



## **Finance Committee**

**Monday, 07 February 2022 at 10:30**

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

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### **AGENDA**

- |   |  |         |
|---|--|---------|
| 1 | Minutes of the last meeting held on 10 January 2022  | 3 - 4   |
| 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 | Budget Report 2022-23  | 5 - 28  |
| 5 | Financial Monitoring Report Period 9 2021-22   | 29 - 40 |
| 6 | Childrens Services - Collaborative Commissioning and Contracting   | 41 - 76 |
| 7 | Cyber Security Assurance Q2 2021-22  | 77 - 80 |
| 8 | Work Programme   | 81 - 84 |

## **CONFIDENTIAL - CONTAINS EXEMPT INFORMATION ITEMS**

### **9 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 Schedule 12A of the Local Government Act 1972 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.

#### **EXEMPT INFORMATION ITEMS**

### **10 Cyber Security Assurance Q2 2021-22 EXEMPT Report**

- Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of a crime.

#### **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 COMMITTEE
Date	10 January 2022 (commencing at 10.30am)

**Membership**

Persons absent are marked with an 'A'

**COUNCILLORS**

Richard Jackson (Chair)  
Roger Jackson (Vice Chair)

Reg Adair	Bruce Laughton
Andre Camilleri	Mike Pringle
John Clarke	Mike Quigley MBE
Jim Creamer	A - Lee Waters
A - Tom Hollis	

**SUBSTITUTE MEMBERS**

Andy Meakin for Tom Hollis.

**OFFICERS IN ATTENDANCE**

Pete Barker	Democratic Services Officer
Sarah Docksey	Service Manager, ICELS
Michael Fowler	Category Manager, Public Health
Kaj Ghattaora	Group Manager, Procurement
Laurence Jones	Service Director, Commissioning & Resources
Paul Martin	Head of Technology and Digital
Helen Neville	Senior Officer, ICELS
Nigel Stevenson	Service Director, Finance, Infrastructure & Improvement

**1. MINUTES OF THE LAST MEETING HELD ON 22 NOVEMBER 2021**

The minutes of the meeting, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

The possibility of amending the format for recording the absences of members of the Committee will be explored.

**2. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Hollis (other reasons) and Councillor Waters (other reasons).

### **3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

There were no declarations of interest.

### **4. FINANCIAL MONITORING REPORT PERIOD 8 2021-22**

**RESOLVED: 2022/001**

That the variations to the capital programme be approved.

### **5. INCREASING RESIDENTIAL CAPACITY FOR LOOKED AFTER CHILDREN**

**RESOLVED: 2022/002**

- a) That the allocation of the funding for the remaining four new 2-bed children's homes be approved in accordance with the recommendations approved by Policy Committee on the 18<sup>th</sup> March 2020, Agenda Item 6 and as detailed in the report.
- b) That a variation to the Children and Young People's Capital Programme be approved to increase the budget for the four new 2-bed children's homes by 25% and to further increase the budget for one of these four new 2-bed children's homes by £258,000.

### **6. ICT OPERATIONAL PERFORMANCE Q2 2021-22**

**RESOLVED: 2022/003**

That a progress report on the next quarter be brought to a future meeting of the Committee.

### **7. INTEGRATED COMMUNITY EQUIPMENT LOANS SERVICE (ICELS) TENDER 2023**

**RESOLVED: 2022/004**

That a report be brought back to Committee following the outcome of the tender and the award of the contract.

### **8. WORK PROGRAMME**

Events for the Platinum Jubilee will be reported to the relevant committees.

A method of involving members in the scrutiny of large projects is being investigated.

**RESOLVED: 2022/005**

That the Work Programme be updated to reflect Members' requests.

The meeting closed at 11.17am

CHAIR

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

**REVENUE BUDGET PROPOSALS 2022/23**

**CAPITAL PROGRAMME PROPOSALS 2022/23 to 2025/26**

**MEDIUM TERM FINANCIAL STRATEGY 2022/23 to 2025/26**

**COUNCIL TAX PROPOSALS 2022/23**

**Purpose of the Report**

1. To consider the contents of the budget report that will be taken to Full Council on 24 February 2022 with specific reference to:
  - the Annual Revenue Budget for 2022/23
  - the Capital Programme for 2022/23 to 2025/26
  - the Medium-Term Financial Strategy for 2022/23 to 2025/26
  - the level of the Council Tax Precept for 2022/23
  - the establishment of a £15m earmarked reserve to fund works associated with the highways review and the environment strategy.

**Background**

2. The Council continues to operate in an extremely challenging and uncertain financial environment following a period of significant budget reductions and on-going spending pressures, particularly in social care areas. This uncertainty has been exacerbated by the on-going impact of the COVID19 pandemic, a further one-year 2022/23 funding settlement, the delayed Fair Funding Review, funding uncertainties associated with the Adult Social Care Reform and Government funding uncertainty overall.
3. The COVID19 pandemic has had an unprecedented impact on the County Council's finances. Additional costs and lost income directly associated with the crisis in the current and previous financial years are forecast to be approximately £138m. The Council has managed to deal with this through a combination of Central Government support, expenditure controls and re-prioritisation of discretionary spend. The direct implications of the pandemic will continue into the 2022/23 financial year and the impact on the Council's financial position will continue to be monitored through the usual budget monitoring processes.
4. At the same time as the financial impact of the COVID19 pandemic, many Council services continue to experience increasing demand. Many of these services are those directed at the most vulnerable in society, especially in children's and adult's social care.

5. Despite the COVID19 pandemic and the challenging financial position experienced over recent years, the Council has maintained the delivery of on-going statutory and discretionary services and it continues to perform well in many areas including the following examples:-
- Supporting the most vulnerable people in our communities
  - Four new / replacement schools are / have been built in Bestwood Hawthorne Primary, Orchard Special School, Newark, Hucknall Flying High Academy and Rosecliffe Spencer Academy, Edwalton.
  - Maintaining vital Social Care services.
  - Further investment in the Highways Infrastructure across the county.
  - Full Library provision maintained with significant investment in buildings, fleet and IT.

Further evidence of major Council successes associated with the capital programme are set out from paragraph 69.

6. The Budget Report submitted to Full Council on 25 February 2021 set out the financial landscape within which the Council is operating and noted the anticipated budget shortfall of £47.7m over the three years to 2024/25.
7. The Period 9 Budget Monitoring Report that is also reported to this Committee meeting showed a net underspend position of £0.1m. This budget position was mainly as a result of a £2.9m underspend in the Adult Social Care and Public Health Committee, an overspend of £1.7m against the Children and Young People's Committee as well as various other, more minor, variations across the Council. The in-year position will continue to be reviewed throughout the year via the usual budget monitoring process.
8. As part of the budget setting process the Council has carried out a full review of the budget pressures and underlying assumptions held within the Medium-Term Financial Strategy. The Council has also received provisional information on the level of funding it can expect in 2022/23. This report outlines the recommendations that will be submitted for approval to the Full Council meeting on 24 February 2022.

### **Managing the Future – A Strategic Response**

9. At the Full Council meeting held on 25 November 2021, the Council approved The Nottinghamshire Plan 2021-31: Healthy, Prosperous, Green. This ambitious, new plan sets out the strategic vision for the future of Nottinghamshire and the local authority.
10. The activity in the Nottinghamshire Plan is built around achieving a bold 10-year vision for a 'healthy, prosperous and greener future for everyone'. The plan will focus on:
- Improving health and well-being in all our communities
  - Growing our economy and improving living standards
  - Reducing the County's impact on the environment
  - Helping everyone access the best of Nottinghamshire.
11. These are broad themes that will build resilience in our communities into the future and are supported by nine ambitions which will act as a framework for all County Council activity:

- Helping our people live healthier, more independent lives
- Supporting communities and families
- Keeping children, vulnerable adults and communities safe
- Building skills that help people to get good local jobs
- Strengthening businesses and creating more good-quality jobs
- Making Nottinghamshire somewhere people love to live, work and visit
- Attracting investment in infrastructure, the economy and green growth
- Improving transport and digital connections
- Protecting the environment and reducing our carbon footprint

12. The Plan sets out what the County Council will do over the next four years to achieve these ambitions as well as how it will measure progress and success. This will have a particular focus on supporting Nottinghamshire's communities and businesses to recover from the socio-economic impacts of the COVID19 pandemic. The Plan also details the Council's ongoing journey of improvement as we continue to deliver services in a responsive, efficient, financially sustainable and forward-looking way.
13. Finally, the Plan sets the approach the Council will take in planning and delivering its services. Our approach is to:
  - Listen to our communities
  - Support independence
  - Reduce inequalities
  - Spend money wisely
  - Make decisions based on evidence
  - Work together
  - Lead with optimism
14. The vision and ambitions of the Council Plan are far-reaching and cannot be delivered by the County Council alone. The Council is proud to be working towards a stronger future with a wide range of public, private and voluntary sector organisations as well as communities themselves.
15. Building upon the Peer Review conducted in June 2019, Nottinghamshire County Council continues to perform as an effective Council delivering good quality, citizen focused services to its residents. It has a good track record for delivering savings whilst protecting front line services. There are a range of projects that are delivering innovation and developing cutting-edge practice in service delivery. There is financial stability in the organisation and the Council has a proven track record in delivering savings while maintaining front-line services over a long period of time.
16. This budget report sets out the financial framework around which the County Council will achieve its strategic vision statements and meet the success factors that underpin the County Council's Strategic Plan.

## **Environmental Strategy**

17. The Council continues to take its environmental responsibilities seriously. In December 2020, a report was submitted to Policy Committee which provided an update on progress with the delivery of the Corporate Environment Strategy as well as establishing a new post of Environment Strategy Manager. The report also sought additional funding to take the Strategy forward and enable the Council to achieve its environmental ambitions.
18. To emphasise the Council's commitment to the environment, the policy and strategy will:-
  - Demonstrate the Council's commitment to managing the effects of its operations on the environment.
  - Provide a strategic framework that will bring corporate coherence to the Council's existing environmental improvement activities and offer a chance to showcase good practice.
  - Strengthen procurement requirements for suppliers of goods and services to demonstrate management and improvement of their own environmental impacts.
  - Contribute to furthering the efficient use of resources thereby helping to make the best use of the Council's finances.
  - Contribute to reducing the likelihood of breaching environmental regulations and suffering financial penalties and reputational damage.
  - Improve integration between policy objectives and decisions in all aspects of County Council business to maximise environmental benefits.
19. The Council's thirteen strategic environmental ambitions have been broken down into a sixty-one point Action Plan. Progress against this Action Plan, as well as an update on the £0.6m Green Investment Fund, can be seen as part of the report that went to Transport and Environment Committee in January 2022.
20. At the first meeting of the current administration in May 2021, enhanced commitments were made when Members unanimously agreed the declaration of a Climate Emergency. The Transport and Environment Committee is taking the lead in considering, agreeing and overseeing appropriate measures to achieve this Authority's commitment to achieve carbon neutrality in all its activities by 2030.
21. It is proposed that any works arising from the environment strategy are funded from an earmarked reserve established to fund highways and environmental improvements – see Financial Risks, Balances and Contingency section below.

## **Highways Review**

22. The Transport and Committee meeting held on 15 June 2021 agreed to the commencement of a cross-party highways review. A summary of the agreed scope of the review is set out below:
  - Review of relative performance against national and Council metrics
  - Practice, policy and guidance



- Capital maintenance programme including funding allocation methodologies across the county for the annual capital maintenance repair methods, use of technology and innovation.
- Revenue maintenance programme – highway and associated footway repair treatment – include review of Viafix and use of technology and innovation
- Utility works – including co-ordination, traffic management damage to infrastructure
- Work quality and value for money – review processes to ensure quality work and value for money is delivered
- Performance management – review of performance management arrangements and contract management of Via
- Communications
- Drainage, Tree Maintenance and Verge Maintenance
- Functions and Leadership – including review of functional split between NCC and Via.

23. A further report to Transport and Highways Committee in December 2021 recommended that the actions arising from the Highways Review are delivered through a Highways Improvement Plan with continuing monitoring from the Highways Review Panel alongside continued external support and challenge.

24. Approved improvement outcomes and recommendations from the cross-party highways review panel can be summarised as follows:

- Move to a right first time approach to highway maintenance and reduce the need to use reactive short-term maintenance
- Recognise that prevention is better than cure and that whole street approaches are desirable
- Publish a longer-term programme of capital works to support our ability to plan for the long term and keep residents well informed about this
- Maintain our overall network condition and seek to improve it within financial constraints, whilst prioritising local roads (the unclassified network) alongside our footways wherever possible
- Improve our communications so that residents are better informed about our work and understand our approaches
- Improve our major capital programme management
- Increase our effectiveness and efficiency, maximising the return on our investment in highways by ensuring that our highways policies and strategy drive our maintenance priorities and treatments / techniques alongside our increased use of innovation and technology.

25. It is proposed that any works arising from the highways review are funded from an earmarked reserve established to fund highways and environmental improvements – see Financial Risks, Balances and Contingency section below.

### **Continuing COVID19 Pandemic**

26. As set out above, the COVID19 pandemic has had an unprecedented impact on the County Council's finances. Additional costs and lost income directly associated with the crisis in the

previous and current financial year are forecast to be approximately £138m. These costs have been and will continue to be funded from a combination of specific and general COVID19 grants received from Central Government.

27. The Council continues to respond to the changing consequences of the COVID19 pandemic. It is also important to note that considerable uncertainty does still remain regarding the longer-term implications of recovering from the pandemic both from an expenditure and an income perspective. The COVID19 risks will continue to be monitored closely through the usual budget monitoring processes with a particular focus on the known risk areas of Adult Social Care, Looked After Children, Home to School Transport, Schools Catering and Vulnerable Families. No further COVID19 funding has been announced by Central Government from 2022/23 onwards.

### **Autumn Statement 2021 and Local Government Settlement 2022/23**

28. Although the Autumn Statement, announced on 27 October 2021, set out high level indicative Departmental allocations for three years, the Local Government Finance Settlement only set out a one-year settlement for local authorities. As such, there continues to be further uncertainty beyond 2022/23 which will remain until further funding announcements are made.
29. On 16 December 2021, the provisional Local Government Settlement 2022/23 was announced by the Secretary of State for Levelling Up, Housing and Communities Rt Hon Michael Gove MP. The key announcements that will affect the Council are as follows:-
- Core Spending Power increases by an average of 6.9% - assuming all authorities levy the maximum precept allowed
  - A confirmed £33.5m Social Care Grant allocation in 2022/23, an increase of £9.2m from 2021/22
  - A confirmed one-off £7.5m Services Grant for 2022/23
  - A confirmed £2.4m Market Sustainability and Fair Cost of Funding Grant
  - A confirmed Revenue Support Grant allocation of £7.3m, an increase of £0.2m from 2021/22
  - An Improved Better Care Fund allocation of £30.9m, an increase of £0.9m from 2021/22
  - The Council Tax threshold will remain at 1.99% for 2022/23 with an additional 1% flexibility for the Adult Social Care (ASC) Precept - plus any carried forward from previous years where Council's did not take the full 3% ASC precept increase
  - A £1.6m New Homes Bonus allocation includes the final legacy payment of the bonus for 2019/20
  - The Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. A consultation on the Fair Funding Review is expected in Spring 2022.
  - No additional COVID19 funding was announced.
30. The 2022/23 Settlement is a further one-year settlement and, as such, considerable uncertainty beyond 2022/23 will remain until future announcements are made.

## **Movements in the Medium-Term Financial Strategy (MTFS)**

31. The Budget report to Full Council in February 2021 forecast a budget gap of £47.7m for the three years to 2024/25. As part of the budget setting process, the MTFS has been rolled forward a year to reflect the four-year term to 2025/26 and a rigorous review of the Council's MTFS assumptions has taken place. The impact of these is set out in the paragraphs below.
32. The provisional local government settlement has provided allocation details for 2022/23 only. As a result, there continues to be much uncertainty surrounding the future of local government funding particularly with regard to the Fair Funding Review. Other areas of uncertainty exist throughout the term of the MTFS such as the continuing impact of the COVID19 pandemic, levels of future Government Grants and the implications of the proposed Social Care reforms. As such, the MTFS will continue to be reviewed regularly to ensure that it reflects the latest information available.

## **Revised Pressures and Running Cost Inflation**

33. When the 2021/22 budget was approved in February 2021, specific pressures and non-pay inflationary pressures totalling £106.6m were identified for the period 2021/22 to 2024/25 of which £24.9m related to 2021/22.
34. A review has been undertaken whereby Departments were asked to both justify existing pressures and identify any new pressures faced over the medium term. These bids have continued to be revised and total specific pressures and non-pay inflationary pressures to 2025/26 now total £125.4m. Table 1 below tracks the movement in pressures and inflation that has occurred since February 2021 with details of the revised figures in Appendix A.
35. Appendix A identifies that the Council's main pressures relate to Demographic changes together with growth in External Placements for Looked After Children, increases to the National Living Wage and Special Educational Needs and Disabilities (SEND) Transport Growth.
36. In recent years, no uplift has been provided for inflation on non-pay items, except where a specific business need has been identified. It is proposed that this approach is continued for the duration of the MTFS. A report to Finance Committee in November 2021, however, did outline concerns that material and staffing shortages due to COVID19 and the impact of the UK leaving the EU was driving abnormal inflation rates across the construction sector. This is exacerbated by substantially increased energy and fuel costs which has led to higher generalised inflation and will have an impact on the Council's ability to deliver projects and services. These challenges faced by the council will need to be continually reviewed over the MTFS.

**Table 1 – Movement in Pressures and Inflation**

Committee	2022/23 to 2024/25			Add Year 2025/26	Current Total 2022/23 to 2025/26
	Original Demand Pressures	Original Inflation	Net Movement		
Adult Social Care & Public Health	7.8	(0.7)	7.1	13.0	63.2
Children & Young People	5.6	3.0	8.6	11.1	48.9
Economic Development & Asset Management	0.5	(0.1)	0.4	0.1	0.8
Transport & Environment	0.2	(0.0)	0.2	3.3	12.6
<b>Total</b>	<b>14.1</b>	<b>2.1</b>	<b>16.2</b>	<b>27.4</b>	<b>125.4</b>

### Pay Award Inflation

37. The County Council continues to be part of nationally determined local government pay bargaining arrangements. These are negotiated by the National Joint Council made up from the national employers and the recognised trade unions. Based upon previous rises and current estimates the MTFs assumes an annual 3% increase for 2022/23 and 2023/24 with a further 2% increase in 2024/25 to 2025/26.

### Savings / Efficiencies

38. The MTFs includes previously approved savings options totalling £0.7m from 2021/22. In addition to this, the Council has approved a number of further savings and efficiencies through appropriate Committees that total £11.0m. The achievement of agreed savings will be monitored throughout the year as part of the usual budget monitoring processes.

### MTFS Assumptions and Projections

39. Similar to previous years a detailed review has been undertaken of the assumptions that underpin the MTFs.

### Interest and Borrowing

40. The level of borrowing undertaken by the Council is heavily influenced by the capital programme and the associated expenditure profile of approved schemes. Slippage can result in reduced borrowing in the year, although this will still be incurred at a later date when schemes are completed. Interest payments are based on an estimated interest rate which can also fluctuate depending on the market rates at the time the borrowing is undertaken. The level of external borrowing undertaken will also increase as the Council's level of reserves declines, as this effectively reduces the Council's ability to borrow internally.

41. The Council's position is monitored regularly in relation to these two variables and the latest budget monitoring report forecasts a breakeven position for the current year. The budget for interest and debt repayments has been reviewed to meet expected costs in 2022/23. This budget will continue to be closely monitored to ensure interest and debt payments are adequately provided for in future years.

## **Contingency**

42. An acceptable minimum level of contingency is needed for unforeseen events, redundancy payments and non-delivery of savings. This is even more critical in an increased risk environment due to uncertainty around budget pressures, achievability of savings, pay award, the impacts of higher inflation and the continuing need to respond to the COVID19 pandemic. As part of the budget construction process, the base level for the 2022/23 Contingency budget has been set at £7.1m
43. In 2021/22, an estimate of £3.5m was added to Contingency to fund the 2021/22 Pay Award which has still yet to be confirmed and allocated to departments. In addition, there is now a need to provide for an estimated pay award budget of £5.4m in relation to 2022/23 which will also be earmarked for future allocation to Departments once agreed.
44. Also, in September 2021 the Government announced an increase of 1.25% to be applied to National Insurance contributions from 1<sup>st</sup> April 2022. This uplift has been estimated at costing an additional £1.3m in employer contributions which will also be added to Contingency and subsequently allocated to departments.
45. As a consequence of the significant funds allocated to Contingency to fund pay related uncertainty, it is proposed to allocate such items to a separate Pay Contingency to provide distinction from the general Contingency budget allocation. The Pay Contingency for 2022/23 will therefore be set at £10.2m

## **Tax Base**

46. As new houses are built the council tax base increases. Over the last 5 years the growth rate has fluctuated due, in part, to the challenging economic climate.
47. The District and Borough Councils have provided tax base estimates for 2022/23 which equate to growth of 1.97%. A forecast tax base growth assumption of 1.20% per annum has been factored into the MTFs based on the latest trend of base growth.

**Table 2 – Council Tax Base 2022/23**

	Taxbase 2020/21	Assumed growth of 1.2%	Band D Precept £1580.85	Confirmed % Change	Confirmed Taxbase	Band D Precept £1580.85
Ashfield	33,731.70	34,136.48	£52,397,790	0.95%	34,052.70	£52,269,192
Bassetlaw	35,771.49	36,200.75	£55,566,341	1.75%	36,396.81	£55,867,284
Browtove	34,217.46	34,628.07	£53,152,356	0.91%	34,530.00	£53,001,824
Gedling	37,389.96	37,838.64	£58,080,420	1.03%	37,776.42	£57,984,916
Mansfield	29,512.20	29,866.35	£45,843,354	3.54%	30,557.30	£46,903,928
Newark	40,002.05	40,482.07	£62,137,953	3.01%	41,205.00	£63,247,615
Rushcliffe	44,259.60	44,790.72	£68,751,516	2.55%	45,387.60	£69,667,697
<b>Total</b>	<b>254,884.46</b>	<b>257,943.08</b>	<b>£395,929,731</b>	<b>1.97%</b>	<b>259,905.83</b>	<b>£398,942,456</b>
<b>Addition / (Reduction) to funding in MTFS from confirmed figures</b>						<b>£3,012,725</b>

### Council Tax Surplus/Deficit

48. Each year an adjustment is made by the District and Borough Councils to reflect the actual collection rate of Council Tax in the previous year. Sometimes this gives rise to a surplus, payable to the County Council, or a deficit which is offset against the future years' tax receipts. As a result of pressures associated with the COVID19 pandemic, deficits estimated by billing authorities in 2020/21 were allowed by Government legislation to be spread over the three years 2021-22 to 2023-24. After application of this phasing arrangement, the figures confirmed from the District and Borough Councils equates to a net surplus of £4.1m in 2022/23. The final phased net deficit allowance of £1.2m, relating to the 2020/21 deficit, is applied to 2023/24.

### Government Grants

49. As announced in the 2022/23 provisional finance settlement the following government grants will be received in 2022/23:-
- £33.5m - Social Care Grant
  - £7.5m – Services Grant
  - £30.9m - Improved Better Care Fund
  - £2.4m - Market Sustainability and Fair Cost of Funding Grant
  - £7.3m – Revenue Support Grant
50. Also, for Nottinghamshire, the 2021/22 New Homes Bonus funding has been confirmed at £1.6m.

51. All of the above government grants have been reflected in the MTFs for 2022/23. In addition, as a consequence of the direction of travel set out in the Chancellors three-year Comprehensive Spending review, it is assumed that:
- the Social Care Grant increases by £9.2m in both 2023/24 and 2024/25 and remains unchanged into 2025/26
  - the Services Grant is reduced to £4.0m per annum to 2025/26
  - The Revenue Support Grant increases to £7.4m in 2023/24 and then remains unchanged to 2025/26

### **Funding Transformation**

52. The Chancellor announced in the 2015 Autumn Statement changes to the rules for the use of capital receipts. From 1 April 2016, for a three-year period, local authorities were able to spend any revenues they generate from selling surplus assets to fund expenditure on projects that:-
- Generate on-going revenue savings in the delivery of public services,
  - Transform service delivery to reduce costs,
  - Transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.
53. As part of the Provisional Local Government Finance Settlement announced in December 2017 this flexibility was extended to the end of the 2021/22 financial year. No further extensions have been announced.
54. It is proposed therefore that capital receipts received from 2022/23 onwards will be treated as set out in paragraph 93 below. From 2022/23, the costs of transformation will need to be met from the Authority's reserves.

### **Council Tax and Adult Social Care Precept 2022/23**

55. The 2022/23 Provisional Local Government Settlement announced by the Government in December 2021 set out funding plans for councils in England to help them to deliver the services that their residents need. It was confirmed that the 2022/23 referendum threshold has been set at 1.99%.
56. Also in the announcement, it was confirmed that there will be further flexibility to levy an Adult Social Care Precept of 1%, plus any carried forward from previous years where Council's did not take the full ASC precept increase available.
57. The Core Spending Power issued by the Government therefore affirmed the expectation that, in addition to the usual assumptions with regard to tax base growth, Councils would increase their overall Council Tax by 1.99% plus any ASC Precept carried forward from previous years.
58. In determining the local government settlement, the Government has assumed that the Council would take the maximum Adult Social Care Precept and increase the Council Tax

to the maximum level in 2022/23. The Council, however, has carefully considered balancing the requirements of the Authority to deliver services and the increased cost of those services to meet the needs of the most vulnerable residents against important affordability issues and the increasing cost of living challenges that residents face. It is proposed therefore that, rather than raising local taxation to the maximum level in 2022/23, Council Tax is increased by 1.00% and the Adult Social Care Precept is implemented at 3%. Future Council Tax increases of 1.99% per annum have also been factored into the MTFs together with annual 1% Adult Social Care Precept increases to 2024/25.

59. 60% of properties in Nottinghamshire are in Bands A and B. As a consequence, the majority of households across Nottinghamshire will see a Council Tax increase of less than £0.86 per week. The average increase for all households across the county will be £1.03.

**Table 3 – Impact of 3.00% Social Care Precept on Local Tax Levels  
(County Council Element) 2022/23**

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2021/22 £	County Council 2022/23 £	Change £
A	Up to £40,000	146,397	39.1%	6/9	99.76	131.38	<b>31.62</b>
B	£40,001 to £52,000	77,141	20.6%	7/9	116.39	153.28	<b>36.89</b>
C	£52,001 to £68,000	63,963	17.1%	8/9	133.01	175.17	<b>42.16</b>
D	£68,001 to £88,000	43,458	11.6%	1	149.64	197.07	<b>47.43</b>
E	£88,001 to £120,000	24,642	6.6%	11/9	182.89	240.86	<b>57.97</b>
F	£120,001 to £160,000	11,888	3.2%	13/9	216.15	284.66	<b>68.51</b>
G	£160,001 to £320,000	6,392	1.7%	15/9	249.40	328.45	<b>79.05</b>
H	Over £320,000	485	0.1%	18/9	299.28	394.14	<b>94.86</b>

**Table 4 – Impact of 1.00% Increase on Local Tax Levels  
(County Council Element) 2022/23**

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2021/22 £	County Council 2022/23 £	Change £
A	Up to £40,000	146,397	39.1%	6/9	954.14	964.68	<b>10.54</b>
B	£40,001 to £52,000	77,141	20.6%	7/9	1,113.16	1,125.46	<b>12.30</b>
C	£52,001 to £68,000	63,963	17.1%	8/9	1,272.19	1,286.24	<b>14.05</b>
D	£68,001 to £88,000	43,458	11.6%	1	1,431.21	1,447.02	<b>15.81</b>
E	£88,001 to £120,000	24,642	6.6%	11/9	1,749.26	1,768.58	<b>19.32</b>
F	£120,001 to £160,000	11,888	3.2%	13/9	2,067.30	2,090.14	<b>22.84</b>
G	£160,001 to £320,000	6,392	1.7%	15/9	2,385.35	2,411.70	<b>26.35</b>
H	Over £320,000	485	0.1%	18/9	2,862.42	2,894.04	<b>31.62</b>



**Table 5 – Recommended levels of Council Tax and Social Care Precept 2022/23**

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2021/22 £	County Council 2022/23 £	Change £
A	Up to £40,000	146,397	39.1%	6/9	1,053.90	1,096.06	<b>42.16</b>
B	£40,001 to £52,000	77,141	20.6%	7/9	1,229.55	1,278.74	<b>49.19</b>
C	£52,001 to £68,000	63,963	17.1%	8/9	1,405.20	1,461.41	<b>56.21</b>
D	£68,001 to £88,000	43,458	11.6%	1	1,580.85	1,644.09	<b>63.24</b>
E	£88,001 to £120,000	24,642	6.6%	11/9	1,932.15	2,009.44	<b>77.29</b>
F	£120,001 to £160,000	11,888	3.2%	13/9	2,283.45	2,374.80	<b>91.35</b>
G	£160,001 to £320,000	6,392	1.7%	15/9	2,634.75	2,740.15	<b>105.40</b>
H	Over £320,000	485	0.1%	18/9	3,161.70	3,288.18	<b>126.48</b>

60. The overall impact of all the changes since the February 2021 Full Council report are shown in Table 6:

**Table 6 – Updated MTFS**

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Year on Year Savings requirement (February Report)	<b>17.6</b>	<b>14.6</b>	<b>15.5</b>	-	<b>47.7</b>
Additional Pressures / Inflation	10.2	5.2	0.8	27.4	<b>43.6</b>
Increase in Contingency for Pressures Risk	4.2	-	-	-	<b>4.2</b>
Change in Pay / Pension Related Inflation	1.9	1.9	0.1	3.9	<b>7.8</b>
Approved Efficiencies & Base Budget Adjustments	<b>(6.0)</b>	<b>(3.6)</b>	<b>(0.4)</b>	0.1	<b>(9.9)</b>
Change in Grant Funding	<b>(22.9)</b>	<b>(4.9)</b>	<b>(9.2)</b>	<b>(2.3)</b>	<b>(39.3)</b>
Increase in Council Tax	<b>(0.1)</b>	<b>(4.2)</b>	<b>(4.6)</b>	<b>(9.4)</b>	<b>(18.3)</b>
Change in Council Tax Base / Reserve Assumptions	<b>(0.2)</b>	<b>(6.6)</b>	4.3	<b>(5.0)</b>	<b>(7.5)</b>
Change in Council Tax Surplus	<b>(5.2)</b>	5.2	-	-	-
Other Corporate Adjustments	0.5	0.6	<b>(0.3)</b>	-	<b>0.8</b>
<b>Revised Gap</b>	-	<b>8.2</b>	<b>6.2</b>	<b>14.7</b>	<b>29.1</b>

**Financial Risks, Balances and Contingency**

61. The County Council is legally obliged to set a balanced budget for each financial year. Additionally, a four year medium term financial strategy is required. As previously reported, there are significant risks and uncertainties associated with the current environment that

local authorities are operating within, both short and medium term. It is therefore of paramount importance that the County Council takes appropriate measures to mitigate against these risks, whilst acknowledging that, given the level of uncertainty overall, contingency plans may not be sufficient.

62. The main financial risks associated with the initial budget proposals are as follows:

- The on-going financial impact of the COVID19 pandemic and the implications that this may have on the delivery of council services
- The estimated future increases in Central Government grants set out in the MTFS are not in line with future announcements
- The cost pressures factored into the budget may not be sufficient to meet the underlying cost and demand pressures that actually arise, particularly with regard to increased demand for Adults and Children’s Social Care Services, Transport Services, the impact of the National Living Wage, agreement of the pay award, the impact of the proposed Adult Social Care reform and any extra burdens identified by Central Government
- The 2022/23 Settlement reflects a one-year settlement only. Despite the direction of travel set out in the 2021 Comprehensive Spending Review, considerable uncertainty beyond 2022/23 will remain until further funding announcements are made
- The outcome of the Fair Funding Review has been delayed further.

63. Adequate levels of balances and contingency need to be maintained in order to provide short-term flexibility to manage unforeseen events, and to allow for the necessary longer-term changes to be implemented. Central Government continues to encourage local authorities to use reserves to support their transformation agenda. More detail regarding the need to hold balances will be reported to Full Council as part of the 2022/23 Budget Report.

64. It is proposed that a £15m earmarked reserve is established to fund works emerging from both the environment strategy and the highways review over the next four years.

65. The current level of balances is shown in Table 7. The General Fund Balance is a reserve which is not bound by any specific criteria. Earmarked reserves have to be applied to specific schemes, and a large proportion relates to the reserves that support the PFI schemes in waste and schools. Reserves are “one-off” funds so it is recommended that they are limited to supporting one-off expenditure rather than funding on-going costs.

**Table 7 – Current Forecast Level of Reserves and Balances**

	<b>General Fund £m</b>	<b>Earmarked Reserves £m</b>	<b>Total £m</b>
Balance as at 1 April 2021	32.1	147.6	<b>179.7</b>
Approved use in current year	0.1	(6.1)	<b>(6.0)</b>
<b>Expected Balance 31 March 2022</b>	<b>32.2</b>	<b>141.5</b>	<b>173.7</b>

## Capital Programme and Financing

66. Local authorities are able to determine their overall levels of borrowing, provided they have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. It is therefore possible to increase the capital programme and finance this increase by additional borrowing provided that this is “affordable, prudent and sustainable”. This is in addition to capital expenditure funded from other sources such as external grants and contributions, revenue and reserves. The revenue implications of the capital programme are provided for and integrated within the revenue budget.
67. The Council’s Capital Programme has been reviewed as part of the 2022/23 budget setting process and a strategy to limit borrowing to that which was already approved as at February 2021 was agreed. This will ensure that the cost of financing the capital programme is managed within existing limits and thereby restricting the impact on the on-going revenue budget.
68. As reported to Finance Committee in January 2021, significant variations and slippage have been identified through the monthly capital monitoring process. The capital programme is monitored closely in order that variations to expenditure and receipts can be identified in a timely manner. Any subsequent impact on the revenue budget and associated prudential borrowing indicators is reported to the Finance Committee.

## Major Capital Programme Successes

69. **Roads Maintenance and Renewals** – The Council has identified investment in the highways infrastructure across the county as an important strategic objective. This commitment can clearly be seen as expenditure against the Roads Maintenance and Renewals programme has exceeded £120m since April 2017. This includes over £20m of the Council’s own funding on top of grant funding received from the Department for Transport. A total of 250 schemes are programmed for completion in 2021/22 of which 193 have been completed to date.
70. **Gedling Access Road** – This major transport scheme will enable the realisation of a key strategic development site in Gedling. It will also fulfil the long term ambition to provide a bypass around Gedling Village. The project is to be delivered by key public sector partners working jointly towards achieving common objectives for the future development of the former Gedling Colliery site.
71. **New / Replacement Schools** – The Schools Place programme focuses on the Council’s statutory duty to provide sufficient school places. The Council works closely with academies and the voluntary aided sector to meet this statutory responsibility and function. As part of this programme four new / replacement schools are / have been built in Bestwood Hawthorne Primary, Orchard Special School, Newark, Hucknall Flying High Academy and Rosecliffe Spencer Academy, Edwalton with new schools at East Leake and Bingham in the pipeline.
72. **Digital Connectivity in Nottinghamshire** – Nottinghamshire has cemented its position in the top three most digitally connected counties in the UK through its range of strategies, policy initiatives and capital funding. The Council has an outstanding record of delivering world class digital infrastructure particularly the roll-out of superfast broadband. Standing at

76% coverage in 2011, the figure is now 98.7% a figure that is 2% higher than the national average and our neighbouring counties. The programme is now aiming at the goal of achieving 99% by the end of 2021/22. Take-up in the county also continues to rise thereby triggering gainshare funding which will be used to fund further improvements. The Council, in partnership with academic researchers and local businesses, has also created the world's first 5G Connected Forest within the historic Sherwood Forest area, due for completion in March 2022 and, through the Getting Building Fund, is delivering the 5G Digital Turbine project.

73. **Homes England Projects** – By embracing the ethos of working closely with Government in order to bring forward new housing, the Council has been very successful in securing external funding of £9.0m from Homes England. This funding, along with £4.5m matched funding contributions, will help fund an increase in the supply of new homes by helping to remove the barriers facing local authorities with development on their sites. Sites at Lowmoor Road and Caudwell Road are benefiting from this funding as well as a further major project at Top Wighay Farm near Hucknall.
74. **Investing in Nottinghamshire** – As set out in a report to Economic Development and Asset Management Committee in November 2021, the Council has established an Investing in Nottinghamshire capital programme that sets out to utilise the Council's property estate to deliver, environmental, economic and financial benefits in a post- COVID19 world. This programme funding allows for the delivery of an ambitious programme of projects that will improve, refurbish or build new offices across multiple sites of the Council's estate which in turn would deliver widespread benefits across our services and the local economy.
75. During the course of 2021/22, some variations to the capital programme have been approved by Policy Committee, Finance Committee and by the Section 151 Officer in accordance with the Council's Financial Regulations. Following a review of the capital programme and its financing, some proposals have been made regarding both new schemes and extensions to existing schemes in the capital programme. These proposals are identified in paragraphs 76 to 88. Schemes will be subject to Latest Estimated Cost (LEC) reports in accordance with the Council's Financial Regulations.

### **Children and Young People (CYP)**

76. **School Building Improvement Programme** – The Department for Education has yet to announce the Schools Capital Maintenance (SCM) grant allocations for 2022/23 onwards. The 2021/22 allocation was confirmed at £9.5m and it is proposed that an estimated SCM grant allocation of £4.5m is reflected in the capital programme from 2022/23 until 2025/26. It is also proposed that this grant is top sliced by £0.3m from 2022/23 to 2025/26 to provide funding to further the School Access Initiative (SAI) programme.

**It is proposed that the Children and Young People capital programme is varied to reflect an estimate SCM Grant of £4.5m from 2022/23 to 2025/26. It is also proposed that the SCM budget is top sliced by £0.3m in 2022/23 to 2025/26 to further the SAI programme.**

77. **School Places Programme** – An analysis of school places sufficiency across Nottinghamshire is undertaken on a regular basis. The Authority has received a 2022/23 Basic Need grant of £1.2m. Further Basic Need grant announcements are expected in

Spring 2022 but until then it is proposed that estimated further School Places Grant of £2.0m per annum are included in 2023/24 to 2025/26 of the Children and Young People's capital programme.

**It is proposed that the Children and Young People capital programme is varied to reflect an estimated School Places Grant of £2.0m per annum to 2025/26.**

78. **Clayfields House** - The Council has been successful in securing £2.8m of external funding from the Department for Education to carry out improvement works of the Loxley and Sherwood House Units at Clayfields House Secure Unit. The works will help to address feedback from the OFSTED inspection which took place in June 2021 and bring these units up to the same standards as achieved elsewhere on the site.

**It is proposed that the Children and Young People capital programme is varied to reflect the £2.8m grant received from the department for Education to carry out improvement works at Clayfields House.**

79. **Mill Adventure Base** – A spend to save initiative is already approved within the Children and Young People's Committee capital programme. The estimated cost of the project has increased by £0.5m due to an enhanced provision and following more detailed feasibility work which has identified increased construction material and contractor costs. It is proposed that the estimated costs are funded from borrowing in the first instance which will then be fully replenished from future income generation.

**It is proposed that the Children and Young People capital programme is varied by £0.5m to enable the delivery of spend to save developments at the Mill Adventure Base, funded from borrowing to be replenished from future income generation at the site.**

80. **New CYP System** – In the Children and Young People's Committee an exercise is underway to procure the replacement education, early years and youth justice systems as the current contract is due to end in March 2023. The cost required to procure the system and bring it into operation is estimated to be £0.3m.

**It is proposed that the Children and Young People capital programme is varied by £0.3m to enable the procurement of a new education, early years and youth justice system, funded from borrowing.**

## **Transport & Environment**

81. **Road Maintenance and Renewals Programme** – Department for Transport (DfT) Capital Block allocations for 2022/23 and future years have not yet been announced. It is expected however that future year's allocations will be very much in line with the 2021/22 allocations received. It is proposed therefore that an annual estimated grant figure of £18.6m is included in the capital programme from 2022/23 onwards to reflect the estimated block allocations from the DfT to fund the Roads Maintenance and Renewals programme. The capital programme will be reviewed once the actual grant allocations are announced.

**It is proposed that the Transport and Environment Committee capital programme is varied to reflect estimated DfT annual grant allocations of £18.6m to fund the Roads Maintenance and Renewals capital programme.**

82. **Integrated Transport Measures Programme** – Department for Transport (DfT) Capital Block allocations for 2022/23 and future years have not yet been announced. It is expected however that future year’s allocations will be very much in line with the 2021/22 allocations received. It is proposed therefore that an annual estimated grant figure of £3.9m is included in the capital programme from 2022/23 onwards to reflect the estimated block allocations from the DfT to fund the Integrated Transport Measures programme. The capital programme will be reviewed once the actual grant allocations are announced.

**It is proposed that the Transport and Environment Committee capital programme is varied to reflect estimated DfT annual grant allocations of £3.9m to fund the Integrated Transport Measures capital programme.**

83. **Gedling Access Road** - The latest costs for the delivery of the Gedling Access Road and the overall project position was reported to Finance Committee in November 2021. Finance Committee approved a variation to the capital programme of £8.6m to allow the completion of the project.

**It is proposed that the Transport and Environment Committee capital programme is increased by £8.6m to reflect the revised estimated cost of the Gedling Access Road, as set out in the report to Finance Committee in November 2021.**

84. **Waste Management** – A review of Waste Management costs associated with the Eastcroft Incinerator has been undertaken. The current approved capital programme includes a revenue contribution from the Communities and Place revenue budget. Following review, these contributions have been amended as follows:-

2022/23	2023/24	2024/25	2025/26
£000	£000	£000	£000
714	253	711	306

**It is proposed that the Transport and Environment Committee capital programme is varied to reflect the revised estimated contributions from the Transport and Environment revenue budget towards costs associated with the Eastcroft Incinerator as shown above.**

85. The Transport and Environment Committee approved capital programme also includes a number of additional green initiatives as follows:-
- **Carbon Management Programme and the Energy Saving Scheme** - These programmes of work identify and undertake projects that enable energy savings to be made and carbon emissions to be reduced. They also enable investment in spend to save energy and water efficiency measures to supplement the current capital programme and maintenance budgets. All savings are recycled to fund further energy savings

projects. The total budget included in the capital programme for these green initiatives is £2.1m.

- **Street Lighting** – This programme of work is aimed at replacing the lanterns in street lights for lower energy options to realise an energy saving. The total budget included in the capital programme to fund street light replacements is £4.0m.
- **Flood Mitigation Projects** – The Council has been successful in securing £4.3m external funding to carry out flood mitigation projects in Southwell. This funding, alongside a £0.7m contribution from the Council’s Flood Alleviation and Drainage programme, will fund two schemes that are scheduled for completion by Summer 2022 and will benefit approximately 240 properties and 60 businesses. In addition, the Council has used its own resources to enable the delivery of a £1.0m Property Flood Resilience programme to properties vulnerable to flooding across the county.

### **Economic Development and Asset Management**

86. **Hybridisation Programme** – A report was submitted to the Economic Development and Asset Management Committee in January 2022 which approved £0.4m investment in Hybrid Meeting and Live Streaming technology at County Hall to support and facilitate the delivery of Hybrid meetings in the Council Chamber, the Rufford Suite and Committee Rooms B and C.

**It is proposed that the Economic Development and Asset Management Committee capital programme is varied by £0.4m to fund Hybrid Meeting and Live Streaming Technology at County Hall, funded from grant.**

### **Finance**

87. **Computer Equipment Replacement Programme** – A need has been identified to extend the Computer Equipment Replacement Programme. The COVID19 pandemic has reshaped the way that Council employees work and during the past two years more staff have been forced to work remotely thereby impacting on the Council’s ICT estate.

A further £5.4m funding is required to ensure that sufficient ICT devices can be purchased to ensure that our workforce can execute their work in an efficient and effective manner with reliable, performant devices. It is proposed that the following extension to the CERP programme is funded from COVID19 grant

Year	Value
2022/23	£1.785m
2023/24	£2.535m
2024/25	£1.035m

**It is proposed that the Finance Committee capital programme is varied by £5.4m to reflect the requirement for additional ICT devices as a result of the changed way in which the Council's employees work, funded from COVID19 grant.**

88. In addition to the variations to increase the capital programme, there are two requirements to reduce the capital programme. Firstly, the project to introduce a new Rushcliffe Recycling Centre has been removed from the programme until a full review of the county's household waste recycling service has been completed. Also, the Authority will not use all of the Homes England grant received to bring forward developments at Lowmoor Road and Caudwell Road and so an element of the grant will be returned. The projects have progressed to planning permission submission stage but further works were considered unaffordable to be funded from the grant.

### **Capital Programme Contingency**

89. The capital programme requires an element of contingency funding for a variety of purposes, including urgent capital works, schemes which are not sufficiently developed for their immediate inclusion in the capital programme, possible match-funding of grants and possible replacement of reduced grant funding.
90. A number of capital bids described above are proposed to be funded from uncommitted contingency. The levels of contingency funding remaining in the capital programme are as follows:-

<b>2022/23</b>	<b>£4.6m</b>
<b>2023/24</b>	<b>£4.6m</b>
<b>2024/25</b>	<b>£4.6m</b>
<b>2025/26</b>	<b>£4.6m</b>



## Revised Capital Programme

91. Taking into account schemes already committed from previous years and the additional proposals detailed in this report, the summary capital programme and proposed sources of financing for the years to 2025/26 set out in Table 8.

**Table 8 – Summary Capital Programme**

	Revised 2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
<b>Committee:</b>						
Children & Young People*	19.844	43.193	12.139	11.301	6.500	92.977
Adult Social Care & Public Health	0.971	0.000	0.000	0.000	0.000	0.971
Transport & Environment	57.903	46.268	27.908	28.502	23.203	183.784
Communities	2.013	1.943	0.500	0.500	0.500	5.456
Economic Devt & Asset Mngt	19.238	22.439	6.400	3.335	2.400	53.812
Finance	10.083	7.069	5.145	3.645	2.610	28.552
Personnel	0.151	0.000	0.000	0.000	0.000	0.151
Contingency	0.000	4.600	4.600	4.600	4.600	18.400
<b>Capital Expenditure</b>	<b>110.203</b>	<b>125.512</b>	<b>56.692</b>	<b>51.883</b>	<b>39.813</b>	<b>384.103</b>
<b>Financed By:</b>						
Borrowing	39.751	56.420	17.660	14.595	9.960	138.386
Capital Grants	63.112	64.219	35.774	35.072	29.077	227.254
Revenue / Reserves	7.340	4.873	3.258	2.216	0.776	18.463
<b>Total Funding</b>	<b>110.203</b>	<b>125.512</b>	<b>56.692</b>	<b>51.883</b>	<b>39.813</b>	<b>384.103</b>

\* These figures exclude Devolved Formula Capital allocations to schools.

## Capital Receipts

92. In preparing the capital programme, a full review has been carried out of potential capital receipts. The programme still anticipates significant capital receipts over the period 2022/23 to 2025/26. Any shortfall in capital receipts is likely to result in an increase in prudential borrowing. Forecasts of capital receipts are shown in Table 9.

**Table 9 – Forecast Capital Receipts**

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
<b>Forecast Capital Receipts</b>	<b>8.4</b>	<b>11.8</b>	<b>37.1</b>	<b>29.1</b>	<b>14.7</b>	<b>101.1</b>

93. As set out in paragraph 59, a decision was taken as part of the recent capital programme review to limit borrowing to what is already approved in the capital programme. To further minimise the impact of the cost of borrowing on the revenue budget it is proposed that capital receipts, to the value approved as part of the February 2021 budget report, are set against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision

on the revenue accounts. This will enable excess capital receipts may be used to fund any future additional capital investment.

## **Statutory and Policy Implications**

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

## **RECOMMENDATION/S**

- 1) That a report be prepared for County Council on 24 February 2022 based on the budget proposals as set out in this report, including the proposed Council Tax and Adult Social Care Precept increases and the establishment of a £15m earmarked reserve to fund works associated with the highways review and the environment strategy.

**NIGEL STEVENSON**  
**SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT**

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

### **Constitutional Comments (KK 27/01/2022)**

The Finance Committee has responsibility for the financial management of the Authority including recommending to Council the financial strategy, annual revenue budget, annual capital budget and precept on billing authorities. The proposal in this report is therefore within the remit of this Committee.

### **Financial Comments (NS 31/01/2022)**

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.

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

All

## Summary of Departmental Cost Pressures

	2022/23	2023/24	2024/25	2025/26	TOTAL
	£000	£000	£000	£000	£000
<b>Children &amp; Young People</b>					
Non Looked After Children Placements	94	94	94	94	376
Demographic Pressures - Edn, Health & Care Plans (ICDS)	127	127	127	127	508
Growth in External Placements for LAC	9,434	8,294	8,294	8,294	34,316
Social work assessments of 16/17 year olds presenting as homeless	(100)	-	-	-	(100)
Education Psychology Service	403	323	323	-	1,049
Supported accommodation for young people	350	175	-	-	525
Social Work Staffing - Apprenticeships	10	10	-	-	20
Looked After Children's Services	(12)	-	-	-	(12)
The Independent Chair Service	151	-	-	-	151
Children's Occupational Therapy	100	-	-	-	100
Social Work Staffing	800	-	-	-	800
Senior Transformation Resource	440	-	-	-	440
Transformation Staffing	647	-	-	-	647
<b>Subtotal Children &amp; Young People Pressures</b>	<b>12,444</b>	<b>9,023</b>	<b>8,838</b>	<b>8,515</b>	<b>38,820</b>
<b>Adult Social Care &amp; Public Health</b>					
Care Package Demand for Adults Aged 18-64 Years	3,348	2,537	2,154	2,154	10,193
Care Package Demand for Adults Aged 65 and Over	-	2,610	1,550	1,550	5,710
New Posts – Approved Mental Health Professionals (AMH)	435	-	-	-	435
Increasing demand in Adult Safeguarding	355	-	-	-	355
Care Support and Enablement (CSE) Contract	2,588	-	-	-	2,588
Vacancy rate temp Adj	(1,000)	1,000	-	-	-
<b>Subtotal Adult Social Care &amp; Public Health Pressures</b>	<b>5,726</b>	<b>6,147</b>	<b>3,704</b>	<b>3,704</b>	<b>19,281</b>
<b>Transport and Environment</b>					
SEND Transport Growth	950	950	950	950	3,800
Waste PFI Contract Growth	75	75	75	75	300
COVID related SEND Transport costs	(50)	(50)	-	-	(100)
COVID related HtS and Post 16 Transport costs	(375)	(125)	-	-	(500)
Loss of Income within Highways and Transport Division	(325)	-	-	-	(325)
Green Spaces maintenance	235	-	(235)	-	-
Climate Emergency Response Staffing Support	200	-	-	-	200
<b>Subtotal Transport and Environment Pressures</b>	<b>710</b>	<b>850</b>	<b>790</b>	<b>1,025</b>	<b>3,375</b>
<b>Economic Development and Asset Management</b>					
Delivering major programmes of work and bids for funding	500	-	-	-	500
<b>Subtotal Economic Development and Asset Management Pressures</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>
<b>Total Pressures</b>	<b>19,380</b>	<b>16,020</b>	<b>13,332</b>	<b>13,244</b>	<b>61,976</b>
<b>Children &amp; Young People</b>					
National Living Wage - External	107	105	64	64	340
Basic Fostering Allowance	80	86	90	90	346
Contract Cost Inflation	2,409	2,117	2,413	2,413	9,352
<b>Subtotal Children &amp; Young People Inflation</b>	<b>2,596</b>	<b>2,308</b>	<b>2,567</b>	<b>2,567</b>	<b>10,038</b>
<b>Adult Social Care &amp; Public Health</b>					
Fair Price for Care	597	1,000	1,000	1,000	3,597
National Living Wage - External	12,384	9,310	8,314	8,314	38,322
NI increase pass through to Care Providers	1,985	-	-	-	1,985
<b>Subtotal Adult Social Care &amp; Public Health Inflation</b>	<b>14,966</b>	<b>10,310</b>	<b>9,314</b>	<b>9,314</b>	<b>43,904</b>
<b>Policy</b>					
Schools PFI Inflation	66	66	66	66	264
<b>Subtotal Policy Inflation</b>	<b>66</b>	<b>66</b>	<b>66</b>	<b>66</b>	<b>264</b>
<b>Transport and Environment</b>					
Local Bus & Home to School Contracts	100	100	100	100	400
SEND Transport Inflation	115	115	115	115	460
Highways Energy	248	248	248	248	992
Waste PFI Contract Inflation	1,130	1,130	1,130	1,130	4,520
Contract Cost Inflation	848	740	647	647	2,882
<b>Subtotal Transport and Environment Inflation</b>	<b>2,441</b>	<b>2,333</b>	<b>2,240</b>	<b>2,240</b>	<b>9,254</b>
<b>Total Inflation</b>	<b>20,069</b>	<b>15,017</b>	<b>14,187</b>	<b>14,187</b>	<b>63,460</b>
<b>Total Pressures &amp; Inflation</b>	<b>39,449</b>	<b>31,037</b>	<b>27,519</b>	<b>27,431</b>	<b>125,436</b>



**REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT****FINANCIAL MONITORING REPORT: PERIOD 9 2021/22****Purpose of the Report**

1. To provide a summary of the Committee revenue budgets for 2021/22.
2. To provide a summary of capital programme expenditure to date and year-end forecasts.
3. To inform Members of the Council's Balance Sheet transactions.

**Information  
Background**

4. The Council approved the 2021/22 budget at its meeting on 25 February 2021. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.
5. It is important to note that this Financial Monitoring report has been put together at a time when the Council is continuing to respond to the consequences of COVID19. Central Government has recognised that although there are good reasons to be optimistic about overcoming the virus it also acknowledged that many of the challenges posed by COVID19 will not go away immediately. As such, the Council has been awarded a £16.1m COVID19 grant in 2021/22 to help fund the on-going challenges associated with the virus.
6. It is also important to note that considerable uncertainty does still remain regarding the longer-term implications of recovering from the pandemic both from an expenditure and income perspective. Information continues to be developed regarding significant areas of the Authority's budget including Home to School Transport, Looked After Children (LAC) and Adult Social Care and Health Services.
7. Departments continue to identify and monitor both additional costs arising from the COVID19 crisis as well as lost income. Where costs have been incurred but may need to be shared with other organisations, sufficient documentation will be maintained to evidence the recharge at a future date.

## Summary Revenue Position

8. The table below summarises the revenue budgets for each Committee for the current financial year. An underspend of £0.1m is currently predicted against the revised budget estimate following allocation of COVID19 grant to mitigate pandemic cost pressures. In-year issues associated with the COVID19 pandemic continues to make forecasting a challenge for budget holders. However, as a consequence of the significant levels of uncertainty and financial challenges facing the Council over the medium term, the key message to effectively manage budgets and, wherever possible, deliver in-year savings is being reinforced.

**Table 1 – Summary Revenue Position**

Forecast Variance as at Period 8 £'000	Difference	Committee	Revised Annual Budget £'000	Actual to Period 9 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
1,581	148	Children & Young People	154,275	112,553	156,004	1,729
(3,340)	414	Adult Social Care & Public Health	219,140	129,700	216,214	(2,926)
208	(405)	Transport & Environment	112,674	84,561	112,477	(197)
(483)	147	Communities	18,937	10,636	18,601	(336)
(510)	(208)	Economic Development & Asset Management	23,413	14,452	22,695	(718)
(378)	109	Policy	3,078	3,893	2,809	(269)
120	54	Finance	15,717	14,042	15,891	174
199	72	Governance & Ethics	7,724	5,771	7,995	271
(519)	(133)	Personnel	18,308	15,194	17,656	(652)
<b>(3,122)</b>	<b>198</b>	<b>Net Committee (under)/overspend</b>	<b>573,266</b>	<b>390,802</b>	<b>570,342</b>	<b>(2,924)</b>
-	-	Central items	(36,360)	(77,733)	(36,360)	-
-	-	Contribution to Schools Expenditure	1,337	-	1,337	-
823	-	Contribution to/(from) Traders	1,000	1,387	1,823	823
<b>(2,299)</b>	<b>198</b>	<b>Forecast prior to use of reserves</b>	<b>539,243</b>	<b>314,456</b>	<b>537,142</b>	<b>(2,101)</b>
-	-	Transfer to / (from) Corporate Reserves	(1,871)	-	(1,871)	-
989	966	Transfer to / (from) Departmental Reserves	(7,057)	547	(5,102)	1,955
-	-	Transfer to / (from) General Fund	-	-	-	-
<b>(1,310)</b>	<b>1,164</b>	<b>Net County Council Budget Requirement</b>	<b>530,315</b>	<b>315,003</b>	<b>530,169</b>	<b>(146)</b>

## Committee and Central Items

### COVID19 Pressures

9. The Ministry of Housing, Communities and Local Government requires all local authorities to submit a monthly DELTA data collection return. This return is designed to help departments across central government to understand the impact of the COVID19 pandemic on local authority finances.
10. Nottinghamshire County Council's DELTA17 return was submitted on 26 November 2021 and forecast additional COVID19 pressures totalled £52.3m. It is proposed that these costs will be funded from a combination of specific and general COVID19 grants received from Central Government.

## **Committee Variations**

### **Children & Young People's (£1.7m overspend)**

11. The underlying overspend is £1.7m after planned use of grant reserves and initial funding for additional costs related to COVID19. This is an increase of £0.1m from last month.
12. The Youth Families & Social Work Division is forecasting a net underspend of £0.4m with small variations across a range of budgets.
13. The Commissioning and Resources Division is forecasting an overspend of £2.3m, which relates to a forecast overspend on external LAC placement costs and the additional costs of children transferred from Minster View offset by a reduction in Children's Centre costs and other budgets.
14. Education, Learning & Skills Division is forecasting an underspend of £0.2m due to additional Covid funding of increased costs for Education, Health and Care Plans (EHCP's) for children who have special education needs (SEN).

### **Adult Social Care & Public Health (£2.9m underspend)**

15. The Adult Social Care and Public Health Department budget is currently forecasting an underspend of £2.9m which is a reduction of £0.4m from last month.
16. The overall position is due to an underspend on Direct & Provider Services (£0.8m), an underspend in Living Well and Aging Well (£0.3m) mainly due to reductions in staffing and care package forecasts in Ageing Well and a net underspend across other budgets (£0.6m), due to savings across non staffing budgets and increased income.
17. Public Health is underspending by £1.2m, which is offset by reserves movements. This is due to staff working on COVID agendas and lower service take ups due to COVID.
18. Staff turnover and difficulties in recruiting to vacant post are a risk to service delivery and further mitigations are being reviewed to identify any actions that can be taken to improve the situation.

### **Economic Development & Asset Management (£0.7m underspend)**

19. The £0.7m forecast underspend predominantly comprises underspends within Facilities Management (£0.2m), Property & Estates (£0.3m) and Investment & Growth (£0.1m), mainly due to staff vacancies and small savings on other budgets such as travel.

### **Personnel (£0.7m underspend)**

20. The £0.7m forecast underspend comprises an overspend within Corporate HR (£0.2m) due to reduced income, an underspend in Business Support (£0.5m) due to staff vacancies an underspend on Apprentices / Trainees (£0.2m) due to delays in recruitment as a result of the COVID19 pandemic and a small net underspend (£0.2m) across a range of other budgets.

## **Trading Services**

21. Schools Catering is forecasting a deficit of £0.8m as operations are continuing to function below normal levels due to the COVID19 pandemic. Schools continue to operate in various ways to mitigate COVID19 infections which are having an adverse impact on sales. Following the increasing number of infections as a result of the Omicron variant the immediate future of school operating models are uncertain. School meal numbers and associated costs will therefore be monitored closely throughout the rest of the financial year.

## **Central Items**

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

23. Central Items includes a base contingency budget of £4.0m to cover redundancy costs, slippage of savings and other unforeseen events. Also, in 2021/22 further demand and inflationary pressures have been identified that have a degree of uncertainty with regard to likelihood, value and profiling. As such, an additional provision of £8.6m has been made within the contingency to fund these pressures should they arise. The Finance Committee or the Section 151 Officer are required to approve the release of contingency funds.

24. There has already been a call on the 2021/22 contingency budget from requests that have been previously approved by Finance Committee or the Section 151 Officer totalling £1.8m.

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

## **Main areas of risk to the forecast**

26. As well as the implications arising from the COVID19 emergency the usual budget monitoring process will continue to take place throughout the year to identify all major variations to budget. Progress updates will be closely monitored and reported to management and to Committee on a monthly basis.

27. The approved 2021/22 budget was set against a background of assumptions and on-going risks, specifically with regard to the demand for Council services in the areas of Children and Adult Social Care where safeguarding takes priority. In Children's Social Care specifically, early indications suggest that significant pressures are continuing to be experienced in relation to the Children's Social Work staffing budget. This is due to the need to employ agency staff as well as the rise in costs associated with Looked After Children external placements due to accommodation issues and sustained high numbers. In addition, the average weekly cost of placements are rising due to complexity of need, market conditions, inflation and limited capacity within the Authority's own internal residential and foster care provision. These high-risk areas will continue to be monitored closely during the year through the robust monthly budget management process and reported back to Committee. Within Adult Social Care difficulties are being experienced in recruitment and retention, particularly when many sectors are experiencing similar issues, with some starting to increase salaries and offer bonuses (sign on and retention). The position will continue to be closely monitored.



**Balance Sheet**  
**General Fund Balance**

28. Members approved the 2020/21 closing General Fund Balance of £32.1m at Full Council on 22 July 2021. The 2021/22 budget assumes no utilisation of the General Fund and so the closing balance is forecast to be £32.1m at the end of the current financial year. This is 5.7% of the budget requirement.

**Capital Programme**

29. Table 2 summarises changes in the gross Capital Programme for 2021/22 since approval of the original Programme in the Budget Report (Council 25/02/21):

**Table 2 – Revised Capital Programme for 2021/22**

	2021/22	
	£'000	£'000
Approved per Council (Budget Report 2021/22)		108,523
Variations funded from County Council Allocations : Net slippage from 2020/21 and financing adjustments	(8,166)	
		(8,166)
Variations funded from other sources : Net variation from 2020/21 and financing adjustments	28,665	
		28,665
<b>Revised Gross Capital Programme</b>		<b>129,022</b>

30. 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's	26,704	12,377	19,932	(6,772)
Adult Social Care & Public Health	971	383	971	-
Transport & Environment	62,314	33,789	63,380	1,066
Communities	2,682	716	1,992	(690)
Economic Devt & Asset Mngt	23,646	11,501	21,527	(2,119)
Finance	10,083	6,685	10,083	-
Personnel	151	82	161	10
Contingency	2,471	-	2,471	-
<b>Total</b>	<b>129,022</b>	<b>65,533</b>	<b>120,517</b>	<b>(8,505)</b>

## Children & Young People

31. In the Children and Young People's Committee, a forecast underspend of £6.8m has been identified. This relates mainly to the Schools Place programme (£6.8m) where re-profiling is required as commitment to projects at Academies are not now expected to be made until future financial years.

## Transport & Environment

32. In the Transport and Environment Committee, an overspend of £1.1m has been identified. As reported to Finance Committee in November, a forecast overspend has been identified against the Gedling Access Road, as result an additional £4.5m capital expenditure will be incurred in this financial year. In addition, a £2.1m forecast overspend has been identified against the Road Maintenance and Renewals programme. This overspend has arisen due to a combination of inflationary impacts on construction costs and the acceleration of structural patching works. It is proposed that funding against this programme will be accelerated from 2022/23 to fund these costs.

33. The £6.6m forecast overspend identified above will be offset by slippage identified against the Active Travel Fund budget (£1.7m) and the Transforming Cities Fund (£3.5m) as an element of expenditure against these programmes has slipped into the next financial year.

## Economic Development & Asset Management

34. In the Economic Development and Asset Management Committee capital programme a forecast underspend of £2.1m. This is mainly as a result of a forecast underspends against the Superfast Broadband (£1.3m) and the Digital Connectivity (£0.7m) as some expenditure is now forecast to be re-profiled into the next financial year.

## Financing the Approved Capital Programme

35. Table 4 summarises the financing of the overall approved Capital Programme for 2021/22

**Table 4 – Financing of the Approved Capital Programme for 2021/22**

Committee	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People's	13,079	13,099	509	17	26,704
Adult Social Care & Public Health	43	881	16	31	971
Transport & Environment	17,728	43,362	234	990	62,314
Communities	2,620	-	20	42	2,682
Economic Devt & Asset Mngt	10,324	12,346	176	800	23,646
Finance	7,892	2,000	-	191	10,083
Personnel	151	-	-	-	151
Contingency	2,471	-	-	-	2,471
<b>Total</b>	<b>54,308</b>	<b>71,688</b>	<b>955</b>	<b>2,071</b>	<b>129,022</b>

36. It is anticipated that the level of capital allocations used in 2021/22 will decrease by £16.3m from the forecast in the Budget Report 2021/22 (Council 25/02/2021). This decrease is primarily a consequence of:

- £8.2m of net slippage from 2020/21 to 2021/22 and financing adjustments funded by capital allocations.
- Net slippage in 2021/22 of £8.1m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

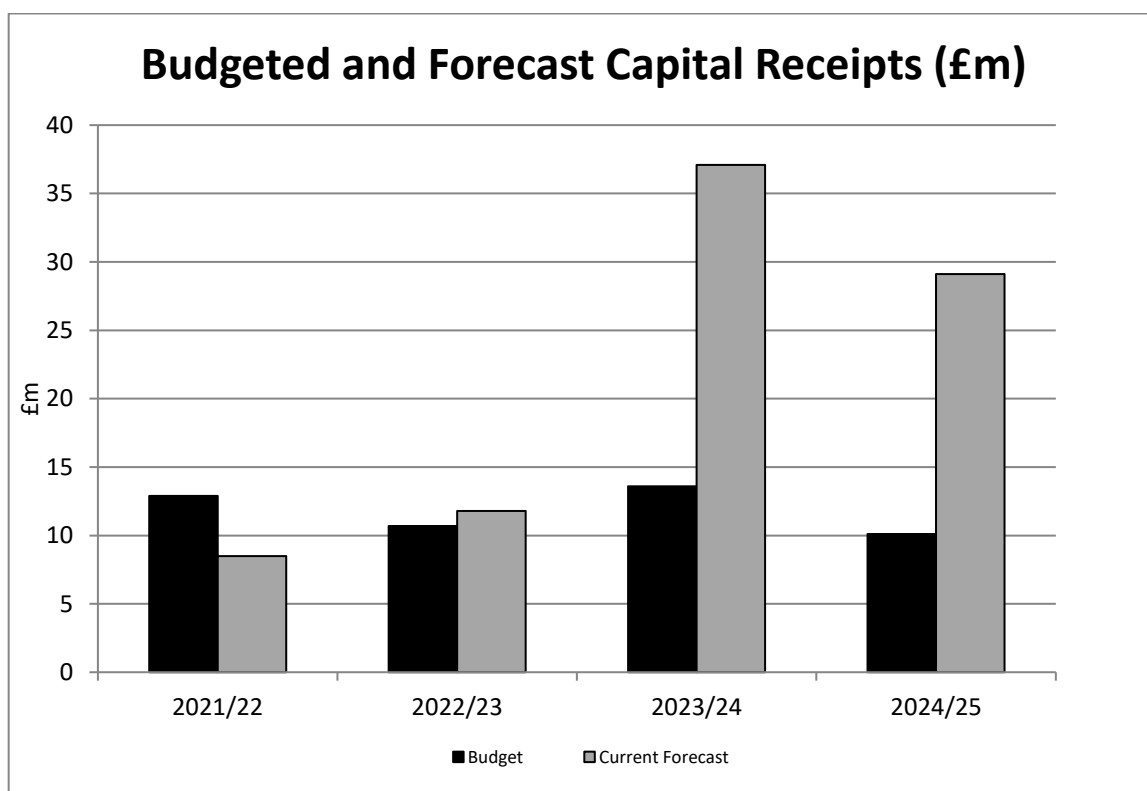
### Prudential Indicator Monitoring

37. 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

38. 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.

39. The chart below shows the budgeted and forecast capital receipts for the four years to 2024/25.



40. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2021/22 (Council 25/02/2021). These capital receipts budgets prudently incorporated slippage, giving a degree of "protection" from the risk of non-delivery.

41. The capital receipt forecast for 2021/22 is £8.5m. As at the end of Period 9, £5.5m of capital receipts have been received. Following review of the capital receipts, forecasts have increased significantly in the final two years of the MTFs as a result of favourable market conditions.

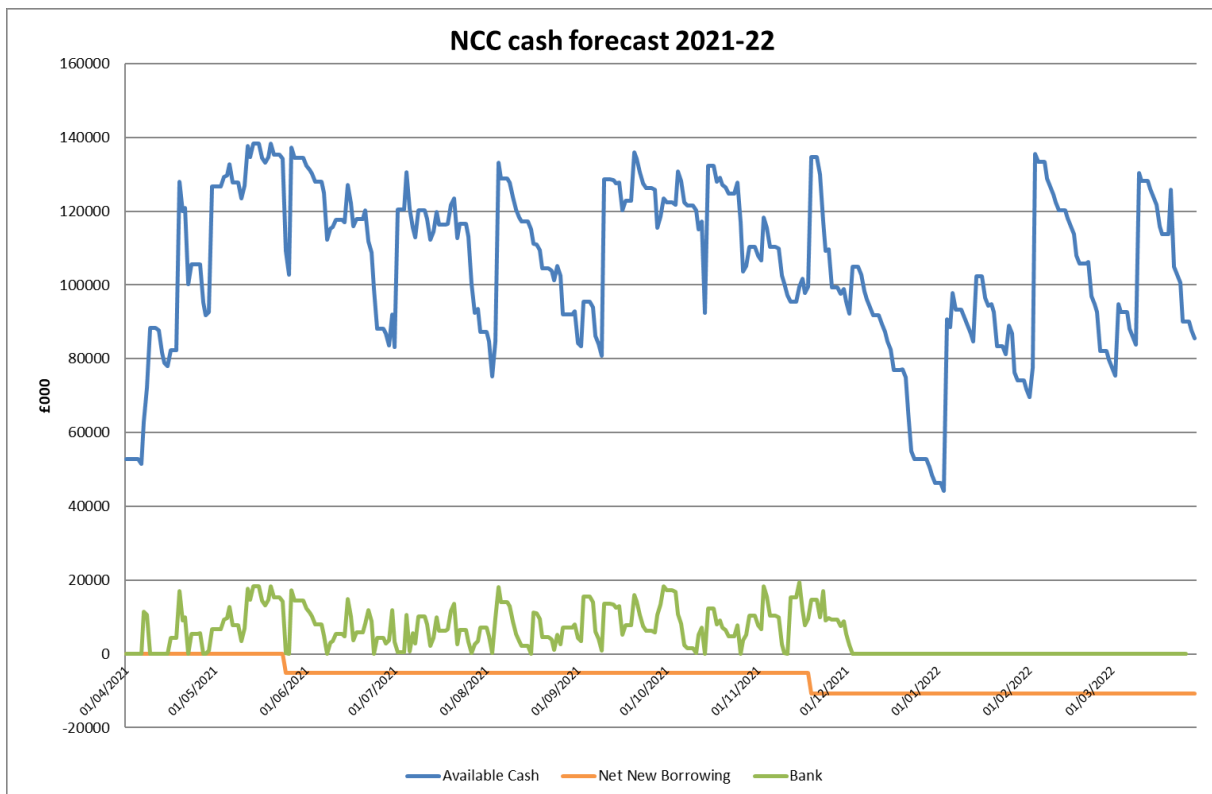
42. The number and size of large anticipated receipts increase the risk that income from property sales will be below the revised forecasts over the next three years. Although the forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales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

43. Current Council policy (Budget Report 2021/22) is to use the first tranche of capital receipts to fund in-year transformation costs. Any capital receipts in excess of this will be set against the principal of previous years' borrowing. This reduces the amount of Minimum Revenue Provision (MRP) to be set aside each year. It is important to regularly monitor capital receipt forecasts and their effect on the overall revenue impact of the Capital Programme.

### Treasury Management

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

45. The cash forecast chart below shows the current estimated cash flow position for the financial year 2021/22. Cash inflows are typically higher at the start of the year due to the front-loading receipt of Central Government grants, and the payment profile of precepts. Cash outflows, in particular capital expenditure, tend to increase later in the year, and the chart below reflects this. Also, expected borrowing in support of capital expenditure is not included in the forecast. The chart thereby helps highlight the points in the year when such borrowing will be necessary, and it is monitored daily so that treasury management staff can act comfortably in advance of the cash being required, the aim being to maintain adequate but not excessive liquidity.

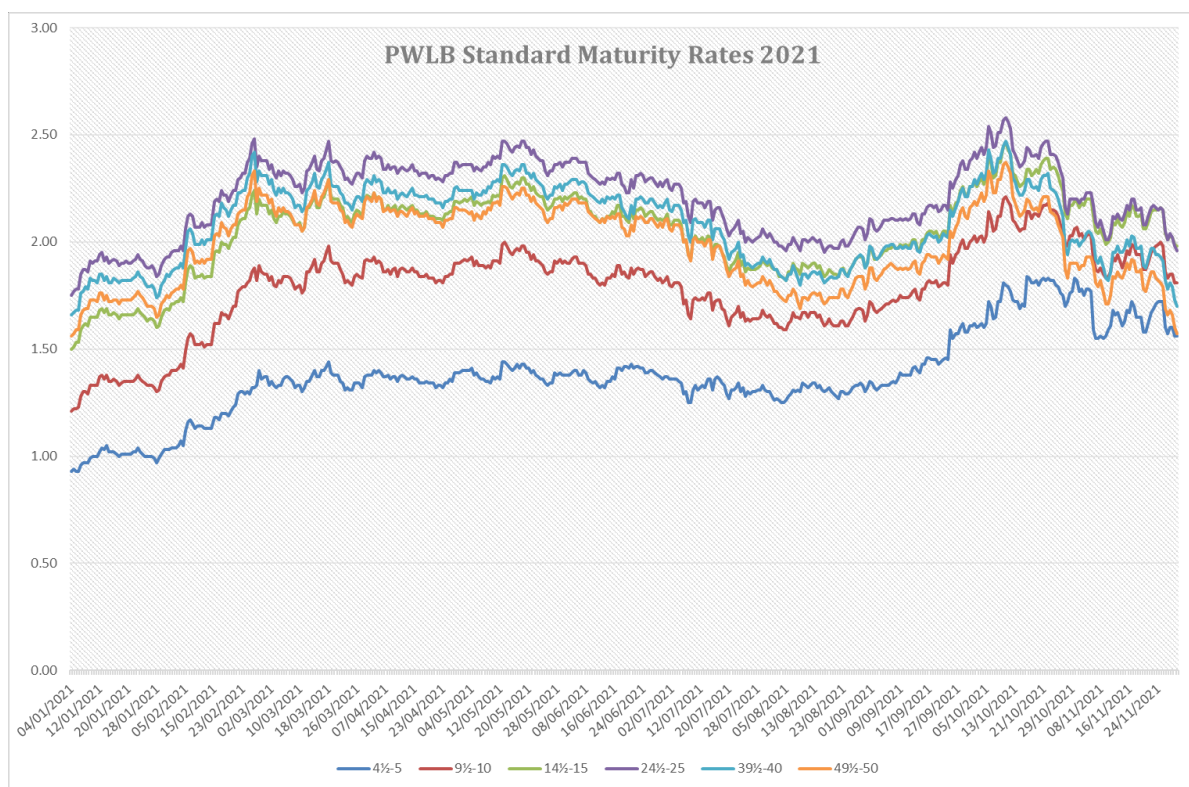


46. The chart above gives the following information:

<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.

47. The Treasury Management Strategy for 2021/22 identified a need to borrow approximately £70m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt.

48. PWLB interest rates continue to be monitored closely to allow changes - or potential changes - in rates to feed into decisions on new borrowing. The Council remains able to take advantage of the PWLB “certainty rate” which is 0.2% below the standard rates. The chart below shows the movement in standard PWLB maturity rates over the course of 2021 so far.



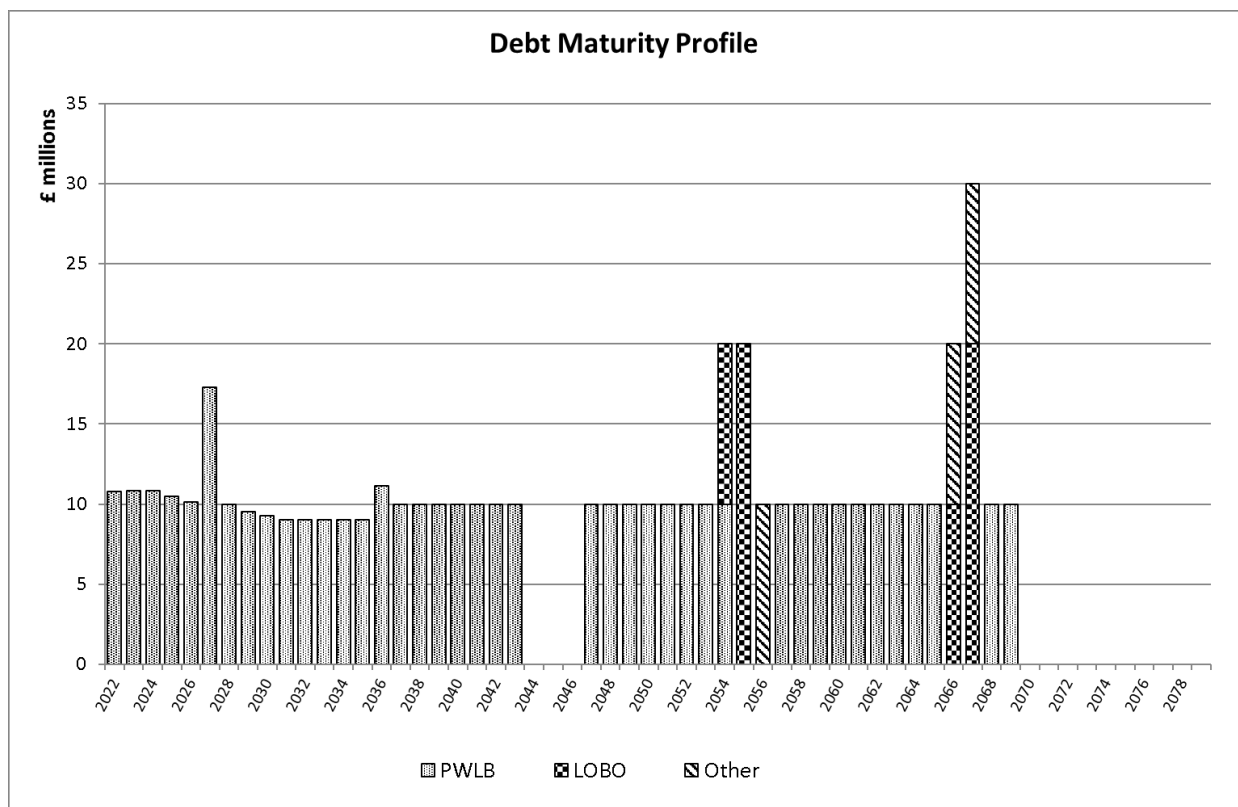
49. Borrowing decisions will take account of a number of factors including:

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

50. The maturity profile of the Council's debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 50 years. When deciding on the lengths of future loans the Council will factor in any gaps in its maturity profile, with a view to minimising interest rate risk, but will consider this alongside other financial factors.

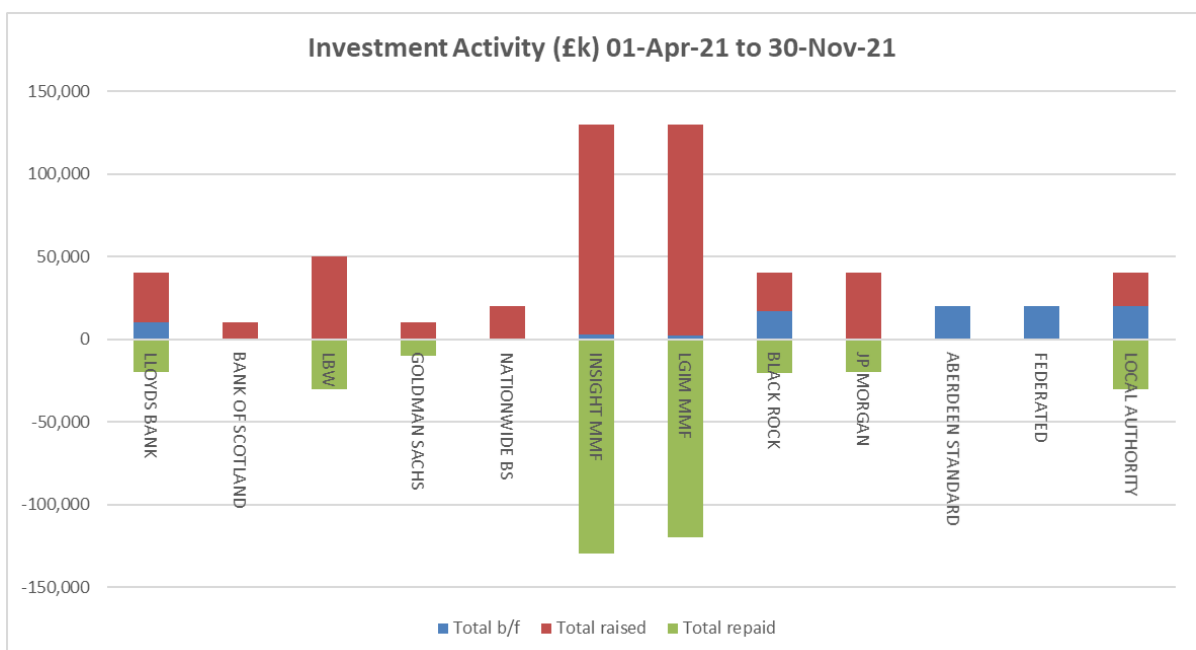
51. Long-term borrowing was also obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken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

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



53. The investment activity for 2021/22 to date is summarised in the chart and table below. Outstanding investment balances totalled approximately £92m at the start of the year and approximately £170m at the end of December.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
INSIGHT MMF	3,100	126,700	(129,800)	-
LLOYDS BANK	10,000	30,000	(20,000)	20,000
LBW	-	50,000	(30,000)	20,000
GOLDMAN SACHS	-	10,000	(10,000)	-
LGIM MMF	2,000	128,000	(120,000)	10,000
BLACK ROCK	17,100	23,350	(20,450)	20,000
NATIONWIDE BS	-	20,000	-	20,000
BANK OF SCOTLAND	-	10,000	-	10,000
JP MORGAN	-	40,000	(20,000)	20,000
FEDERATED	20,000	-	-	20,000
LOCAL AUTHORITY	20,000	20,000	(30,000)	10,000
ABERDEEN STANDARD	20,000	-	-	20,000
<b>Total</b>	<b>92,200</b>	<b>458,050</b>	<b>(380,250)</b>	<b>170,000</b>



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

## Statutory and Policy Implications

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

## **RECOMMENDATIONS**

That the contents of the report be noted.

### **Nigel Stevenson Service Director – Finance, Infrastructure and Improvement**

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

#### **Constitutional Comments (SSR) 20/01/2022)**

56. The recommendations in this report fall within the scope of matters which may be considered by Finance Committee.

#### **Financial Comments (GB 21/01/2022)**

57. The financial implications are stated within the report.

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

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

- None

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

- All



**UPDATE REPORT OF SERVICE DIRECTOR FOR FINANCE,  
INFRASTRUCTURE & IMPROVEMENT AND SECTION 151 OFFICER**

**CHILDRENS SERVICES - COLLABORATIVE COMMISSIONING AND  
CONTRACTING**

**Purpose of the Report**

1. To provide Members with an update on two collaborative commissioned and contracted services, first presented in 2021

**Information**

2. There are two commissioned services in place that support looked after children and those at the edge of care:
  - a)DN2 STARS Programme
  - b)D2N2 Children in Care Framework

**DN2 STARS Programme**

3. **Background:** Derby City Council, Nottingham City Council, and Nottinghamshire County Council (the Commissioners and collectively referred to as DN2) have jointly commissioned evidence-informed services that support children and young people in local authority care, and on the edge of care, to achieve better social outcomes. DN2 has procured an Investor-Provider consortium to deliver this through a Social Impact Bond.
4. This Social Impact Bond (SIB) was an opportunity for DN2 to establish a partnership that would deliver innovation and help to move young people away from the trajectories that often take shape alongside challenging behaviour born of challenging circumstances. It is an opportunity to create lasting real-life changes for these young people by supporting them to live in the best possible environment for each individual. It is also an opportunity to explore innovative approaches to these challenges, to bring together different combinations of experience and expertise, potentially from different sectors and contexts, and to build local capacity to ensure the sustainability of any positive achievements. SIBs are a model in which socially motivated Investors fund the upfront costs for a Provider to deliver a public service. Payment to the Investor-Provider consortium is then made by DN2 based on achievement of agreed

successful outcomes. The Investor funds the Provider to deliver the service regardless of the achievement of these outcomes.

5. Through this programme, DN2 aims to support children and young people to achieve stable family type placements (e.g., stepping down from residential care with new types of support) and to remain at home with their families or primary carers where safe to do so. Appendix 1 gives a description the cohorts of young people and the numbers to be supported across the whole life of the contract.
6. £3m of government funding supplied to DN2 by the National Lottery Life Chances Fund was secured and contributes approximately 25% of the payments made in relation to successful outcomes, which correspondingly reduces the financial risk to the Councils involved. The remaining element of the payment is made from existing budgets, though these payments – based on young people successfully remaining out of care and / or out of high-cost residential placements – will be lower than the cost that the Councils would otherwise have incurred in bringing these young people in to care and / or in paying for specialist residential care. Appendix 2 shows the payment mechanism for the contract, with payments being made after a certain point of stability for the young person and continuing for up to 2 years.
7. **Procurement:** A procurement exercise was undertaken during 2018 using a competitive dialogue procedure, to secure an Investor/Provider consortium, with Outcomes for Children(Polaris Group) being the successful Provider.
8. **Governance:** A Contract Lead is in place to support the ongoing management of the programme with quarterly Operational Contract Management Boards along with a Strategic Partnership Board whose attendees include Service Directors from across DN2, the Provider and the Investor. Nottinghamshire made 40 referrals in Year one of the contract, with the contract minimum of 55 being achieved by DN2. Appendix 3 gives a snapshot of the reporting into the DN2 Boards, and Appendix 4 describes the activities supporting a complex young person accessing the programme with feedback from those involved.
9. During Year 1 of the contract there has been significant change and adapting to a new way of working due to the COVID 19 pandemic. Relationships with operational social work colleagues and Outcomes for Children has been 'virtual' as has all operational and strategic contract management meetings. The pandemic may have affected where most referrals came from in the first 6 months of the contract. Placement stabilisation (Cohort B) saw most referrals as opposed to Cohort A where fewer referrals have been seen. There is a national acknowledgement of a shortage of foster carers, so some activities have taken place to try and ensure the STARS programme is highlighted with the Independent Fostering Agencies, which includes a bi-monthly fostering exchange event where individual local authority social workers attend to discuss a particular young person looking for a foster carer. This has proved useful in securing foster carers and is supporting moving young people out of residential care and supporting in situations where their current foster care arrangement may be breaking down
10. Three grant claims have been put to the National Lottery Life Chances Fund, amounting to a cumulative total of £40,000, the next claim will be around £50,000.
11. DN2 operational colleagues have developed a forward plan for Year 2 of the contract, which will include a wider communication to highlight the successes of Year 1 and some modifications to some operational processes in support of delivery of the programme.

## D2N2 Children in Care Framework

12. **Background:** Derbyshire County Council Derby City Council, Nottingham City Council, and Nottinghamshire County Council ('the Councils') have jointly commissioned a framework that replaced the previous framework managed by Northamptonshire County Council (The East Midlands Regional Care Framework)
13. **Procurement:** Nottinghamshire County Council worked with our partners to develop a framework that allowed us to periodically open to the market to encourage more Providers to join it within its term, it also allows for all partners to procure specific requirements, such as a block arrangement, should the need arise. The applications to join the framework are split into Lots:
- Lot 1: Independent Residential Children's Homes
- a) Standard Children's Homes,
  - b) Specialist Children's Homes,
- Lot 2: Independent Fostering Agency Services:
- a) Standard Provision
- Providers were also asked to self-select if they are prepared to accept referrals for;
- b) Emergency Placements
  - c) Outside the D2N2 area
  - d) Specialist Provision
14. The Councils chose to use the Optimum price method to evaluate the bids. The Optimum prices have been determined by using the Councils' combined knowledge to calculate a reasonable market rate for each lot and category. For a standard residential placement this was calculated to be £3140 per week, and a specialised placement £5380. For Fostering Agency's, a placement could range in cost from £720 to £800 depending on the age of the child/young person. For a specialised foster placement this would range from £1000 to £1600 per week.
15. Weekly Prices can be increased annually at the discretion of the Councils, by 1.5% or CPI as reported by the Office for National Statistics (ONS), whichever is the lower. Should CPI fall below zero prices will not be expected to reduce. For the financial year 1 April 2022 to 31 March 2023, the D2N2 Board has agreed a 3.1% inflationary increase, which was communicated to all framework Providers in January 2022. This decision has been taken because of the challenges being faced in the care market in securing staff and other associated costs.
16. **Governance:** Regular D2N2 Operational Group meetings take place, and there is Strategic Partnership Board consisting of Service Director membership from across D2N2. Appendix 5 is a report to the D2N2 Strategic Board for quarter two of last year. The report shows Nottinghamshire made more placements from the framework and most residential placements made by the Local Authorities, were within the D2N2 boundary. Nottinghamshire also secured 76% of their fostering placements in the lowest price band with over half of the residential placements for that quarter also in the lowest price band.
17. The number of Residential Providers and Fostering Agencies who have successfully applied to join the framework have climbed steadily since round one was open in February 2020. The residential provision is now at 44 Providers, from 33 in February 2020, and Fostering Agencies up to 40, from 33 in February 2020.

18. Other D2N2 collaborative work streams stemming from the delivery of the children in care framework include:
- Fostering – working across D2N2 internal fostering team to co-ordinate communications and training for internal fosters across the D2N2 footprint.
  - Supported Accommodation framework – work being led by Derby City to develop this, and will be in place during Spring 2022
  - Joint Delivery Group with D2N2 Local Authorities and Clinical Commissioning Groups in relation to those young people with complex mental health needs.

## **Statutory and Policy Implications**

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

## **RECOMMENDATION/S**

That Members consider the need for further updates and at what frequency.

**Nigel Stevenson**

**Service Director – Service Director for Finance, Infrastructure & Improvement and Section 151 Officer**

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

Lynn Brammer, Category Manager-Children and Family Services.

### **Constitutional Comments [LPW 25.01.2022]**

20. The recommendations fall within the remit of the Finance Committee by virtue of its terms of reference.

### **Financial Comments [NC 27.01.2022]**

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

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

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

- None

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

- All

## The Cohorts and Numbers to be supported across DN2

Cohort A: those children stepping down from residential provision in to specialist fostering placements

Cohort B: those children needing additional support in a fostering placement to maintain placement stability, where the placement is in danger of being disrupted/unplanned ending and to support the move to a new foster placement should this be required

Cohort C: those children reunifying to the family home after a period in care

Cohort D: those children at the edge of care, currently living in the family home where family functioning/conflict is an identified issue. The intervention attempts to avoid the child coming in to care

Local Authority		Cohort A (Residential De- escalation)	Cohort B (Placement Stabilisation)	Cohort C(Re- unification )	Cohort D (Edge of Care)	Total
Derby		2 – 4	2 - 8	2 – 4	5 – 10	11 – 26
Nottingham		5 - 10	3 - 7	4 – 6	0 – 3	12 – 26
Nottinghamshire		8 – 12	8 - 12	8 – 10	2 – 6	26 – 40
<b>Total</b>		<b>15 – 26</b>	<b>13 - 27</b>	<b>14 – 20</b>	<b>7– 19</b>	<b>49 – 92*</b>
<b>Contractual</b>	Yr 1&2	20	13	15	7	55
<b>Minimum **</b>	Yr 3&4	15	13	14	9	51



Outcome Payments Mechanism

Cohorts A and B

A - Residential Step Down



B - FC Stability



★ - Indicates the start of the 2 year payment tracking period



Cohorts C and D

C - Reunification



D - Edge of Care



★ - Indicates the start of the 2 year payment tracking period

Outcome payments (per full week)

Cohort A = 523.07

Cohort B = 536.54

Cohort C = 244.71

Cohort D = 176.44





01/10/2020			14																							
Case activity & stability	Cohort A						Cohort B						Cohort C						Cohort D							
	September 21			Cumulative			September 21			Cumulative			September 21			Cumulative			September 21			Cumulative				
	Actual	Target	Variance	A	T	V	A	T	V	A	T	V	A	T	V	A	T	V	A	T	V	A	T	V		
<b>Total DN2</b>																										
CYP in STARS	0	0	0	1	20	-19	2	0	2	26	19	7	2	0	2	8	16	-8	7	0	7	17	14	3		
Weeks CYP in STARS	0			21			3			571			1			126			20			186				
CYP completed initial period				1						4						3						7				
Cases closed in initial period																										
Cases closed after initial period																										
CYP graduated from STARS																										
Success rate (%)																										
<b>Derby City</b>																										
CYP in STARS	0	0	0	1	3	-2	0	0	0	5	6	-1	2	0	2	2	3	-1	2	0	2	2	5	-3		
Weeks CYP in STARS	0			21			0			80			1			29			2			8				
CYP complete initial period				1												2						2				
CYP left in initial period																										
CYP left after initial period																										
CYP graduated from STARS																										
Success rate (%)																										
<b>Nottingham City</b>																										
CYP in STARS	0	0	0	0	7	-7	0	0	0	6	5	1	0	0	0	3	4	-1	5	0	5	6	1	5		
Weeks CYP in STARS	0						0			116			0			59			17			27				
CYP complete initial period																										
CYP left in initial period				0						3						0						0				
CYP left after initial period																										
CYP graduated from STARS																										
Success rate (%)																										
<b>Nottinghamshire</b>																										
CYP in STARS	0	0	0	0	10	-10	2	0	2	15	8	7	0	0	0	3	9	-6	0	0	0	9	8	1		
Weeks CYP in STARS	0						3			375			0			37			0			150				
CYP complete initial period																										
CYP left in initial period				0						1						1						5				
CYP left after initial period																										
CYP graduated from STARS																										
Success rate (%)																										



AJ (Cohort B – Placement Stability)

<p>Service Delivery and Engagement (why we are involved with the family)</p>	<p>AJ came into foster care at the age of 3 years old, after residing with family members due to his mother feeling she was unable to cope due to ongoing mental health concerns. AJ's older sibling were also in alternative care with their paternal family and two younger half-siblings were in the process of being placed in their adoptive home.</p> <p>AJ experienced numerous foster home breakdowns due to his challenging behaviour. He resided in two residential homes before transitioning to his current foster home on the 20/10/2014 when he was aged 6 years.</p> <p>AJ is now 14 years old. He was referred to the placement stability programme by social care in October 2021 and the referral provides some of AJ's birth family history, trauma and experience of being in foster care.</p> <p>AJ has a history of attachment and relational difficulties due to the trauma he has experienced. He challenges authority and struggles to follow rules and guidance in the home and at school. AJ can display challenging behaviour including absconding from school, going missing from home and verbal/physical aggression to others. He is currently NEET from school following an exclusion due to a physical assault on a teacher. AJ has had previous interactions with the youth justice system and there is a pending charge of common assault being dealt with in an out of court disposal. AJ has engaged with substance use with his peers (THC and cannabis) and there have been concerns that he is at risk of child criminal exploitation.</p> <p>AJ has been displaying challenging behaviours in his foster home. His foster carers, M and G, are struggling to input boundaries to manage the behaviour. The foster carers have stated that they are unable to manage AJ's behaviour and this has led to them 'giving notice' on the placement; however, they have later retracted this.</p> <p>AJ has a positive relationship with M and G; this is the first attachment that he has been able to sustain. M and G have struggled with the transition of AJ into adolescent and the evolving behaviours he has displayed.</p> <p>STARS are working with the family to maintain AJ in the foster home and avoid a placement move.</p>
<p>STARS support to the family</p>	<p>STARS provide regular weekly visits with weekly contact to offer support to the family.</p>



	<p>Cohort B does not specify the use of the Triple P programme; however, the main issue within the family are boundaries and routines, and managing risky behaviours. The foster carers are engaging with Triple P Standard Teen 1:1 programme delivered by a STARS family support worker. Safer Stronger Families is being delivered in preference to the use of the Team Parenting model in isolation.</p> <p>Foster carers, M and G, are engaging with the Attune therapeutic parenting sessions, facilitated by the STARS therapist. This is to support their understanding of the impact of trauma on AJ's development and behaviour, and support their approach to managing his behaviour when crisis occurs.</p> <p>The STARS education officer is supporting the virtual schools officer in organising an alternative education provision (incorporating CAS fishing project x2 days, and three days home tutoring). The STARS education officer provides support to coordinate meetings and ensure that there is movement in the planning.</p> <p>STARS have engaged a peer mentor from the local police force to engage with AJ on positive behaviour in the community, including substance abuse, criminal exploitation and anger management work.</p>
<p>Direct and Indirect feedback from service users</p>	<p>Foster carers M and G initially struggled to articulate how they could manage AJ's behaviour, they would ask the STARS family support worker to 'fix' AJ's behaviour.</p> <p>A key turning point for the foster carers has been discussing the 'escalation trap' when crisis occurs. G has been able to reflect the 'exhaustion' that he has felt while dealing with challenging behaviour. They have been reflective during their Triple P sessions about more positive ways of managing behaviour. STARS have supported the foster carers to develop behavioural contracts alongside AJ which have been positive in managing challenging behaviours. They have been observed to input strategies learned during times of crisis, and this has enabled them to contain the crisis and address AJ's behaviour more robustly.</p> <p>The foster carers have been able to reflect on the loss they have felt, and their grieving period, of AJ moving from middle childhood to adolescence.</p> <p>There was a recent crisis where STARS supported the foster carers when there was an incident of challenging behaviour</p>



	<p>from AJ and police involvement at school. STARS provided therapeutic consultation to the foster carers and supported them to navigate the incident. They provided feedback to the STARS service manager, that they were grateful of the support given to them and this has supported them to manage the crisis in a more positive way in the home.</p>
<p>Benefits of engaging with STARS</p>	<p><u>Foster carer</u></p> <p>The structured programme of support and ability for the foster carers to reflect on current parenting approaches that work and new strategies to try. Some strategies may not be applicable at the time but can be revisited and gives the carers the opportunity to explore other strategies before they may experience the problem behaviour.</p> <p><u>Child</u></p> <p>Enable opportunity for AJ's voice to be heard and his views to be taken in to consideration when creating expectations for his behaviour. AJ's opportunity to be involved in decision making builds his confidence and ability for autonomy.</p> <p><u>Local Authority</u></p> <p>Regular support visits to stabilise the placement, reducing the need for placement move.</p> <p>Structure of support for the family with different strategies to trial when problem behaviour/ situations arises. Strategies introduced to empower the foster carers and feel supported by the STARS Team Around the Family approach.</p> <p><u>Practitioner</u></p> <p>Triple P provides a structure for the work being completed with the family.</p> <p>Ability to trial methods and discuss what works for the family.</p> <p>It empowers the foster carers when reviewing what current parenting strategies are in place which are working well.</p>







# D2N2 Framework Placements Report

## Quarter 2 July- September 2021 (2021-2022)

### Contents Page

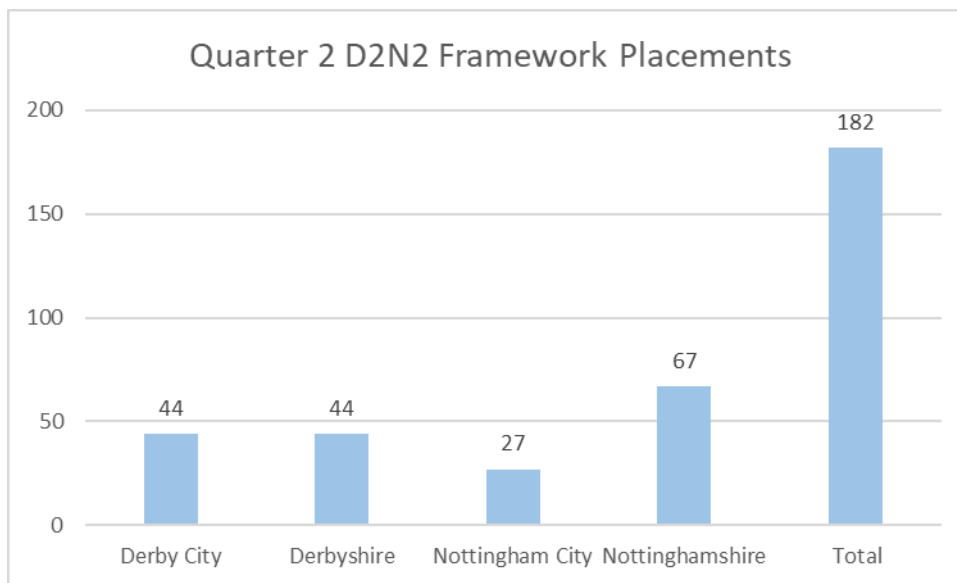
Total Placements.....	2
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Residential Pricing Analysis.....	20-22



## Data Analysis

### Total Placements

Authorities	Number of Placements	%
Derby City	44	24%
Derbyshire	44	24%
Nottingham City	27	15%
Nottinghamshire	67	37%
<b>Total</b>	<b>182</b>	<b>100%</b>

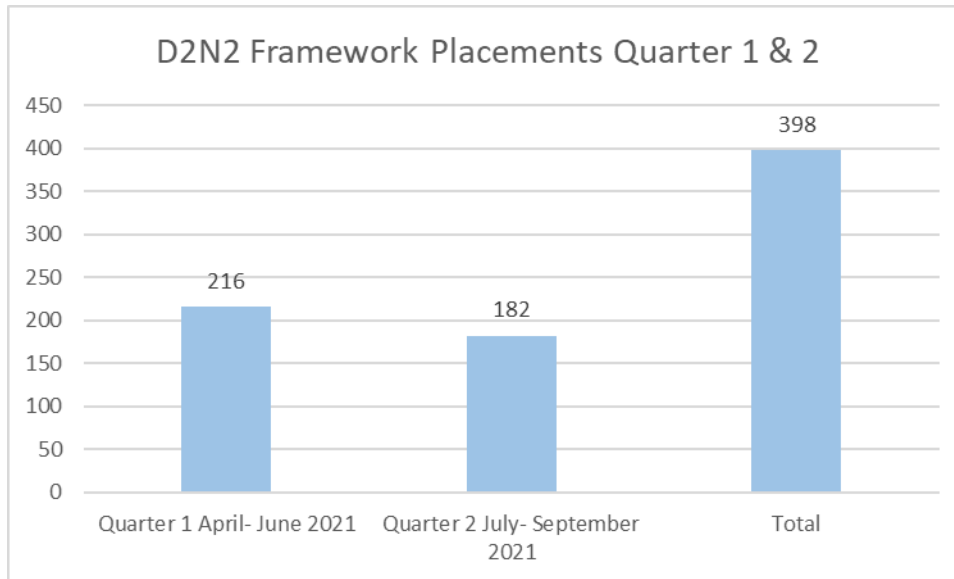


During Quarter 2 July-September 2021 the four authorities as a collective made 182 placements through the D2N2 Framework.

Nottinghamshire made the most placements at 67, 37% of the total.

D2N2 Framework Placements	No. Placements	%
Quarter 1 April- June 2021	216	54%
Quarter 2 July- September 2021	182	46%
<b>Total</b>	<b>398</b>	<b>100%</b>



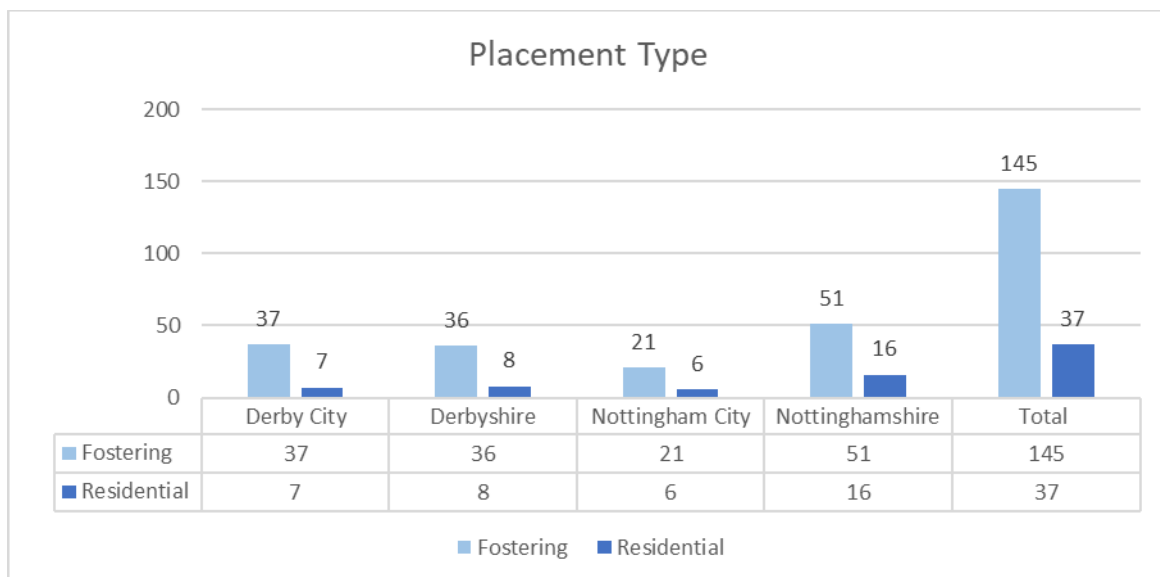


During the financial year 2021-2022 thus far, more framework placements were made in Quarter 1 at 216, 54% of the total.

### Placement Type

Placement Type	Number of Placements	%
Fostering	145	80%
Residential	37	20%
<b>Total</b>	<b>182</b>	<b>100%</b>

Most framework placements made were fostering at 145, 80% of the total.





All four authorities followed this trajectory of making more fostering placements than residential.

Authorities	Fostering Placements	%
Derby City	37	26%
Derbyshire	36	25%
Nottingham City	21	14%
Nottinghamshire	51	35%
<b>Total</b>	<b>145</b>	<b>100%</b>

Nottinghamshire made the most fostering placements at 51, 35% of the total.

Authorities	Residential Placements	%
Derby City	7	19%
Derbyshire	8	22%
Nottingham City	6	16%
Nottinghamshire	16	43%
<b>Total</b>	<b>37</b>	<b>100%</b>

Nottinghamshire made the most residential placements at 16, 43% of the total.

### Placement Specialism

Placement Specialism	Number of Placements	%
Residential Standard	30	16%
Residential Specialist	7	4%
Fostering Standard	129	71%
Fostering Specialist	10	5%
Fostering Standard Parent and Child	6	3%
<b>Total</b>	<b>182</b>	<b>100%</b>

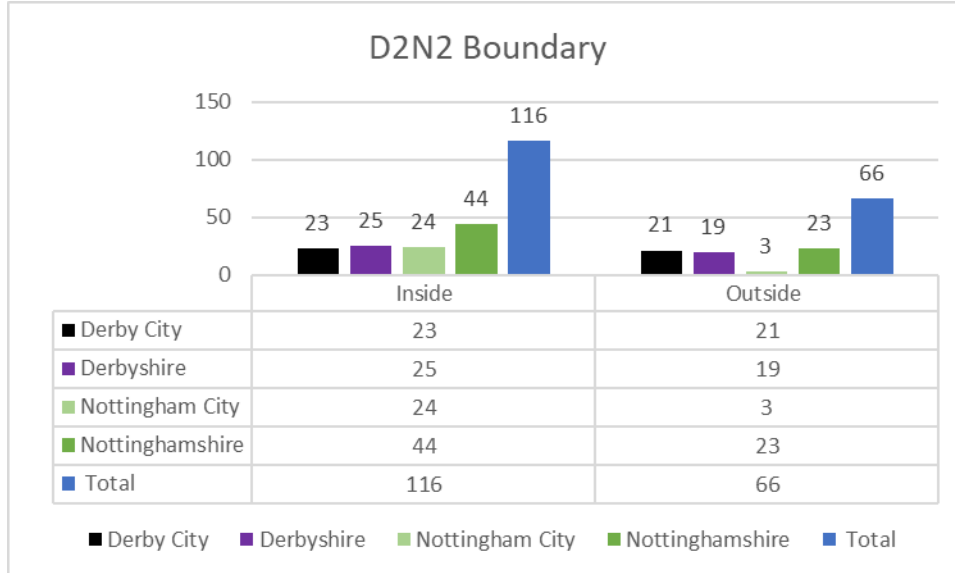
The most common placement specialism for framework placements was fostering standard at 129, 71% of the total.

### D2N2 Boundary All Placements

D2N2 Boundary	Number of Placements	%
Inside	116	64%
Outside	66	36%
<b>Total</b>	<b>182</b>	<b>100%</b>



Over half of framework placements were made within the D2N2 boundary at 116, 64% of the total.

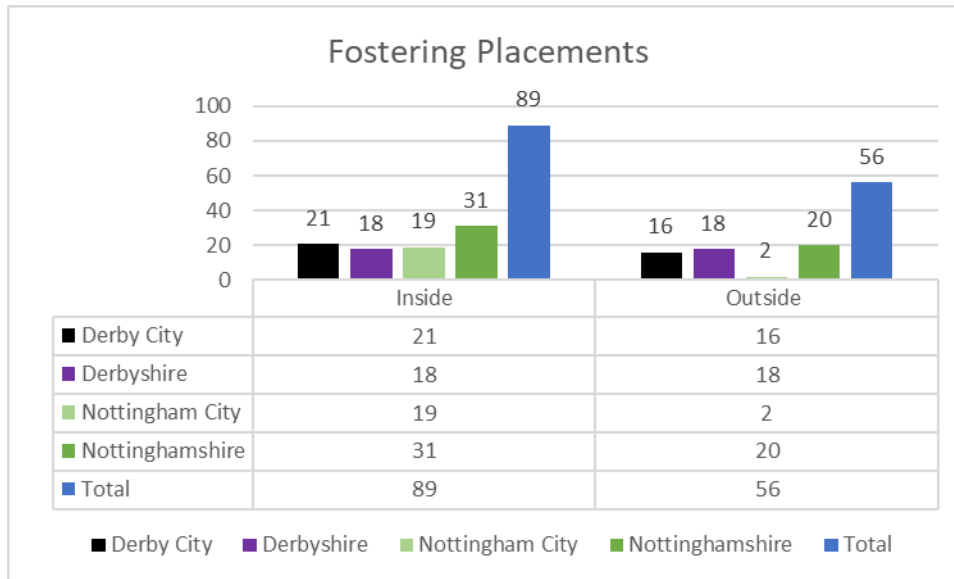


This trajectory of more placements being made inside the D2N2 boundary was seen across all four authorities.

### D2N2 Boundary Fostering Placements

D2N2 Boundary	Fostering Placements	%
Inside	89	61%
Outside	56	39%
<b>Total</b>	<b>145</b>	<b>100%</b>

More than half of framework fostering placements were made inside the D2N2 boundary at 89, 61% of the total.



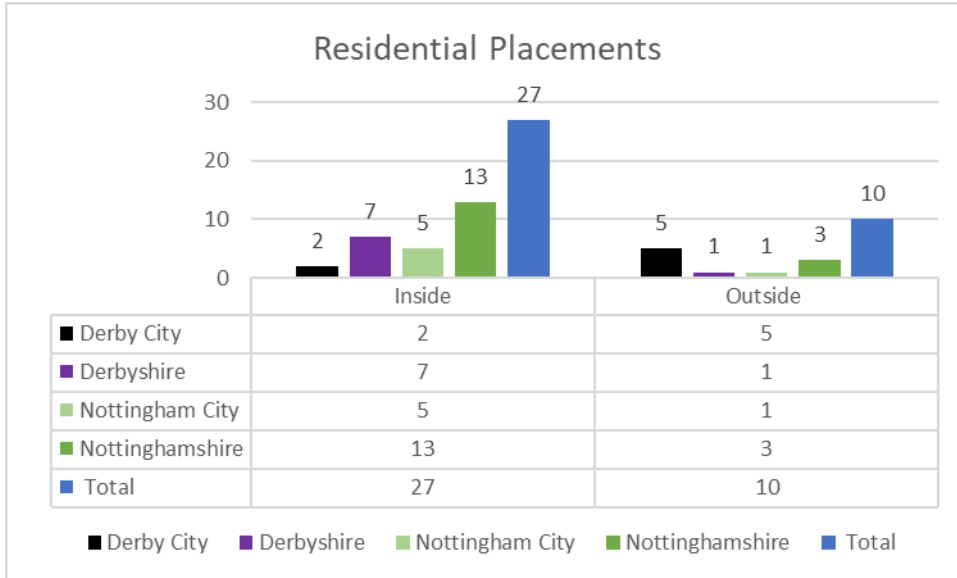
Three authorities followed this trajectory of making more fostering placements inside the D2N2 Boundary.

Derbyshire made an equal number of fostering placements inside and outside the D2N2 boundary.

#### D2N2 Boundary Residential Placements

D2N2 Boundary	Residential Placements	%
Inside	27	73%
Outside	10	27%
Total	37	100%

Almost three quarters of framework residential placements were made inside the D2N2 boundary at 27, 73% of the total.



Three authorities followed this trajectory of making more residential placements inside the D2N2 boundary.

Derby City made more residential placements outside the D2N2 boundary.

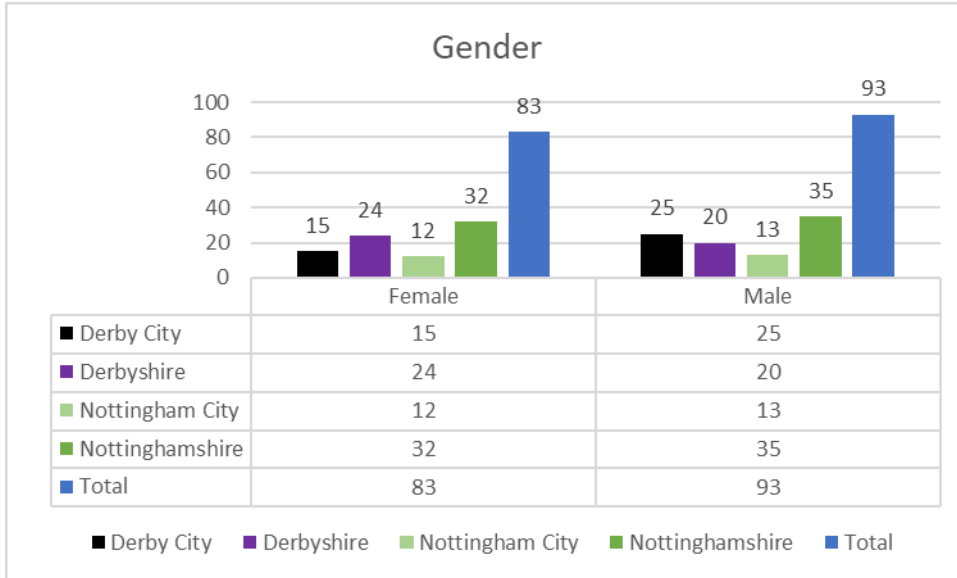
**Gender All Placements**

Six fostering parent & child placements were removed from the analysis of gender due to there being two or more persons within each placement record (the parent/s and the child/children). The gender of children within these placements is irrelevant, parents are typically mothers, the placements are to assess parenting ability.

Residential parent & child placements are not currently made on framework.

Gender	Number of Placements	%
Female	83	47%
Male	93	53%
<b>Total</b>	<b>176</b>	<b>100%</b>

Just over half of framework fostering and residential placements were made for males at 93, 53% of the total.



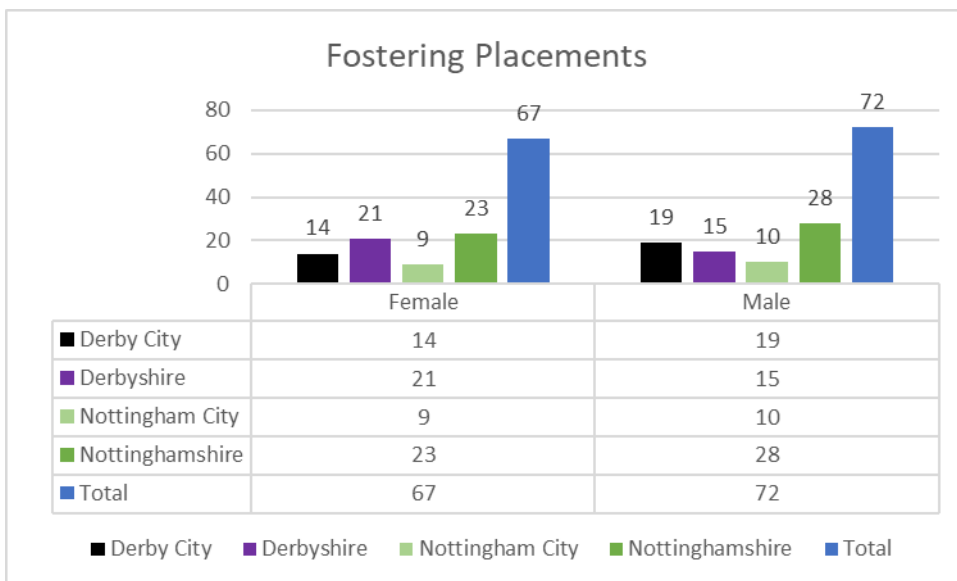
Three authorities followed this trajectory of making more placements for males.

Derbyshire made more placements for females.

### Gender Fostering Placements

Gender	Fostering Placements	%
Female	67	48%
Male	72	52%
<b>Total</b>	<b>139</b>	<b>100%</b>

Just over half of framework fostering placements were for males at 72, 52% of the total.



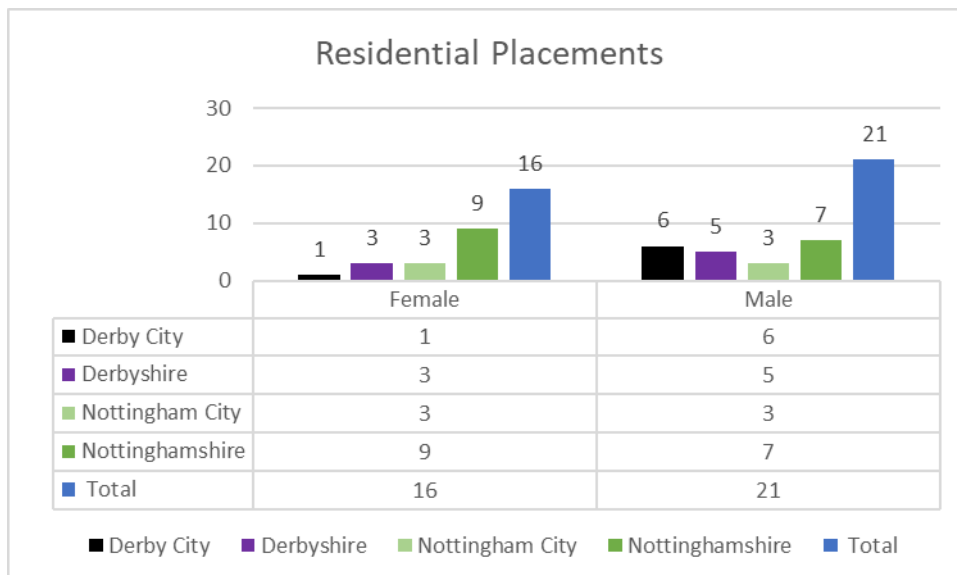


Three authorities followed this trajectory of making more fostering placements for males. Derbyshire made more fostering placements for females.

### Gender Residential Placements

Gender	Residential Placements	%
Female	16	43%
Male	21	57%
<b>Total</b>	<b>37</b>	<b>100%</b>

More than half of framework residential placements were made for males at 21, 57% of the total.



Three authorities followed this trajectory of making more residential placements for males. Nottingham City made an equal number of residential placements for males and females.

### Age Band All Placements

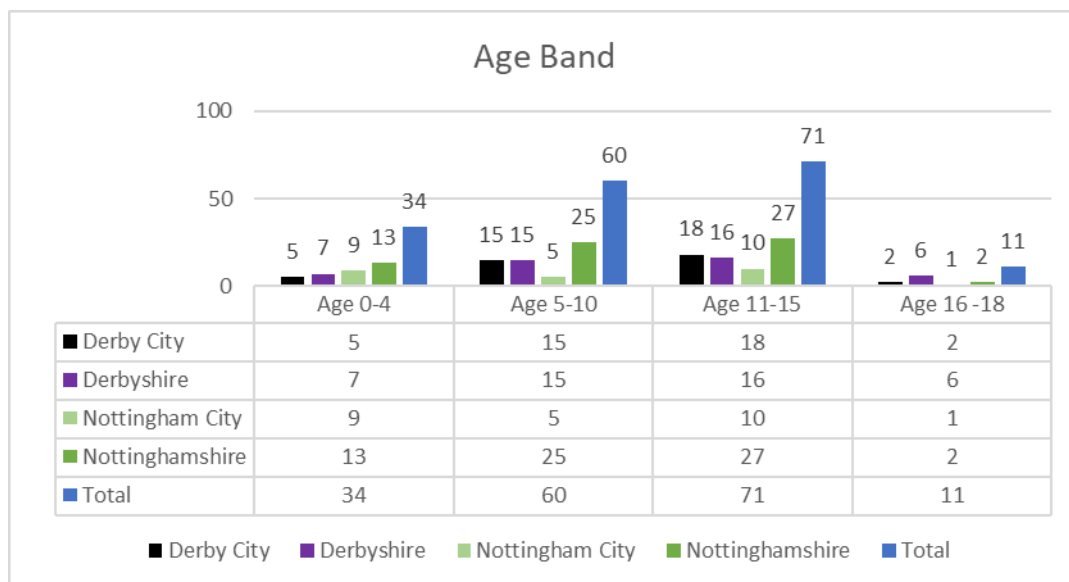
Six fostering parent and child placements were removed from the analysis of age band due to there being two or more persons within each record (the parent/s and the child/children). The age of children within these placements is irrelevant, they are typically babies or toddlers, the placements are to assess parenting ability.

Residential parent & child placements are not currently made on framework.

Age Band	Number of Placements	%
Age 0-4	34	19%
Age 5-10	60	34%
Age 11-15	71	40%
Age 16 -18	11	6%
<b>Total</b>	<b>176</b>	<b>100%</b>



Most framework fostering and residential placements were made for children in the age band 11-15 at 71, 40% of the total.



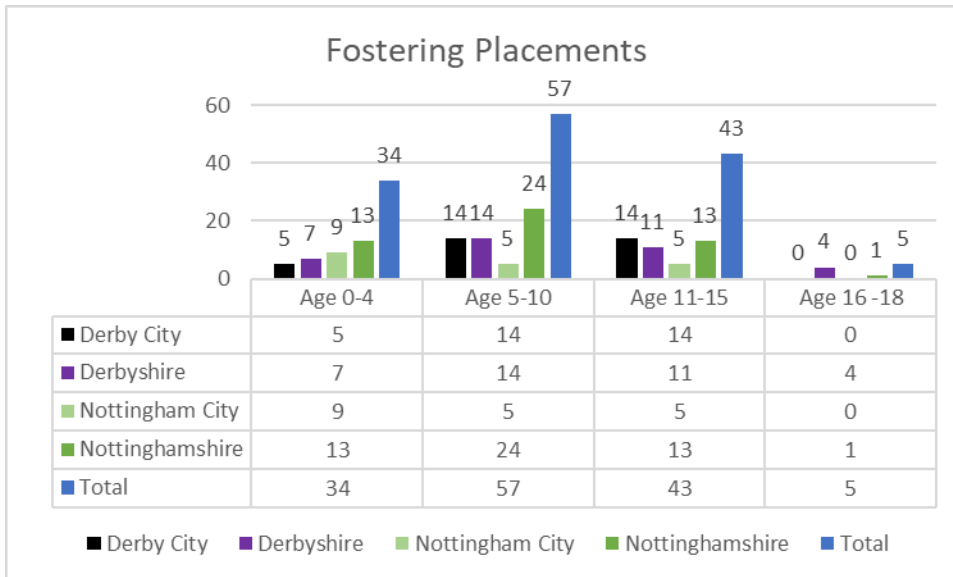
All four authorities followed the trajectory of making more fostering and residential placements in the age band 11-15.

**Age Band Fostering Placements**

Age Band	Fostering Placements	%
Age 0-4	34	24%
Age 5-10	57	41%
Age 11-15	43	31%
Age 16-18	5	4%
<b>Total</b>	<b>139</b>	<b>100%</b>

The majority of framework fostering placements were made for children in the age band 5-10 at 57, 41% of the total.





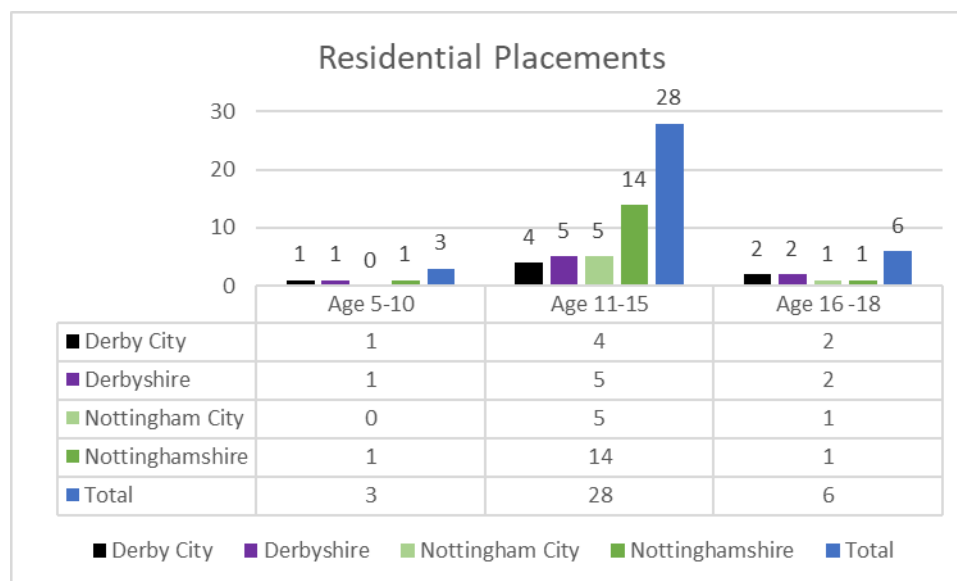
Derbyshire and Nottinghamshire both made the most fostering placements for those in the Age Band 5-10.

Derby City and Nottingham City each made an equal number of placements for children in their 5-10 and 11-15 age bands.

**Age Band Residential Placements**

Age Band	Residential Placements	%
Age 5-10	3	8%
Age 11-15	28	76%
Age 16-18	6	16%
<b>Total</b>	<b>37</b>	<b>100%</b>

Over three quarters of framework residential placements were made in the age band 11-15, at 28, 76% of the total.

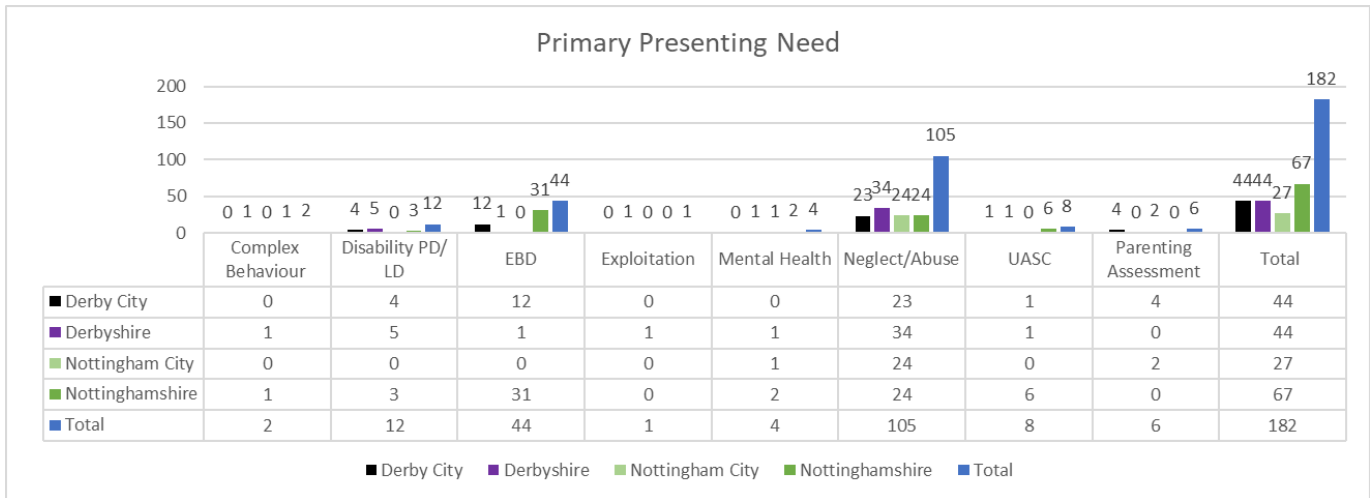


All four authorities followed this trajectory of making more residential placements in the age band 11-15.

#### Primary Presenting Need All Placements

Primary Presenting Need	Number of Placements	%
Complex Behaviour	2	1%
Disability PD/ LD	12	7%
EBD	44	24%
Exploitation	1	1%
Mental Health	4	2%
Neglect/Abuse	105	58%
UASC	8	4%
Parenting Assessment	6	3%
<b>Total</b>	<b>182</b>	<b>100%</b>

The most prevalent primary presenting need for framework fostering and residential placements was neglect/ abuse at 105, 58% of the total.



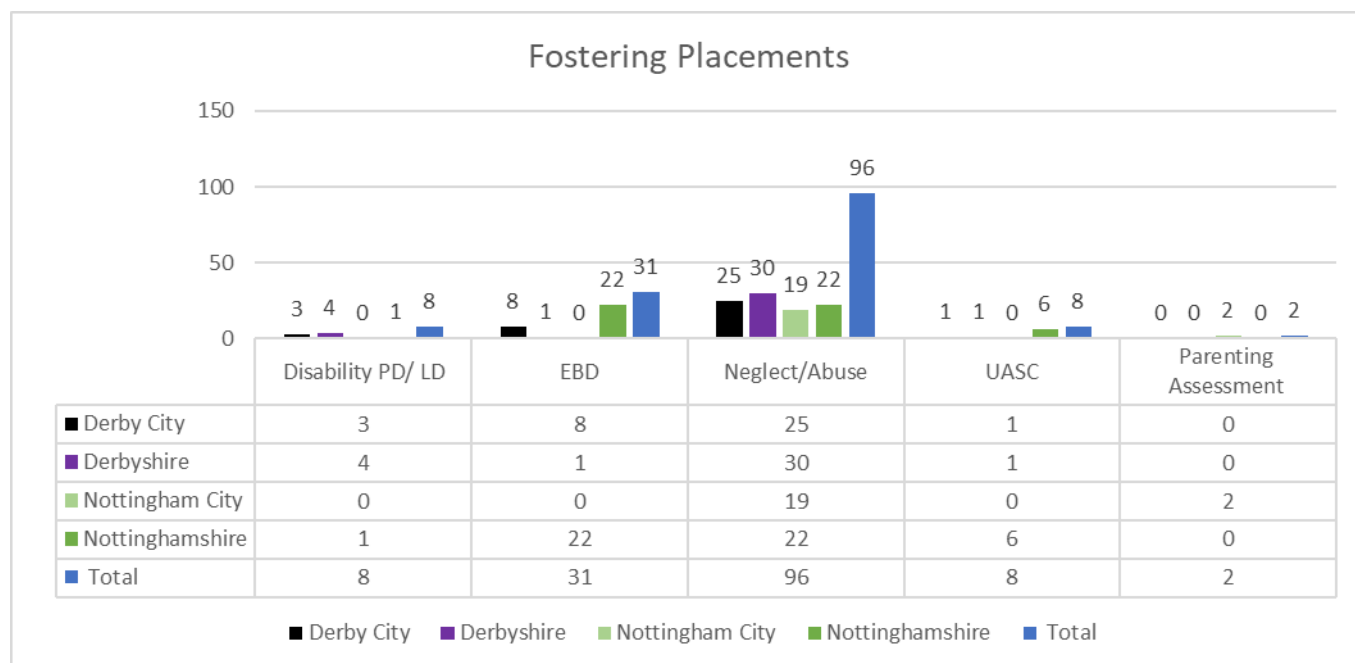
This trajectory of fostering and residential placements primary presenting need being neglect/abuse was seen across three authorities.

Nottinghamshire had more framework placements with EBD as primary presenting need.

### Primary Presenting Need Fostering Placements

Primary Presenting Need	Fostering Placements	%
Disability PD/ LD	8	6%
EBD	31	21%
Neglect/Abuse	96	66%
UASC	8	6%
Parenting Assessment	2	1%
<b>Total</b>	<b>145</b>	<b>100%</b>

The most prevalent primary presenting need for framework fostering placements was neglect/ abuse at 96, at 66% of the total.



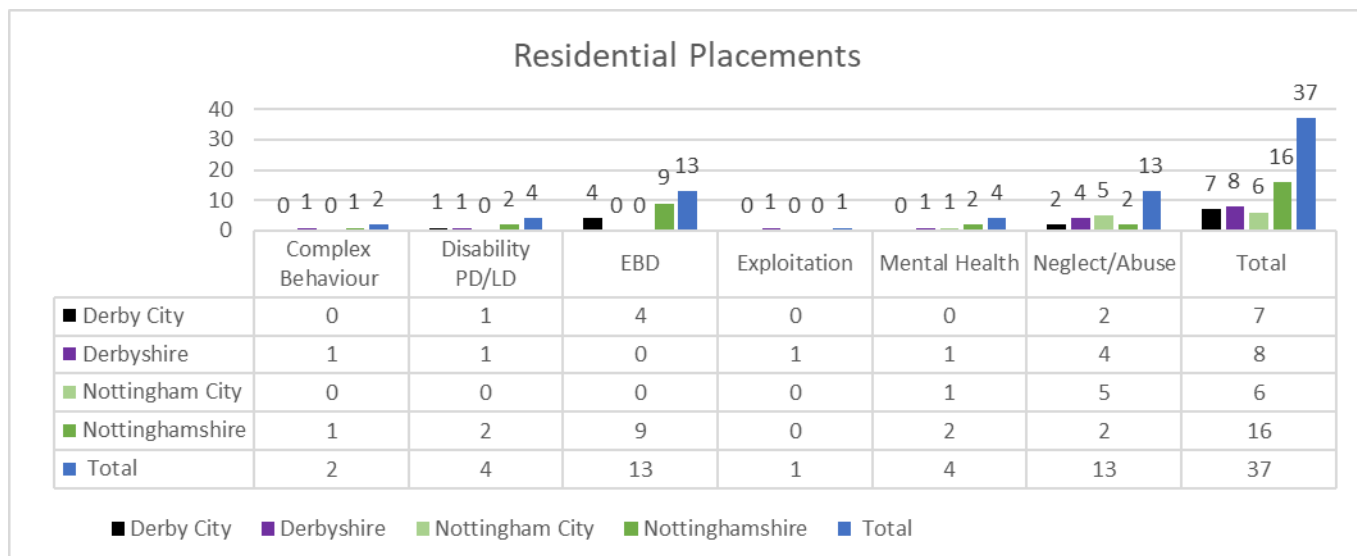
This trajectory of the majority of fostering placements having a primary presenting need of neglect/ abuse was seen across three authorities.

Nottinghamshire had an equal number of fostering placements with a primary presenting need of EBD and neglect/ abuse.

### Primary Presenting Need Residential Placement

Primary Presenting Need	Residential Placements	%
Complex Behaviour	2	5%
Disability PD/LD	4	11%
EBD	13	35%
Exploitation	1	3%
Mental Health	4	11%
Neglect/Abuse	13	35%
<b>Total</b>	<b>37</b>	<b>100%</b>

Framework residential placements had an equally high number of placements with neglect/ abuse and EBD recorded as primary presenting need, both at 13, each making 35% of the total.



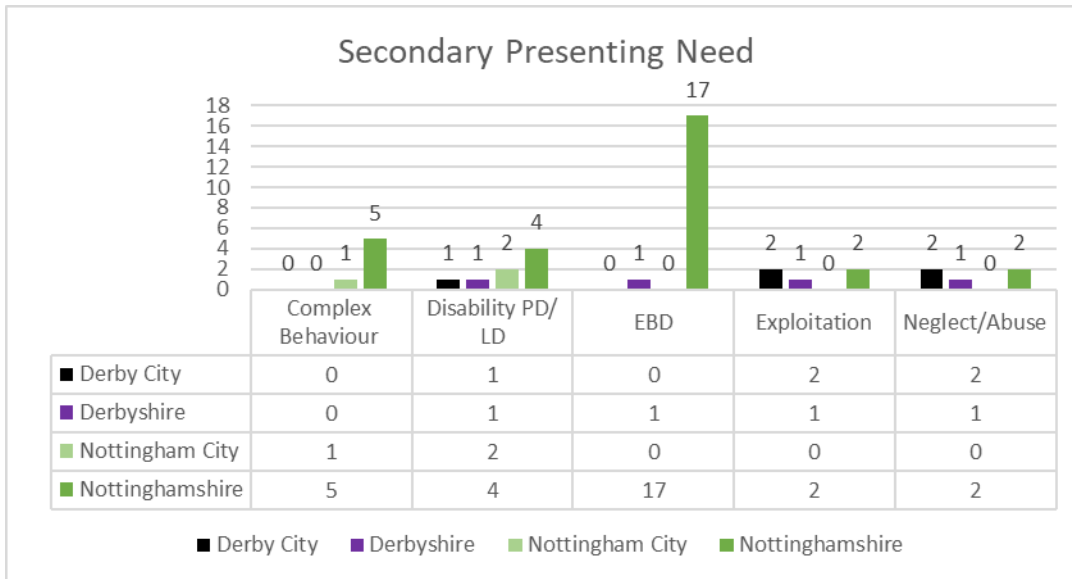
Derby City and Nottinghamshire had more residential placements with EBD as primary presenting need.

Derbyshire and Nottingham City had more residential placements with neglect/abuse as primary presenting need.

#### Secondary Presenting Need All Placements

Secondary Presenting Need	Number of Placements	%
Complex Behaviour	6	16%
Disability PD/ LD	4	11%
EBD	18	47%
Exploitation	5	13%
Neglect/Abuse	5	13%
<b>Total</b>	<b>38</b>	<b>100%</b>

Most framework fostering and residential placements had a secondary presenting need recorded as EBD at 18, 47% of the total.



Nottinghamshire made the most fostering and residential placements with EBD as secondary presenting need.

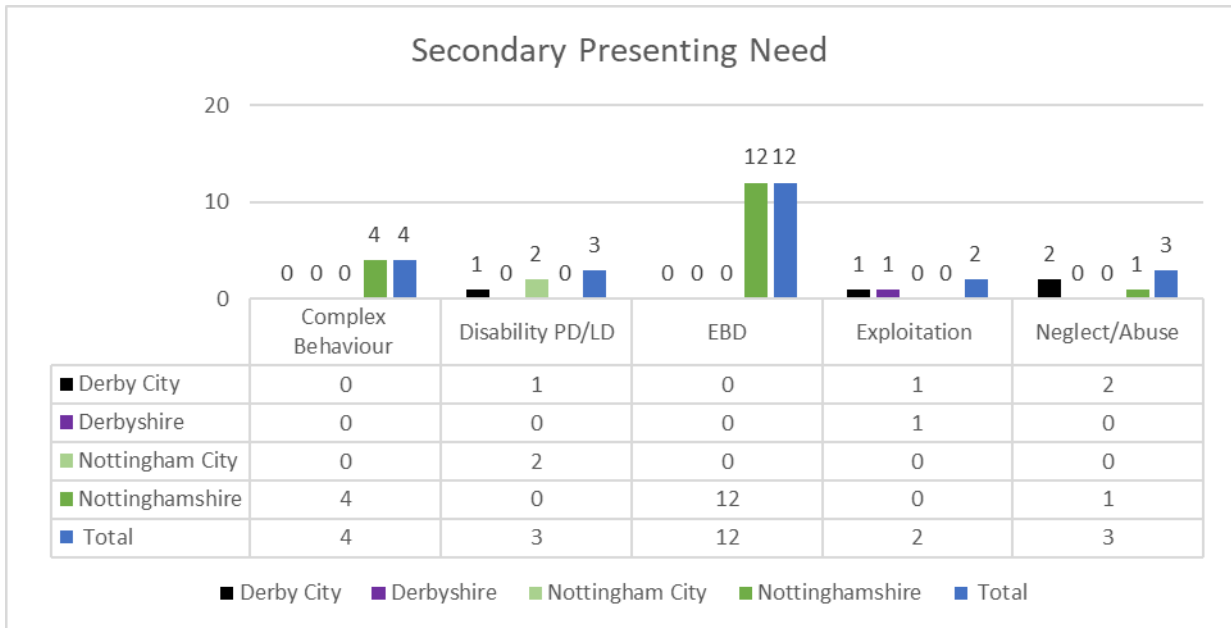
Three authorities had different secondary presenting needs for fostering and residential placements:

- Derby City: equally high numbers for exploitation and neglect/abuse
- Derbyshire: equally high numbers for disability PD/LD, EBD, exploitation, and neglect/abuse
- Nottingham City: disability PD/LD

### Secondary Presenting Need Fostering Placements

Secondary Presenting Need	Fostering Placements	%
Complex Behaviour	4	17%
Disability PD/LD	3	13%
EBD	12	50%
Exploitation	2	8%
Neglect/Abuse	3	13%
<b>Total</b>	<b>24</b>	<b>100%</b>

The majority of framework fostering placements had a secondary presenting need recorded as EBD at 12, 50% of the total.



Nottinghamshire made the most fostering placements with a secondary presenting need of EBD.

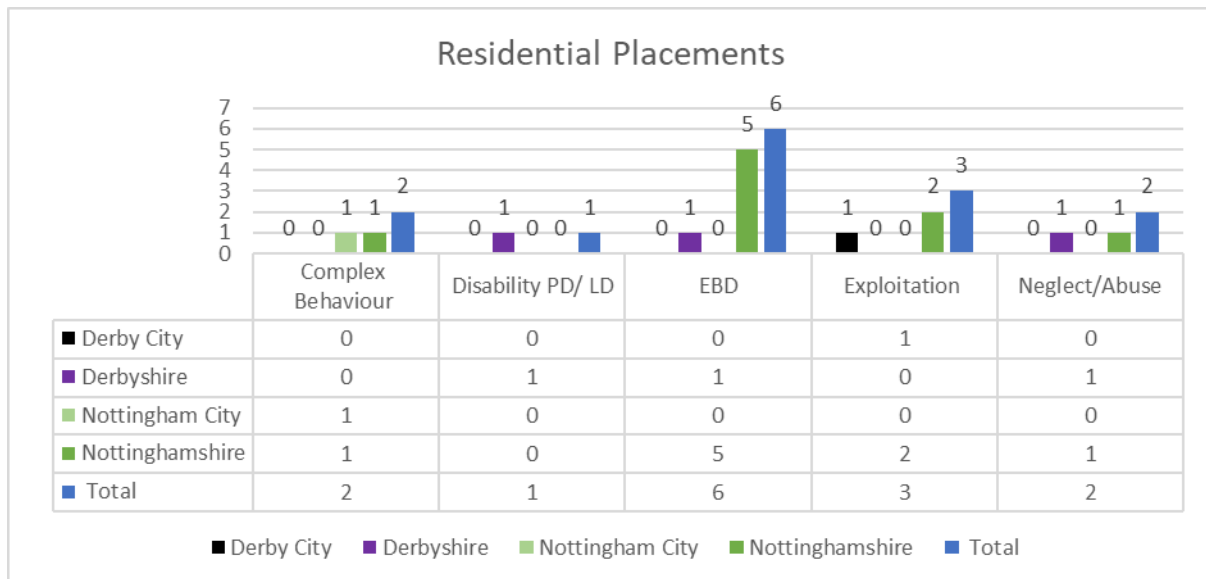
Three authorities had different secondary presenting needs for fostering placements:

- Derby City: equally high numbers for disability PD/LD and exploitation
- Derbyshire: exploitation
- Nottingham City: disability PD/LD

### Secondary Presenting Need Residential Placements

Secondary Presenting Need	Residential Placements	%
Complex Behaviour	2	14%
Disability PD/ LD	1	7%
EBD	6	43%
Exploitation	3	21%
Neglect/Abuse	2	14%
<b>Total</b>	<b>14</b>	<b>100%</b>

Most framework residential placements had EBD as secondary presenting need at 6,43% of the total.



Nottinghamshire made the most residential placements with a secondary presenting need of EBD.

Three authorities had different secondary presenting needs for residential placements:

- Derby City: exploitation
- Derbyshire: disability PD/LD, EBD and neglect/ abuse
- Nottingham City: complex behaviour

### Fostering Placements Weekly Price

One hundred and forty-three framework fostering weekly prices were included in the fostering pricing analysis. This is a different number to the one hundred and forty-five fostering placements referenced in previous sections of the report. Three retainer prices were removed from pricing analysis as they low and not indicative of typical weekly framework prices when a child is in placement. They were included in prior sections of the report as they still demonstrate an available placement being held for a child. One additional placement was included in pricing analysis but not earlier in the report, this was a contract price variation, so it was relevant for pricing analysis but despite the price change only represented one placement.

Weekly Prices	Fostering
Lowest Price	£700
Median Price	£834.55
Modal Price	£855.95
Average Price	£889.53
Highest Price	£2,289.53





### Lowest Price

The lowest fostering price was for two Derbyshire siblings standard fostering placements with Fostering Solutions, both children were in the age band 0-4 at £700 per child per week. A reduced rate was given as this was a bridging placement and sibling discount applied.

### Median Price

The median fostering price (the middle price) was £834.55.

### Modal Price

The modal fostering price (most frequently occurring) was £855.95.

### Average Price

The average fostering price was £889.53

### Highest Price

The highest fostering price was for a standard parent and child placement with Fostering Solutions for a Derby City mother, father and child at £2,289.53 per week.

### Pricing Breakdown by Authority

Fostering	Average	Low	Medium	High	Very High	Total
		£700-849	£850-£999	£1000-£1,444	£1,450-£2,289	
Derby City	£971.50	21	7	5	4	37
Derbyshire	£873.30	17	11	6	0	34
Nottingham City	£880.44	13	6	0	2	21
Nottinghamshire	£844.62	38	8	4	1	51
<b>Total</b>	N/A	89	32	15	7	143

All four authorities had the most framework fostering prices in the low pricing category.

### Fostering Discounts

D2N2 discount structures were previously agreed with twenty framework fostering providers and referenced in D2N2 Placements Reports Quarter's 2, 3 and 4 during the financial year 2020-2021 and Quarter 1 during 2021-2022.

During Quarter 2 of 2021-2022 there were no new framework fostering discount structures agreed to report.



### Fostering Summary of Context

Context given by authorities for expensive fostering placements (£1,000-£2,289) made on framework included:

- Additional 10 nights respite plus horse-riding lessons.
- This was a bespoke price agreed by STARS.
- Bespoke fee inclusive of therapy consultations for carers, therapy training and support groups, day care if needed, Team Parenting if needed.
- Hard to place young person in solo placement.
- This was a young person that came through Forward to Foster route after several years in residential, so specialist rate was agreed. Unfortunately, it looks like it's breaking down.
- Doesn't match specialist framework pricing asked for it to be challenged.
- Mother, father, and baby placement.

### Residential Placements Weekly Price

Thirty-eight weekly framework residential prices were included in the residential pricing analysis. This includes one further placement price to the thirty-seven residential placements referenced previously in the report. This is because the additional price was relevant to include in the pricing analysis as it was a contract variation, but despite the price change it only represented one placement.

Weekly Prices	Residential
Lowest Price	£3,291.88
Median Price	£4,497.50
Modal Price	N/A multiple
Average Price	£4,938.20
Highest Price	£10,790

#### Lowest Price

The lowest residential price was for a residential standard placement with Homes2Inspire for a Derby City female in the age band 11-15, at £3,291.88 per week.

#### Median Price

The median residential price (the middle price) was £4,497.50

#### Modal Price

Not applicable due to multiple prices being offered.

#### Average Price

The average residential price was £4,938.20



### Highest Price

The highest residential price was for a residential specialist placement with Total Care Matters for a Derbyshire female in the age band 16-18, at £10,790 per week.

Context given for the high price of this placement from Derbyshire was that this was a hard to place young person; it was a solo placement with additional 2:1 staffing.

### Pricing Breakdown by Authority

Residential	Average	Low	Medium	High	Very High	Total
		£3,291-£4,449	£4,450-£5,599	£6,000-£7,749	£7,750-£10,790	
Derby City	£5,285.96	2	4	0	1	7
Derbyshire	£6,345.76	2	3	0	3	8
Nottingham City	£4,463.60	3	3	1	0	7
Nottinghamshire	£4,289.90	9	7	0	0	16
Total	N/A	16	17	1	4	38

Derby City had the most residential placements in the medium pricing category.

Derbyshire had an equally high number of residential placements in the medium and very high pricing categories.

Nottingham City had an equally high number of residential placements in the low and medium pricing categories.

Nottinghamshire had the most residential placements in the low pricing category.

### Residential Discounts

D2N2 discount structures were previously agreed with three framework residential providers; Compass Community Limited and Kedleston Schools referenced in the financial year 2020-2021, D2N2 Placements Report Quarter 2, and atypical discount within Quarter 4's Report with Resolute not taking up the annual inflationary uplift offered to all providers.

During 2021-2022, Quarter 1 April- June 2021, Leicester YMCA agreed they would look to build in the sharing of efficiency gains by way of placement discounts in their budget from financial year 2022-23 as they have faced increasing costs this year. Their thresholds for offering discounts will be as follows:

- Minimum of 2 long term placements of 12months +

At this stage they are unable to confirm a percentage, however, they can discuss further in the early part of spring 2022.

The discount proposal made by Kedleston Group, reached it's review point in Quarter 2 of 2021-2022. Their Strategic Partnership Director made a proposal on 30 September 2020



that on the 1 September 2021 Kedleston would review the annual revenue across the D2N2 contract at that point in time, and if the annual revenue is £1 million or over each individual placement would receive a 2% rebate on all invoices going forward until the end of the placement. They implemented this for the first year to then be reviewed acknowledging that, it was hard to predict at an early stage what would be beneficial to both parties. D2N2 are waiting to hear from Kedleston on the outcome of annual revenue during this period.

### Residential Summary of Context

Context given by authorities for expensive residential placements (£5,218- £10,790) made on framework included:

- Staff were doing daily visits to the boy who lived in Hull to try to get the boy to move and staff were on site ready for him to move full fee was required.
- Additional staffing 2:1.
- Additional services education, therapy.
- Emergency placement due to breakdown- challenging behaviour, aggressive behaviour and learning disabilities.
- Hard to place young person.
- Extremely disruptive moved to solo provision.

**REPORT OF THE HEAD OF TECHNOLOGY & DIGITAL, CHIEF EXECUTIVE'S  
DEPARTMENT**

**CYBER SECURITY ASSURANCE QUARTER 2 2021-22**

**Purpose of the Report**

1. To provide the Finance Committee with the 2<sup>nd</sup> quarter progress update towards Public Sector Network (PSN) and Cyber Essentials accreditation.

**Information**

**Performance Update**

2. Some information relating to this report is not for publication by virtue of Schedule 12A of the Local Government Act 1972 because the information relates to action which may be taken in connection with the prevention, investigation or prosecution of crime. Having regard to all the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would add a limited amount to public understanding or the issues but could significantly damage the Authority's cyber security. The exempt information is set out in the exempt appendix.

**Public Sector Network (PSN) & Cyber Essentials compliance**

3. The following paragraphs describe a number of the indicators we use to measure progress against achieving accreditation

**Successful cyber-attacks/cyber breaches**

4. This indicator measures how successful external threat actors are at attacking the Council's systems. Naturally we wish to avoid such an occurrence and therefore the threshold is zero on this indicator.

**Servers without anti-virus**

5. This KPI measures the number of servers that do not have anti-virus client installed.

### **Workstations without anti-virus**

6. This KPI measures the number of workstations (end user devices including tablets/laptops/desktops) that do not have anti-virus installed.

### **Servers with unpatched vulnerabilities**

7. This KPI measures the number of servers with unpatched vulnerabilities.

### **Workstations with unpatched vulnerabilities**

8. This KPI measures the number of workstations with unpatched vulnerabilities.

### **Other Options Considered**

9. No other options have been considered in this report.

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

10. To provide continual assurance of ICT's Operational performance against an agreed set of understandable and measurable criteria.

### **Statutory and Policy Implications**

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

### **RECOMMENDATION**

That the contents of the report be noted.

**Paul Martin**

**Head of Technology & Digital, Finance, Infrastructure and Improvement**

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

Paul Martin on 0115 977 5722

## **Constitutional Comments**

The Constitutional Comments will be reported orally at the meeting.

## **Financial Comments [SES 25/01/2022]**

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

## **Background Papers and Published Documents**

- None

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

- All





**7 February 2022**

**Agenda Item: 8**

**REPORT OF THE SERVICE DIRECTOR - CUSTOMERS, GOVERNANCE AND  
EMPLOYEES**

**WORK PROGRAMME**

**Purpose of the Report**

1. To consider the Committee's work programme for 2021/22.

**Information**

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.
5. The meeting dates and agenda items are subject to review in light of the ongoing COVID-19 pandemic.

**Other Options Considered**

6. None.

**Reason/s for Recommendation/s**

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

## **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**

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

**Marjorie Toward**  
**Customers, Governance and Employees**

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

## **Constitutional Comments (HD)**

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

## **Financial Comments (NS)**

10. 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 COMMITTEE – WORK PROGRAMME

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>Lead Officer</u>	<u>Report Author</u>
<b>21 March 2022</b>			
Monthly Budget & Capital Monitoring Report 2021/22	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Nottinghamshire Special Educational Needs and Disabilities Programme Latest Estimated Cost Report		Derek Higton	Phil Berrill/Mick Allen
Mill Adventure Base Phase 2 (deferred from February)	Latest Estimated Costs	Derek Higton	Phil Berrill/Mick Allen
ICT Operational Performance Q3 2021-22	Performance Report	Paul Martin	Kirstie Phillips
Smart Ticketing Procurement Update		Kaj Ghattaora	Kaj Ghattaora
PPE Update		Kaj Ghattaora	Kaj Ghattaora
Top Wighay Procurement		Kaj Ghattaora	Kaj Ghattaora
<b>TO BE PLACED</b>			
Contracts Awards	Details of local spend	Kaj Ghattaora	Kaj Ghattaora
Top Wighay Office LEC	Latest Estimated Cost Report	Derek Higton	Phil Berrill
Lowmoor & Caudwell LEC	Latest Estimated Cost Report	Derek Higton	Phil Berrill
Property Planned	Latest Estimated Cost report of the Property Planned Maintenance programme <a href="#">Page 83 of 84</a>	Derek Higton	Phil Berrill

**FINANCE COMMITTEE – WORK PROGRAMME**

Maintenance Programme (PPMP) 2021/22 LEC			
Lindhurst and Eastwood LEC	Latest Estimated Cost Report	Derek Higton	Phil Berrill
Demolition Programme Report	Update Report	Derek Higton	Phil Berrill
Covid 19 Cultural Service Contract Variations	Progress report	Derek Higton	Mick Allen
Integrated Community Equipment Loans Service (ICELS) Tender 2023	That a report be brought to Committee following the outcome of the tender and the award of the contract.	Kaj Ghattaora	Michael Fowler