



Finance Committee

Monday, 11 October 2021 at 10:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- | | | |
|---|--|---------|
| 1 | Minutes of the last meeting held on 6 Sept 2021 | 3 - 6 |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interests by Members and Officers:- (see note below) (a) Disclosable Pecuniary Interests (b) Private Interests (pecuniary and non-pecuniary) | |
| 4 | Financial Monitoring Report Period 5 2021-22 | 7 - 22 |
| 5 | Risk and Insurance Update | 23 - 32 |
| 6 | ICT Operational Performance Q1 2021-22 | 33 - 48 |
| 7 | The Digital Declaration - Presentation | 49 - 58 |
| 8 | Cyber Security Assurance Q1 2021-22 | 59 - 62 |
| 9 | Work Programme | 63 - 68 |

CONFIDENTIAL - CONTAINS EXEMPT INFORMATION ITEMS

10 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 agreed, the public will have to leave the meeting during consideration of the following item:

11 Cyber Security Assurance Q1 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 | 6 September 2021 (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 - A | Mike Quigley MBE - A |
| Jim Creamer | Lee Walters |
| Tom Hollis | |

SUBSTITUTE MEMBERS

Keith Girling for Mike Quigley and Errol Henry for John Clarke.

OFFICERS IN ATTENDANCE

| | |
|-----------------|---|
| Pete Barker | Democratic Services Officer |
| Phil Berrill | Team Manager, Property Commissioning |
| Kaj Ghattaora | Group Manager, Procurement |
| Derek Higton | Service Director, Place & Communities |
| Nigel Stevenson | Service Director, Finance, Infrastructure & Improvement |

ALSO IN ATTENDANCE

Mathew Antill - ARC
Dan Maher - ARC
Asaad Raouf - ARC
Sara Williams - ARC

1. MINUTES OF THE LAST MEETING HELD ON 28 JUNE 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.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Quigley and Councillor Clarke.

3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

There were no declarations of interest.

4. FINANCIAL MONITORING REPORT PERIOD 4 2021-22

RESOLVED: 2021/021

- 1) That the additional contingency requests detailed in the report be approved.
- 2) That the variations to the Capital Programme detailed in the report be approved.
- 3) That reports on the Children and Young People's Budget and expenditure on GAR be brought to future meetings of the Committee.

5. CIPFA FINANCIAL MANAGEMENT CODE

RESOLVED: 2021/022

That the contents of the report be noted.

6. LATEST ESTIMATED COST (LEC) PROCESS - PRESENTATION

Committee received a presentation on the LEC process delivered by representatives from ARC.

7. NEW SCHOOL, CHAPEL LANE, BINGHAM – LATEST ESTIMATED COST

RESOLVED: 2021/023

- 1) That the Latest Estimated Costs for the New School Chapel Lane, Bingham be approved and that approval also be given for the project to proceed to the construction phase based on these estimated costs.
- 2) That the variation to the Children and Young People's capital programme of £0.713m be approved, funded from Department for Education Basic Need grant, to enable this scheme to reach completion.

8. 2021-22 SCHOOLS BUILDING IMPROVEMENT PROGRAMME – ADDITIONAL PROJECTS - LATEST ESTIMATED COST

RESOLVED: 2021/024

- 1) That the Latest Estimated Costs of the School Building Improvement Programme (SBIP) be approved and approval also be given for the projects to proceed to the construction phase based on these costs.

- 2) That a variation of £0.574m to the Children and Young People's capital programme be approved, funded by a contribution from the planned maintenance revenue budget, to part-fund the 2021/22 SBIP programme of works.

9. PERSONAL PROTECTIVE EQUIPMENT PROCUREMENT IN RESPONSE TO COVID-19

RESOLVED: 2021/025

- 1) That the progress of PPE operations and procurement since the last update to Finance & Major Contracts Management Committee in September 2020 be noted.
- 2) That the current stable position of PPE supply and the successful delivery of a compliant PPE Procurement contract be noted.

10. PROCUREMENT PIPELINE PROJECTS 2021-23

RESOLVED: 2021/026

- 1) That a report detailing local spend be brought to a future meeting of the Committee.
- 2) That members consider if any further reports are required on the projects detailed in the Appendix to the report.

11. WORK PROGRAMME

RESOLVED: 2021/027

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

The meeting closed at 12.23pm

CHAIR

**REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE
AND IMPROVEMENT****FINANCIAL MONITORING REPORT: PERIOD 5 2021/22****Purpose of the Report**

1. To provide a summary of the Committee revenue budgets for 2021/22.
2. To request approval for additional contingency requests.
3. To provide a summary of capital programme expenditure to date, year-end forecasts and approve variations to the capital programme.
4. To inform Members of the Council's Balance Sheet transactions.

**Information
Background**

5. 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.
6. 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.
7. 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.
8. 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

9. The table below summarises the revenue budgets for each Committee for the current financial year. A negligible overspend is currently predicted against the revised budget estimate following allocation of COVID19 grant to mitigate pandemic cost pressures. 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 4 £'000 | Committee | Revised Annual Budget £'000 | Actual to Period 5 £'000 | Year-End Forecast £'000 | Latest Forecast Variance £'000 |
|--|--|-----------------------------|--------------------------|-------------------------|--------------------------------|
| 1,243 | Children & Young People | 155,188 | 52,774 | 157,239 | 2,051 |
| (457) | Adult Social Care & Public Health | 219,942 | 55,169 | 219,682 | (260) |
| (6) | Transport & Environment | 113,367 | 35,796 | 112,339 | (1,028) |
| (529) | Communities | 18,464 | 2,478 | 17,895 | (569) |
| (322) | Economic Development & Asset Management | 21,243 | 8,209 | 20,920 | (323) |
| 89 | Policy | 3,058 | 2,317 | 3,130 | 72 |
| (57) | Finance | 15,632 | 5,289 | 15,604 | (28) |
| 4 | Governance & Ethics | 7,727 | 3,061 | 7,766 | 39 |
| (38) | Personnel | 18,350 | 8,367 | 17,896 | (454) |
| (73) | Net Committee (under)/overspend | 572,971 | 173,460 | 572,471 | (500) |
| - | - Central items | (34,072) | (29,782) | (34,072) | - |
| - | - Schools Expenditure | 826 | - | 826 | - |
| - | - Contribution to/(from) Traders | 885 | 1,655 | 721 | (164) |
| (73) | Forecast prior to use of reserves | 540,610 | 145,333 | 539,946 | (664) |
| - | - Transfer to / (from) Corporate Reserves | (1,341) | - | (1,341) | - |
| 240 | - Transfer to / (from) Departmental Reserves | (8,952) | (266) | (8,060) | 892 |
| - | - Transfer to / (from) General Fund | - | - | - | - |
| 167 | Net County Council Budget Requirement | 530,317 | 145,067 | 530,545 | 228 |

Committee and Central Items

COVID19 Pressures

10. 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.
11. Nottinghamshire County Council's DELTA16 return was submitted on 24 September 2021 and forecast additional COVID19 pressures totalled £41.4m. 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 (£2.1m overspend)

12. The underlying overspend is £2.1m after planned use of grant reserves and funding for additional costs related to COVID19.
13. The Youth Families and Social Work Division is forecasting an overspend of £0.8m. This mainly arises due to overspends on Looked After Children placements (£0.8m). Other lesser under and overspends net themselves off across the Department.
14. The Commissioning and Resources Division is forecasting an overspend of £1.3m, which relates directly to children transferred from Minster View which is temporarily closed. The forecast is for a full year pending the outcome of a specific piece of work.
15. The Children and Young People's Committee forecast overspend includes £0.4m of additional costs required to address increased demand at the Multi-Agency Safeguarding Hub. At the CYPS Committee meeting on 13 September 2021 it was approved that these costs will be funded from COVID19 grant reserves. This approach will be reflected in the Period 6 Financial Monitoring Report.

Adult Social Care & Public Health (£0.3m underspend)

16. The Adult Social Care and Public Health Department budget is currently forecasting an underspend of £0.3m, however, there are some significant uncertainties around the current forecast as follows:
 - Ongoing impact of COVID19 – grants /service delivery etc
 - The size of winter pressures
 - Market capacity issues
 - Changes to Health funding of hospital discharge packages
 - Ability to get temp/agency staff as currently forecast
 - Ability to deliver savings as currently forecast

Transport & Environment (£1.0m underspend)

17. The £1.0m forecast underspend is mainly as a result of an underspend within Highways (£0.6m) due to an expected increase in Section 38 / Section 278 income. In addition, there is a £0.4m forecast underspend against the concessionary fares budget due to the agreed reimbursement levels with transport operators.

Communities (£0.6m underspend)

18. The £0.6m forecast underspend comprises an underspend within Trading Standards (£0.7m), predominantly due to an underspend on the revenue and capital LIS Schemes. In addition, there is a forecast underspend in Registrars (£0.2m) due to additional income from ceremonies that were cancelled in the height of the pandemic. These ceremonies have now been rescheduled to the current financial year due to the easing of restrictions. This is offset by additional costs across a range of other services (£0.3m).

Central Items

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

20. 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.

21. 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 £1.4m.

22. A report was taken to the September meeting of Communities Committee requesting contingency funding of £100,000 in both 2021/22 and 2022/23 to fund costs associated with Nottinghamshire hosting a stage of the Tour of Britain in September 2022.

23. In addition, at the same meeting of Communities Committee, a report proposed the establishment of an annual Armed Forces Community Budget in the sum of £20,000 to be funded from contingency.

24. Also, following the recent pension valuation it has been identified that the Council is required to make additional minor primary and secondary pension contributions. It is proposed that these additional contributions are funded from contingency.

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.
28. The 2020/21 Local Government Finance Settlement set out a one-year settlement only. As such, further considerable uncertainty beyond 2021/22 will remain until the outcome of the future Comprehensive Spending Review is known.

Balance Sheet

General Fund Balance

29. 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

30. 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 | 14,188 | |
| | | 14,188 |
| Variations funded from other sources : Net variation from 2020/21 and financing adjustments | 25,664 | |
| | | 25,664 |
| Revised Gross Capital Programme | | 148,375 |

31. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 5.

Table 3 – Capital Expenditure and Forecasts as at Period 5

| Committee | Revised Capital Programme £'000 | Actual Expenditure to Period 5 £'000 | Forecast Outturn £'000 | Expected Variance £'000 |
|-----------------------------------|------------------------------------|---|---------------------------|----------------------------|
| Children & Young People's | 33,375 | 5,522 | 30,994 | (2,381) |
| Adult Social Care & Public Health | 955 | 211 | 955 | - |
| Transport & Environment | 57,451 | 14,721 | 62,560 | 5,109 |
| Communities | 3,482 | 331 | 3,465 | (17) |
| Economic Devt & Asset Mngt | 38,999 | 6,627 | 37,901 | (1,098) |
| Finance | 10,083 | 3,596 | 10,083 | - |
| Personnel | 151 | 33 | 131 | (20) |
| Contingency | 2,380 | - | 2,380 | - |
| Total | 146,876 | 31,041 | 148,469 | 1,593 |

Children and Young People's

32. In the Children and Young People's Committee, a forecast underspend of £2.4m has been identified. This relates mainly to the Schools Place Programme (£1.8m) where re-profiling is required as commitments to projects at Academies are not now expected to be made until future financial years. There is also an underspend of £0.6m against the Sharphill School capital project. It is proposed that this funding is transferred back into the School Places capital programme.

It is proposed that the Children and Young People's capital programme is varied to reflect the £1.8m re-profiling required against the School Places Programme. It is also proposed that the £0.6m underspend against the Sharphill School capital project is transferred back into the School Places capital project.

Transport and Environment

33. In the Transport and Environment Committee, an overspend of £5.1m has been identified. This relates to a £5.4m forecast overspend against the Gedling Access Road project, as reported at the last Committee meeting, offset by slippage against the Trees for Climate (£0.4m) programme due to a minor delay to the commencement of the project.

It is proposed that the Transport and Environment capital programme is varied to reflect the £0.4m slippage identified against the Council's Trees for Climate project.

Economic Development & Asset Management

34. In the Economic Development and Asset Management Committee, an underspend of £1.0m has been identified which relates to the Site Clearance programme. This relates to re-profiling of expenditure pending a review of all site clearance projects.

It is proposed that the Economic Development and Asset Management Committee capital programme is varied to reflect the £1.0m re-profiling of the Site Clearance programme.

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 | 17,115 | 16,243 | - | 17 | 33,375 |
| Adult Social Care & Public Health | 43 | 881 | - | 31 | 955 |
| Transport & Environment | 18,458 | 39,330 | 222 | 940 | 58,950 |
| Communities | 3,420 | - | 20 | 42 | 3,482 |
| Economic Devt & Asset Mngt | 27,203 | 10,996 | - | 800 | 38,999 |
| Finance | 7,892 | 2,000 | - | 191 | 10,083 |
| Personnel | 151 | - | - | - | 151 |
| Contingency | 2,380 | - | - | - | 2,380 |
| Total | 76,662 | 69,450 | 242 | 2,021 | 148,375 |

36. It is anticipated that borrowing in 2021/22 will increase by £16.1m from the forecast in the Budget Report 2020/21 (Council 25/02/2021). This increase is primarily a consequence of:

- £14.2m of net slippage from 2020/21 to 2021/22 and financing adjustments funded by capital allocations.
- Net acceleration in 2021/22 of £1.9m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

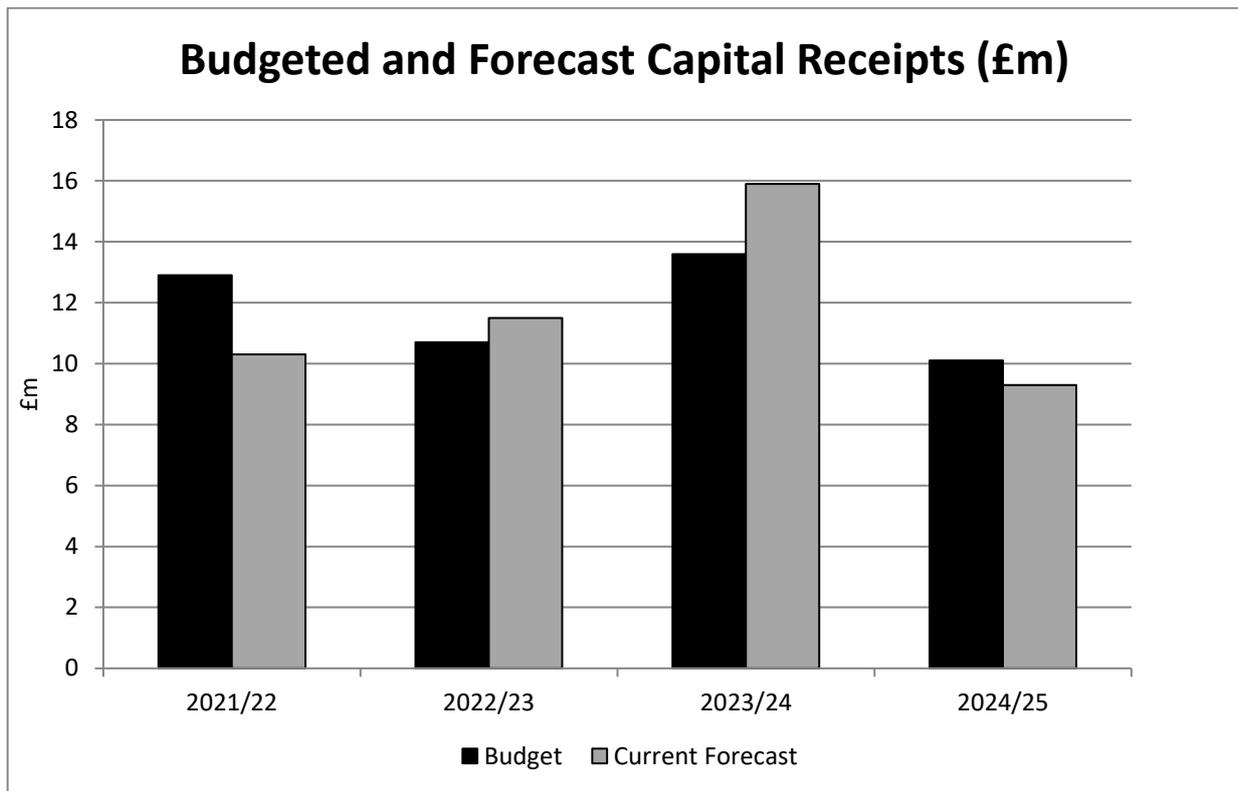
Prudential Indicator Monitoring

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.

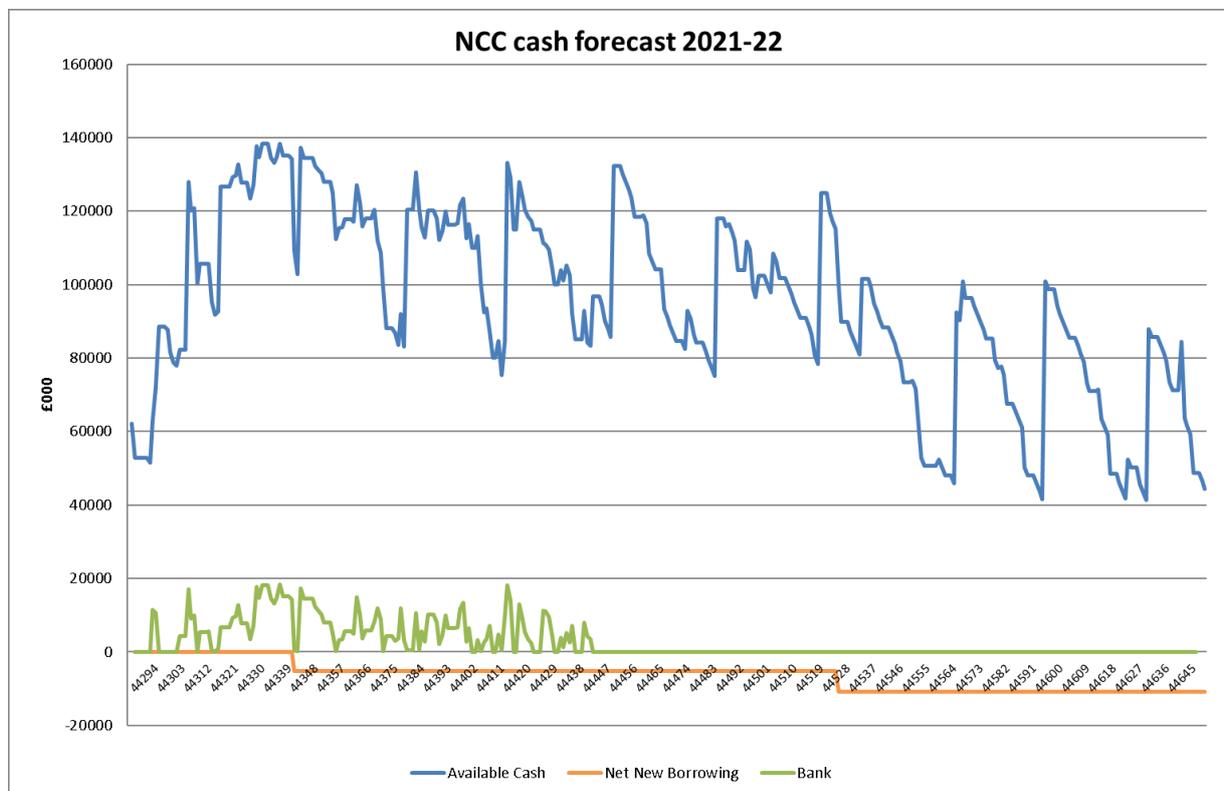
41. The capital receipt forecast for 2021/22 is £10.2m. As at the end of Period 5, no capital receipts have been received.

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.

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.

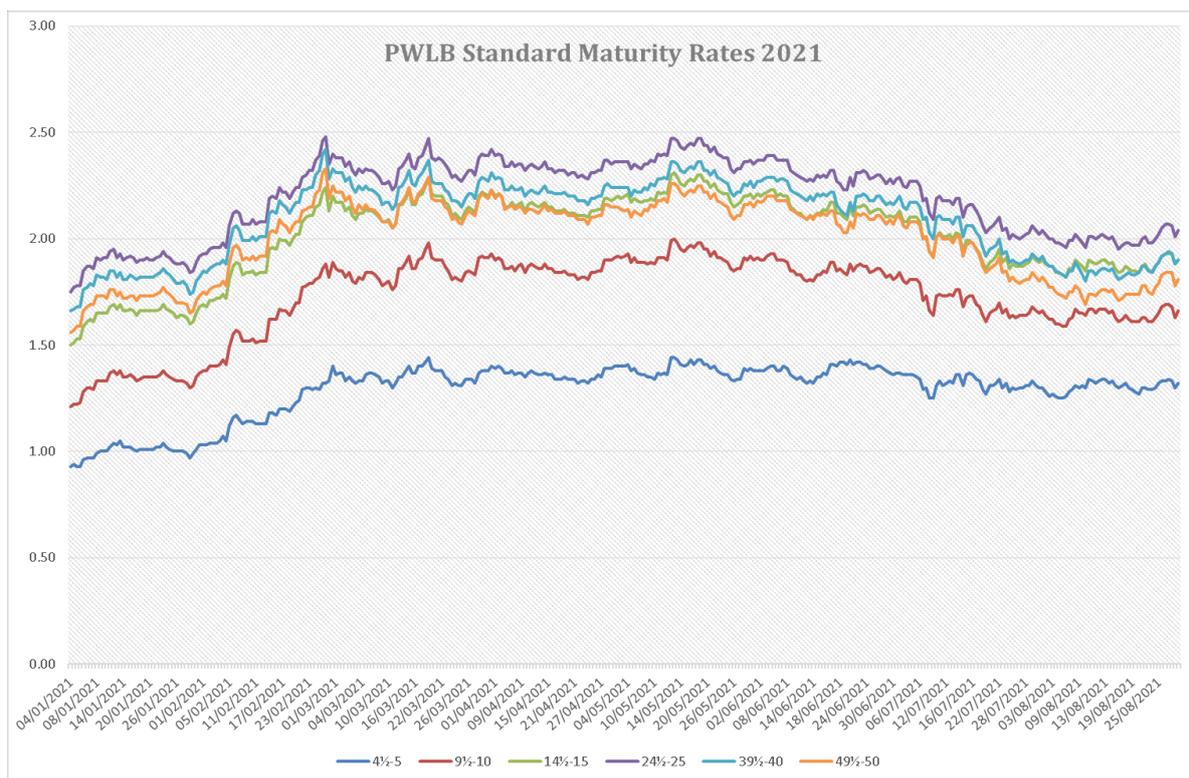


46. The chart above gives the following information:

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

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.



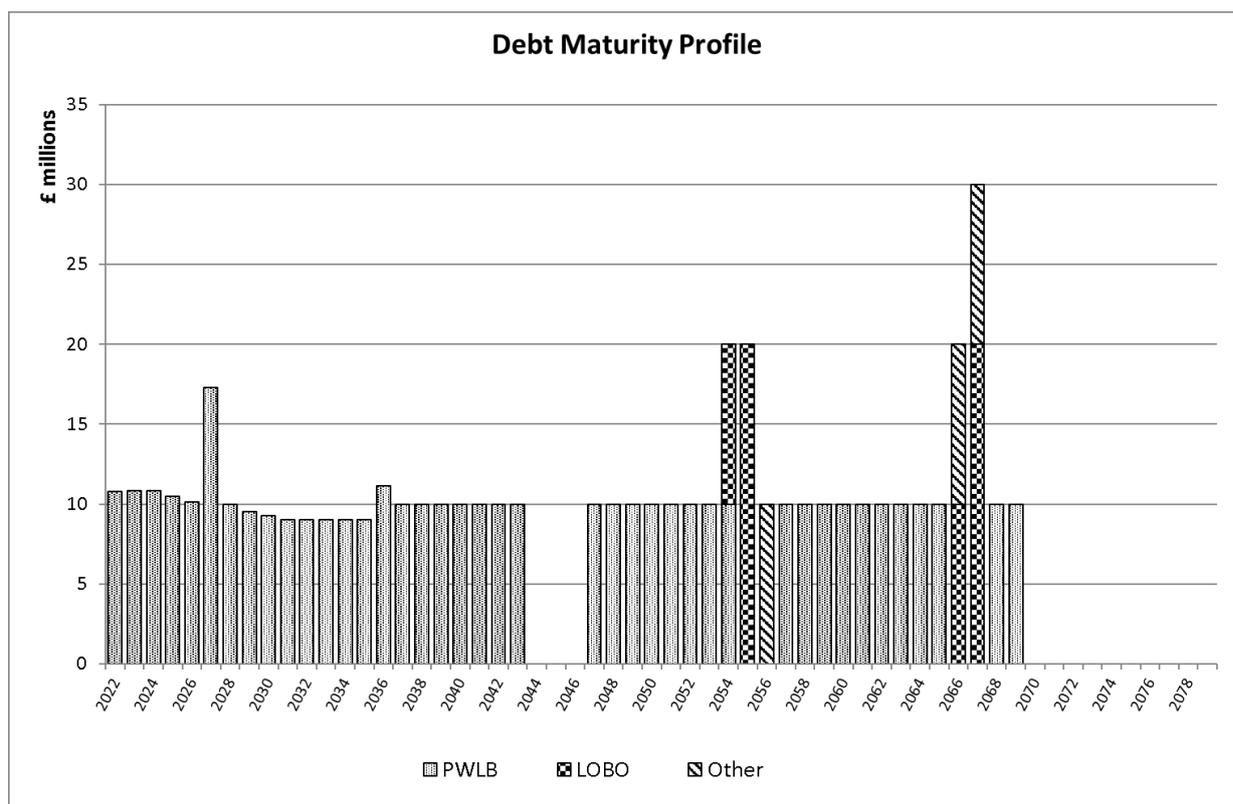
49. Borrowing decisions will take account of a number of factors including:

- 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.

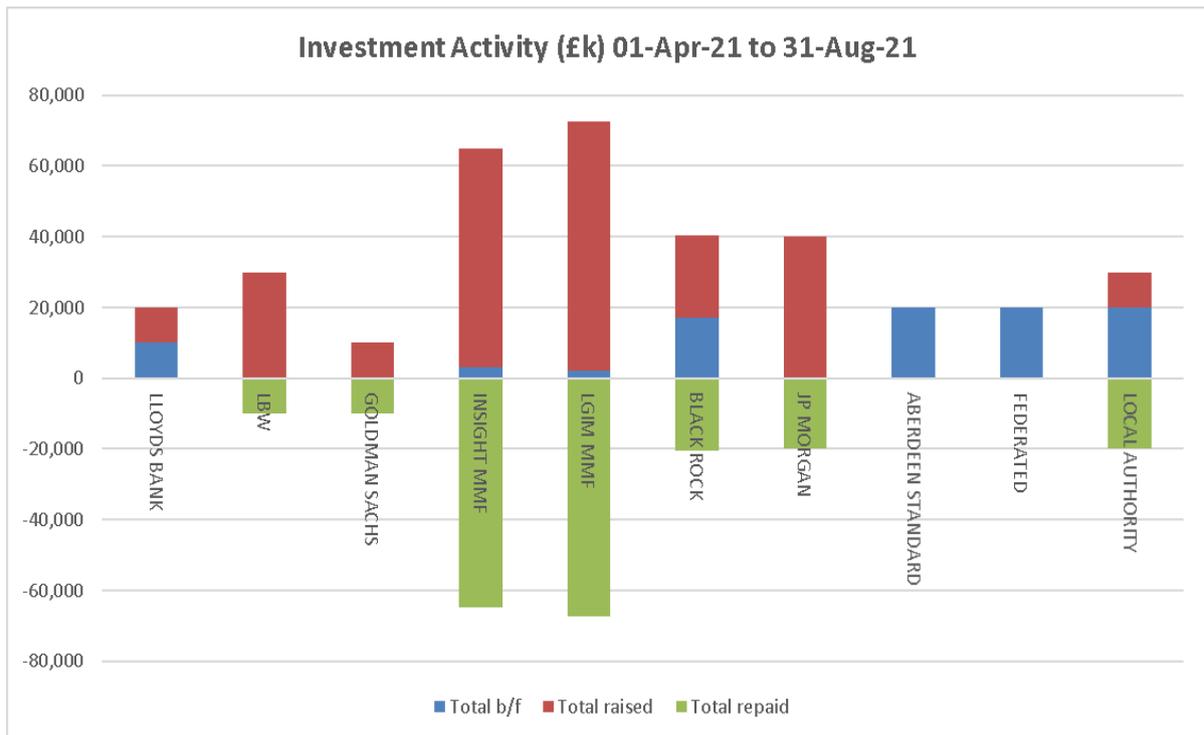
51. Long-term borrowing was also obtained from the market some years ago in the form of ‘Lender’s Options, Borrower’s Options’ loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken 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 £135m at the end of August.

| | Total B/F £ 000's | Raised £ 000's | Repaid £ 000's | Outstanding £ 000's |
|-------------------|----------------------|-------------------|-------------------|------------------------|
| INSIGHT MMF | 3,100 | 61,700 | (64,800) | - |
| LLOYDS BANK | 10,000 | 10,000 | - | 20,000 |
| LBW | - | 30,000 | (10,000) | 20,000 |
| GOLDMAN SACHS | - | 10,000 | (10,000) | - |
| LGIM MMF | 2,000 | 70,400 | (67,400) | 5,000 |
| BLACK ROCK | 17,100 | 23,350 | (20,450) | 20,000 |
| JP MORGAN | - | 40,000 | (20,000) | 20,000 |
| FEDERATED | 20,000 | - | - | 20,000 |
| LOCAL AUTHORITY | 20,000 | 10,000 | (20,000) | 10,000 |
| ABERDEEN STANDARD | 20,000 | - | - | 20,000 |
| Total | 92,200 | 255,450 | (212,650) | 135,000 |



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

- 1) To comment on the revenue budget expenditure to date and year-end forecasts.
- 2) To approve additional contingency requests.
- 3) To comment on the capital programme expenditure to date, year-end forecasts and approve variations to the capital programme.
- 4) To comment on the Council's Balance Sheet transactions.

Nigel Stevenson Service Director – Finance, Infrastructure and Improvement

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

Tamsin Rabbitts - Senior Accountant, Pensions and Treasury Management

Constitutional Comments (KK 27/09/2021)

56. The proposals in this report are within the remit of the Finance Committee.

Financial Comments (GB 20/09/2021)

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

**REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &
IMPROVEMENT****RISK AND INSURANCE UPDATE****Purpose of the Report**

1. To provide members with an update on the insurance claims experience and on some significant areas of work and development within the Risk and Insurance team.

Information**Claims Experience**

2. **Appendix A** presents a table that provides a comparison of the claims experience for both Employers and Public Liability risks for the last five financial years and current year. The table provides a year by year comparison of the:
 - number of claims made
 - number of those claims litigated (defence has proceeded to formal court proceedings)
 - number of those claims settled (liability has been accepted)
 - amounts paid out on those settled claims
 - number of those claims that remain open (still to be resolved)
3. **Appendix B** presents a graph to illustrate the number of highways claims open at the end of each quarter and the value of claims that have been successfully repudiated during the same period. The graph provides quarterly data for the last two financial years.
4. Some key points and context to note about the claims experience are:
 - Public Liability claim numbers although initially reduced due to the lockdown increased in the second half of the year and eventually reverted back to usual levels.
 - Employers Liability claim numbers remain below the numbers received in the previous five years.

- Repudiation rates for highways related claims continue to improve which positively impacts on the amount paid out on claims settled. The repudiation rate for 2020/21 currently rests at 90%.

Changes in Staffing and Team Responsibilities

5. The restructure approved by Finance Committee on the 15 March 2021 has been implemented. The new Claims Handler and Administrative Assistant's joined the team in September 2021. An induction plan and extensive training programme has been put in place to support and develop the new employees. Once established the new posts will provide the additional resilience required to effectively meet the current and future demands of the service.

Insurance Broker Tender

6. The team has successfully procured the Insurance Broker contract, for the provision of brokerage, insurance and risk management services. The contract has been awarded to Arthur J. Gallagher (AJG).
7. The contract has been awarded on an initial term of two years, with two subsequent opportunities to extend for a further period of twelve months each, for a maximum term of four years. The procurement of this contract ensures that the Council continues to maintain best value for this service.
8. Over the next six months the team will be working in close partnership with AJG to prepare and undertake the tendering and re-procurement of the Council's insurance provision. Ensuring the Council continues to achieve best value for its insurance arrangements.

Griffiths & Armour – Liability Claims Defensibility Audit: Highways

9. Last year the team commissioned an external audit of the defence of highways related liability claims. The audit was undertaken by the Council's previous brokers, Griffiths and Armour. The reach of the audit included Risk and Insurance, the Highways Client team and Via East Midlands.
10. The scope of the audit included a review of the following key elements:
 - each party's training, communication and performance monitoring arrangements
 - management of accidents and claims
 - documentation and risk assessments in place
11. The report has now been finalised and **Appendix C** provides an overview of the Council's current risk ratings in relation to the defensibility of highways claims which ranges between very good and excellent.
12. The key recommendations from the audit for the team to take forward include:
 - development of a Highways Claims Manual to document the team's procedure
 - post claims reviews to be conducted more regularly to improve future claims defence
 - claims analysis to be shared at monthly operational claims meetings
 - the information currently provided to claimants be reviewed

13. The above recommendations have been accepted. Version one of the Highways Claims Manual has been developed and has been used in the training of the new Claims Handlers and Administrative Assistants. The standing agenda for the monthly operational Highways Claims meetings has also been updated to include post claim reviews and claims analysis.
14. The review of the information provided to claimants has been added to the team's action plan to be taken forward. Once commenced, progress reports will be provided in future updates brought to the committee.

Other Options Considered

15. No other options were applicable for this update.

Reason/s for Recommendation/s

16. To provide Members with the opportunity to comment on key information relating to the activities of the Risk and Insurance team.

Statutory and Policy Implications

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

Financial Implications

18. A primary aim of the insurance arrangements is to provide a reasonable level of protection against significant and unforeseen liabilities, in the most cost effective way. A further aim is to ensure claims management processes are robust to protect the Council from unnecessary expenditure.

Human Resources Implications

19. None

Implications for Service Users

20. None

RECOMMENDATION/S

That the contents of the report be noted.

Nigel Stevenson
Service Director for Finance, Infrastructure and Improvement

For any enquiries about this report please contact:
Claire Dyson
Risk and Insurance Manager

Constitutional Comments (EP 10/09/21)

21. The Finance Committee is the appropriate body to consider this report. If Committee resolves that any actions are required it should ensure that such actions are within its terms of reference.

Financial Comments (SES 10/09/2021)

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

23. A primary aim of the insurance arrangements is to provide a reasonable level of protection against significant and unforeseen liabilities, in the most cost effective way. A further aim is to ensure claims management processes are robust to protect the Council from unnecessary expenditure.

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

Appendix A - Employers and Public Liability

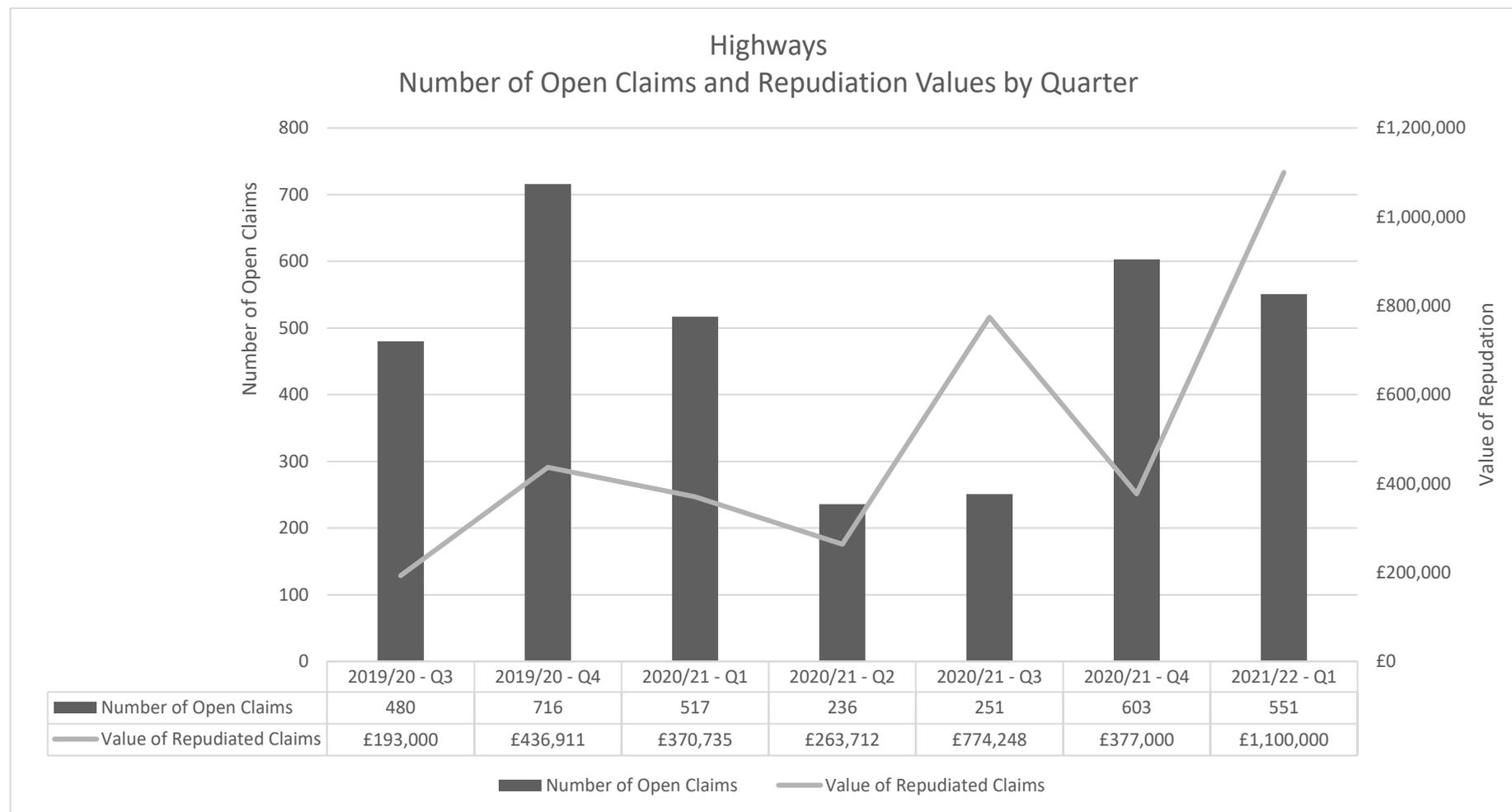
The following table is a year by year comparison for the key types of policy cover of the number of claims made, the number of litigated claims, the number of those claims settled, and the amounts paid out on those settled claims for each Financial Year (i.e. the financial year in which the incident occurred) within the last five years.

| | Financial Year | | | | | |
|-----------------------------------|----------------|----------|----------|----------|---------|---------|
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| Employers Liability | | | | | | |
| Total claims made per year | 20 | 19 | 20 | 13 | 6 | 0 |
| Number of litigated claims | 6 | 2 | 3 | 1 | 0 | 0 |
| Number of claims settled | 7 | 6 | 5 | 2 | 0 | 0 |
| Amount paid out on settled claims | £73,577 | £84,341 | £74,540 | £25132 | £0 | £0 |
| Number of claims outstanding | 3 | 1 | 5 | 7 | 5 | 0 |
| Public Liability | | | | | | |
| Total claims made per year | 536 | 756 | 579 | 959 | 779 | 218 |
| Number of litigated claims | 14 | 12 | 5 | 7 | 2 | 0 |
| Number of claims settled | 141 | 337 | 145 | 156 | 43 | 1 |
| Amount paid out on settled claims | £542,069 | £601,745 | £462,111 | £152,143 | £31,075 | £177 |
| Number of claims outstanding | 5 | 11 | 20 | 30 | 252 | 207 |

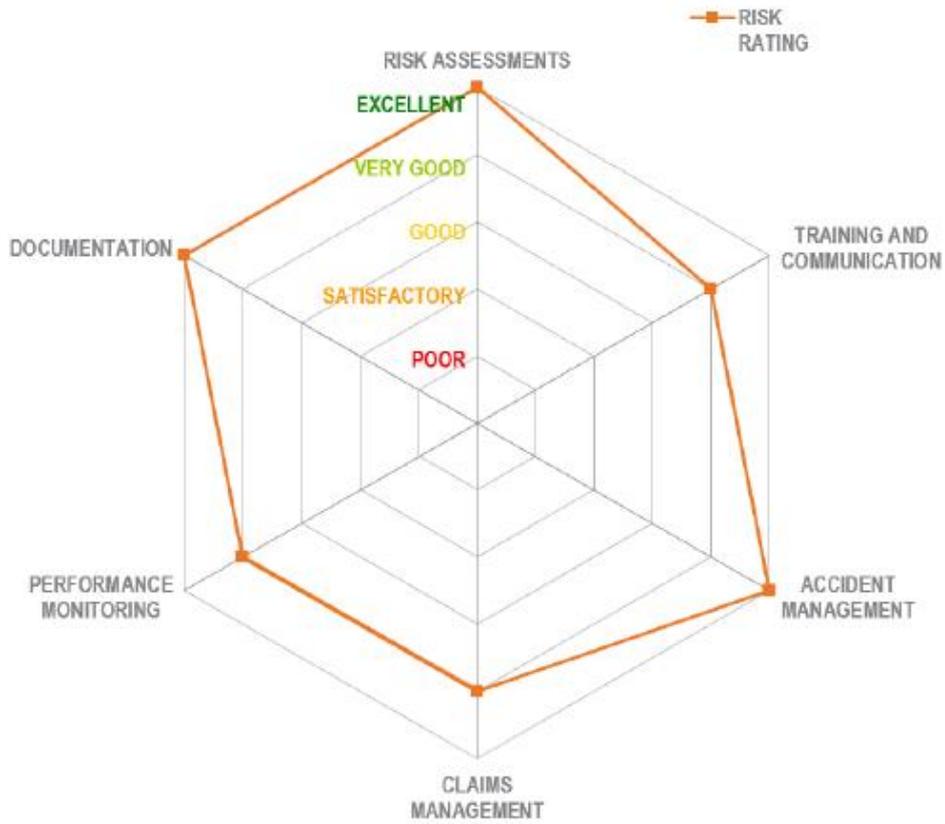
* Claims data for 2021/22 as at 7 September 2021

Appendix B - Highways Liability Claims

The following graph demonstrates the number of highways claims open at the end of each quarter and the value of claims that have been successfully repudiated during the same period. The graph provides quarterly data for the last two financial years.



The following risk diagram provides an overview of current risk ratings:



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

ICT OPERATIONAL PERFORMANCE QUARTER 1 2021-22

Purpose of the Report

1. To provide the Finance Committee with the 1st quarter progress update on operational performance measures for ICT Services, and to bring to the attention of the Committee a potential issue with Technical Debt that the council will need to address over the coming months.

Information

Performance Update

2. To provide a balanced assessment of performance, ICT Services measure four groups of indicators that cover business activities, customers, staff and finance. Information regarding performance metrics for the 1st quarter of 2021-22 is provided in **Appendix A** to this report.

Business Activity Indicator

3. The business activity indicators measure some of the key day to day operational performance areas, with the two most significant being systems availability and incident resolution. The focus is to ensure that business critical systems are operational during business hours and that any incidents are resolved speedily and within Service Level Agreement (SLA).
4. Availability of ICT services has been high this quarter with performance above the target at 99.92%.
5. The percentage of mobile devices within the ICT client estate has increased by just under 2% over the last quarter with mobile devices now representing over 85% of the entire client estate. This shows the continued positive contribution that ICT is making to underpin several activities listed in Chief Executive's departmental strategy that will enable the delivery of specific commitments in the Council Plan.
6. The impact of Change upon services provided from the operational infrastructure is a key measure for ensuring quality of process for handling and managing changes successfully. This quarter there were 243 technical changes completed, with only 2 having any impact

upon service provision (classed as failed Changes). This ensured a positive outcome of a success rate of 99.18% against a target of 98.00%.

Customer Indicator

7. The primary access channel into ICT Services is the Customer Support team which receives and handles incidents, service requests and enquiries from all areas of the business. The efficiency and effectiveness of this function is crucial for the user perception of the whole range of services provided. Daily customer satisfaction feedback is collected from corporate and school users of Customer Support and is measured against a target score of 4.5 (score 1-poor, 5-excellent). The combined Q1 performance is above target at 4.85 displaying generally positive satisfaction of ICT applications and services.

Staff Indicator

8. Training activity for ICT Services staff is crucial to ensuring that the relevant and required skills are available, with training delivery continuing to be above the target level as we introduce and transition to new technologies, service models including the move to Cloud-based delivered services and new ways of working.

Financial Indicator

9. The annual revenue spending is near forecast for the Q1 period reporting slightly under the 25% target at 16%. The majority of costs relating to the annual maintenance agreements and the deficit are due to a slower than expected rollout by our new Wide Area Network supplier.
10. The profile of capital spend is largely as expected with spend being realised in this quarter with 64% apportioned to the Microsoft Enterprise Agreement renewal, 29% for the resources required to transition to our new Wide Area Network provider and any residual spending related to the CERP replacement program.

Technical Debt

11. Technical Debt is an emerging area of concern which is not immediately apparent from the performance as reported above and in Appendix A. However this will require considerable work to address over the coming months to ensure that operational performance is not impacted negatively. **Appendix B** sets out what has caused the current position and how ICT will work to remediate the position over the coming months.

Other Options Considered

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

Reason/s for Recommendation/s

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

Statutory and Policy Implications

14. 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

- 1) That members consider the opportunities arising from this progress report and agree to receive a further report for the next quarter.

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 (KK 30/09/2021)

15. The proposals in this report are within the remit of the Finance Committee.

Financial Comments [RWK 30/09/2021]

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

Background Papers and Published Documents

- None

Electoral Division(s) and Member(s) Affected

- All

ICT OPERATIONAL PERFORMANCE Quarter 1 2021 - 2022

| Status | Indicators |
|--------|-------------------------------|
| ✗ | Below target by more than 10% |
| — | Below target by up to 10% |
| ✓ | On or above target |
| ● | No reported data or no target |

| Business Activity Indicator | Performance 2020-2021 | | | | Performance 2021-2022 | | | Comments |
|---|-----------------------|-----------|-----------|-----------|-----------------------|-----------|-----------|---|
| | Q1 Actual | Q2 Actual | Q3 Actual | Q4 Actual | Q1 Actual | Q1 Target | Q1 Status | |
| Average Availability of Business Critical Services (B001) | 99.98% | 99.90% | 99.92% | 99.55% | 99.92% | 99.80% | ✓ | <p>There are 96 services identified as Business Critical to the County Council e.g. e-mail, internet, Mosaic, BMS, Capita ONE etc. Contributory factors to this high level of availability are the investment in the ICT infrastructure (such as the network, servers, cabling and data centres), a proactive approach to infrastructure alerts and monitoring (taking pre-emptive action where necessary), plus the rapid response of technical teams should issues occur.</p> <p>During Financial Quarter 1 2021 - 2022 there were 0 Major Incidents. Availability missed 100% due to 3 short outages against</p> |

| | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|---|---|
| | | | | | | | | ‘HAMS (confirm)’, 2 short outages against ‘Exchange’ and single short outages against ‘BMS’, ‘Cash Tranche’, ‘Central Scan and Capture’, ‘Democratic Services’, ‘GovService’, ‘Hybrid Mail’, ‘Libraries’, ‘Wisdom’, ‘Intranet’, ‘Mosaic’, ‘Public Website’, ‘Schools Portal’, ‘CAD’ and ‘Windows Smartphones’. |
| Percentage of Incidents Resolved within SLA (B009) | 94.15% | 94.02% | 94.31% | 90.74% | 92.88% | 92.00% | ✓ | <p>This indicator assesses the performance of the ICT function in restoring service and responding to incidents reported to the Service Desk.</p> <p>During Financial Quarter 1 2021 - 2022 we closed 7860 incidents of which 7300 were closed within the assigned Service Level Agreement displaying improvement on the previous quarter and returning performance to the expected levels. SLA performance continues to be maintained and improved through sustaining targeted focus on effective incident management.</p> |
| Percentage of Successful Changes (B032) | 98.41% | 100% | 99.48% | 97.67% | 99.18% | 98.00% | ✓ | <p>The ICT Change Management process aims to ensure that upgrades and new services are implemented without any negative impact on service provision and ensure that all changes to Business-Critical services have been comprehensively planned, tested and authorised before being carried out.</p> <p>This quarter 243 changes have been completed successfully with 2 reporting failures against Non-Standard changes.</p> <p>The first failure related to slower than anticipated network speeds after migration of our internet service to a new supplier. It was felt that higher speed results would provide more confidence and thus rolled back with no additional impact on services.</p> <p>The second failure related to data centre consolidation work to update link patches with the benefit to increase throughput from</p> |

| | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|---|--|
| | | | | | | | | 10GB to 25GB per second. It was identified that connector types were incompatible and subsequently backed out. There was no outage or impact on services throughout. |
| Percentage of Mobile Devices Within the ICT Estate (B062) | 80.43% | 82.12% | 82.49% | 83.42% | 85.17% | 85.00% | ✓ | <p>Laptop and tablet computer devices now account for just over 85% of our computer estate.</p> <p>At the end of Financial Quarter 1 2021 - 2022 there were 8088 supported desktops, laptops and tablet devices within the estate. 6889 of these are considered "Mobile Devices".</p> <p>The Coronavirus pandemic has resulted in the acceleration of further desktop devices being replaced with more effective tablet and laptop offerings to enable a more flexible approach to working. However, it is now projected we are reaching a plateau for this Key Performance Indicator and are unlikely to see further increase due to an ongoing requirement for a small portion of desktop devices within our estate.</p> |

| Customer Activity Indicator | Performance 2020-2021 | | | | Performance 2021-2022 | | | Comments |
|---|-----------------------|-----------|-----------|-----------|-----------------------|-----------|-----------|---|
| | Q1 Actual | Q2 Actual | Q3 Actual | Q4 Actual | Q1 Actual | Q1 Target | Q1 Status | |
| Average Customer Satisfaction Score (Corporate Support) (C001A01) | 4.82 | 4.82 | 4.78 | 4.77 | 4.81 | 4.50 | ✓ | <p>Consistent performance is being maintained through ensuring and promoting high standards across all teams. The continued use of additional quality assurance processes, including a customer feedback loop, has further aided performance.</p> <p>We're seeing the highest performance for Customer Satisfaction ever reached and several factors are believed to be influencing the trend. These include the stability of the team, increased knowledge regarding the services we support and the maturity of the Quality Assurance process in place to improve the overall customer journey.</p> |
| - Average Customer Satisfaction Score (Schools) (C002A01) | 4.95 | 4.99 | 4.84 | 4.94 | 4.89 | 4.50 | ✓ | <p>The dedicated Schools team continue to achieve high levels of customer satisfaction with continued positive feedback received from customers.</p> <p>We've seen a slight reduction in performance this quarter although far exceeding target with close to maximum satisfaction of 4.89 out of 5.0.</p> |
| Percentage of 1st Call Resolutions (C010) | 72.86% | 74.43% | 73.07% | 73.77% | 75.71% | 50.00% | ✓ | <p>First call resolution measures the effectiveness of the Service Desk at first point of call. The 50% target of incidents resolved at 1st point of call is a balance of being able to manage the call volumes through the desk and maintaining a high percentage success rate within the call-time allocated to each call (6 minutes).</p> |

| | | | | | | | | |
|------------------------------------|----------|----------|----------|----------|----------|----------|---|--|
| | | | | | | | | <p>During the 1st quarter the Customer Support team received 10,479 customer calls with a further 166 from our VIPs. In addition, 6,467 emails were received, and 120 webchats completed.</p> <p>The constant work on quality, centralised knowledge storage and staff training is clearly delivering excellent results. During the 1st quarter there were 5573 potential first time fixes and 4219 were fixed first time.</p> |
| Average Call Duration (C011) | 00:06:54 | 00:06:19 | 00:06:13 | 00:05:56 | 00:06:27 | 00:06:00 | — | <p>To manage call volumes and achieve a lower call abandonment rate, a target of 6 minutes (ICT industry practice) is allocated to each call to the first line Service Desk.</p> <p>During the 1st quarter there were 10,645 customer calls received. The total duration of these calls was 1145 hours or 47.69 days. The duration is measured from the engineer point of view and only includes time that the engineer spends talking to the customer.</p> <p>Due to the large numbers of customers working from home, more time is being apportioned to the duration of telephone calls in order to provide higher levels of direct assistance around home working. This has resulted in an ongoing failure to meet this target.</p> |
| Percentage of Calls Dropped (C014) | 4.17% | 3.49% | 7.22% | 5.49% | 9.87% | 10.00% | ✓ | <p>This measures the proportion of calls unanswered by the Service Desk and significant improvements have been made throughout the last 5 year in call handling management to be consistently achieving this target.</p> |

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | <p>The Customer Support team are continuing to meet this target while also maintaining the extended call duration. The percentage of calls abandoned during this period is based on receiving a total of 10,645 customer calls with 1059 of these not reaching the Customer Support teams, 28 being calls received from VIPs.</p> <p>From the total abandoned calls experienced, 612 were waiting for over 30 seconds, 358 over 1 minutes and just 136 for over 2 minutes.</p> |
|--|--|--|--|--|--|--|--|--|

| Staff Activity Indicator | Performance 2020-2021 | | | | Performance 2021-2022 | | | Comments |
|---|-----------------------|-----------|-----------|-----------|-----------------------|-----------|-----------|--|
| | Q1 Actual | Q2 Actual | Q3 Actual | Q4 Actual | Q1 Actual | Q1 Target | Q1 Status | |
| Average Number of Training Days Per Full Time Employee (S004) | 1.68 | 3.08 | 4.37 | 5.37 | 1.53 | 0.75 | ✓ | <p>The annual target is 3 days formal training for each member of staff and incorporates attending training courses, gaining internal knowledge transfer/coaching across ICT and 'Computer Based Training' for people studying/exams for various technology disciplines.</p> <p>The training score for this period calculates to 1.53 against the 0.75 target. The score equates to a quarterly total of 84 days across ICT with the biggest single area being ICT Core with just under 60 days of training completed.</p> |

| Finance Activity Indicator | Performance 2020-2021 | | | | Performance 2021-2022 | | | Comments |
|--|-----------------------|-----------|-----------|-----------|-----------------------|-----------|-----------|--|
| | Q1 Actual | Q2 Actual | Q3 Actual | Q4 Actual | Q1 Actual | Q1 Target | Q1 Status | |
| Percentage of Expenditure against Revenue (F001) | 28.00% | 59.00% | 78.00% | 104.00% | 16.00% | 25.00% | — | Expenditure below target. This is principally due to costs for annual Maintenance contracts being renewed later in the year and WAN costs being delayed by a slow installation rollout by the new supplier. |
| Percentage of Expenditure against Capital (F002) | 70.00% | 54.00% | 81.00% | 85.00% | 55.00% | 25.00% | × | <p>Capital spend is largely as expected at this time of year, with the Enterprise Agreement renewal taking place at this time.</p> <ul style="list-style-type: none"> • EA – 64% commitment to this programme. • WAN – 29% commitment for this programme of work, with contractors now in place in addition to the MLL site works. • CERP - Orders now placed for first stage of replacement programme. |
| Percentage of Income Recovery (F003) | 7.00% | 31.00% | 51.00% | 125.00% | 4.00% | 25.00% | × | Although income is profiled equally throughout the year the majority is represented by internal charges not realised until Quarter 4. ASDM income is charged quarterly in arrears and currently delayed due to discussions on contract value amounts. |

ICT OPERATIONAL PERFORMANCE QUARTER 1 2021-22**Technical Debt**

The Council has a significant level of Technical Debt which has built up over a number of years and has been exacerbated through the Covid pandemic as we have moved to enable the council to operate with a mainly home-based workforce. The consequence of this is that activity that would have been addressed through the normal activity was paused while the urgent activity necessary to enable the council to operate was undertaken. There are also some legacy applications which are reaching the end of their natural life and all of this has contributed to that build up of Technical Debt. The Debt falls into a number of categories: -

1. Traditionally, the term is used to define the cost of taking an easier delivery path to meet a delivery date. This could involve putting manual interventions in place or, deploying sub-optimal coding or systems which, are difficult to maintain or, enhance.
2. However, there is also technical debt that is associated with ageing and systems that are reaching the end of their natural life which will not be supported by suppliers beyond a specified date. Those systems require upgrades or replacement, in order to retain the functionality and prevent critical service outages. An example of this would be Microsoft and the move to Office 365 as the previous versions were running out of extended support.
3. The third element of technical debt relates to upgrades that need to take place on software and infrastructure to keep them in support, and secure, so that the council meets its obligations in relation to cyber essentials. Critically it keeps the council's and it's citizens data safe, and ensures we have access to systems that support services that we provide to our citizens. An example of this would be the need to upgrade from Android 8 on mobile phones to keep them updated and secure.
4. Additionally, there is the intellectual property (IP) debt that accrues over time when documentation is not kept current and members of the workforce leave. This leaves the organisation with products that are difficult to support due to the time require to understand how the product or code functions. The move from UNIX to LINUX which the Mosaic social care system runs on took significantly longer than anticipated due to key members of staff leaving with years of knowledge.

The description above does not cover systems which, due to age plus, changes in processes and technological advancement, are no longer fit for purpose. If the underpinning technology is still capable of supporting those systems then they are life expired, basically the systems are old. The

replacement / upgrade will be driven by the business areas to more modern offerings that will support new and modern ways of working which should improve how we interact with our users.

One other area that is termed Technical Debt relates to systems that have been procured over time that have similar functionality to one or more other systems. This is extremely common over time in large organisations and leads to a significant amount of duplication. It is not always possible to rationalise down to one common system however, it should be practical to manage the number of duplicates down to reduce the associated costs of supporting multiple systems. An example of this would be the number of user facing portals that appear to be carrying out quite similar functions.

Currently the Council has more than 700 applications across its estate, (5.4 applications per Tech member of staff) based on the size of organisation this appears to be typically double what would normally be expected. The consequence of this is that we have increased costs in supporting duplicate products included in those costs are the staff time occupied in maintaining them, which detracts from the council's ability to change and improve.

An ICT Strategy is under development which among several outcomes will produce options to address the Technical Debt referred to above. By its very nature this will span a number of years due to the amount of Technical Debt the council has, the cost of addressing that debt and the limits in capacity that exist to undertake that work alongside Business as Usual and other priority work for the council.

One area where we can see how this debt has been addressed is related to the Desktop software offer. The provision of the office productivity toolset on the desktop has moved the Council to a Software as a Service (SaaS) model provided by Microsoft. This environment is called Office 365 (O365), and the software is run from a virtual environment that synchronises with your laptop, tablet, PC or, phone.

The software is maintained by Microsoft and regular updates and patches applied automatically. This has removed the burden of maintaining an increasingly complex software environment and allowed the deployment of Teams functionality in an accelerated fashion to support the council through Covid working. It is unlikely that virtual meeting software could have been deployed without this type of infrastructure. It also helps to address aspects of Cyber Essentials that creates an increasing volume of work, to keep data secure, without necessarily adding to business functionality.

The ICT Strategy will look to work with departments to move more of our critical applications to this SaaS model and also to consolidate the applications we have onto those platforms so reducing the overall number of business applications on the estate and the associated overhead in keeping them current and performant.

Where there is not a SaaS offering the approach will be to move systems into the Council's virtual environment (Cloud) which is also provided by Microsoft (Azure). This move will mean the operating systems and infrastructure will be kept up to date and remove that element of Technical Debt that currently sits on the ICT estate.

This move of more applications to the Cloud will need to be undertaken in a planned manner as the costs will move from a model where, "peaks" of capital funding are sought every four years to address legacy equipment, to a model where the revenue costs increase to undertake that refresh

on an on-going basis. Moving to a subscription model e.g. moving from CDs to Spotify. This will require further papers to Finance Committee once the full implications of these costs are identified following the work which will be outlined in the ICT Strategy.

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

THE DIGITAL DECLARATION - PRESENTATION

Purpose of the Report

1. To provide an update on the Digital Declaration and how the Authority needs to respond to the Declaration now it is a signatory.

Information

2. A presentation accompanies this report entitled The Local Digital Declaration.

Reason/s for Recommendation/s

3. To update Councillors about the obligations and opportunities from signing the Local Digital Declaration. These include training opportunities from MHCLG and the ability to bid for funding associated with collaborative projects where the output is made available to other authorities to reuse and adopt.

Statutory and Policy Implications

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

RECOMMENDATION/S

- 1) That members note the contents of the presentation and agree to receive further updates as work progresses.

Paul Martin

Head of Technology & Digital, Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

Paul Martin on 01159775722

Constitutional Comments (INITIAL - DD/09/21)

5. N/A

Financial Comments (INITIAL - DD/09/21)

6. N/A

Background Papers and Published Documents

- None

Electoral Division(s) and Member(s) Affected

- All



The Local Digital Declaration

What is it?

By signing the Local Digital Declaration, NCC would be joining a growing community of over 250 local authorities, public sector bodies and government departments who are committed to the shared vision of the Declaration which is built on the following five key principles:

- We will go even further to redesign our services around the needs of the people using them. This means continuing to prioritise citizen and user needs above professional, organisational and technological silos.
- We will 'fix our plumbing' to break our dependence on any inflexible and expensive technology that doesn't join up effectively. This means insisting on modular building blocks for the IT we rely on, and open standards to give a common structure to the data we create.
- We will design safe, secure and useful ways of sharing information to build trust among our partners and citizens, to better support the most vulnerable members of our communities, and to target our resources more effectively.
- We will demonstrate digital leadership, creating the conditions for genuine organisational transformation to happen, and challenging all those we work with to embrace this Local Digital Declaration.
- We will embed an open culture that values, incentivises and expects digital ways of working from every member of our workforce. This means working in the open wherever we can, sharing our plans and experience, working collaboratively with other organisations and reusing good practice.

What are the benefits of signing up to the Declaration?

- We would get momentum, energy and shared learning from the rest of the Local Digital community (over 250 public bodies are already signed up).



Staffordshire County Council

Signed by: John Henderson on 2 September, 2019

- Access to the Local Digital Collaboration Unit at the Ministry of Housing, Communities and Local Government (MHCLG), to support us in our digital transformation journey. MHCLG have funded the Local Digital Collaboration Unit to support and bring together the community around the Declaration in their collective mission.
- All Declaration signatories are eligible for [free digital skills training](#), and the opportunity to access [funding](#) to support the delivery of a collaborative project(s).

Introduction to User Experience ★
Principles and Processes

Provider:
Future Learn

Cost:
Funded by LDCU

Topics:
Design, User research, User-centred design

Get creative with people to solve problems ★

Page 53 of 68

Provider:
Future Learn

Cost:
Funded by LDCU

Topics:
Agile, Design, Problem-solving

Driving digital transformation
(field guide)

Provider:
Apolitical

Cost:
Free

Topics:
Digital transformation

What would we need to commit to?

Our leaders and politicians will:

- Make sure that digital expertise is central to our decision-making and that all technology decisions are approved by the appropriate person or committee. This will ensure that we are using our collective purchasing power to stimulate a speedy move towards change.
- Have visible, accessible leaders throughout the organisation (publishing blogs, tweeting and actively participating in communities of practice), and support those who champion this Declaration to try new things and work in the open.
- Support our workforce to share ideas and engage in communities of practice by providing the space and time for this to happen.
- Publish our plans and lessons learnt (for example on blogs and at sector meetups) and talk publicly about things that have or could have gone better.
- Try new things, from new digital tools to experiments in collaboration with other organisations.
- Champion the continuous improvement of cyber security practice to support the security, resilience and integrity of our digital services and systems.

Our transformation, information technology and digital teams will:

- Research how to reuse existing user research, service design, common components, and data and technology standards before starting to design or procure something new.
- Build capacity in service design, so that each service we transform is informally tested by our peers against our national [service standard](#) where appropriate.
- Where appropriate, every new IT solution procured must operate according to the [technology code of practice](#), putting us in control of our service data, using open standards where they exist and contributing to their creation where they don't.
- Share knowledge about digital projects where there is an opportunity for potential reuse or collaboration with others.
- Work together to establish the trust frameworks we need to safely analyse and share personal data. This will allow us to better serve our shared customers and reduce the need to ask citizens for the same information multiple times.
- Work together to create common solutions that allow us to check people's eligibility for services with central government and others in real time, with their consent.
- Take inspiration and ideas from a wide range of sources and participate individually in communities of practice and interest outside the organization.

What does this really mean?

| Commitment | How? | Observations and risks | Good practice examples |
|--|---|--|--|
| Make sure that digital expertise is central to our decision-making | Establish a Corporate Digital Development Board to help prioritise digital developments Ensure we empower, support and upskill the right people, to do the right things at the right time – Product Owners, User Researchers, Scrum Masters, etc. | No corporate digital transformation board. Where do Departmental digital boards feed into to prioritise work, etc.? | Signatory authorities identified on slide 3 present examples of where a unified approach to digital and ‘best use’ of knowledge and expertise has resulted in peer recognition of sector-leading transformation. |
| Have visible, accessible leaders (including Elected Members) throughout the organisation | Publish regular Blogs and use Twitter/Yammer/Linkedin/Social Media, etc. (internal and external). Leaders to represent NCC and contribute to communities of practice. | Do we have external ‘communities of practice’? Do all Corporate Directors produce an online message/Blog? Do we have a Councillor who would be happy to be our Digital Champion? | The Chief Executive’s Blog, Online messages from the Corporate Director ASCH, ICT’s Agile Community of Practice , a Leader and Group more aware of the opportunities afforded by digital |
| Publish our plans and lessons learnt and talk publicly about things that have or could have gone better. | Share our lessons learnt and talk publicly with the wider local digital community. Celebrate our successes and learn from others. Internet, intranet, blog, social media. | We should not shy away from acknowledging where we could have done things better. Encourage engagement with partners and interested third parties. | 100% Digital Leeds , Croydon Digital , Digital Wigan |
| Adhere to the Technology Code of Conduct so that – 1) We meet user needs , based on research with your users. 2) Technology scales for future need 3) Technology is easier to share across Government and with our Partners | Understand and develop the skills of a user researcher. Think about the future use of all new developments. Is the solution scalable? Use open standards where possible and remove any dependencies on a single third party supplier | Question our current consultation/user reach – does it allow us to properly understand the needs of our users? Are we at risk of confusing our residents by implementing end point citizen engagement tools? | Essex CC user research panel blog - Talking to colleagues at Shelter about our user research panel - Service Transformation (essex.gov.uk) , GDS’s Service Manual - Service Manual - GOV.UK (www.gov.uk) |



Next Steps

- Establish a small ‘Task and Finish’ group who will report to the Corporate Digital Board to ensure that we can meet and buy-in to the declaration’s commitments across the authority.
- Identify a project to take forward and deliver in the next 12 months (Residents Access).
- Work with MHCLG’s Digital Collaboration Unit to assess where we are against the commitments.
- Ensure NCCs Digital Strategy recognises and refers to the Local Digital Declaration and its role in enabling and enhancing digital transformation opportunities.
- Work alongside HR to ensure the ethos and commitments of the Declaration are recognised in corporate culture and workforce development plans.

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

CYBER SECURITY ASSURANCE QUARTER 1 2021-22

Purpose of the Report

1. To provide the Finance Committee with the 1st quarter progress update towards Public Sector Network (PSN) and Cyber Essentials accreditation.

Information

Performance Update

2. To provide a balanced assessment of performance and assurance of continued focus on Cyber Security, ICT Services measure several indicators that cover monitoring, maintenance, and compliance to Public Sector Network (PSN) and Cyber Essentials standards.
3. 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

4. PSN and Cyber Essentials are both compliance regimes that demonstrate a good posture in relation to a wide cross section of security controls that are representative of organisations that protect their information and systems well. Recertification against these regimes matters as failure to do so could result in access to essential central government and partner business systems could become unavailable, and access to central government funding could be denied where certification against these regimes are a prerequisite.
5. The following paragraphs describe a number of the indicators we use to measure progress against achieving accreditation.

Successful cyber-attacks/cyber breaches

6. This indicator measures how successful external threat actors are at attacking the Council's systems. A cyber-attack/breach is where an external threat actor attacks NCC and is defined as successful when it impacts the Confidentiality, Integrity or Availability (CIA) of systems or information. This means direct business or service user impact and require significant resources or systems downtime to resolve, or an investigation or fine from the Information Commissioner's Office (ICO).
7. Examples include attacks resulting in systems being unavailable, data being altered by a threat actor or a threat actor obtaining data/documents/information marked OFFICIAL or OFFICIAL-SENSITIVE as a result of an attack. It does not include obtaining a user's password by nefarious means (such as phishing/spear phishing attacks) unless this leads to a successful attack as described in paragraph 6. Also excluded are spam/malware/viruses that do not lead to a successful breach of CIA. As defined, successful cyber-attacks are very rare.

Servers without anti-virus

8. This KPI measures the number of servers that do not have anti-virus client installed. The anti-virus client protects servers against many different types of malware including ransomware. Servers missing this protection are at far greater risk of being compromised in a successful cyber-attack, or of being used as part of a wider cyber-attack against other council systems than those with the anti-virus client present.
9. All servers that support the Council's anti-virus software should have it installed at build as the potential impact from not running the anti-virus client is high, so the tolerance threshold is low.

Workstations without anti-virus

10. This KPI measures the number of workstations (end user devices including tablets/laptops/desktops) that do not have anti-virus installed. The anti-virus client protects workstations against many different types of malware. Workstations missing this protection are at a far great risk of being compromised in a successful cyber-attack as part of the normal daily work of staff checking email and using the internet. A successful attack could be used to steal credentials and allow business critical data to be stolen, modified, or deleted.
11. All workstations that support NCC's anti-virus software should have that software installed and working.

Servers with unpatched vulnerabilities

12. This KPI measures the number of servers with unpatched vulnerabilities. Vulnerabilities are flaws in software code that can be exploited to make the software work in unintended ways. For example, by granting access to an application even when the password is wrong or allowing a virus to be installed and run leading to a successful cyber-attack. Vulnerabilities are involved in such a high proportion of successful cyber-attacks that the National Cyber Security

Centre (NCSC) state that "...patching remains the single most important thing you can do to secure your technology, and is why applying patches is often described as 'doing the basics'.

Workstations with unpatched vulnerabilities

13. This KPI measures the number of workstations with unpatched vulnerabilities. Vulnerabilities are flaws in software code that can be exploited to make the software work in unintended ways. For example, by granting access to an application even when the password is wrong or allowing a virus to be installed and run leading to a successful cyber-attack.

Other Options Considered

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

Reason/s for Recommendation/s

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

Statutory and Policy Implications

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

RECOMMENDATION

That the contents of the report be noted and a further report for the next quarter be brought to a future meeting of the Committee.

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 (KK 30/09/2021)

17. The proposals in this report are within the remit of the Finance Committee.

Financial Comments [RWK 30/09/2021]

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

Background Papers and Published Documents

- None

Electoral Division(s) and Member(s) Affected

- All

11 October 2021

Agenda Item: 9

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

| Report Title | Brief summary of agenda item | Lead Officer | Report Author |
|---|---|---------------------|-------------------------|
| 22 November 2021 | | | |
| Monthly Budget & Capital Monitoring Report 2021/22 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| CYP | Budgetary Spend Update | Colin Pettigrew | Colin Pettigrew |
| Gedling Access Road (GAR) Scheme | Progress report | Adrian Smith | Mike Barnett |
| Mill Adventure Base Phase 2 | Latest Estimated Cost Report | Derek Higton | Phil Berrill |
| ICT Operational Performance Q2 2021-22 | Performance Report | Paul Martin | Kirstie Phillips |
| ICELS Re-Procurement | | Kaj Ghattaora | Kaj Ghattaora |
| Domestic Abuse Support Services (TBC) | Update report | Kaj Ghattaora | Michael Fowler |
| 10 January 2022 | | | |
| 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 |
| Top Wighay Procurement | | Kaj Ghattaora | Kaj Ghattaora |

FINANCE COMMITTEE – WORK PROGRAMME

| | | | |
|--|---|-----------------|------------------|
| 7 February 2022 | | | |
| Monthly Budget & Capital Monitoring Report 2021/22 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| 16+ Supported Accommodation | | Kaj Ghattaora | Kaj Ghattaora |
| 21 March 2022 | | | |
| Monthly Budget & Capital Monitoring Report 2021/22 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| ICT Operational Performance Q3 2021-22 | Performance Report | Paul Martin | Kirstie Phillips |
| 19 May 2022 | | | |
| Monthly Budget & Capital Monitoring Report 2021/22 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| Risk and Insurance Update | Update report | Rob Disney | Claire Dyson |
| 20 June 2022 | | | |
| Monthly Budget & Capital Monitoring Report 2021/22 | Budget Capital Monitoring, Capital Receipts, Capital Variations | Nigel Stevenson | Glen Bicknell |
| ICT Operational Performance Q4 2021-22 | Performance Report | Paul Martin | Kirstie Phillips |
| TO BE PLACED | | | |
| 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 |

FINANCE COMMITTEE – WORK PROGRAMME

| | | | |
|---|--|---------------|--------------|
| Property Planned Maintenance Programme (PPMP) 2021/22 LEC | Latest Estimated Cost report of the Property Planned Maintenance programme | Derek Higton | Phil Berrill |
| 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 |
| Children in Care Framework for Residential and Foster Care Placements | Progress report | Kaj Ghattoara | Lynn Brammer |

