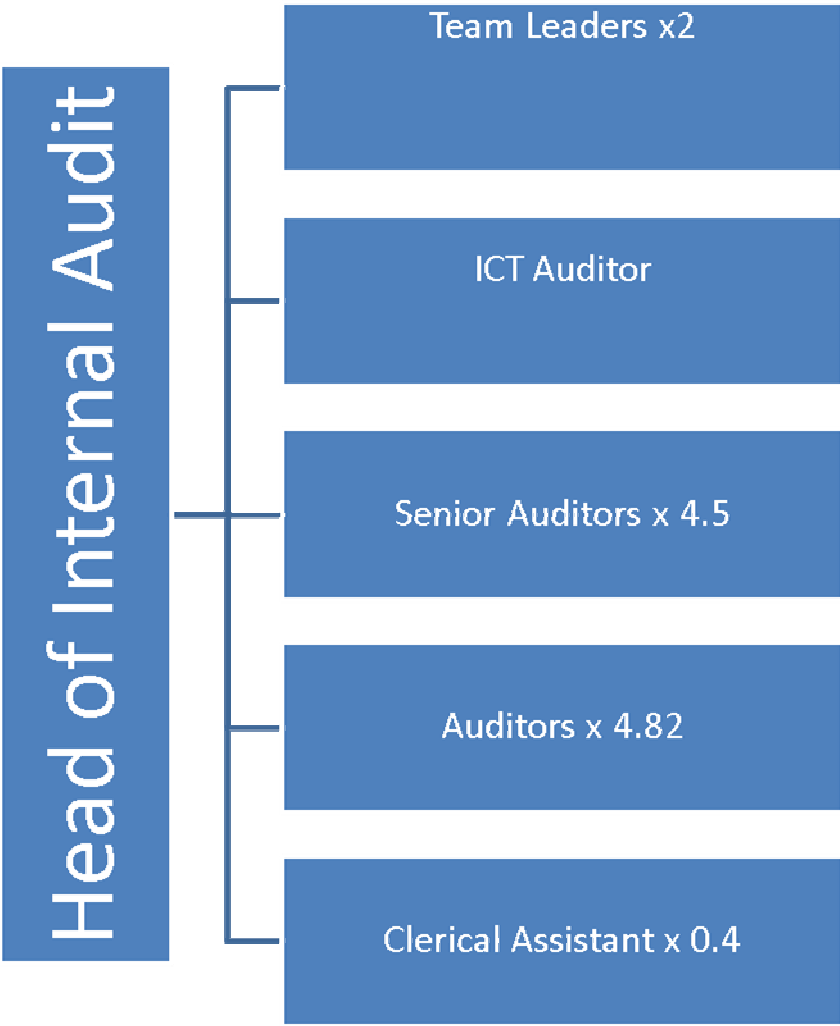
None

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

- All



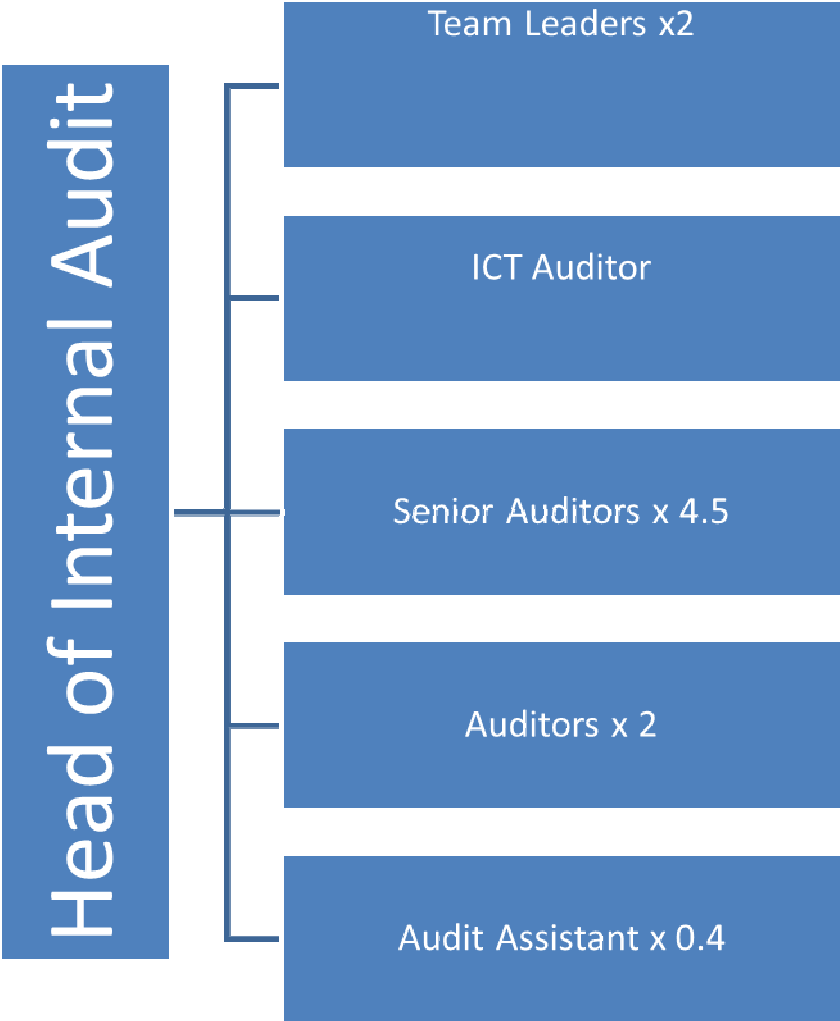
Current Internal Audit Structure







**Proposed Internal Audit Structure**





**22 February 2016****Agenda Item: 10****REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND  
IMPROVEMENT****PROPOSED CHANGES TO THE COUNCIL'S MINIMUM REVENUE  
PROVISION POLICY****Purpose of the Report**

1. To set out proposed changes to the Council's Minimum Revenue Provision Policy Statement.

**Information and Advice****Background**

2. Minimum Revenue Provision (MRP) is statutory requirement to make a charge to the Council's General Fund to make provision for the repayment of the Council's past capital debt and other credit liabilities.
3. The scheme of MRP was set out in former regulations 27, 28 and 29 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This system was radically revised by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. New regulation 28 replaces a requirement that local authorities calculate the MRP pursuant to detailed calculations with a duty to make prudent MRP.
4. The Council is under a statutory duty "to determine for the current financial year an amount of MRP which it considers to be prudent". Local authorities are asked by the Secretary of State "to prepare an annual statement of their policy on making MRP for submission to their full Council".
5. In determining a prudent level of MRP the Council is under a statutory duty to have regard to statutory guidance on MRP issued by the Secretary of State. The Guidance provides four options which can be used by the Council when determining its MRP policy and a prudent amount of MRP. The Council however is entitled to depart from the Guidance if it has good reason to do so. The proposals in this paper are consistent with the Guidance.

## **Nottinghamshire County Council's Current Methodology**

6. Since 2007, Nottinghamshire County Council has adopted the following methodologies as prescribed by previous statutory guidance:
- That MRP for capital expenditure financed by borrowing prior to 1 April 2007 is based on the previous regulatory method, i.e. primarily based upon a 4% reducing balance of outstanding debt as at 31 March 2007 including an adjustment used in transition to the new system in 2004.
  - That MRP for capital expenditure financed by borrowing after 1 April 2007 is made on the basis of equal annual instalments over the estimated life of relevant assets. The Council has used one of the ready-made options from the previous statutory guidance: the 'straight line method'
  - That, for finance leases and "on Balance Sheet" PFI contracts, the MRP requirement is met by a charge equal to the element of the unitary charge applied to write down the liability.

## **Proposed Changes to Nottinghamshire County Council's Methodologies.**

7. During 2015/16 officers have reviewed the Council's current approach and, having done so, make the following recommendations:-
- For capital expenditure financed by borrowing before 1 April 2007, a change from the 'Regulatory Method' to a straight line (equal instalment) method for a period of up to 50 years, commencing in 2016/17 – an adaption to one of the ready-made options in the Guidance.
  - For capital expenditure financed by borrowing after 1 April 2007, a change from the 'straight line method' to the 'annuity method' - another of the ready-made options in the Guidance.
  - The work undertaken on the MRP methodology has revealed that there is an inconsistency between the useful economic lives of assets as used in the MRP model and the useful economic lives of assets as used to apply depreciation as set out in the Accounting Policies. It is proposed that these two approaches are brought into line.
  - An amount equal to the principal repaid on PFI and Finance Lease Liabilities is currently charged to MRP in the existing methodology. It is proposed that MRP relating to PFI and Finance Leases is charged to MRP in the same way as for all other capital expenditure by using the Annuity Method over the useful economic lives of assets. Again utilising one of the ready-made options in the Guidance.
8. The Service Director - Finance, Procurement and Improvement (Section 151 Officer) considers these proposals to be both prudent and more appropriate than the previous methodologies referred to in paragraph 7 above.

## **The Regulatory Method**

9. The Regulatory Method currently in use applies a reducing balance to the outstanding indebtedness which results in the debt never being completely repaid because each year a charge of 4% is applied to the outstanding balance. In addition, a technical adjustment known as “Adjustment A” was established following the transition to the Prudential Borrowing Framework in 2005 (in Nottinghamshire’s case £2.722m). Under the current Regulatory Method, no MRP is charged on this amount and consequently it will never be repaid. It is the view of the Section 151 Officer that the omission to make provision for the full repayment of this debt is not consistent with prudent financial management.
10. The assumption in the Regulatory Method is that the Government continues to support the repayment of pre-2007 borrowing up to a level of 4% per year on the reducing balance. Due to the erosion of Revenue Support Grant (RSG) in recent years, that assumption is no longer valid and it can no longer be implied that the 4% charge is supported by Government funding. It is therefore considered prudent to revise this charge to a 2% straight line approach which will ensure this liability is fully discharged regardless of further RSG reductions.

## **The Annuity Method**

11. The annuity method makes provision for an annual charge to the General Fund which, unlike the current Straight Line method, takes account of the time value of money (whereby paying £100 in 10 years’ time is less of a burden than paying £100 now). The schedule of charges produced by the annuity method thus results in a consistent charge over an asset’s life, taking into account the real value of the annual charges when they fall due.
12. The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years). This re-profiling of MRP therefore conforms to the DCLG “Meaning of Prudent Provision” which provide that *“debt [should be] repaid over a period that is reasonably commensurate with that which the capital expenditure provides benefits”*.

## **Commencement Date for MRP Provision**

13. The Council is recommended to retain its approach of commencing MRP charges in the first year after the asset becomes operational.

## **Implications of Change in MRP Approach**

### **Step 1 – Changing MRP on Pre- 2007/08 Capital Expenditure to straight-line repayment**

14. It is proposed that the methodology for calculating MRP on capital expenditure financed from borrowing prior to April 2007 is changed from the ‘Regulatory Method’ to a fixed, straight line method (equal instalment) over a period of up to 50 years commencing in 2016/17. Whilst it is acknowledged that this method is not specifically recommended in the Guidance for pre April 2007 debt, it is considered prudent by the Section 151 Officer.

15. If the Council continued to apply the current Regulatory Method, £39m of the pre-2007 debt would remain outstanding in 50 years' time. The Council's proposed 2% fixed MRP methodology is prudent because it ensures that all of the debt is repaid over a shorter finite timeframe (including full repayment of Adjustment A).
16. A by-product of this step 1 is that it would result in a £5m reduction to the MRP charge in 2016/17 with on-going savings to 2032/33.

### **Step 2 – Changing MRP policy for post-2007/08 Capital Expenditure to the Annuity Method**

17. It is proposed that the method calculating MRP on capital expenditure financed by borrowing after 1 April 2007 is changed from the straight line method to the annuity method.
18. Around £22.1 million less MRP would have been charged to revenue between 1 April 2007 and 31 March 2016 had steps 1 and 2 been adopted during that period.
19. A by-product of steps 1 and 2 is that it would result in a £9m reduction to the MRP charge in 2016/17 with on-going savings to 2035/36.

### **Step 3 – A review of Asset Lives**

20. It is proposed that in addition to the adoption of Steps 1 and 2 above, the useful asset economic lives used in the MRP calculation be revised to ensure that they are in line with the useful economic lives as prescribed in the Council's accounting policies for depreciation purposes. This will ensure consistency in terms of using an accounting asset life that accurately reflects the period over which the Council will derive economic benefits by matching the profile of MRP charges to asset usage.
21. Around £26.3m less MRP would have been charged to revenue between 1 April 2007 and 31 March 2016 had steps 1 to 3 been adopted during that period.
22. It also identified a £10m reduction to the MRP charge in 2016/17 with on-going savings until after 2039/40.

### **Step 4 – An amendment of PFI/Finance Lease MRP Methodology**

23. It is proposed that assets procured via PFI or Finance Lease are the subject of a MRP charge in the same way as all other capital expenditure, by using the Annuity Method over assets' useful economic lives. This harmonisation of approach is consistent with how PFI/Finance Lease assets are now included on the Council's Balance Sheet following the adoption of International Financial Reporting Standards (IFRS) in 2010/11 and is considered to be prudent.
24. The cumulative effect of all proposed steps is that around £42.5m less MRP would have been charged to revenue between 1 April 2007 and 31 March 2016 had these methods been adopted during that period.
25. A by-product of these steps is that it would result in £13m reduction to the MRP charge in 2016/17 with on-going savings to 2036/37.

## Summary

26. The Section 151 Officer considers that the proposed changes to the annual MRP methodologies are individually and cumulatively prudent and recommends them to Members.
27. Having concluded that the proposed methodologies provide a prudent amount of Minimum Revenue Provision (MRP) for the repayment of debt, it has been identified that applying the current policy has led to MRP charges that exceed what prudence required during the period from 1 April 2007 to 31 March 2016. This has resulted in a cumulative charge at 31 March 2016 that is in excess of what would be considered prudent and appropriate under the proposed new methodology.
28. It is proposed that within the MRP policy for 2016/17 and subsequent years, there will be a realignment of MRP charged to the General Fund to recognise the excess sum of around £42.5 million. Under the proposals, MRP will be calculated on an annuity basis, but as if the annuity basis had been applied from 1 April 2007. This re-profiling of cumulative MRP is anticipated to apply over a number of financial years. MRP using the revised method is in the order of £11 million in 2016/17 and is projected to vary as the Council both incurs more capital expenditure and receive further capital receipts.
29. As already detailed, the critical consideration is to ensure that MRP Policy is prudent. The proposed options detailed above ensure responsible economic foresight and are consistent with the methods prescribed by the statutory guidance. The Section 151 Officer is also proposing that the following conditions should be added to the new policy:
- Total MRP after applying realignment will not be less than zero in any financial year. This has the effect of freezing the cumulative MRP at the 2015/16 level until such time as that sum matches the cumulative total MRP calculated using the annuity method from 1 April 2007. This condition will ensure that there is no claw back of MRP from previous years, i.e. there will be no negative MRP.
  - The cumulative total of the MRP realignment will never exceed the amount of the calculated excess sum of around £42.5m.
- The process of MRP realignment will be reviewed on an annual basis when drafting the annual Treasury Management Strategy and MRP Policy (or more frequently if there is a mid-year revision for any reason, including the prudence of the realignment itself). It may therefore be the case that the cumulative total of realignment will never reach the level of the calculated excess sum of around £42.5 million, i.e. if at any point it ceases to appear prudent to continue it.
30. A legal opinion has been sought from external legal advisors with specific expertise in this area. They confirmed that the proposals outlined in this report fall within the Guidance as issued by the Secretary of State.

## **Statutory and Policy Implications**

- 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.

## **RECOMMENDATIONS**

- 1) The Committee is asked to recommend that Full Council approves the revised Minimum Revenue Provision Policy statement for 2016/17.

**Nigel Stevenson Service Director – Finance, Procurement and Improvement Division**

**For any enquiries about this report please contact:**

Glen Bicknell - Senior Finance Business Partner, Senior Accountant

### **Constitutional Comments (HD 08/02/2016)**

- The recommendation falls within the terms of reference for Finance and Property Committee

### **Financial Comments (GB 29/12/2015)**

- The financial implications are stated within the report itself.

### **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'



**22 February 2016****Agenda Item: 11****REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT &  
IMPROVEMENT****TREASURY MANAGEMENT – TRAINING NEEDS ANALYSIS****Purpose of the Report**

1. To present a training needs analysis to be undertaken by members of the Finance & Property Committee.

**Information and Advice**

2. Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:  
“the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
3. The Council complies with the CIPFA Treasury Management Code (the Code). In accordance with the Code the Council creates, and maintains, as the cornerstones for effective treasury management:
  - a) a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - b) suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
4. A recent internal audit report on Treasury Management recommended that ‘members of the Finance and Property Committee should undertake a self-assessment of their knowledge and understanding of treasury management, and training should be provided if gaps are identified’.
5. The first stage in implementing this recommendation is for members of the Committee to undertake a Training Needs Analysis (TNA) to assess current knowledge and skills. The TNA form is attached as Appendix A.
6. The TNA uses the TMPs as a basis of the knowledge and skills required and asks members to score their current knowledge of these areas using the following scale:  
0 = Not relevant to your role  
1 = Poor, Not effective, No Understanding  
2 = Satisfactory, Quite Effective, Limited Understanding

- 3 = Good, Effective, Some understanding  
4 = Very Good, Very effective, Full Understanding

It also asks members to indicate which forms of training and development are most effective for them.

7. Members are asked to return the TNA by the date specified on the form. The responses will help to determine what type of training will be offered to members and which topics should be covered.

### **Reason/s for Recommendation/s**

8. It is considered best practice to ensure that those charged with decision-making and financial management have effective knowledge and skills. A recent audit report recommended that Members of the Finance and Property Committee should undertake a self-assessment of their knowledge and understanding of treasury management.

### **Statutory and Policy Implications**

9. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service 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 Members complete the attached training needs analysis by 31 March 2016.

#### **Report Author:**

Simon Cunnington, Senior Accountant – Pensions & Treasury Management

**For any enquiries about this report please contact:** Simon Cunnington

#### **Constitutional Comments (SLB 09/02/16)**

10. Finance and Property Committee is the appropriate body to consider the content of this report.

#### **Financial Comments (SRC 09/02/16)**

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

#### **Background Papers**

None

1. Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:
 

“the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. The Local Government Act 2003 (the Act) requires local authorities “to have regard –
  - (a) to such guidance as the Secretary of State may issue, and
  - (b) to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.”
3. The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 state that:
 

“In carrying out its capital finance functions, a local authority must have regard to the code of practice in ‘Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes’ (regulation 24).”
4. The Treasury Management Code (the Code) was updated in November 2011. The Code has 3 key principles which are:
  - i) the establishment of ‘comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury activities’.
  - ii) the effective management and control of risk are prime objectives and that responsibility for these lies clearly within the organisation.
  - iii) the pursuit of value for money and the use of suitable performance measures are valid and important tools.
5. In accordance with the Code the Council creates, and maintains, as the cornerstones for effective treasury management:
  - c) a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - d) suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

7. This training needs analysis (TNA) is being undertaken to assess current knowledge and skills within the Finance & Property Committee and to direct future training. It uses the TMPs as a basis of the knowledge and skills required. In total there are 12 TMPs that have been identified as relevant to the Council's treasury management activities. They are:
- TMP1 Risk management
  - TMP2 Performance measurement
  - TMP3 Decision-making and analysis
  - TMP4 Approved instruments, methods and techniques
  - TMP5 Organisation, clarity/segregation of responsibilities, dealing arrangements
  - TMP6 Reporting requirements and management information arrangements
  - TMP7 Budgeting, accounting and audit arrangements
  - TMP8 Cash and cash flow management
  - TMP9 Money laundering
  - TMP10 Training and qualifications
  - TMP11 Use of external service providers
  - TMP12 Corporate governance
1. The TNA asks members to score their current knowledge of these areas using the following scale:
- 0 = Not relevant to your role
  - 1 = Poor, Not effective, No Understanding
  - 2 = Satisfactory, Quite Effective, Limited Understanding
  - 3 = Good, Effective, Some understanding
  - 4 = Very Good, Very effective, Full Understanding
2. Please return completed forms by **31 March 2016** to Bev Chapman at:
- [beverley.chapman@nottscc.gov.uk](mailto:beverley.chapman@nottscc.gov.uk)
  - or 4th Floor, County Hall, West Bridgford, Nottingham NG2 7QP

<b>Name:</b>	
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Please score each item according to the following scale:

- 0 = Not relevant to your role
- 1 = Poor, Not effective, No Understanding
- 2 = Satisfactory, Quite Effective, Limited Understanding
- 3 = Good, Effective, Some understanding
- 4 = Very Good, Very effective, Full Understanding

<b>TMP1</b>	<b>Risk management</b>	<b>Score</b>
	Awareness of the arrangements for the identification, management and control of treasury management risk covering each of the following risks:	
	<b>Credit and counterparty risk</b> The risk of failure by a counterparty to meet its contractual obligations under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on capital or revenue resources.	
	<b>Liquidity risk</b> The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the business/service objectives will be thereby compromised.	
	<b>Interest rate risk</b> The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances.	
	<b>Exchange rate risk</b> The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances.	
	<b>Refinancing risk</b> The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Council for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.	
	<b>Legal and regulatory risk</b> The risk that the Council itself, or a counterparty with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.	
	<b>Fraud, error and corruption, and contingency management</b> The risk that an Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends.	
	<b>Market risk</b> The risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised.	

<b>TMP2 Performance measurement</b>	<b>Score</b>
Awareness of the use of performance methodology to support the pursuit of value for money within the framework set out in the treasury management policy. Key performance measures include interest income/expenditure against budget and benchmarking against external comparators and other local authorities.	

<b>TMP3 Decision-making and analysis</b>	<b>Score</b>
Awareness of the need to maintain full records of treasury management decisions, and knowledge of the processes and practices applied in reaching those decisions.	

<b>TMP4 Approved instruments, methods and techniques</b>	<b>Score</b>
<p>Knowledge of approved instruments for borrowing such as:</p> <ul style="list-style-type: none"> <li>(a) overdraft or short-term loan from an authorised financial institution;</li> <li>(b) short-term loan from a local authority;</li> <li>(c) long-term loan from an authorised financial institution (to include Lender Option Borrower Option (LOBO) loans)</li> <li>(d) the PWLB (or successor);</li> <li>(e) loan instruments, including transferable loans up to five years duration and non-transferable of no fixed duration;</li> <li>(f) Municipal Bonds Agency.</li> </ul>	
<p>Knowledge of approved instruments for investing such as:</p> <ul style="list-style-type: none"> <li>a) call or notice accounts</li> <li>b) fixed term deposits</li> <li>c) callable deposits</li> <li>d) structured deposits</li> <li>e) certificates of deposits</li> <li>f) money market funds</li> <li>g) UK Treasury Bills</li> <li>h) UK government bonds</li> </ul>	

<b>TMP5 Organisation, clarity/segregation of responsibilities, dealing arrangements</b>	<b>Score</b>
Awareness of the need for treasury management activities to be structured and managed in a fully integrated manner, with clarity of treasury management responsibilities, to ensure effective control and monitoring, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance.	
Awareness of the need for a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.	

<b>TMP6 Reporting requirements and management information arrangements</b>	<b>Score</b>
<p>Awareness of the regular reports that are prepared and considered on:</p> <ul style="list-style-type: none"> <li>• the implementation of the Council's treasury management strategy and policies</li> <li>• and the effects of decisions taken and transactions executed in pursuit of those policies</li> <li>• the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting treasury management activities</li> <li>• the performance of the treasury management function.</li> </ul>	

<b>TMP7 Budgeting, accounting and audit arrangements</b>	<b>Score</b>
<p>An understanding of the annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques.</p>	
<p>An awareness of appropriate accounting practices and standards, and statutory and regulatory requirements, in accordance with which the Council accounts for its treasury management activities, for decisions made and transactions executed.</p>	

<b>TMP8 Cash and cash flow management</b>	<b>Score</b>
<p>An awareness of the need for and method of preparing cash flow projections on a regular and timely basis to ensure compliance with TMP1(2) liquidity risk management.</p>	

<b>TMP9 Money laundering</b>	<b>Score</b>
<p>Awareness of the possibility that the Council may become the subject of an attempt to involve it in a transaction involving the laundering of money and knowledge of the procedures maintained for verifying and recording the identity of counterparties and reporting suspicions.</p>	

<b>TMP10 Training and qualifications</b>	<b>Score</b>
<p>Recognition of the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them and awareness of the expertise, knowledge and skills required.</p>	

<b>TMP11 Use of external service providers</b>	<b>Score</b>
Awareness that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources but recognition that responsibility for treasury management decisions remains with the Council at all times.	
Knowledge of the process of agreeing the terms of appointment and the methods by which their value will be assessed, agreed and documented, and subjected to regular review.	

<b>TMP12 Corporate governance</b>	<b>Score</b>
Knowledge of the principles and practices of proper corporate governance to which the Council is committed and awareness of how the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.	

Please also indicate below the most relevant learning methods that may be applicable to you. Please suggest other approaches that may be suitable.

<b>Information</b>	<b>Yes</b>	<b>No</b>	<b>Not sure</b>
In-house training			
E-learning			
External training			
Books, journals, guidance			
Conferences			
Other – please specify:			



**22 February 2016****Agenda Item: 12****REPORT OF THE CORPORATE DIRECTOR, RESOURCES****COUNCILLORS' DIVISIONAL FUND MONITORING REPORT****Purpose of the Report**

1. To inform committee of the two grants audited for compliance with the Councillors' Divisional Fund (CDF) Policy and Guidance, and identify two further grants for audit.

**Information and Advice**

2. Policy Committee on 7 May 2014 approved a revised Policy and Guidance for the CDF, following the decision in the County Council budget to reduce the amount available from £10,000 to £5,000 per member.
3. Between five and ten applications annually will be subject of an audit which will include ensuring that the monies provided have been spent in accordance with the application made.
4. The last two applications selected for audit were

Bramcote and Stapleford: Councillor Jacky Williams  
Haven Church Youth Centre: £175 for equipment

West Bridgford Central and South: Councillor Liz Plant  
Bridgfest Festival: £300 for prizes and food

In both these cases, the grant was spent in accordance with the application.

5. The next grants to be audited are:

Mansfield West: Cllr Diana Meale  
Walking for Health - On Your Doorstep: £300 for promotional leaflets

Ruddington: Cllr Reg Adair  
Costock Church of England Primary School: £1000 towards surface outside Early Years and Key Stage 1 classrooms to help child in wheelchair

The findings of these audits will be reported to Committee in April 2016.

## **Reason for Recommendation**

6. This report complies with the revised Policy and Guidance approved by Policy Committee on 7 May 2014.

## **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**

- 1) That the monitoring report on the Councillors' Divisional Fund be noted, and the outcome of the audits be reported in the next quarterly report.

**Jayne Francis-Ward**  
**Corporate Director, Resources**

**For any enquiries about this report please contact:**  
Paul Davies, Democratic Services tel 0115 977 3299

## **Constitutional Comments**

8. This report is for noting purposes only.

## **Financial Comments (SES 19/01/16)**

9. 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.

- Report to Policy Committee, 7 May 2014
- Departmental spreadsheet detailing all grants made to date

## **Electoral Division(s) and Member(s) Affected**

- All

**22 February 2016****Agenda Item: 13a****REPORT OF SERVICE DIRECTOR ENVIRONMENT, PROPERTY &  
TRANSPORT****RADCLIFFE ON TRENT INFANT SCHOOL – LAND ACQUISITION****Purpose of the Report**

1. To seek approval to the acquisition of land adjacent to Radcliffe on Trent Infant School to facilitate a proposed site expansion.

**Information and Advice**

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in the exempt appendix.
3. The land adjacent to the infant school (as identified on the attached plan), is required due to projected rising primary numbers in Radcliffe on Trent with effect from September 2016. The village of Radcliffe on Trent is greater than statutory travelling distance from other settlements and as a result both the infant and junior schools need expanding.
4. Radcliffe on Trent Infant School was expanded to 75 planned admission numbers (PAN) a few years ago but is now at the limit of accommodation available (with insufficient rooms even at this number - the community room is used as a class room and the library is the only group space). There is a demonstrable need for 90 places (without taking into account possible future housing) for September 2016. The current size of the school site prohibits such expansion and consequently it is necessary to acquire neighbouring land in order to facilitate such development.
5. The parcel of land in question is currently under the freehold ownership of the adjacent South Notts Academy (Central College Nottingham) and primarily consists of two parts; former tennis courts and a landscaped grass area. The area in total extends to 0.92 acres. The proposed terms of purchase are consequently as shown in the exempt appendix A
6. NCC Property Design and Operations are in the process of procuring surveys, including Noise Assessments, Soil Surveys, Pre Application Advice, Ecology, and Topographic Surveys to enable a valid Planning Application to be submitted in early to mid-March 2016. Assuming planning consent is granted and legal documentation is

completed, it is hoped to start on site at the end of May Bank Holiday (half term).

7. After preparation work (foundations, connections), an existing unit from Heyman Primary School will be installed mid to late June and would be ready for occupation in its present form after external works and fencing are completed. The Foundation unit would follow as soon as possible afterwards.
8. The Radcliffe Junior School is progressing alongside the Infants, however the space is not required until the September 2017 intake.

### **Other Options Considered**

9. There is no other adjoining land to the infant school on which to extend the site.
10. The option of forming a single Primary school on either the infant or junior school sites has previously been explored but neither site is large enough to accommodate all the primary aged children in the village. Therefore, the infant site and building as well as the junior school building need to be expanded accordingly.

### **Reason/s for Recommendation/s**

11. The purchase of the land adjacent to the infant school will facilitate the County Council in meeting the objective of accommodating the increased primary numbers in the village of Radcliffe on Trent.

### **Statutory and Policy Implications**

12. 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 approval is given to the acquisition of land adjacent to Radcliffe on Trent Infant School to facilitate a proposed site expansion on terms set out in the exempt appendix.

**Jas Hundal**

**Service Director – Environment, Property & Transport**

**For any enquiries about this report please contact: Brian Hoyle 0115 977 2479**

### **Constitutional Comments (CEH 26.01.16)**

13. The recommendation falls within the remit of Finance and Property Committee by virtue of its terms of reference.

### **Financial Comments (GB 01.02.16)**

14. The financial implications are set out within the report and exempt appendix.

### **Background Papers and Published Documents**

15. None.

### **Electoral Division(s) and Member(s) Affected**

16. Ward(s): Radcliffe on Trent  
Member(s): Councillor Mrs Kay Cutts

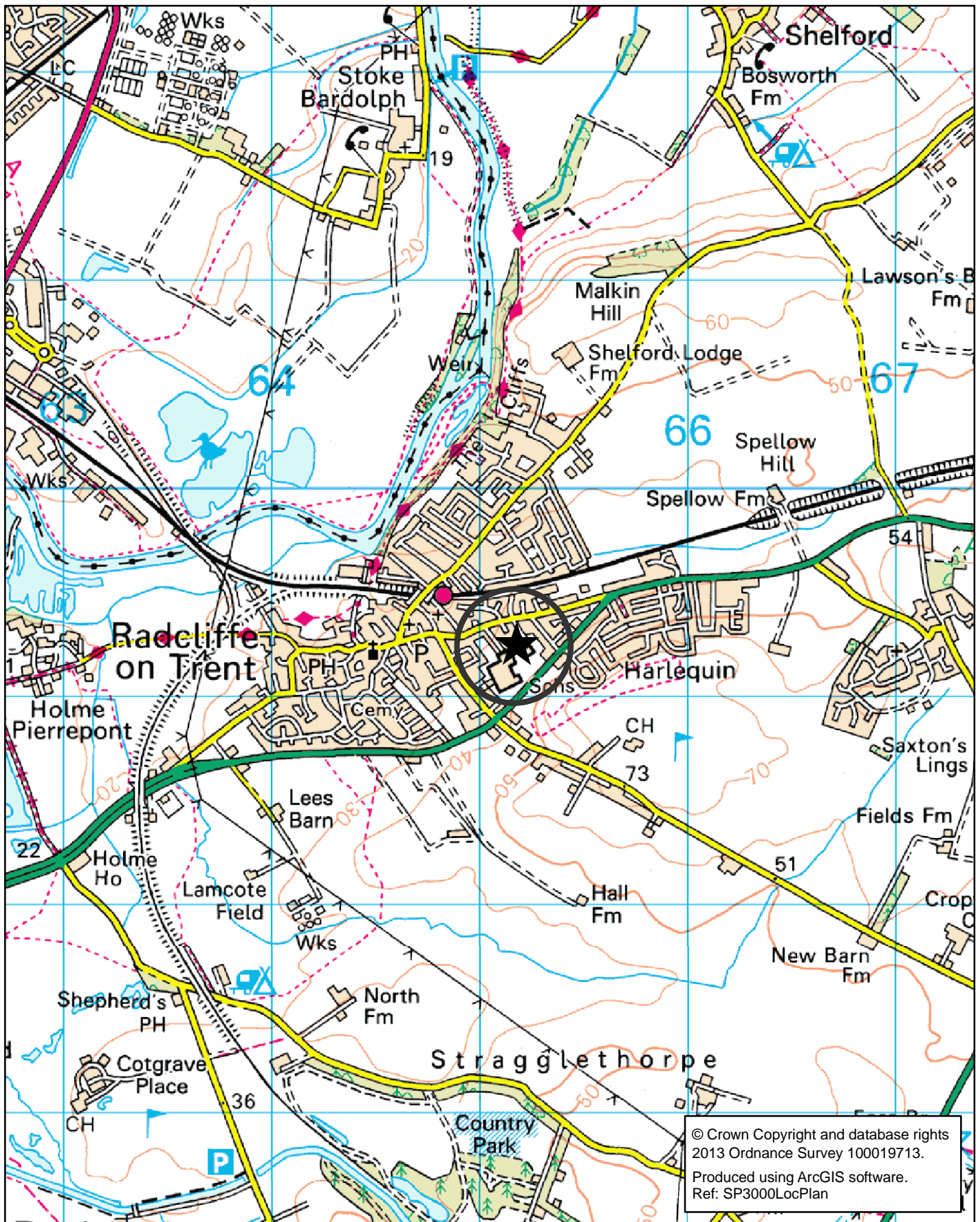
File ref.: /BH/SB/

SP: 3000

Properties affected: 01527 - Radcliffe-on-Trent Infant/Nursery School

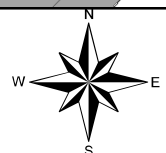














22 February 2016

Agenda Item: 13b

## **REPORT OF SERVICE DIRECTOR ENVIRONMENT, PROPERTY & TRANSPORT**

### **TOOT HILL YOUNG PEOPLE'S CENTRE, BINGHAM**

#### **Purpose of the Report**

1. To seek a decision on the future use of the former Toot Hill Young People's Centre, Bingham.

#### **Information and Advice**

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in exempt appendix.
3. The Young People's Centre in Bingham is located on the Toot Hill School site. The property was built in 1966 and is a CLASP Mark 4a construction.
4. Toot Hill School obtained foundation status on 1<sup>st</sup> September 2009. This means that unlike Academy status where the land is leased for 125 years, foundation schools are granted a freehold interest in their sites. The School subsequently became an Academy and retained its freehold interest.
5. The Young Peoples Centre is an integral part of the school buildings, attached to the Joint Use Leisure Centre and shares utilities with this building.
6. To protect the ongoing service provision the transfer was subject to a 125 year lease of the Young People's Centre (shown hatched on the attached plan) to the County Council on a full repairing and insuring basis, together with associated rights of access and car parking was agreed, and at a peppercorn rent.
7. The Young Peoples Centre has been used for many years by the local Scouts and this has been allowed to continue as an interim measure whilst the future of the building is being decided. Bingham Young People's Centre has now been identified as part of the County Council budget savings process and has subsequently closed. The local Scout group will now require alternative accommodation. The Young People's Centre has been offered to the community for any appropriately qualified group to come forward to take up the running of the centre, however, no group has been found who are capable of taking on the liability of the full repairing and insuring lease.

8. The building left vacant for any length of time represents a very high insurance risk both in terms of fire, which carries an excess, and public liability. The Insurers have a requirement that empty properties are regularly inspected which presents another ongoing commitment to the County Council.
9. The School have currently got no definite plans for the building but have indicated they will incorporate the building into the general school use. The School have also offered to make available alternative accommodation for the Scouts if this is required.

### **Reason/s for Recommendation/s**

10. The Council have no immediate use for the property which has a use clause as a Youth & Community Centre, no party has come forward to take on the provision of Young Peoples Services and keeping the building vacant whilst waiting for a solution presents ongoing risks and liabilities.
11. The recommended approach is in line with the Councils repair and maintenance strategy which seeks to reduce the number of buildings for which the Council has a repairing liability.
12. Keeping an unused building in the middle of a school site has a negative impact on the built environment.
13. The lease prohibits underletting the whole of the property and it requires landlord consent to underlet any part or parts of the property. Currently the landlord has not granted consent.

### **Statutory and Policy Implications**

14. 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**

That approval be given for the surrender of the lease on the terms contained in the exempt appendix.

**Jas Hundal**  
**Service Director – Environment, Property & Transport**

**For any enquiries about this report please contact: Gerry McKeown 0115 977 3617**

### **Constitutional Comments (CEH 26.01.16)**

15. The recommendation falls within the remit of the Finance and Property Committee by virtue of its terms of reference.

### **Financial Comments (GB 01.02.16)**

16. The financial implications are set out within the report.

### **Background Papers and Published Documents**

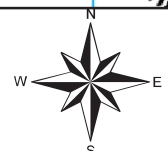
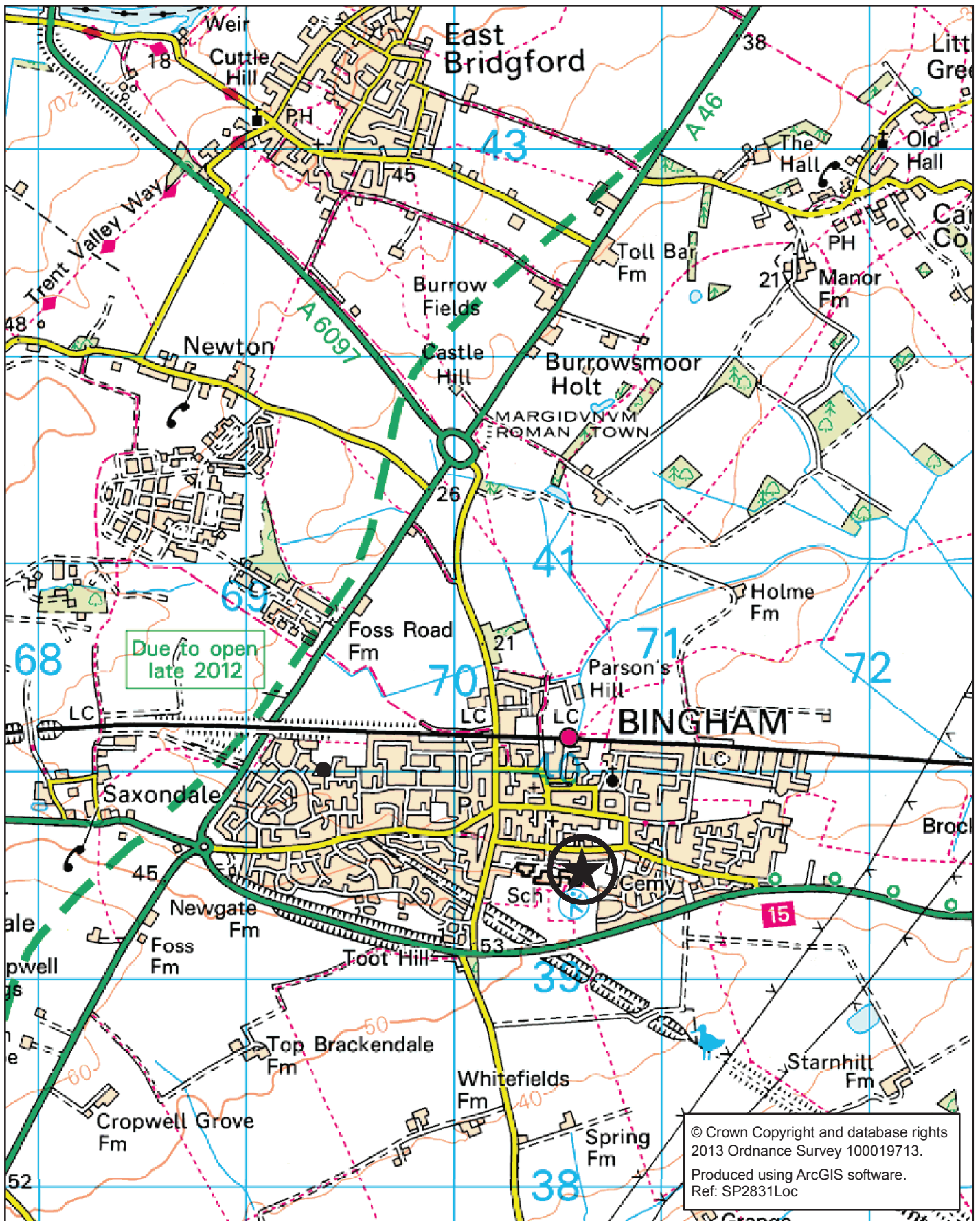
17. None.

### **Electoral Division(s) and Member(s) Affected**

18. Ward(s): Bingham  
Member(s): Councillor Martin Suthers OBE

File ref.: /GM/SB/01818  
SP: 2831  
Properties affected: 01818 - Toot Hill School  
20160201 sb

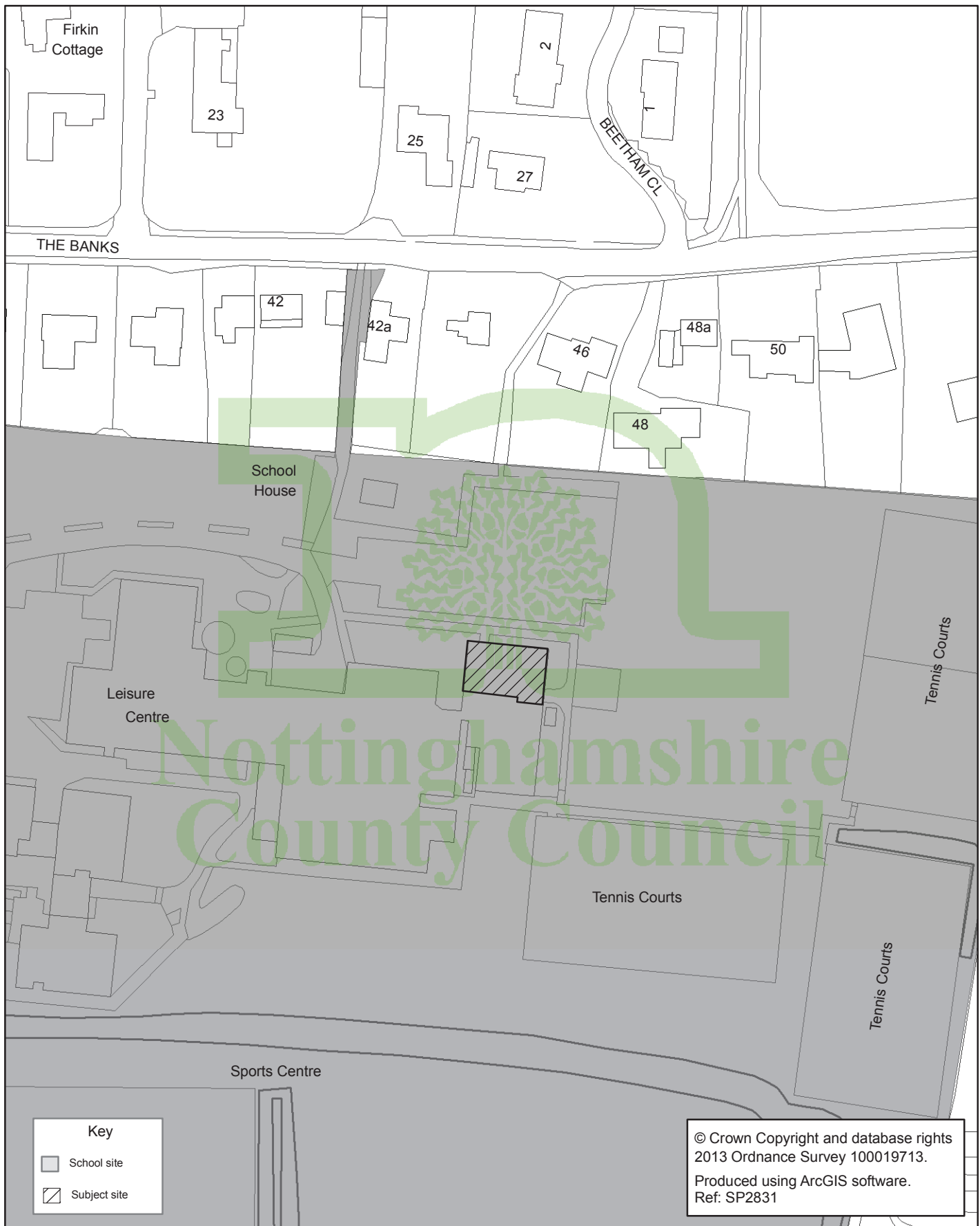














22 February 2016

Agenda Item: 13c

## **REPORT OF SERVICE DIRECTOR ENVIRONMENT, PROPERTY & TRANSPORT**

### **LAND (127 SQ M) AT THORESBY CLOSE, BIRCOTES LEASE FROM BASSETLAW DISTRICT COUNCIL**

#### **Purpose of the Report**

1. To seek approval to enter a lease of 127 sq m land at Thoresby Close, Bircotes for the provision of a site for a pre-school building.

#### **Information and Advice**

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in the exempt appendix.
3. The Authority's Early Childhood services team need to ensure the provision of access to childcare for eligible 2 year olds throughout the County. The existing provision at Bircotes is being required to relocate, and a suitable replacement site has been identified at Thoresby Close.
4. It is proposed to enter into a lease from the District Council for the land and then sublet the site to enable the continuity of the existing childcare provider. This will involve the erection of a new modular unit on the site by the provider. All costs of the lease to be recharged to the childcare provider.
5. The agreed terms for the lease are detailed in the exempt appendix.

#### **Other Options Considered**

6. Other sites, which are scarce in Harworth and Bircotes, have been considered, however none of these were found to be suitable.

#### **Reason/s for Recommendation/s**

7. To ensure continuity of access to childcare in the area.

#### **Statutory and Policy Implications**

8. 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 approval is given to enter into a lease of 127 sq m land at Thoresby Close, Bircotes for the provision of a site for a pre-school building on the terms outlined in the exempt appendix.

**Jas Hundal**  
**Service Director – Environment, Property & Transport**

**For any enquiries about this report please contact: Tim Slater 0115 977 2076**

## **Constitutional Comments (CEH 27.01.16)**

9. The recommendation falls within the remit of the Finance and Property Committee by virtue of its terms of reference.

## **Financial Comments (GB 01.02.16)**

10. The financial implications are set out within the report.

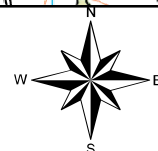
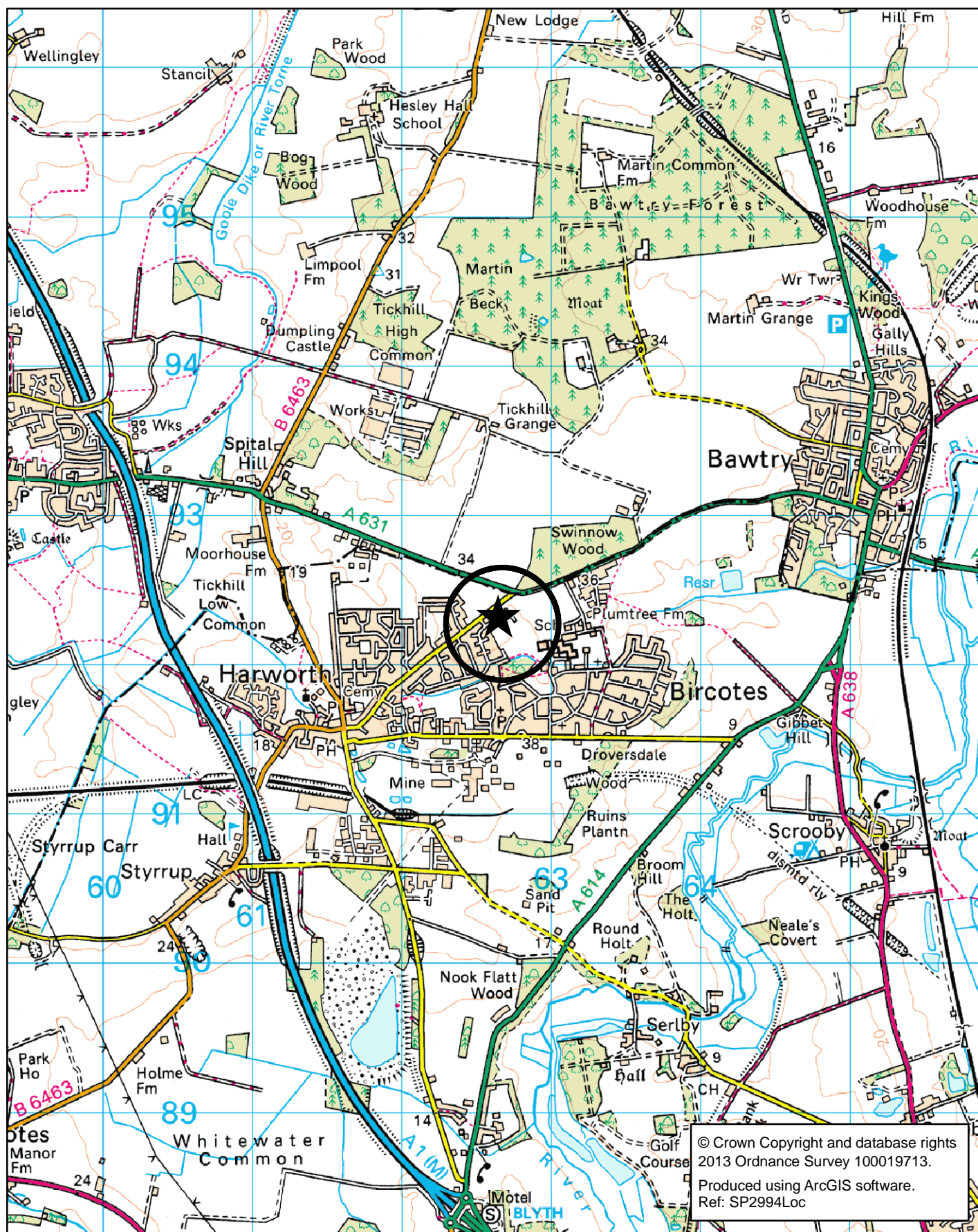
## **Background Papers and Published Documents**

11. None.

## **Electoral Division(s) and Member(s) Affected**

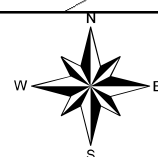
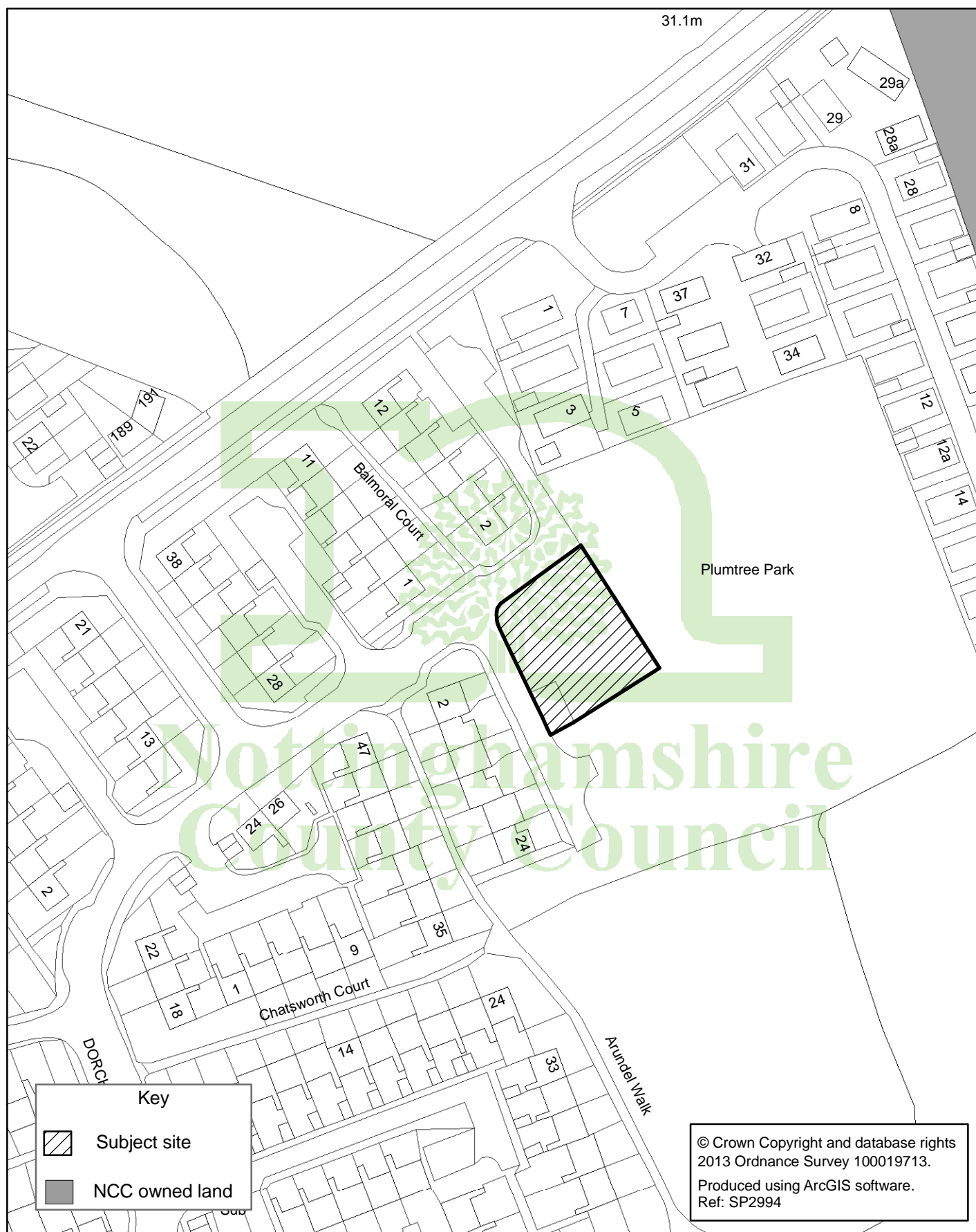
12. Ward(s): Blyth & Harworth  
Member(s): Councillor Sheila Place

File ref.: /TS/SB/50051  
SP: 2994  
Properties affected: 50051 – Land at Bircotes













22 February 2016

Agenda Item: 13d

**REPORT OF SERVICE DIRECTOR ENVIRONMENT, PROPERTY &  
TRANSPORT****ARNOT HILL HOUSE - PROPOSED LEASE OF ROOMS****Purpose of the Report**

1. To seek approval to the taking of a lease of accommodation within Arnot Hill House, Arnold for the provision of a Registrar's office and to terminate the lease at Fairdale House, Carlton.

**Information and Advice**

2. The County Council currently lease Fairdale House, Carlton for use as a Registrar's office. This lease came to an end in March 2014 and we have remained in occupation by holding over on the existing terms pending finding suitable alternative accommodation in the Gedling area.
3. This proposal to lease rooms within Arnot Hill House from Gedling Borough Council should provide a saving of approximately £5,000 per annum for the combined rent and running costs over the existing property.
4. The existing property is only used for the registration of births and deaths. The taking of the new lease will be subject to successful change of use to the planning permission for the property to allow wedding and other ceremonies to take place.
5. The projected income from wedding ceremonies will help meet the target of the Registration Service becoming cost neutral. The income is based on the amount of ceremonies taking place at an equivalent site in Eastwood.
6. The service business case for this move has been approved by the Service Director for Public Protection.
7. Appropriate consultations have been completed with staff and Trade Unions regarding the change of base for the staff involved. No objections have been raised.
8. The terms for the proposed lease are detailed below: -

<b>Property</b>	Rooms 1 and 3 part of Arnot Hill House (979 sq ft)
<b>Lessor</b>	Gedling Borough Council
<b>Lessee</b>	Nottinghamshire County Council

<b>Term</b>	10 Years
<b>Break Option</b>	Lessee to have a break option at the end of year 3, 6 & 9.
<b>Rent</b>	£14,000 per annum (£14.30 per sq ft) subject to upwards only review at the end of year 3, 6 & 9.
<b>Use</b>	Registrar's office. The conducting of wedding ceremonies to be subject to the Lessee applying for planning change of use.
<b>Service Charge</b>	Included in rent for 7 day per week operation as listed below.
<b>Services</b>	<p>Exterior repair and maintenance to Lessor's standard.</p> <p>Internal repair, maintenance and decoration to Lessor's standard (excluding any damage caused by the Lessee),</p> <p>Cleaning of Premises, once per week day excluding bank holidays, to Lessor's standard</p> <p>Window Cleaning to Lessor's standard</p> <p>Refuse Collection to Lessor's standard except for confidential waste.</p> <p>The Lessee will have use of the Lessor's shredder room for no more than 1 hour per week (to be arranged by appointment only with the Lessor). The Lessee will be responsible for shredding its own waste.</p> <p>Planned maintenance to Lessor's standard</p> <p>Building insurance (not contents or public liability or any other insurance needed by the Lessee for the running of its business)</p> <p>Gas</p> <p>Electricity</p> <p>Provision of hot and cold running water to the Premises</p> <p>Alarm system as already exists</p> <p><u>To exclude:</u></p> <p>Telephone and data (internet) bills are EXCLUDED from the all-inclusive rent</p> <p>Lessee contents and any other applicable insurance</p> <p>Repair of damage to the premises caused by the Lessee or its visitors.</p>
<b>Repairs and</b>	Prior to handing over the keys, the Lessor will prepare a condition

<b>Maintenance</b>	<p>survey for the Lessee's approval. At expiry, the Lessee will be required to deliver up the premises in no worse a condition than that evidenced by the condition survey, fair wear and tear being excepted.</p> <p>This clause will only apply if damage to the premises has occurred.</p>
<b>Redecoration</b>	<p>The Lessee will be permitted to refurbish the Premises subject to Lessor's consent (not to be unreasonably withheld or delayed) and any other necessary consents including Listed Building Consent and Planning Permission.</p> <p>The Lessee will reinstate the Premises at the termination of the Lease if so required by the Lessor.</p>
<b>Insurance</b>	Lessor to insure the buildings, Lessee to insure for contents and public liability.
<b>Outgoings</b>	Lessee to pay its own Business Rates.
<b>Signage</b>	The Lessee will with the permission and agreement of The Lessor have the right to erect signage at the Premises (internal & external). Agreement not to be unreasonably withheld.
<b>Alienation</b>	The Lessee will not be permitted to sublet or assign.
<b>Conditions</b>	The Lessee will obey the Civic Centre and/or Arnot Hill House building rules including those relating to smoking and fire evacuation procedures.
<b>Costs</b>	Each party to bear their own costs.
<b>External areas</b>	1 Car parking permit for use within the grounds of Arnot Hill Park. Use of the Aviary and Rose Garden for ceremonies between April and October.

### Other Options Considered

9. No other suitable sites have been found in the Arnold / Carlton area.

### Reason/s for Recommendation/s

10. To ensure continuity of access to the Registration services in the area.
11. The co-location of the Registration office within Gedling Borough Council accommodation has the potential for increasing use of the service, increasing income generation and reduced running costs compared to the existing premises.
12. Fairdale House could be the subject of a notice at any time to terminate the existing lease.

## **Statutory and Policy Implications**

13. 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 approval is given to enter into a lease of the rooms within Arnot Hill House, Arnold on the terms outlined; and
- 2) That Termination of the Lease at Fairdale House is also approved.

**Jas Hundal**

**Service Director – Environment, Property & Transport**

**For any enquiries about this report please contact: Brian Hoyle 0115 977 2479**

## **Constitutional Comments (CEH 10.02.16)**

14. The recommendations fall within the remit of the Finance and Property Committee by virtue of its terms of reference.

## **Financial Comments (GB 11.02.16)**

15. The financial comments are set out within the report.

## **Background Papers and Published Documents**

16. None.

## **Electoral Division(s) and Member(s) Affected**

17. Ward(s): Arnold South, Carlton East, Carlton West  
Member(s): Cllr Muriel Weisz, Cllr Roy Allan, Cllr Nicki Brooks Cllr John Clarke,  
Cllr Jim Creamer, Cllr Darrell Pulk

File ref.: /BH/SL/1

SP: 3017

Properties affected: 00780 - Arnot Hill House, 03328 Fairdale House

**22 February 2016****Agenda Item: 14****REPORT OF CORPORATE DIRECTOR, RESOURCES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Committee's work programme for 2016.

**Information and Advice**

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-Chair, 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's work programme be noted, and consideration be given to any changes which the committee wishes to make.

**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 & PROPERTY COMMITTEE - WORK PROGRAMME**

<b><u>Report Title</u></b>	<b><u>Brief summary of agenda item</u></b>	<b><u>For Decision or Information ?</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
<b>21 March 2016</b>				
Monthly Budget & Capital Monitoring Report 2015/16	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Local Authority Mortgage Scheme	Progress Report	Info	Nigel Stevenson	Glen Bicknell
Better Care Fund	Quarter 3 Reconciliation	Info	Joanna Cooper	Joanna Cooper
Energy Costs and Procurement	Annual report	Info	Jas Hundal	Phil Keynes
Latest Estimated Costs	Schools Places Programme 2016	Info	Jas Hundal	Chris Higginson
Property Transactions	Various	Decision	Jas Hundal	Various
<b>25 April 2016</b>				
Monthly Budget & Capital Monitoring Report 2015/16	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Councillors Divisional Fund	Quarterly report on Councillors Divisional Fund	Info	Jayne Francis-Ward	Paul Davies
Operational Decisions	Quarterly report on operational property decisions	Info	Jas Hundal	Andrew Stevens
Property Transactions	Various	Decision	Jas Hundal	Various
<b>23 May 2016</b>				
Monthly Budget & Capital Monitoring Report 2015/16	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
ICT Programmes and Performance Quarter 4	Progress Report	Info	Ivor Nicholson	Ivor Nicholson

<b><u>Report Title</u></b>	<b><u>Brief summary of agenda item</u></b>	<b><u>For Decision or Information ?</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
Property Transactions	Various	Decision	Jas Hundal	Various
<b>20 June 2016</b>				
Monthly Budget & Capital Monitoring Report 2015/16	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Property Transactions	Various	Decision	Jas Hundal	Various
<b>18 July 2016</b>				
Better Care Fund	Quarter 4 Reconciliation	Info	Joanna Cooper	Joanna Cooper
Monthly Budget & Capital Monitoring Report 2015/16	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
Councillors Divisional Fund	Quarterly report on Councillors Divisional Fund	Info	Jayne Francis-Ward	Paul Davies
Property Transactions	Various	Decision	Jas Hundal	Various