

Finance and Major Contracts Management Committee

Monday, 15 March 2021 at 14:00

Virtual meeting

AGENDA

- | | | |
|---|--|---------|
| 1 | Minutes of the last meeting held on 8 February 2021 | 1 - 2 |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary) | |
| 4 | Financial Monitoring Report Period 10 2020-21 | 3 - 22 |
| 5 | Risk and Insurance Team - Restructure Proposals | 23 - 32 |
| 6 | Risk and Insurance Update | 33 - 40 |
| 7 | Work Programme | 41 - 44 |

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>

minutes

Meeting FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE
– VIRTUAL MEETING

Date 8 February 2021 (commencing at 2.00pm)

Membership

Persons absent are marked with an 'A'

COUNCILLORS

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

John Clarke	Diana Meale
Keith Girling	Mike Pringle
Tom Hollis	Alan Rhodes
Eric Kerry	Gordon Wheeler

OFFICERS IN ATTENDANCE

Lynn Brammer	Category Manager
Martin Gately	Democratic Services Officer
Kaj Ghattaora	Group Manager, Procurement
Anne Loble	Placement Review Officer
Nigel Stevenson	Service Director, Finance, Infrastructure & Improvement

1. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 18 January, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

2. APOLOGIES FOR ABSENCE

None.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. BUDGET REPORT

RESOLVED: 2021/005

That a report be prepared for County Council on 25 February 2021 based on the budget proposals as set out in this report, including the proposed Council Tax and Adult Social Care Precept increases that are in line with the Central Government funding model.

5. FINANCIAL MONITORING REPORT PERIOD 9 2020-21

RESOLVED: 2021/006

That the variation to the capital programme as set out in paragraph 27 be approved.

6. PROCUREMENT: GREEN PAPER CONSULTATION

RESOLVED: 2021/007

That:

- 1) the consultation response be copied to Nottinghamshire Members of Parliament.
- 2) authority be delegated to Group Manager for Procurement to respond to the consultation on behalf of Nottinghamshire County Council, in consultation with Chair of Finance and Major Contracts Management Committee.

7. THE D2N2 STARS PROGRAMME – SUPPORTING CHILDREN AND YOUNG PEOPLE TO ACHIEVE RESILIENCE AND SUCCESS

RESOLVED: 2021/008

That a further update be received in September, or earlier if required.

8. WORK PROGRAMME

RESOLVED: 2021/009

That the work programme be noted.

The meeting closed at 3.10 pm

CHAIR

15 March 2021

Agenda Item: 4

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

FINANCIAL MONITORING REPORT: PERIOD 10 2020/21

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2020/21.
2. To provide a summary of capital programme expenditure to date, year-end forecasts and approve a variation to the capital programme.
3. To inform Members of the Council's Balance Sheet transactions.
4. To provide Members with an update from the Accounts Payable and Accounts Receivable teams.
5. To provide Members with an update from the Procurement team.

**Information
Background**

6. The Council approved the 2020/21 budget at its meeting on 27 February 2020. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.
7. 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. A large number of services, resources, functions, plans and programmes have been re- and de-prioritised as the Council has had to respond to a rapidly changing and fluid situation that has included the regular provision of new guidance and legislation.

Implications of the COVID19 Crisis

8. A summary of the COVID19 related grants received by the Authority to date are set out in the table below:-

Grant	County Council Allocation (£m)	Conditions	Use
COVID19 Funding (1)	22.3	None	Reduce financial deficit
COVID19 Funding (2)	14.7	None	Reduce financial deficit
COVID19 Funding (3)	5.1	None	Reduce financial deficit
COVID19 Funding (4)	5.0	None	Reduce financial deficit
Infection Control (1)	11.5	Yes + clawback	Pass to providers for transmission reduction measures and support workforce resilience.
Infection Control (2)	9.6	Yes + clawback	Pass to providers for transmission reduction measures and support workforce resilience.
Test and Trace	3.8	Yes + clawback	Mitigation against and management of local outbreaks of COVID19
Contain Management Funding	6.6	Yes + Clawback	Mitigation against and management of local outbreaks of COVID19
Additional Contain Management Funding	0.7	Yes + clawback	Mitigation against and management of local outbreaks of COVID19
ASC Workforce Capacity Fund	1.8	Yes + clawback	To enable local authorities to maintain social care staff capacity to ensure continuous care.
ASC Rapid testing Fund	2.8	Yes + clawback	To support rapid testing of staff and facilitate visits from family and friends to care home providers.
Emergency Assistance Grant	0.9	Subject to monitoring & evaluation	Support to those struggling to afford food and other essentials
COVID Winter Grant	2.3	None	To support vulnerable households throughout the winter period.
Sales, Fees and Charges	1.2	None	To mitigate against lost net income to July 2020
COVID Bus Services Support Grant	1.0	None	
Additional Home to School Transport	1.0	Subject to retrospective claim	New funding for additional dedicated school transport capacity.

The receipt of these grants are factored into the forecast financial position as set out in this report. COVID19 related Government Grants continue to be announced and any further allocations to this Council will be reported to future Committees.

9. All Local Authorities are required by the Ministry for Housing, Communities and Local Government to report their forecast financial impact of the COVID19 emergency on a monthly basis. The most recent DELTA9 submission from Nottinghamshire County Council was submitted on 29 January 2021 and identified a total gross forecast financial impact of £85.6m in the current financial year.
10. All Authorities received a letter from the Department of Health and Social Care (DHSC) on 4 September 2020 which explained revised arrangements for the distribution of PPE. It set out that the DHSC had procured sufficient PPE to meet national demand and would be able to supply Authorities directly with PPE for all COVID19 use, over and above any Business as Usual use, until 31 March 2021. This supply is being made available free of charge and is now expected to be extended into the 2021/22 financial year.
11. The Government have also announced a scheme that will help those Local Authorities that have lost income during the pandemic and boost cash flow. The first lost income return to the MHCLG was submitted on 30 September 2020. The value of funding allocated to Nottinghamshire totals £1.2m and relates to lost income up to the end of July 2020. The second lost income return to the MHCLG was submitted in December 2020. It is expected that the second tranche of funding received will total approximately £1.0m. It has been announced that this scheme will continue into the first quarter of 2021/22.
12. It is important to note that considerable uncertainty remains regarding the longer-term implications of responding to the emergency. For instance, there has been an emergence of a further COVID19 wave and a more infectious variation. On 22 February, the Government announced a new four step plan to ease England's lockdown which could see all legal limits on social contact lifted by 21 June, subject to strict conditions being met. In addition, 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.

Summary Revenue Position

13. As detailed above, the Authority has received four tranches of main COVID19 grant allocations totalling £47.1m as part of the total grants that have been provided. This amount was not factored into projections when setting the 2020/21 budget in February 2020. A revised budget estimate was therefore set whereby COVID19 grant was allocated across Committee budgets based on the current known financial impact of the COVID19 crisis. The revised budget estimate is reflected in Table 1.

14. The table below summarises the revenue budgets for each Committee for the current financial year. A forecast underspend of £7.5m is currently predicted. However, there are still significant financial challenges facing the Council over the medium-term which requires a continuing need to be vigilant. Uncertainty still exists and the key message to effectively manage budgets and, wherever possible, deliver in-year savings continues to be reinforced.

Table 1 – Summary Revenue Position

Forecast Variance as at Period 9 £'000	Committee	Revised Annual Budget £'000	Actual to Period 10 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
(495)	Children & Young People's	150,324	117,039	149,669	(655)
(5,261)	Adult Social Care & Public Health	204,867	132,836	198,977	(5,890)
138	Communities & Place	137,316	107,810	137,193	(123)
(59)	Policy	38,601	31,985	38,172	(429)
(29)	Finance & Major Contracts Management	4,478	5,944	4,513	35
66	Governance & Ethics	7,751	6,287	7,780	29
(797)	Personnel	16,317	14,541	15,561	(756)
(6,437)	Net Committee (under)/overspend	559,654	416,442	551,865	(7,789)
(1,739)	Central items	(31,364)	(74,328)	(33,122)	(1,758)
-	- Schools Expenditure	321	-	321	-
111	Contribution to/(from) Traders	3,428	2,435	4,914	1,486
(8,065)	Forecast prior to use of reserves	532,039	344,549	523,978	(8,061)
-	- Transfer to / (from) Corporate Reserves	(22,906)	2,979	(22,906)	-
670	Transfer to / (from) Departmental Reserves	4,046	374	4,633	587
-	- Transfer to / (from) General Fund	(631)	-	(631)	-
(7,395)	Net County Council Budget Requirement	512,548	347,902	505,074	(7,474)

Committee and Central Items

Children & Young People's (£0.7m underspend, 0.4% of annual budget)

15. The major variances are as follows:

- An underspend in Commissioning and Resources (£0.9m) across a range of budget heads, offset by a small overspend in Youth, Families and Social Work (£0.2m).

Adult Social Care & Public Health (£5.9m underspend, 2.9% of annual budget)

16. The major variances are as follows:

- The department is forecasting to receive £15.4m in additional temporary income from Health to cover the initial cost of packages for individuals discharged from Hospital prior to receiving an assessment and £42.7m in specific government grants in response to the pandemic.
- Overall, the forecast net additional cost of supporting providers in the market through additional claim costs and Personal Protective Equipment is currently £3.4m.
- Ageing Well is forecasting an underspend of £5.6m as a result of supporting less individuals with care packages, while Living Well is forecasting an overspend of £1.7m primarily as a result of increased care package costs in part, due to covid direct and indirect factors.
- Overall staffing is forecast to underspend by £3.5m predominantly due to vacancies across the department. This consists of the following underspends across the department; Direct and Provider Services £1.0m, Maximising Independence Service £1.4m, Ageing Well £0.9m, Living Well £0.1m and Strategic Commissioning and Improvement £0.1m

Personnel (forecast £0.8m underspend, 4.6% of annual budget)

17. The major variances in the Personnel Committee relate to staffing vacancies in the BSC (£0.2m), reduced apprentice costs due to recruitment difficulties in the current circumstances (£0.2m), reduced training costs as training is taking place on-line (£0.1m) and Business Support vacancies (£0.3m).

Central Items (forecast £1.8m underspend)

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

19. As set out above, a revised budget estimate has been set whereby COVID19 grant has been allocated across Committee budget based on current, known financial impact of the COVID19 crisis. Any grant not allocated to Committees at this time has been set aside to fund further in-year COVID related issues and to cover future shortfalls in collection rates of both Council Tax and Business Rates.

20. The reported underspend is made up of a number of variations relating to interest, general government grant income, pension contributions and the Minimum Revenue Provision.

Contingency Budget

21. Central Items includes a base contingency budget of £4.0m to cover redundancy costs, slippage of savings, additional funding requirements for the 2020/21 pay award and other unforeseen events. Also, in 2020/21 a number of demand and inflationary pressures were identified that had a degree of uncertainty with regard to likelihood, value and profiling. As such, an additional provision of £2.6m was added to the contingency to fund these pressures. All funding requirements continue to be reviewed and the Finance and Major Contracts Management Committee or the Section 151 Officer are required to approve the release of contingency funds.

22. As stated above, a provision of £2.6m was set aside in the 2020/21 contingency to fund pressures that had a degree of uncertainty. A number of these pressures have materialised and subsequently been released to Committee budgets (£2.2m). Other contingency requests that have been previously approved and distributed to Committees total £2.8m and Table 1 assumes that the remaining contingency budget will be utilised in full for future requests.

Traders (forecast £1.5m overspend)

23. The continuation of further national lockdown measures has resulted in the Schools Catering forecast outturn being revised to a deficit of £1.5m (previously £0.2m). This reflects the significant impact of the lockdown on school catering income, which was not reflected in previous forecasting as it was not anticipated, and which has resulted in schools being closed to the majority of pupils until 8 March at the earliest. The latest forecast also prudently accounts for loss of income resulting from the cessation of PPN20 government guidance on supplier support in the public sector, which limits the Council's ability to claim free school meals funding back from schools. Officers continue to explore this issue and are seeking definitive procurement guidance to help determine whether the Council may in fact make claims from schools based upon the costs it is incurring through the retention of staff and supply chains.

Progress with savings and risks to the forecast

24. Council on 27 February 2020 approved savings proposals of £7.8m for delivery in 2020/21, with further savings identified for the period 2021-24. The progress of the Council's current savings programme is reported to the Improvement and Change Sub-Committee on a regular basis. The latest report to Improvement and Change Sub-Committee on 23 November 2020 highlighted that a number of savings projects required a change to their delivery profile – Social Impact Bond (£0.3m 2020/21), Developing of the Fostering Service (£0.3m 2020/21) and Housing with Care (£0.3m 2021/22). The write-off of savings in relation to Better Practice in Support Planning for Older Adults 65 years+ (£0.2m 2020/21) was reported to this Committee in the Period 5 Monitoring Report. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn.

25. 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. It is expected that as well as identifying additional costs, areas of reduced costs will also be identified as the Council adapts service delivery during the crisis.

26. The approved 2020/21 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, significant pressures are continuing to be experienced in relation to the rise in Looked After Children external placements. This is due to sustained high numbers and little evidence that the position has stabilised. In addition, the average weekly cost of placements is 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.

Balance Sheet
General Fund Balance

27. Members approved the 2019/20 closing General Fund Balance of £22.0m at Council on 23 July 2020. The 2020/21 budget assumes the utilisation of £0.6m of balances which will result in a closing balance of £21.4m at the end of the current financial year. This is 4.4% of the budget requirement.

Capital Programme

28. Table 2 summarises changes in the gross Capital Programme for 2020/21 since approval of the original Programme in the Budget Report (Council 27/02/20):

Table 2 – Revised Capital Programme for 2020/21

	2020/21	
	£'000	£'000
Approved per Council (Budget Report 2020/21)		117,384
Variations funded from County Council Allocations :		
Net slippage from 2019/20 and financing adjustments	(10,481)	
		(10,481)
Variations funded from other sources :		
Net variation from 2019/20 and financing adjustments	17,592	
		17,592
Revised Gross Capital Programme		124,495

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

Table 3 – Capital Expenditure and Forecasts as at Period 10

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 10 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People's	29,553	21,037	29,374	(179)
Adult Social Care & Public Health	1,266	996	1,266	-
Communities & Place	67,033	39,855	67,217	184
Policy	26,109	13,756	25,863	(246)
Finance & Major Contracts Mngt	180	16	180	-
Personnel	354	202	307	(47)
Contingency	-	-	-	-
Total	124,495	75,862	124,207	(288)

Communities & Place

30. In the Communities and Place Committee, the Flood Risk team have been successful in securing external grants totalling £0.9m to carry out a project to protect properties from flooding along the Titchfield Park Brook catchment.

It is proposed that the Communities and Place capital programme is varied to reflect the £0.9m of external funding received to carry out a flood management project along the Titchfield park Brook catchment.

Financing the Approved Capital Programme

31. Table 4 summarises the financing of the overall approved Capital Programme for 2020/21.

Table 4 – Financing of the Approved Capital Programme for 2020/21

Committee	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People's	15,765	13,190	-	598	29,553
Adult Social Care & Public Health	371	854	-	41	1,266
Communities & Place	12,462	53,084	1,119	368	67,033
Policy	13,972	11,337	-	800	26,109
Finance & Major Contracts Mngt	-	-	-	180	180
Personnel	354	-	-	-	354
Contingency	-	-	-	-	-
Total	42,924	78,465	1,119	1,987	124,495

32. It is anticipated that borrowing in 2020/21 will decrease by £10.8m from the forecast in the Budget Report 2020/21 (Council 27/02/2020). This decrease is primarily a consequence of:

- £10.5m of net slippage from 2019/20 to 2020/21 and financing adjustments funded by capital allocations.
- Net slippage in 2020/21 of £0.3m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

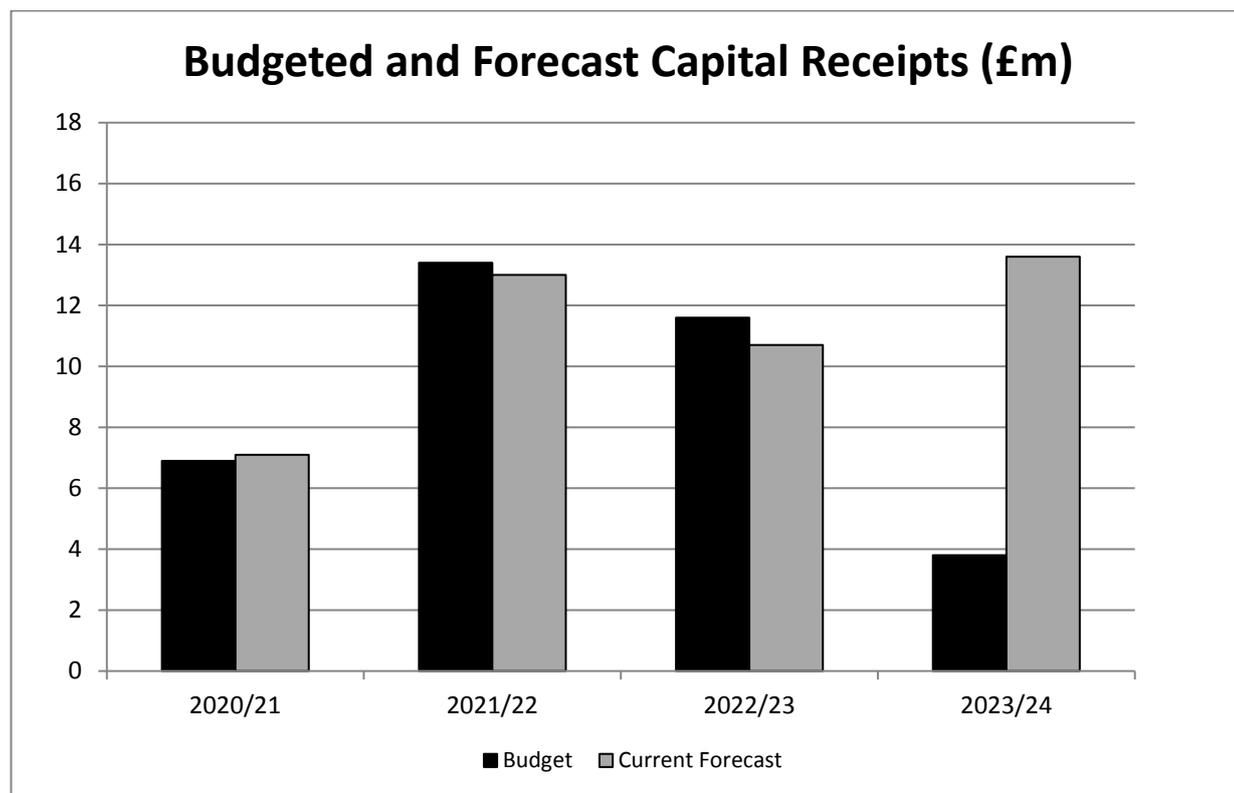
Prudential Indicator Monitoring

33. 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

34. 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.

35. The chart below shows the budgeted and forecast capital receipts for the four years to 2023/24.



36. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2020/21 (Council 27/02/2020). These capital receipts budgets prudently incorporated slippage, giving a degree of “protection” from the risk of non-delivery.

37. The capital receipt forecast for 2020/21 is £6.9m. To date in 2020/21, £0.5m of capital receipts have been received.

38. This capital receipts forecast is predicated upon realising receipts from two large disposals which are expected to complete in March 2021. If these capital receipts are not realised there is a risk that there will be insufficient capital receipts to fund the transformation costs as detailed below. In this instance, alternative sources of finance will need to be identified to fund the shortfall.

39. Current Council policy (Budget Report 2020/21) 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. As part of the 2021/22 Local Government Financial Settlement it was announced that the opportunity to use capital receipts to fund one-off costs of transformation would extend for a further three years to 2024/25.

Treasury Management

40. 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.
41. The cash forecast chart below shows the current estimated cash flow position for the financial year 2020/21. 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.



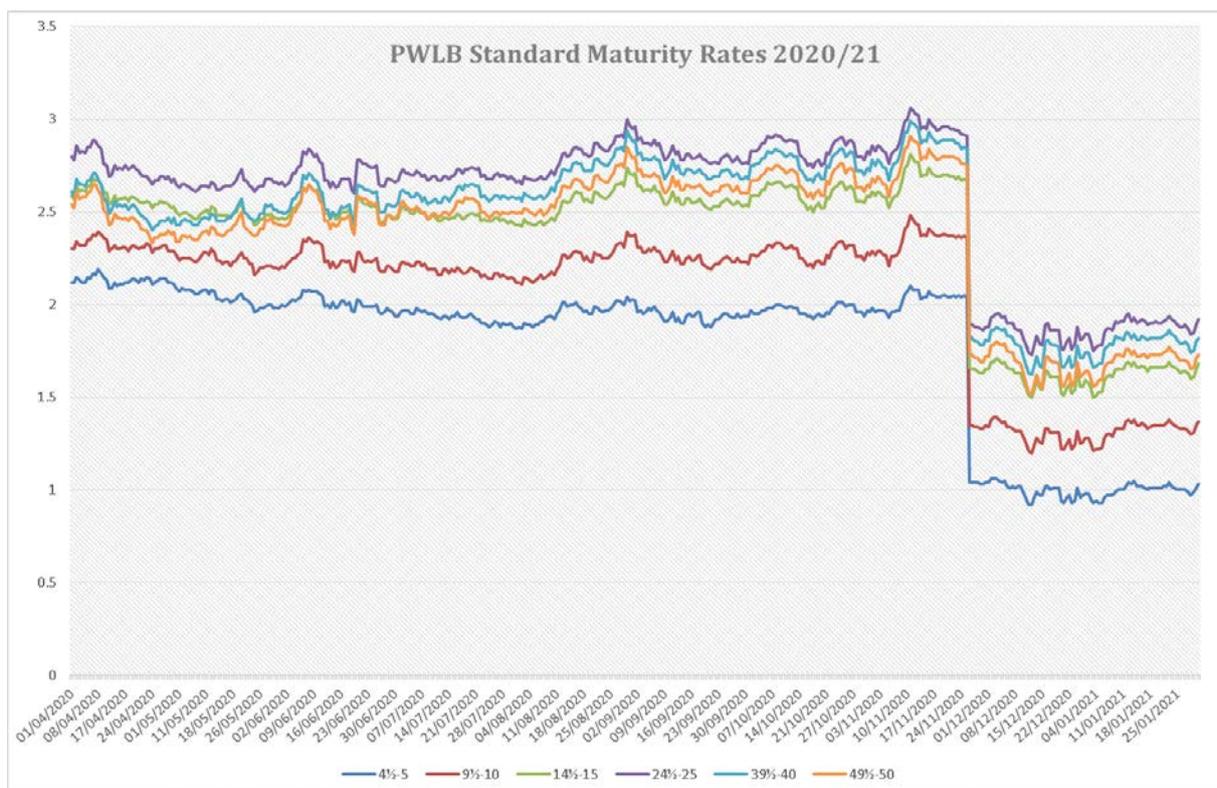
42. The chart above gives the following information:

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.

43. The Treasury Management Strategy for 2020/21 identified a need to borrow approximately £50m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. However, the estimate was revised and increased to £80m after the 2019/20 accounts closure (taking account of slippage). £10m of this was taken in late April, with two further £10m tranches in May and June.

44. Updates to the capital programme and cashflow forecasts during the year showed that cash balances would be higher than initially forecast and that further borrowing would not be required this financial year. Indeed, as can be seen from the above graph, the Council's instant-access cash balance slightly exceeded its normal maximum limit of £140m in November. However, TMG anticipated this a few days in advance and approved a temporary increase in the Barclays Bank limit.

45. 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 2020/21 so far. The effect of a PWLB policy change in November (which effectively reversed a 100bp increase introduced in late 2019) can be clearly seen.

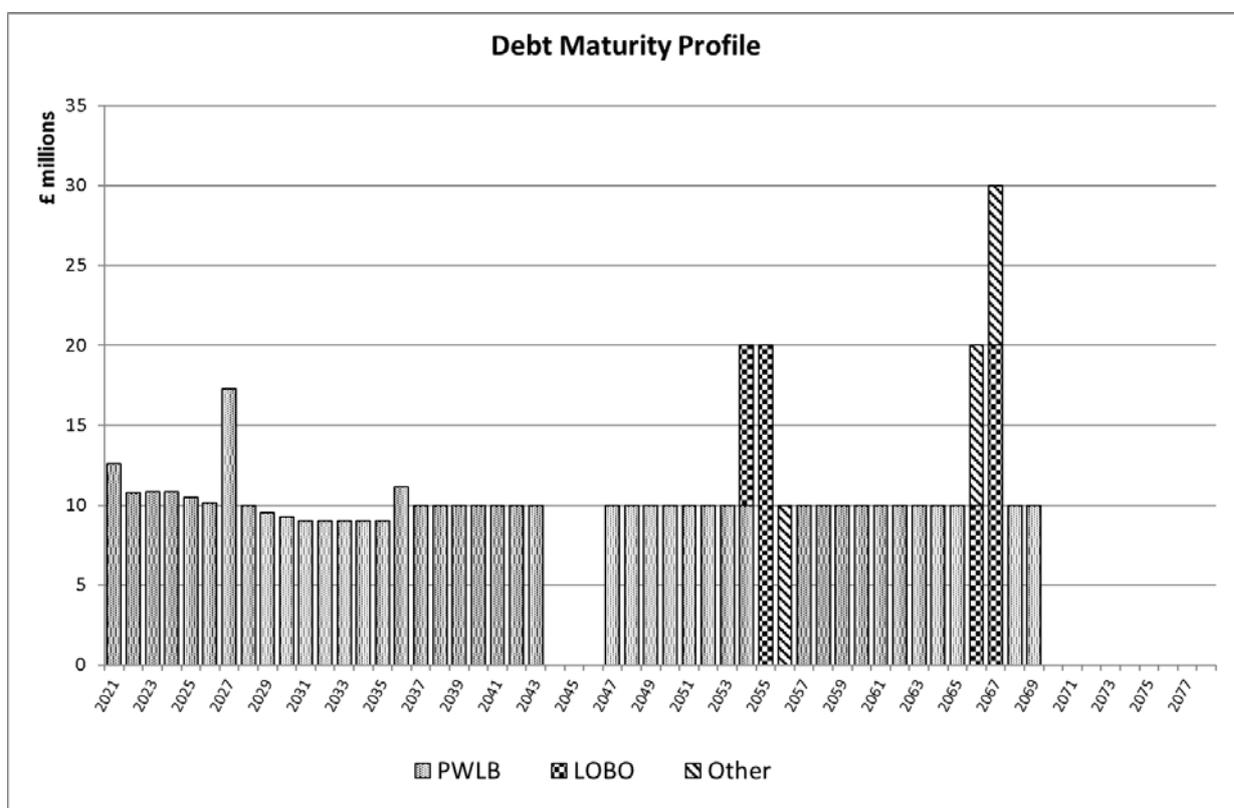


46. Borrowing decisions will take account of a number of factors including:
- expected movements in interest rates
 - current maturity profile
 - the impact on revenue budgets and the medium- term financial strategy
 - the treasury management prudential indicators.

47. The maturity profile of the Council's debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 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.

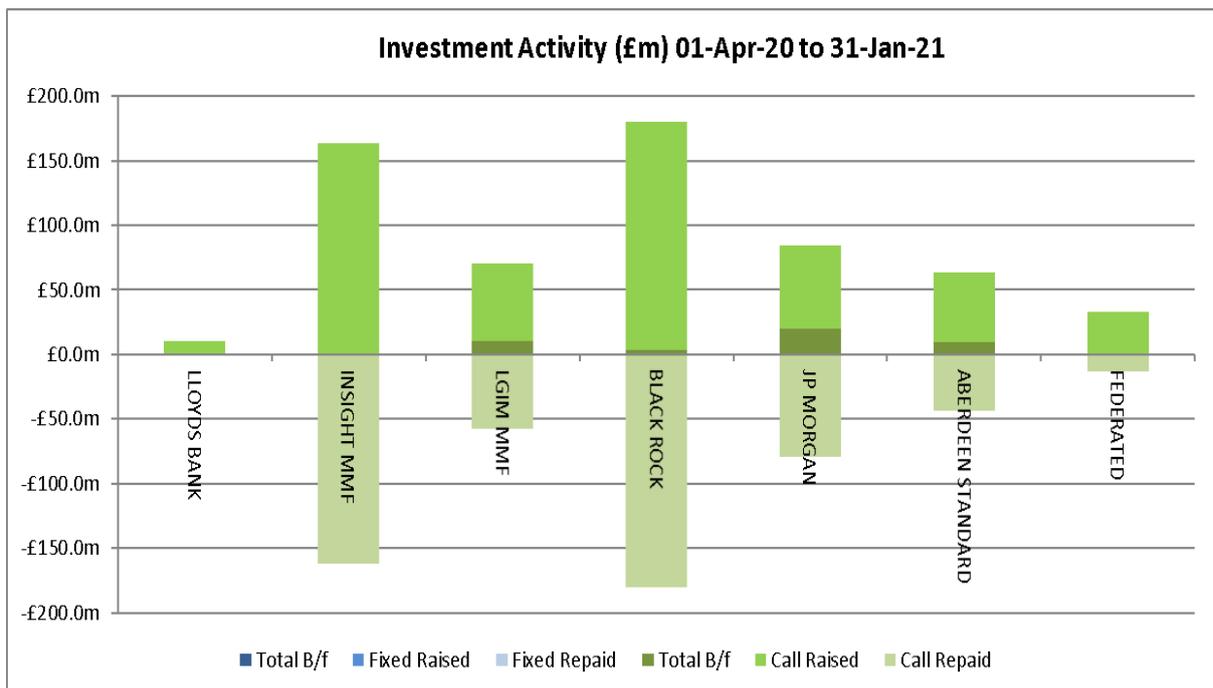
48. Long-term borrowing was also obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken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

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



50. The investment activity for 2020/21 to date is summarised in the chart and table below. Outstanding investment balances totalled approximately £44m at the start of the year and approximately £68m at the month-end.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
LLOYDS BANK	-	10,000	-	10,000
INSIGHT MMF	750	162,500	(161,750)	1,500
LGIM MMF	10,700	59,800	(57,950)	12,550
BLACK ROCK	3,800	176,550	(180,350)	-
JP MORGAN	19,800	64,200	(79,700)	4,300
ABERDEEN STANDARD	9,150	54,350	(43,600)	19,900
FEDERATED	-	33,050	(13,050)	20,000
Total	44,200	560,450	(536,400)	68,250



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

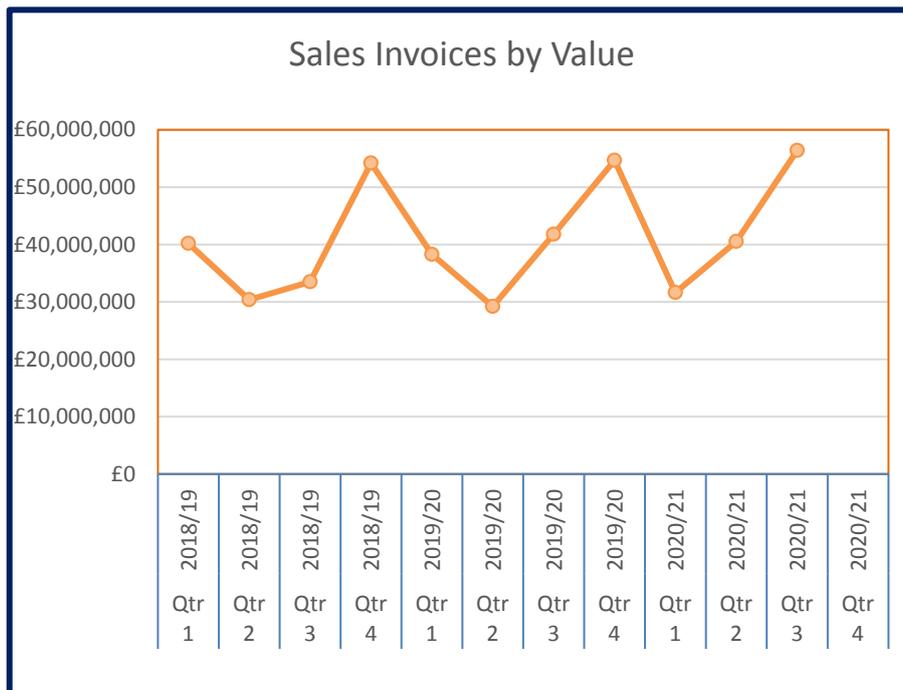
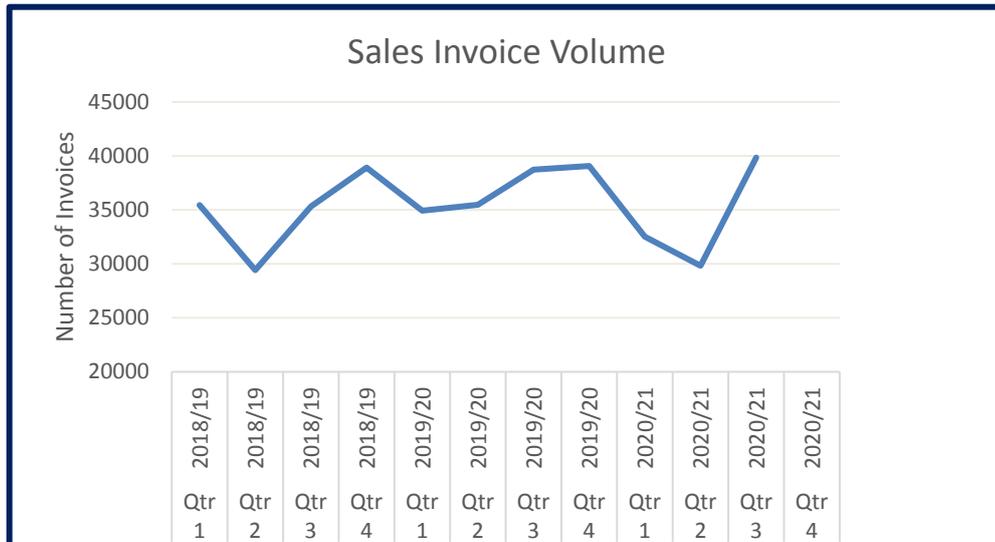
Debt Recovery Performance

52. Sales Invoicing trends during Q3 shows an increase in activity with the cumulative invoicing volumes and values now showing normal levels

Invoices Raised in Quarter

	Quarter 3	Year to date
Number	39,847	102,204
Value	£56,391,4017	£128,558,145

Invoice Trends



Debt Position Q3

53. Throughout Q3, the debt recovery team have reverted back to pre covid work processes with regular dunning and debtor contacting strategies. During the period whereby the team only maintained phone call and email contact with debtors without enforcement actions, there has been a corresponding rise in debtor levels. Over the coming months, the team will be working hard to reverse this trend

	Residential & Domiciliary Care (Statutory Debtors)	All Other (Non-Statutory Debtors)	Total
Total	£14,339,857	£13,985,234	£28,325,091
Over 6 months	£7,688,754	£1,118,076	£8,806,830
% over 6 months	53.6%	7.9%	31.0%

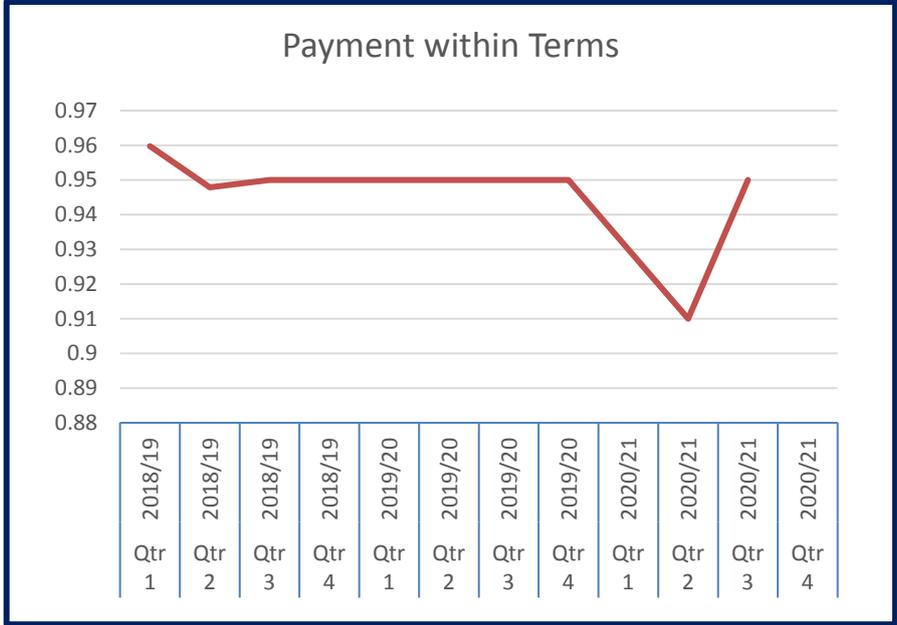
54. The Residential and domiciliary debts debt figures continue to be influenced by full cost invoices to service users that have not yet joined the deferred payments scheme. The resulting debts are a direct effect of the changes brought about by the Care Act. These users are charged full costs for their care which they have no available funds to make payments.

No of Accounts	Total Debt
83	£1.87m

55. The debtor write-off total during Q3 was £8.7k for 90 accounts, making the write off total to date £288k against 340 accounts.

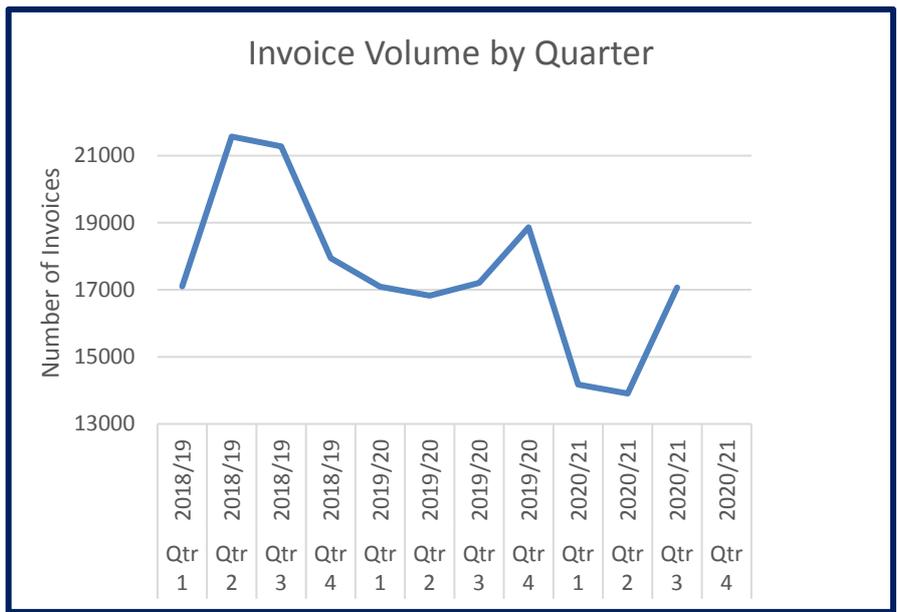
Accounts Payable (AP) Performance

56. Payment performance for Q3 has been recorded at 95%. This takes account of any known disputed invoices have were paid during Q3 and therefore not counted as a failure against payment terms.



57. The volume of commercial invoices processed for Q3 shows an increase in commercial invoicing volumes, but the overall totals for 2020/21 are still around 6k less than 2019/20 volumes.

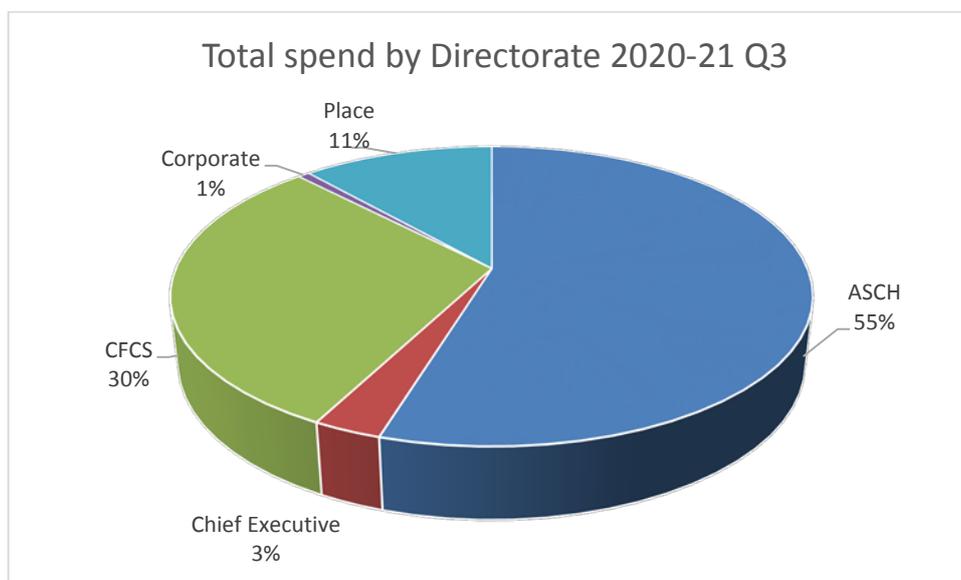
Commercial Invoices Processed



Procurement Performance

58. As an organisation, NCC has spent £148m in the third quarter of the financial year 2020-21 with external suppliers. This represents an increase of £20m when compared with the same period of the previous financial year. The top 13.3% (436) of suppliers account for 80% (118.4m) of the total supplier spend. The remaining 86.7% (2835 suppliers) have a total expenditure of £29.6m with an average spend of £10,450.

59. The chart below shows the total amount spent in the period, by Directorate. ASCH has the highest level of expenditure at 55%, followed by Children's and Family's which make up a further 30%.



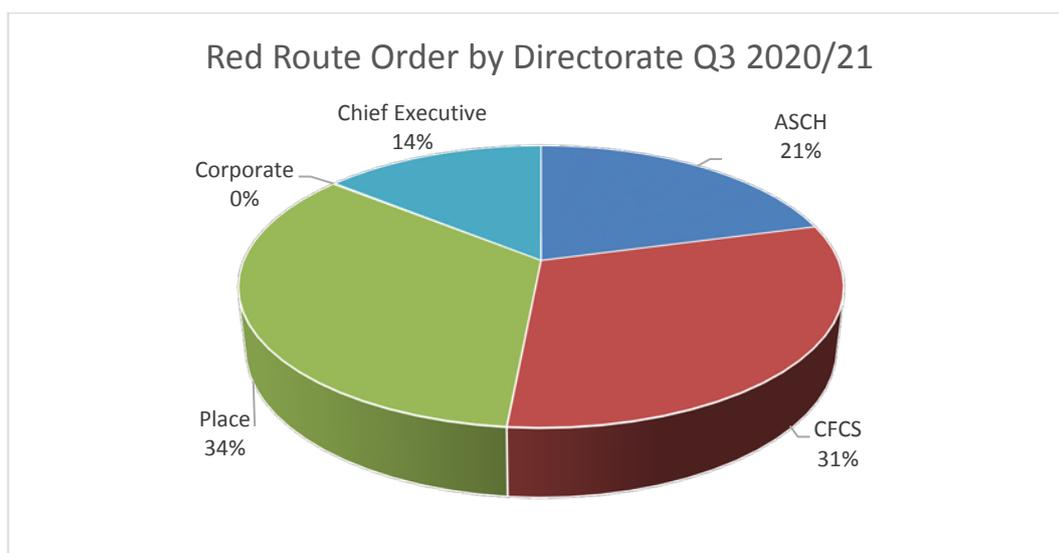
Purchase orders

60. The Council's primary ordering route is through BMS. Orders that are processed through BMS are classified as 'Compliant', whilst purchases made outside of the Council's systems are deemed to be 'Non-Compliant'. Retrospective orders are also classified as "Non-Compliant", as they are typically raised after delivery of goods/services. Services commissioned and managed through other Corporate Systems, for example Frameworki/Mosaic, are out of scope. Purchase Orders are beneficial to the organisation as they provide visibility of what we spend.

The table below shows the number of retrospective orders by month and by Department

Department	PO Volume OCT 2020	PO Volume NOV 2020	PO Volume DEC 2020	Total Q3 2020/21	Total Q3 2019/20
ASCHPP	28	34	26	88	175
Children, Families a	134	127	121	382	393
Place	105	118	115	338	593
Corporate	1	2	1	4	6
Chief Executive	80	105	55	240	300
Total	348	386	318	1,052	1,467

61. Purchase orders themselves are split into Green and Red orders. Green orders are those which are raised with the Procurement Centre's pre-arranged agreements or contracted suppliers. Red orders are those that do not have approved suppliers or contracts set up on BMS and require additional work. When compared with the same period in the previous financial year the volume of 'Red' orders has decreased from 4807 to 4067. The chart below identifies the percentage of Red Route orders by Directorate in Q3 of the 2020/21 financial year. The Procurement Team continue to work with stakeholders to improve these figures.



Statutory and Policy Implications

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

RECOMMENDATIONS

- 1) To comment on the revenue budget expenditure to date and year-end forecasts.
- 2) To comment on the capital programme expenditure to date and year-end forecasts and approve a variation to the capital programme.
- 3) To comment on the Council's Balance Sheet transactions.
- 4) To comment on the performance of the Accounts Payable and Accounts Receivable teams.
- 5) To comment on the performance of the Procurement team.

Nigel Stevenson Service Director – Finance, Infrastructure and Improvement

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

Constitutional Comments (KK 02/03/2021)

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

Financial Comments (GB 18/02/2021)

64. 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

15 March 2021

Agenda Item: 5

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

1. To review the staffing structure for the Risk and Insurance service and to propose amendments to better meet current and future demand. The purpose of this report is therefore to set out the rationale for change and how these changes will improve the future efficiency, resilience and performance of the team.

Information***Drivers for change***

2. The Risk and Insurance Team is a long-established team, currently sited within the Assurance Group of the Chief Executive's Department. In February 2020 the newly appointed Risk and Insurance Manager commenced working with the team.
3. Having monitored the operations of the team for the last twelve months, two significant pressure points have been identified. These pressure points cannot be alleviated without a reorganisation of the existing team structure.

First pressure point – Volume of Claims

4. The highest proportion of claims received and managed by the team are highways related claims. Highways claims are in general high-volume/low-value and are highly sensitive to environmental conditions. It is not uncommon for the Council to experience peaks and troughs in claim numbers, with the peak arriving generally in the winter months as the weather can exacerbate and accelerate the deterioration of road surfaces. However, as we appear to be experiencing ever more extreme weather systems these peak periods are commencing earlier and becoming more prolonged.
5. The Highways related claims are dealt with by the two Claim Handler posts within the team. In recent years the high volume of claims during the peak periods has exceeded their combined capacity, creating significant work load pressures for them and other members of

the team. Although the team have been able to meet these challenges, measures need to be implemented to alleviate the impact and pressures of future peaks.

6. The team has seen a reduced number of highways claims so far in 2020/21 as a direct consequence of the Covid 19 pandemic. The impact of the first lockdown in March 2020 was significant with the number of claims received dropping dramatically during this period. This temporary reprieve and the somewhat quieter summer/autumn months enabled the handlers to focus on, and deal with, the ongoing claims from the winter of 2019/20. It has also helped to minimise the impact of the team being temporarily reduced to one Claim Handler, following the successful recruitment of the second Claim Handler to a vacant senior post within the team.
7. The lull in claim numbers, however, is a temporary anomaly and, as we have entered the winter months of 2020/21 and traffic levels remained higher than those seen during the first lockdown, claim numbers have again started to rise to usual levels. Therefore, recruiting to the current vacant Claims Handler post alone will not address the existing pressures within the current structure of the team.

Second pressure point - Resilience

8. The second pressure point materialises when the team's one administrative support officer is absent. The team currently has one Insurance Technician who undertakes all the team's specialised administrative duties, which include, but are not limited to, the setting up and allocation of all new claims, managing the team's post and allocating tasks.
9. The delivery of the team's administrative support is seamless and forms the bedrock for the team. However, when the Insurance Technician is absent for any length of time this creates significant administrative pressures for the rest of the team. Although some duties can wait until the Insurance Technician's return, the support to the claims handling service has to continue and therefore these duties fall to the handlers themselves to complete. This creates additional pressures on an already engaged claims handling service.

Summary of restructure proposals

10. To improve resilience and to increase capacity in respect of both claims handling and administrative support, it is proposed that the current vacant post of Claim Handler (NJE Grade 5) and the existing post of Insurance Technician (NJE Grade 3) be amalgamated to create two new posts that will incorporate elements of both claims handling and administrative support.
11. These new Claims Handler and Administrative Assistant (NJE Grade 4) posts will have authority to handle liability, property and motor claims up to £25,000. Approximately 94% of all claims brought against the Council in the last five years were below this threshold. As most claims brought against the Council are below this limit, then it is expected that these posts will significantly increase the team's capacity for handling claims, especially in respect of the high-volume/low-value highways claims.
12. The new Claims Handler and Administrative Assistant posts will also be responsible for undertaking all administrative duties for the team. Having two posts providing administrative

support means that, in all but exceptional circumstances, there should always be administrative support available to the team. The post holders will be expected to coordinate absence wherever possible and will be trained in all aspects of the team's specialised administrative duties so there is both a sharing of knowledge and duties.

13. The new Claims Handler and Administrative Assistant posts will report directly to the Risk and Insurance Manager.

14. These changes can be contained within the existing budgetary provisions.

Proposed changes in structure

15. The current vacant post Claim Handler (NJE Grade 5) is to be removed from the current team structure.

16. The existing post Insurance Technician (NJE Grade 3) is to be removed from the current team structure.

17. The Claim Handler and Insurance Technician posts will be replaced within the structure by the two Claims Handler and Administrative Assistant (NJE Grade 4) posts.

18. To reflect the changes within the structure and to bring clarity to the purpose of the existing roles, it is proposed that the current job titles of the other members of the team be changed as follows:

- The Senior Insurance and Risk Officer title will be changed to Principal Risk and Insurance Officer – Policies
- The Risk Advisor and Senior Claims Handler title will be changed to Principal Risk and Insurance Officer – Claims
- The existing Claim Handler title will be changed to Senior Claims Handler.

There are no other proposed changes to these roles and as such, responsibilities and job descriptions will remain the same.

19. To enable a comparison of the proposed changes against the existing structure an illustration of each is provided in the appendices. Appendix 1 illustrates the current structure whilst Appendix 2 illustrates the proposed restructure.

Consultation

20. These staffing proposals have been subject to a 3 week consultation period that concluded on 17 February 2021. No concerns were raised by the Trade Unions. No responses were received during the consultation period.

Implementation and timescales

The following table sets out the key actions and timescales to take the proposals forward.

Action	Jan 2021	Feb 2021	Mar 2021	April 2021	May 2021
Formal consultation period (3 weeks)					
Respond to feedback, finalise proposals and communicate to team					
Committee approval: - Finance & Major Contracts Management Committee					
Recruitment to first Claims Handler and Administrative Assistant post					
Enabling process					
Dealing with staff at risk of redundancy					
Recruitment to second Claims Handler and Administrative Assistant post					

Other Options Considered

21. Taking in to consideration the current financial budgetary constraints and the given drivers for change, this is the most effective and efficient method of addressing the pressure points within the existing structure. Alternative options, such as the recruitment of a second Insurance Technician and third Claim Handler post was considered unnecessary and would require additional financial resourcing.

Reason/s for Recommendation/s

22. The proposed restructure will ensure that the Risk and Insurance service has the resilience and increased capacity in respect of both claims handling and administrative support to meet the current and future demands on the service.

Statutory and Policy Implications

23. 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

24. The proposed restructure is deliverable within the team's current financial resources.

Human Resources Implications

25. Paragraphs 15 to 18 of this report summarise the implications in terms of the posts to be removed from the team's structure and those to be established. Should the restructure be approved the advice of Human Resource colleagues will be followed to implement the Council's enabling process for the transfer of staff from the existing structure into the new structure. Where this leads to staff being placed at risk of redundancy the Council's agreed procedures will be followed.

RECOMMENDATION

That the revised staffing structure for Risk and Insurance as set out in paragraphs 15 to 18 be approved.

Nigel Stevenson
Service Director, Finance, Infrastructure & Improvement

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

Constitutional Comments (KK 09/02/2021)

26. The proposal in this report is within the remit of the Finance and Major Contract Managements Committee

Financial Comments (SES 10/02/2021)

27. The financial implications are set out in paragraph 24 of the report. The proposed restructure is deliverable within the team's current financial resources.

HR Comments (MS 22/02/2021)

28. The HR implications are set out in paragraph 25 of this report. The new post has been subject to the Authority's Job evaluation process. Recruitment will be in line with the relevant HR policies and procedures.

Background Papers and Published Documents

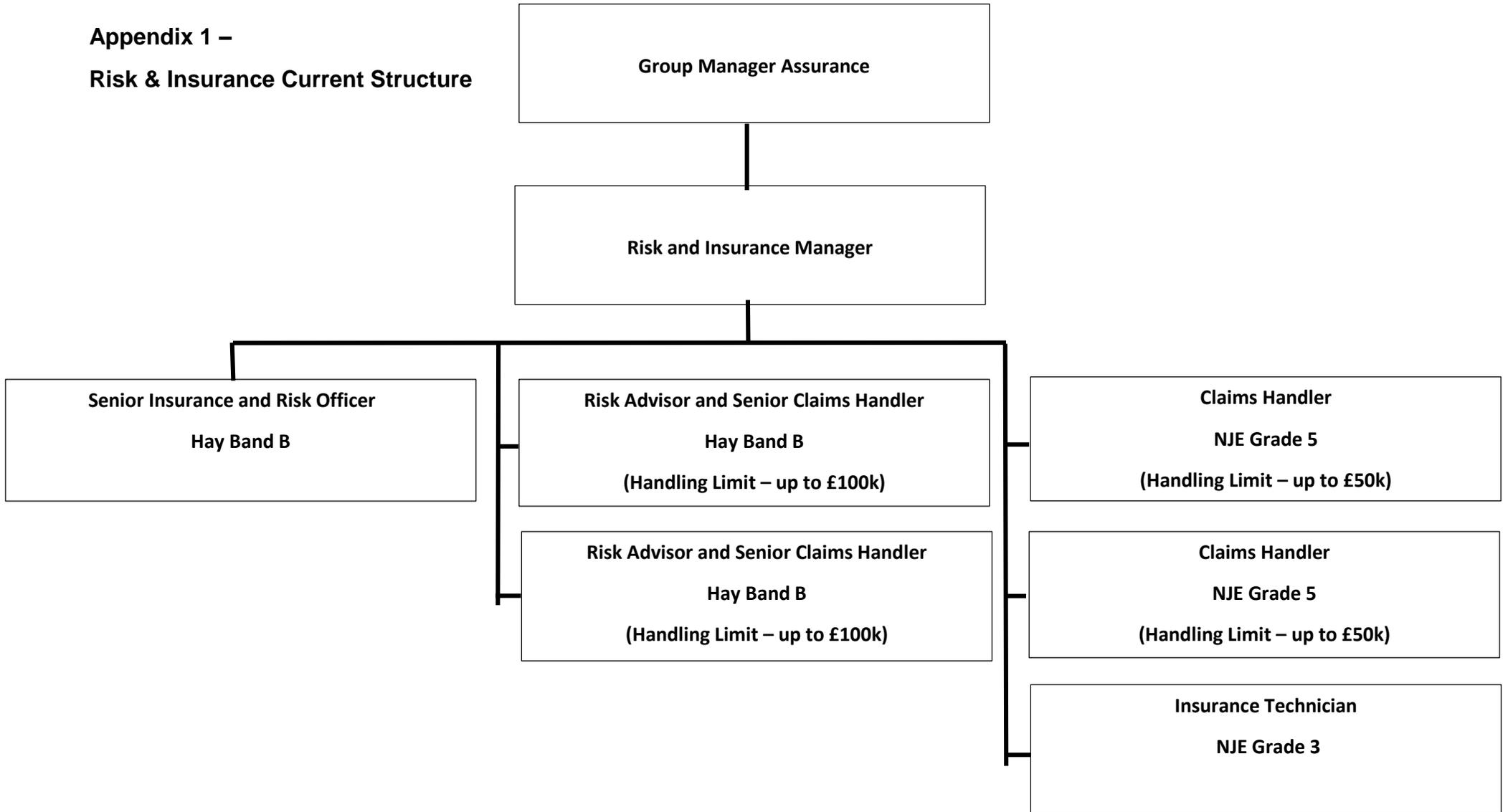
Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

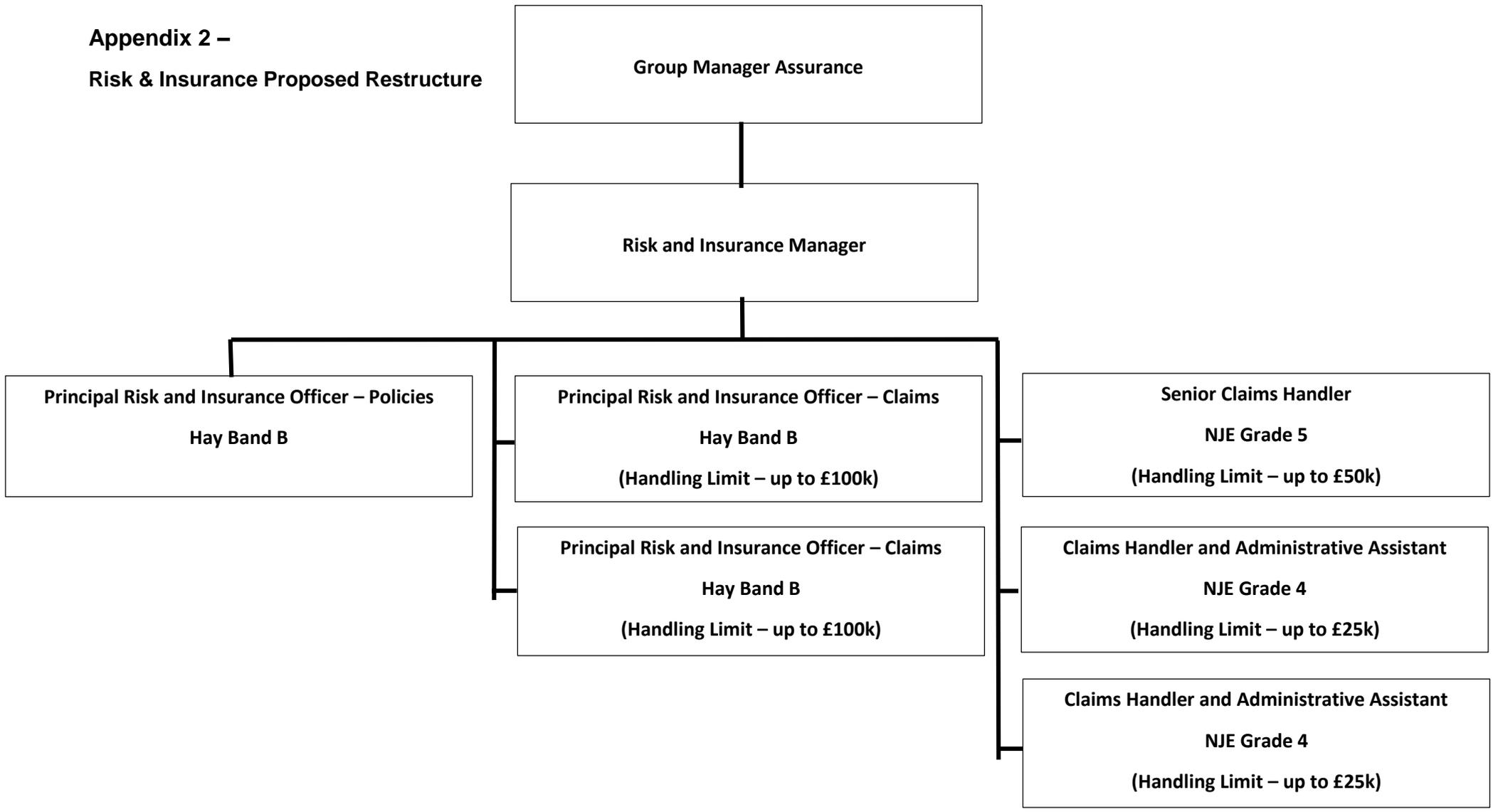
Electoral Division(s) and Member(s) Affected

- All

**Appendix 1 –
Risk & Insurance Current Structure**



**Appendix 2 –
Risk & Insurance Proposed Restructure**



15 March 2021

Agenda Item: 6

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 1** presents a table that provides a comparison of the claims experience for both Employers and Public Liability risks for the last five financial years. 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 2** 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:
 - Claim numbers are currently below levels experienced in the previous five years.
 - The first lockdown in March 2020 had a significant impact as claims received during this period reduced substantially. This is considered to be because of the restricted movement of the population and that claimant solicitors were adapting to new ways of working in response to the pandemic.

- As the restrictions from the first lockdown have been eased the number of claims received has steadily risen. With the onset of the winter months and the more severe weather conditions the number of highways related claims has started to increase.
- Repudiation rates for highways related claims continue to improve which positively impacts on the amount paid out on claims settled.

Changes in Staffing and Team Responsibilities

5. The team has seen some staff turnover during the last year, including the recruitment of two Risk Advisor & Senior Claims Handlers. Further staffing matters are set out in a separate paper on today's agenda, proposing a restructure to build resilience in to the team to ensure that it is able to effectively meet the current and future demands of the service.

Development of an Internal Claims Portal

6. Further progress has been made with improving the online experience for members of the public wishing to make a claim against the Council. The online claim form was implemented in 2019/20 and the team have continued to investigate how the service can be further developed and improved for service users. To this end, the team commissioned the development of an online claims portal in DASH, and this has now been implemented by the ICT Design and Build Team.
7. DASH is an enhanced case management tool that improves user functionality and efficiency by processing work through allocated queues and actionable requests which have been submitted by online forms (internal or external). DASH uses predefined filters or queues that can be used to organise and display cases to internal teams in a way that best suits the workflow. DASH is an approved Council application that is used widely across multiple departments and teams.
8. The portal was successfully tested prior to going live on 2 February 2021. As of this date, submitted claim forms go directly in to the portal instead of to the Risk and Insurance team's email account. All members of the team have access to the portal and are able to download the forms and supporting evidence.
9. The main benefit of the portal is its capacity to cope much better than the email account with the electronic size of photographs and other attachments. This is providing assurance to both claimants and team members alike that all photographs and attachments are securely received.

Loss Adjuster Tender

10. The team has successfully procured the Loss Adjuster contract, which provides loss adjusting services for property damage losses and technical support on third party property damage claims. The contract was awarded to Williams Pitt Ltd. The reserve contract, for instances where the primary contractor may not be able to respond to incidents due to capacity or for reasons of conflict of interest, was awarded to Woodgate and Clark Ltd.
11. The contracts have been awarded on an initial term of two years, with two subsequent opportunities to extend for a further period of 12 months each. This allows for a maximum term

of four years. The procurement of this contract ensures that the Council continues to maintain best value for this service.

Griffiths & Armour – Liability Claims Defensibility Audit: Highways

12. The Risk and Insurance team has commissioned an external audit of the defence of highways related liability claims. The audit has been undertaken by the Council's brokers, Griffiths and Armour. The reach of the audit has included Risk and Insurance, the Highways Client team and Via East Midlands.
13. The report is still to be finalised, and an overview of its key findings will be included in the next Risk and Insurance update. The scope of the audit comprises 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

Other Options Considered

14. No other options were applicable for this update.

Reason/s for Recommendation/s

15. 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

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.

Financial Implications

17. 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

18. A separate report has been submitted to the committee in respect of the proposed restructure of the Risk and Insurance team.

Implications for Service Users

19. The aim of the development of the internal claims portal is to further improve the effectiveness of the claims handling service for claimants accessing the service.

RECOMMENDATION/S

Members determine whether there are any actions or further information they would like to see arising from the matters raised in this report.

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 (SJE – 23/02/2021)

20. Finance & Major Contracts Management Committee is the appropriate body to consider the content of this report. If Committee resolves that any actions are required, it must be satisfied that such actions are within the Committee's Terms of Reference.

Financial Comments (SES 23/02/2021)

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

22. 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 1 - Employers and Public Liability

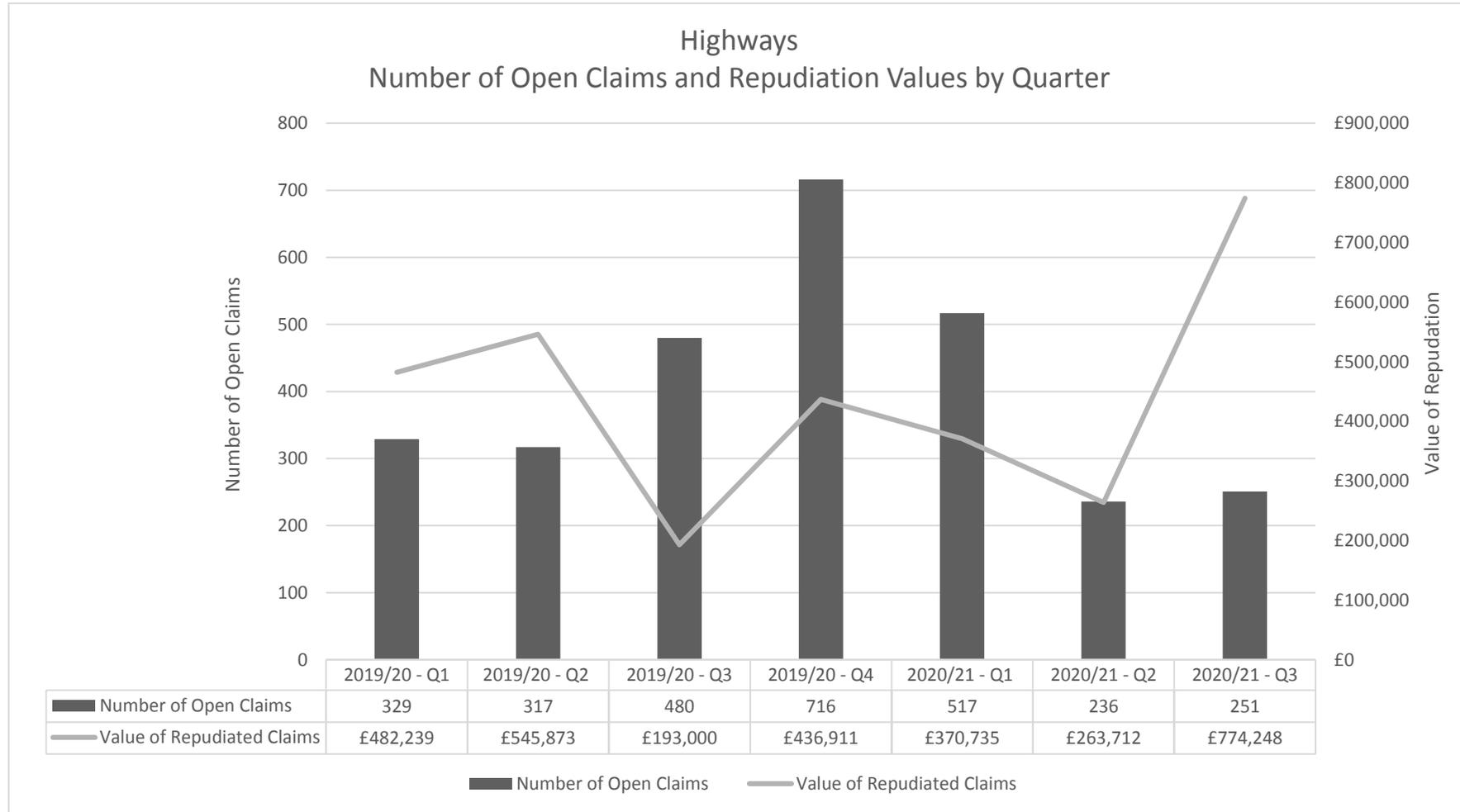
The following table is a year by year comparison for the key types of policy cover of the number of claims made, the number of litigated claims, the number of those claims settled, and the amounts paid out on those settled claims for each Financial Year (i.e. the financial year in which the incident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

	Financial Year				
	2016/17	2017/18	2018/19	2019/20	2020/21 *
Employers Liability					
Total claims made per year	20	19	17	13	4
Number of litigated claims	6	1	1	1	0
Number of claims settled	7	4	4	0	0
Amount paid out on settled claims	£73,577	£51,568	£50,160	£0.00	£0.00
Number of claims outstanding	3	4	2	8	3
Public Liability					
Total claims made per year	536	751	579	958	464
Number of litigated claims	14	10	5	5	0
Number of claims settled	141	333	143	151	15
Amount paid out on settled claims	£542,069	£527,125	£347,280	£84,820	£10,825
Number of claims outstanding	5	16	25	57	350

* Claims data for 2020/21 as at 10/02/2021

Appendix 2 - 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.



15 March 2021

Agenda Item: 7

REPORT OF THE SERVICE DIRECTOR - CUSTOMERS, GOVERNANCE AND EMPLOYEES

WORK PROGRAMME

Purpose of the Report

1. To consider the Committee's work programme for 2020/21.

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 & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>Lead Officer</u>	<u>Report Author</u>
19 April 2021			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
LEC 2021/22 Property planned maintenance Programme (PPMP) and Schools Building Improvement Programme (SBIP)	Latest estimated Cost report of the Property Planned Maintenance and School Building improvement programme	Derek Higon	Phil Berrill
Lindhurst and Eastwood LEC	Latest Estimated Cost Report	Derek Higon	Phil Berrill
Domestic Abuse Support Services	Update report	Kaj Ghattaora	Michael Fowler
21 June 2021			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Lowmoor & Caudwell LEC	Latest Estimated Cost Report	Derek Higon	Phil Berrill
The MILL AB Phase 2 (high ropes) LEC	Latest Estimated Cost Report	Derek Higon	Phil Berrill
Demolition Programme Report	Update Report	Derek Higon	Phil Berrill

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

19 July 2021			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
LEC New Primary, Chapel Lane Bingham	LEC report for a New Primary at the Chapel Lane development, Bingham	Derek Higton	Phil Berrill
Top Wighay Office LEC	Latest Estimated Cost Report	Derek Higton	Phil Berrill
Agency Contract Update	Update report	Kaj Ghattaora	Lorraine Dennis
TO BE PLACED			
Gedling Access Road (GAR) Scheme	Progress report	Adrian Smith	Mike Barnett
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 Ghattaora	Lynn Brammer