

# **Finance and Major Contracts Management Committee**

**Monday, 28 September 2020 at 14:00**

Virtual meeting, <https://www.youtube.com/user/nottsccl>

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## **AGENDA**

- |   |  |         |
|---|--|---------|
| 1 | Minutes of the last meeting held on 20 July 2020   | 5 - 6   |
| 2 | Apologies for Absence  |         |
| 3 | Declarations of Interests by Members and Officers:- (see note below)<br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |         |
| 4 | Financial Monitoring Report Period 4 2020-21   | 7 - 30  |
| 5 | Personal Protective Equipment (PPE) Procurement in Response to Covid-19  | 31 - 34 |
| 6 | Inspire - Culture, Learning and Libraries Contract   | 35 - 38 |
| 7 | Covid-19 Cultural Service Contract Variation Extensions  | 39 - 46 |
| 8 | Work Programme   | 47 - 50 |

## 9 EXCLUSION OF THE PUBLIC

The Committee will be invited to resolve:-

“That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in Schedule 12A of the Local Government Act 1972 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

### **Note**

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

## EXEMPT INFORMATION ITEM

## 10 Covid-19 Cultural Service Contract Variation Extensions EXEMPT

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

### **Notes**

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

Customer Services Centre 0300 500 80 80

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

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

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





Meeting      FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE  
                         – VIRTUAL MEETING

Date            20 July 2020 (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**

Pete Barker	Democratic Services Officer
Kaj Ghattaora	Group Manager, Procurement
Derek Higton	Service Director, Place & Communities
Nigel Stevenson	Service Director, Finance, Infrastructure & Improvement

**1. APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMEN**

That the appointment by Full Council on 11 June 2020 of Councillor Richard Jackson as Chairman, and Councillor Roger Jackson and Councillor John Ogle as Vice Chairmen of the Committee for the 2020-21 municipal year, be noted.

**2. COMMITTEE MEMBERSHIP**

That the membership of the Committee for the 2020-21 municipal year: Councillors Richard Jackson, Roger Jackson, John Ogle, John Clarke, Keith Girling, Tom Hollis, Eric Kerry, Diana Meale, Mike Pringle, Alan Rhodes and Gordon Wheeler, be noted.

### **3. MINUTES OF THE LAST MEETING**

The minutes of the last meeting held on 10 February, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

### **4. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

### **5. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **6. FINANCIAL MONITORING REPORT PERIOD 2 2020-21**

**RESOLVED: 2020/008**

That no further actions are required as a result of the contents of the report.

### **7. UPDATE ON THE COUNCIL'S MEDIUM-TERM FINANCIAL STRATEGY**

**RESOLVED: 2020/009**

That no further actions are required as a result of the contents of the report.

### **8. WORK PROGRAMME**

**RESOLVED: 2020/010**

That all members of the Committee will begin to receive briefings from Nigel Stevenson as the relevant information becomes available.

The meeting closed at 2.31pm.

CHAIR

28 September 2020

Agenda Item: 4

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

### **FINANCIAL MONITORING REPORT: PERIOD 4 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 variations to the capital programme.
3. To inform Members of the Council's Balance Sheet transactions.
4. To request approval for additional contingency requests.
5. To provide Members with an update from the Accounts Payable and Accounts Receivable teams.
6. To provide Members with an update from the Procurement team.

#### **Information Background**

7. 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.
8. 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. A report which sets out the impact of COVID19 crisis on the work of Nottinghamshire County Council and the Council's response was reported to Policy Committee on 17 June 2020.
9. A Financial Resilience Group has been set up to consider the financial impact arising from the COVID19 crisis. This Group is focussing on reviewing variables such as additional costs, lost income, impact on savings plans, use of reserves and cash flow position as well as additional grant received from the Government in order to assess the impact upon the Medium-Term Financial Strategy. As set out later in the report, the work of this Group is already identifying

areas which mitigate the financial impact of COVID19 in the current financial year. Regular reports will be provided to the Corporate Leadership Team and Members to keep them informed about the financial implications of the crisis.

## **Implications of the COVID19 Crisis**

10. 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 DELTA4 submission from Nottinghamshire County Council identified a total forecast financial impact of £44.1m in the current financial year. The last return was submitted on 4 September 2020 and is in line with figures reported in this report.
11. The additional pressures on the 2020/21 budget are partially offset by the main £42.1m COVID19 grant allocation received from Central Government. Consequently, the COVID19 funding shortfall as submitted to Government will total £4.6m (£46.7m minus £42.1m).
12. In addition to the main COVID19 grant, the Authority has also received the following COVID19 related grant funding from Central Government :-
  - £3.8m Test and Trace Service Support Grant. This grant provides support to Local Authorities in England towards mitigation and management costs against local outbreaks of COVID-19.
  - £11.5m Adult Social Care Infection Control Grant. 75% of this grant provides support to adult social care providers to help reduce the rate of COVID19 transmission in and between care homes and was given directly to care homes. The remaining 25% of grant is being used to support wider workforce resilience to deliver infection control. The grant must be used to cover eligible expenditure incurred between 13 May 2020 and 23 September 2020.
  - £0.6m Additional Dedicated Home to School Transport Grant. This grant has been made available to ensure that there is sufficient transport capacity so that children can get to school safely and on time.

The receipt of these grants is factored into the forecast financial position as set out in this report.

13. 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 value of this funding is yet to be confirmed and will be reported to a future Finance and Major Contracts management Committee.
14. The pro-forma submitted to the Government does not include other potential significant forecast cost and cash flow implications including Council Tax and Business Rates falls in collection rates (£10m) as well as impacts upon the realisation of capital receipts (£4m). On 2 July, Central Government announced that Council Tax and Business Rates deficits are to be payable evenly over a three-year period rather than in one year as is currently the case.
15. As set out above, the Finance Resilience Group has been established to consider the financial impact arising from the COVID19 crisis. Already, the Group has identified factors that help to mitigate the in-year financial impact of COVID19. For example, in the initial forecast of additional costs associated with COVID19, an estimate of £4m was identified to reflect current year savings that were at risk. Following a further assessment of current year savings



proposals however it has been identified that the vast majority of savings will in fact be achieved by all departments.

16. Also, a review has been undertaken of all non-COVID overspends and underspends across the Council. As a consequence, a number of mitigations have been put in place, particularly in the ASCH&PH department, to reduce down any non-COVID19 variances.
17. The Financial Resilience Group has also initiated a review of the capital programme. As a result of this exercise increased costs associated with the capital programme have been identified. This work has also identified a number of capital schemes that can be re-profiled into future years, thereby reducing the cost of borrowing in the 2021/22 financial year. The details of this work are set out in the capital section of this report.
18. Other themes being investigated by the Finance Resilience Group are set out in the following paragraphs.
19. Departments are continuing to assess 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 is being maintained to evidence the recharge at a future date. This information is being reported back to the Ministry of Housing, Communities and Local Government on a monthly basis.
20. Council on 27 February 2020 approved savings proposals of £7.9m for delivery in 2020/21, with further savings identified for the period 2021-24. As set out above, the Finance Resilience Group has undertaken a review of all approved 2020/21 savings proposals and has identified the impact on the current financial year is minimal. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn. The progress of the Council's current savings programme is reported to the Improvement and Change Sub-Committee on a regular basis and highlights all projects that are either experiencing obstacles or are at risk.
21. A thorough review of reserves, both corporate and departmental, is undertaken in each financial year. This exercise has been accelerated in this financial year to identify available resources that may be required to fund additional costs resulting from the COVID19 emergency that are over and above the COVID19 grants that have been received from the Government. In liaison with service representatives and departmental leadership teams, finance colleagues are undertaking a review of all departmental reserves, including revenue grant reserves.
22. In addition to the above work, reviews of the capital programme and capital receipts forecasts will continue. The capital programme review will identify further potential areas of slippage and other amendments required to the programme. Under the Capital Flexibility Directive, the Council has forecasted to use an element of capital receipts to fund one-off costs of transformation. A review is underway to identify if the level of forecast capital receipts will be impacted upon by the COVID19 crisis.
23. Other areas being investigated include a review of pressures and contingency allocations, a review of permanent and temporary over / under spends from the previous financial year, a review of the impact on the tax base and a review of departmental action plans to identify the impact of any revised ways of working on the budget both during the emergency and in the future.

24. The outcome of this work will be reported back to future Finance and Major Contracts Management Committees.

25. It is important to note that considerable uncertainty remains regarding the longer-term implications of responding to the emergency. For instance, it is thought that there is a risk of another COVID19 wave particularly through the Autumn and Winter period. 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

26. The table below summarises the revenue budgets for each Committee for the current financial year. A forecast position broadly in line with budget is currently predicted. However, there are still significant financial challenges facing the Council over the medium-term continuing the 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 3 £'000	Committee	Annual Budget £'000	Actual to Period 3 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
12,775	Children & Young People's	141,698	34,148	154,464	12,766
15,562	Adult Social Care & Public Health	211,649	51,093	227,533	15,884
8,142	Communities & Place	130,030	36,015	138,265	8,235
3,057	Policy	34,961	11,348	37,899	2,938
(33)	Finance & Major Contracts Management	2,906	4,035	4,042	1,136
(35)	Governance & Ethics	7,571	2,194	7,522	(49)
398	Personnel	15,696	4,948	15,872	176
<b>39,866</b>	<b>Net Committee (under)/overspend</b>	<b>544,511</b>	<b>143,781</b>	<b>585,597</b>	<b>41,086</b>
(42,729)	Central items	(26,195)	(20,787)	(69,142)	(42,947)
-	- Schools Expenditure	21	-	21	-
2,021	Contribution to/(from) Traders	(756)	238	1,394	2,150
<b>(842)</b>	<b>Forecast prior to use of reserves</b>	<b>517,581</b>	<b>123,232</b>	<b>517,870</b>	<b>289</b>
-	- Transfer to / (from) Corporate Reserves	1	(327)	1	-
285	Transfer to / (from) Departmental Reserves	(4,403)	316	(4,876)	(473)
-	- Transfer to / (from) General Fund	(631)	-	(631)	-
<b>(557)</b>	<b>Net County Council Budget Requirement</b>	<b>512,548</b>	<b>123,221</b>	<b>512,364</b>	<b>(184)</b>

## Committee and Central Items

The main identified variances can be split between COVID19 and Non-COVID19 reasons as follows:

**Table 2 – Variances Split Between COVID19 and Non-COVID19**

<b>Committee</b>	<b>COVID19</b>	<b>Non-COVID19</b>	<b>Latest Forecast Variance</b>
Children & Young People	10,931	1,835	12,766
Adult Social Care & Public Health	20,960	(5,076)	15,884
Communities and Place	8,164	71	8,235
Policy	2,702	236	2,938
Finance & Major Contract Management	1,242	(106)	1,136
Governance & Ethics	25	(74)	(49)
Personnel	430	(254)	176
<b>Net Committee (under)/overspend</b>	<b>44,454</b>	<b>(3,368)</b>	<b>41,086</b>
COVID-19 Grant	(42,111)	-	(42,111)
Other Central Items	-	(836)	(836)
Traders	2,246	(96)	2,150
Transfer to / (from) Departmental Reserve	-	(473)	(473)
<b>Net County Council Budget Requirement</b>	<b>4,589</b>	<b>(4,773)</b>	<b>(184)</b>

\*It is currently anticipated that the total additional COVID19 costs reported on the next submission to the MHCLG will be £46.7m.

## COVID19 Variations

27. 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. Nottinghamshire County Council's DELTA4 return was submitted on 31 July 2020 and forecast additional COVID19 pressures totalling £44.1m. It is expected that this figure will increase to £46.7m for the next submission.

## Non-COVID19 Variations

### Children & Young People's (£1.8m overspend, 1.3% of annual budget)

28. The Youth, Families and Social Work Division is reporting a forecast £0.2m overspend. This is made up of overspends on social work staffing, offset by an underspend on Children with Disabilities homes.

29. The Education, Learning & Skills Division is reporting a £0.3m overspend made up of a £0.5m overspend on school improvement sold service offset by a £0.2m underspend on other budgets. A review of the sold service offer for 2020/21 is underway.

30. The Commissioning and Resources Division is forecasting an overspend of £1.3m. This mainly arises due to general cost increases observed towards the end of 2019/20 and the cost of additional support for complex cases etc. LAC numbers increased dramatically and are believed to be driven by the wider/indirect effects of the pandemic. Net external LAC increased by 22 in July, which is 14 more than predicted. Fortunately, the mix/composition was favourable (Independent Fostering Agency's increased by 9, semi-independent contract by 10 whereas more costly semi-independent spot and residential placements increased by only 3).

### **Adult Social Care & Public Health (forecast £5.1m underspend, 2.4% of annual budget)**

31. The major variances in the Adult Social Care and Public Health Department are as follows:

- Strategic Commissioning and Integration is forecasting an underspend of £1.2m. This has arisen due to additional BCF Health income of £1.1m and an underspend on staffing of £0.1m.
- Direct and Provider Services are forecasting an underspend of £0.7m across all services with a £0.2m underspend on Residential Services and a £0.6m underspending on Day Services, offset by a £0.1m overspend due to non-achievement of savings.
- Living Well and Ageing Well are forecasting an underspend of £2.2m. This consists of an overspend of £5.2m in Living Well, offset by an underspend of £7.4m in Ageing Well.
- Maximising independence is forecasting an underspend of £0.7m, mainly due to the delayed implementation of the workforce review.

32. Public Health is currently forecasting an underspend of £0.3m. This is primarily due to underspends on sexual health and Health Check programmes as a result of the pandemic. Any net underspend will put into reserves at the year.

### **Trading Services**

33. Schools and West Bridgford Catering combined are forecasting a deficit of £2.0m as a result of COVID19.

34. Clayfields is currently forecasting a surplus against its income target of £0.3m. The impact of COVID19 has not been as limiting to accept new admissions as initially expected. As of June 2020, the centre is operating at 95% occupancy and this, along with reduced running expenses and use of overtime, has caused the surplus.

### **Central Items**

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

36. As detailed above, the Authority has received three tranches of COVID19 grant allocations. On 27 March 2020, £22.3m was received from the first tranche of funding. However, due a change in methodology, the Council received a much-reduced allocation of £14.7m from the second tranche. A third allocation of £5.1m was announced on 16 July and takes total COVID19 grant

funding to £42.1m. This amount was not factored into projections when setting the 2020/21 budget in February 2020. It is proposed that a revised budget estimate will be set based upon the understanding of additional COVID 19 costs as at Period 6.

37. 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 have been identified that have a degree of uncertainty with regard to likelihood, value and profiling. As such, an additional provision of £2.6m has been made within the contingency to fund these pressures of which £1.4m has already been built into committee budgets at Period 3. All residual funding requirements are currently being reviewed and the Finance and Major Contracts Management Committee or the Section 151 Officer are required to approve the release of contingency funds.
38. There is also a call on the 2020/21 contingency budget from requests that have been previously approved by Finance and Major Contracts Management Committee. These are as follows:
- D2N2 Local Enterprise Partnership - Policy Committee £62,500
  - Knife Crime – Children and Young People Committee £100,000
  - Children's Centre Transition Costs - Children and Young People Committee £221,000
39. In August 2020, agreement was reached with regard to the Local Government Services' Pay Agreement for 2020/21. Under the agreement, local government has accepted a 2.75% pay increase for 2020/21. This is 0.75% above what was provided for in the Medium-Term Financial Strategy for this financial year and equates to £1.3m additional costs. It is proposed that this additional cost is funded from the Council's contingency budget.
40. A request for contingency of up to £0.1m in 2020/21 has been submitted by Policy Committee (September 2020) to fund early work on the review of the business case for Local Government Review and Stakeholder Engagement.
41. Other Contingency requests approved previously total £1.0m to support communities in their response to the impact of COVID19. Table 1 assumes that the remaining contingency budget will be utilised in full for future requests.

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

42. 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.
43. 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 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.

44. The 2019/20 Local Government Finance Settlement set out a one-year settlement only. As such, further considerable uncertainty beyond 2020/21 will remain until the outcome of the future Comprehensive Spending Review is known.

## Balance Sheet

### General Fund Balance

45. 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

46. 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	9,403	
		9,403
Variations funded from other sources : Net variation from 2019/20 and financing adjustments	16,406	
		16,406
<b>Revised Gross Capital Programme</b>		<b>143,193</b>

47. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 4.

**Table 3 – Capital Expenditure and Forecasts as at Period 4**

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 4 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People's	35,815	8,192	35,340	(475)
Adult Social Care & Public Health	612	644	684	72
Communities & Place	68,669	5,813	64,898	(3,771)
Policy	35,517	2,894	32,249	(3,268)
Finance & Major Contracts Mngt	180	-	180	-
Governance & Ethics	354	77	299	(55)
Contingency	2,046	-	2,046	-
<b>Total</b>	<b>143,193</b>	<b>17,620</b>	<b>135,696</b>	<b>(7,497)</b>



## Impact of COVID-19 Crisis on the Capital Programme

48. A review has been undertaken to identify areas of the capital programme where increased costs will be experienced as a result of the COVID-19 crisis. The outcome of this review has identified forecast overspends on the following schemes:-

Scheme	£000
Orchard Special School / Newark Day Centre	413
Sharp Hill Academy	100
Building Works	105
Homes England - Top Wighay	175

It is expected that these additional costs will be absorbed within existing budgets except for the additional costs that are to be incurred against the Orchard School and the Sharp Hill Academy projects, which will be funded from the School Places programme.

**It is proposed that the capital programme is varied to reflect that additional costs incurred on the Orchard Special School and Sharp Hill Academy projects will be funded from the School Places Programme.**

## COVID-19 Capital Programme Review

49. As reported to Finance and Major Contracts Management on 20 July 2020 it is currently anticipated that the Authority will be facing a funding shortfall in 2021/22 of over £26m. As such, the Financial Resilience Group are currently reviewing a number of options in order to mitigate this funding shortfall. To try and reduce the costs of borrowing in 2021/22 an exercise has been undertaken to identify areas of potential saving / re-profiling in those areas of the capital programme that are funded from borrowing in 2020/21. Savings / re-profiling identified to date totals £6.5m and is set out in the paragraphs below. All things being equal, slippage of this magnitude will generate a saving against the cost of borrowing in 2021/22 of approximately £420k. Further opportunities for savings / re-profiling within the capital programme will continue to be explored as the financial year progresses.

## Children & Young People's

50. In the Children and Young People's Committee capital programme an underspend of £0.5m has been identified. This mainly relates to slippage relating to the developments taking place at The Mill Adventure Base. Although Phase 1 of the works is progressing as planned it is expected that Phase 2 of the works (£1.0m) will now take place in the next financial year. This is offset by the forecast increased costs that have been identified at Orchard Special School and Sharp Hill Academy as set out in paragraph 46.

**It is proposed that the Children and Young People's Committee capital programme is varied to reflect the £1.0m re-profiling of expenditure identified against the Mill Adventure Base project.**



## **Adult Social Care & Public Health**

51. In the Adult Social Care and Public Health Committee capital programme. The Authority has received a further £0.6m Disable Facilities Grant which funds the purchase of equipment that can enable adults with special needs to remain in their homes.

**It is proposed that the Adult Social Care and Public Health Committee capital programme is varied to reflect the £0.6m Disables facilities Grant received by the Authority.**

## **Communities & Place**

52. In the Communities and Place Committee capital programme an underspend of £3.8m has been identified. This relates mainly to re-profiling identified as part of the COVID19 capital programme review that is set out in paragraph 47. In particular, £2.0m of funding associated with the Rushcliffe Recycling Centre has been re-profiled into the next financial year as work continues to prepare a suitable site for the service. Further re-profiling into future years has been identified against the following budgets:-

- Flood Alleviation and Drainage (£0.6m)
- Transport and Travel Services (£0.4m)
- Energy Saving Scheme (£0.5m)

**It is proposed that the Communities and place capital programme is varied to reflect the outcome of the COVID-19 capital programme review.**

53. Also, in the Communities and Place capital programme, the Authority has been successful in securing £0.6m external funding from the Environment Agency to carry out works into eight separate areas of the county that are at risk of flooding events.

**It is proposed that the Flood Alleviation and Drainage capital budget is varied by £0.6m, to reflect the £0.6m external funding received from the Environmental Agency.**

54. At the Communities and Place Committee meeting on 2 September 2020 Members identified a need to provide funding of £1m to implement a Property Flood Resilience programme. This programme will put in place measures to properties in areas vulnerable to flooding but not covered by Central Governments Flood Protection Grants. It is the Council's ambition that this funding be matched by partners including the Environment Agency.

**It is proposed that the Communities and Place capital programme is varied to reflect the £1.0m funding required to fund the Property Flood Resilience programme, funded from capital allocation.**

55. Also, in the Communities and Place capital programme there is a requirement for £2.0m funding to carry out the replacement of the libraries and archives public ICT estate and network replacement. The current public facing ICT estate is coming to the end of life and, if it is not replaced, will see core service provision cease. In addition, the Wide Area Network requires replacement in line with the NCC network replacement programme.

**It is proposed that the Communities and Place capital programme is varied by £2.0m to reflect the replacement of the libraries and archives public ICT estate and network replacement.**

## **Policy**

56. In the Policy Committee a forecast underspend of £3.3m has been identified. This mainly relates to re-profiling identified as part of the COVID-19 capital programme review that is set out in paragraph 47. Two main areas of re-profiling have been identified through this review as follows:-

- Computer Equipment Replacement Programme (£1.0m)
- Better Broadband for Nottinghamshire (£2.0m)

Slippage of £1.9m has also been identified against the Notts Digital Connectivity programme as delivery has been affected by the COVID19 crisis. These underspends are offset by a £1.4m overspend identified against the Microsoft Enterprise Agreement as additional funds are required to fund the Authority's licence requirements.

**It is proposed that the Policy Committee capital programme is varied to reflect both the re-profiling identified as part of the COVID-19 capital programme review and the additional funds required to service the Microsoft Enterprise Agreement.**

57. Also, in the Policy Committee, it is proposed that £0.4m of funding is made available to carry out alteration works at County Hall to accommodate ICT Services and equipment. The services and equipment to be installed are those that are unable to be migrated into the Cloud. In addition, key infrastructure and communications equipment will be provided to ensure continued connectivity from County Hall to services already migrated to the Cloud.

**It is proposed that the Policy Committee capital programme is varied to reflect the £0.4m funding required to fund the alteration works and IT equipment at County Hall, funded from capital allocation.**

58. In the Policy Committee capital programme, it is worth noting that the capital programme was varied following the approval of the Investing in Nottinghamshire report which was reported to Policy Committee in February 2020. This report approved significant capital investment of £28.1m to carry out long-term proposals to ensure the best future use of the Council's major office and service building portfolio. This programme of work will be monitored through the usual capital forecasting process.

## Financing the Approved Capital Programme

59. 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	22,664	12,512	-	639	35,815
Adult Social Care & Public Health	371	241	-	-	612
Communities & Place	15,636	51,594	1,119	320	68,669
Policy	21,737	12,980	-	800	35,517
Finance & Major Contracts Mngt	-	-	-	180	180
Personnel	354	-	-	-	354
Contingency	2,046	-	-	-	2,046
<b>Total</b>	<b>62,808</b>	<b>77,327</b>	<b>1,119</b>	<b>1,939</b>	<b>143,193</b>

60. It is anticipated that borrowing in 2020/21 will increase by £0.6m from the forecast in the Budget Report 2020/21 (Council 27/02/2019). This increase is primarily a consequence of:

- £9.4m of net slippage from 2019/20 to 2020/21 and financing adjustments funded by capital allocations.
- Net slippage in 2020/21 of £8.8m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

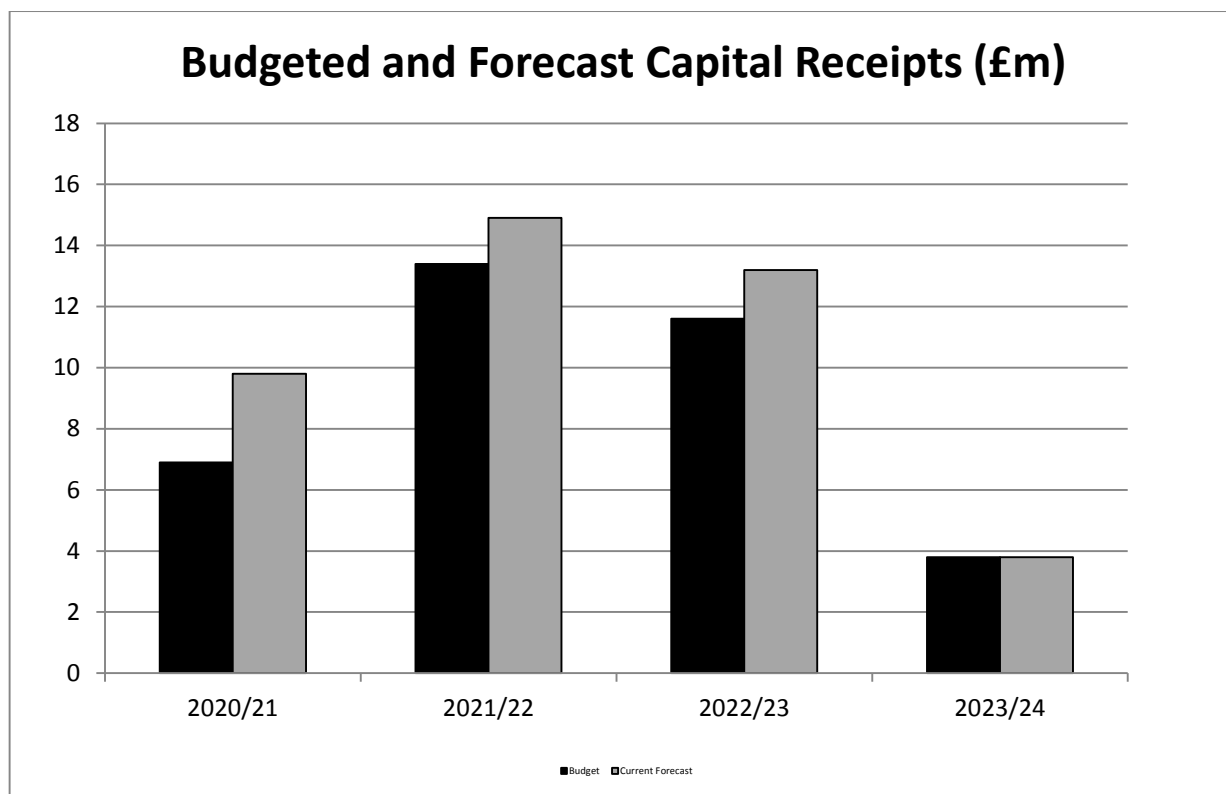
## Prudential Indicator Monitoring

61. 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

62. 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.

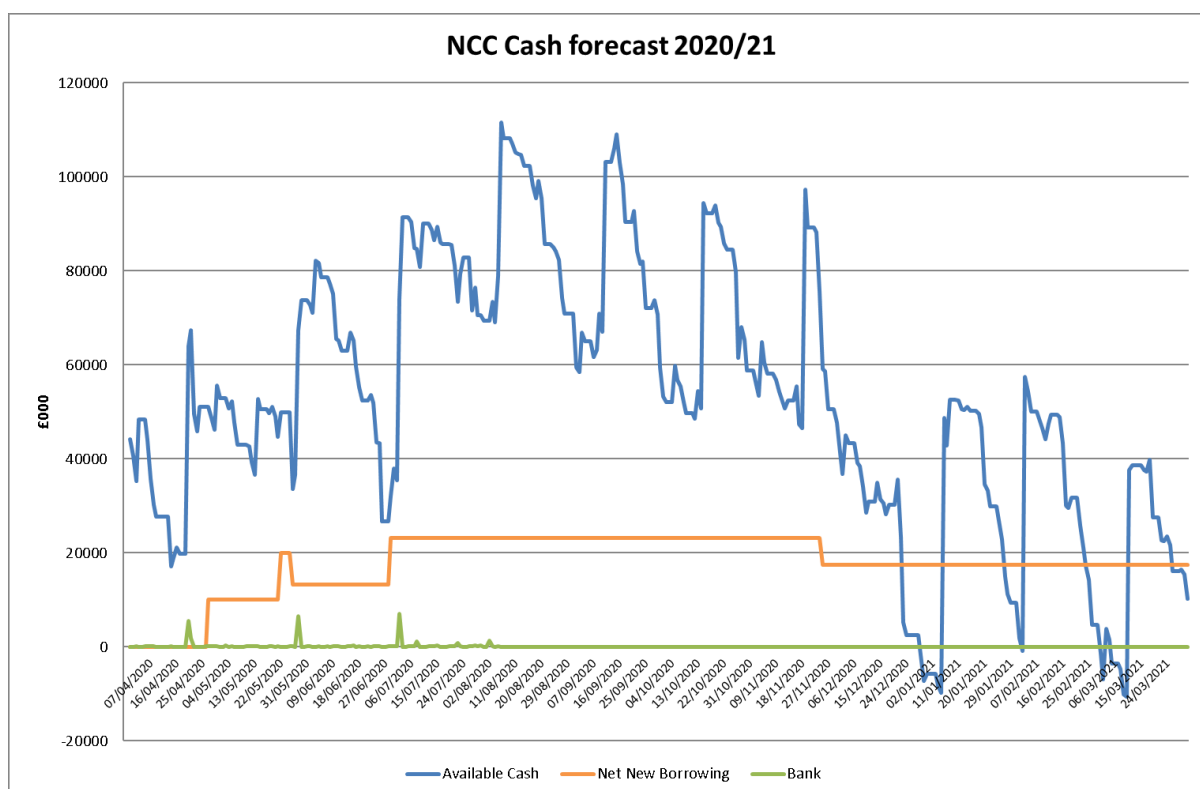
63. The chart below shows the budgeted and forecast capital receipts for the four years to 2023/24.



64. 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.
65. The capital receipt forecast for 2020/21 is £6.9m. To date in 2020/21, £0.4m of capital receipts have been received.
66. 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.
67. 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.

## Treasury Management

68. 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.
69. 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.

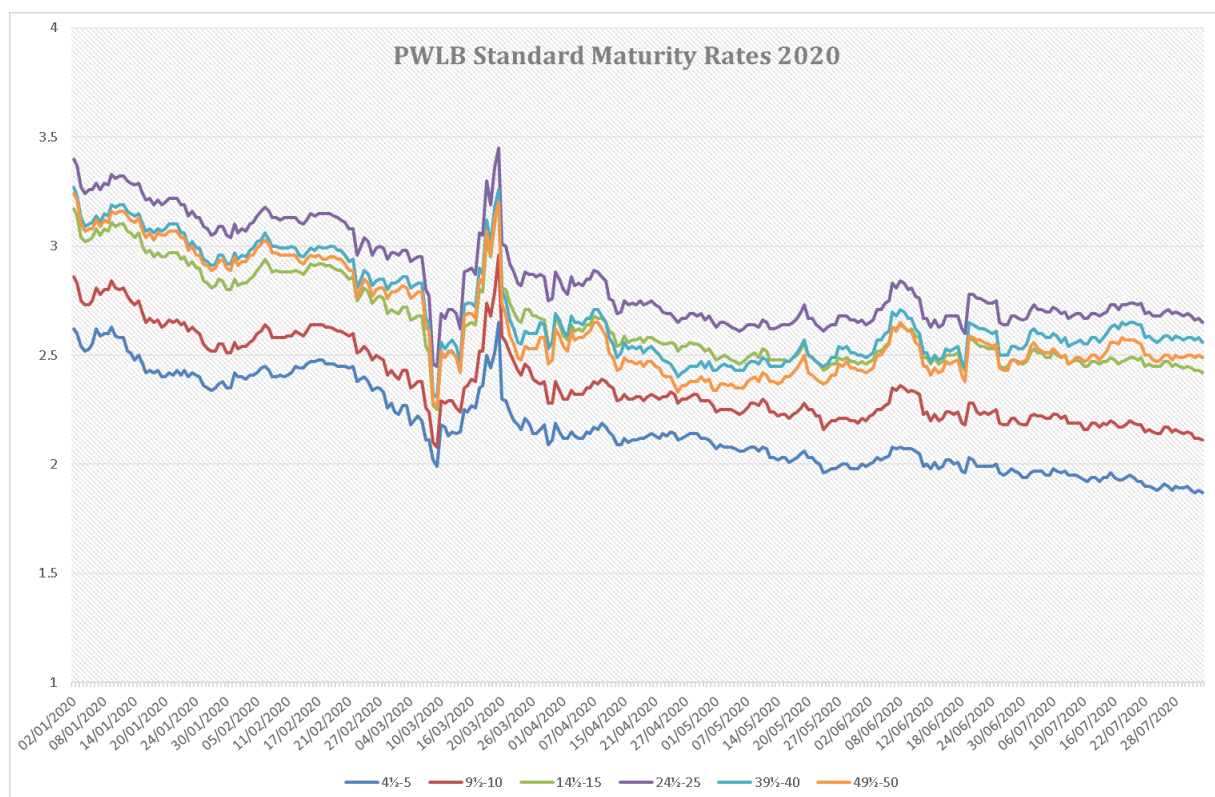


70. The chart above gives the following information:

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

71. 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 further £10m tranches in May and June.

72. 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 so far. The initial effects of the coronavirus pandemic and the Government's budgetary response can be seen in early March, with rates declining slowly but steadily since.



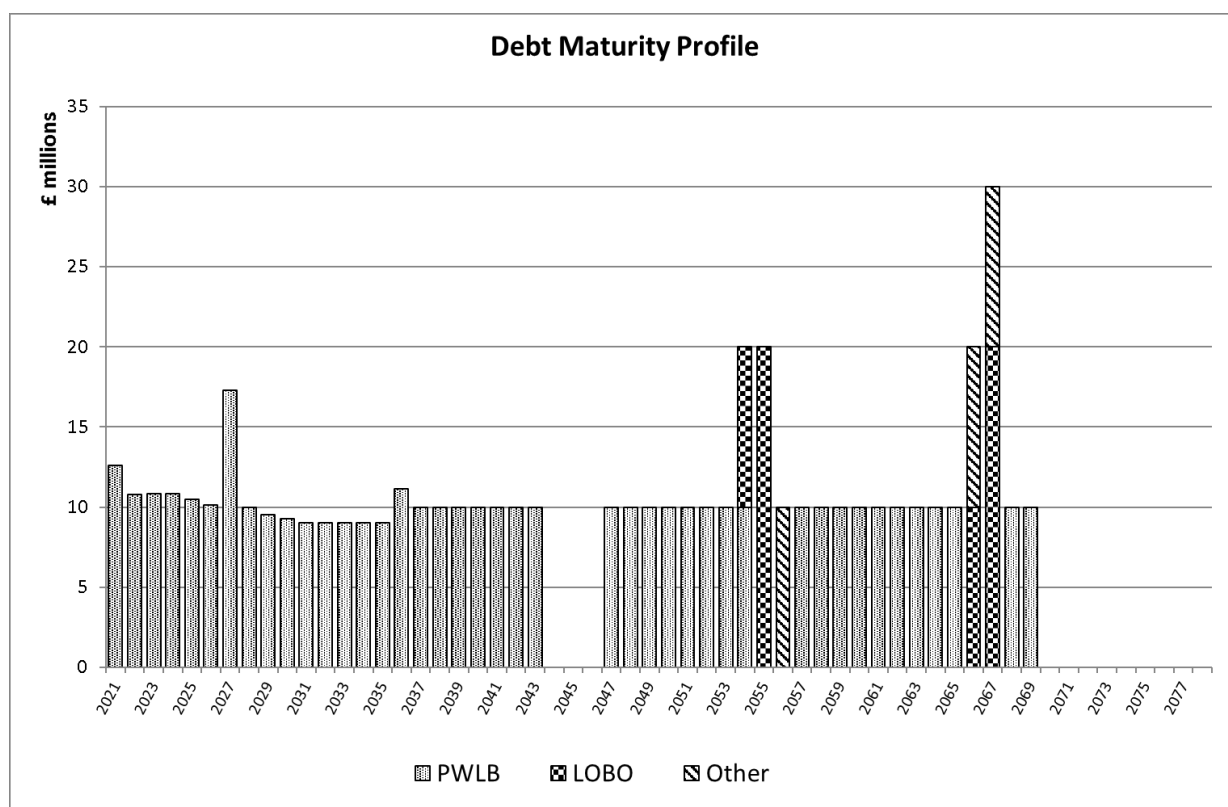
73. Borrowing decisions will take account of a number of factors including:

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

74. 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.

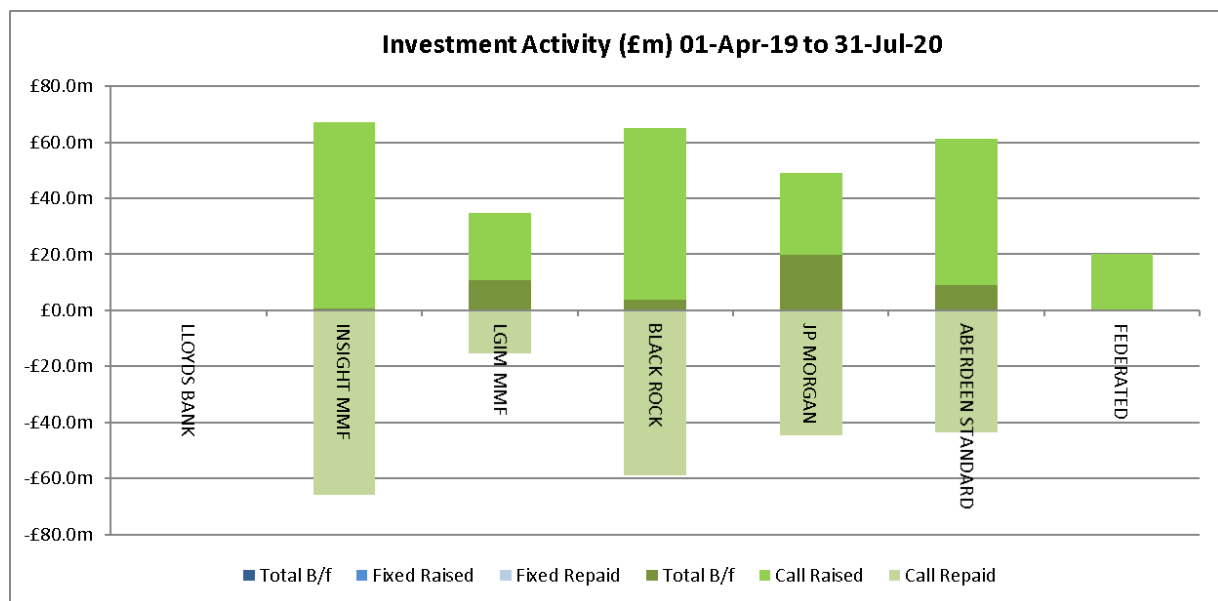
75. Long-term borrowing was also obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken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

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



77. 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 £69m at the month-end.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
INSIGHT MMF	750	66,600	(65,850)	1,500
LGIM MMF	10,700	24,100	(15,250)	19,550
BLACK ROCK	3,800	61,450	(58,950)	6,300
JP MORGAN	19,800	29,150	(44,550)	4,400
ABERDEEN STANDARD	9,150	52,150	(43,600)	17,700
FEDERATED	-	20,000	-	20,000
<b>Total</b>	<b>44,200</b>	<b>253,450</b>	<b>(228,200)</b>	<b>69,450</b>



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

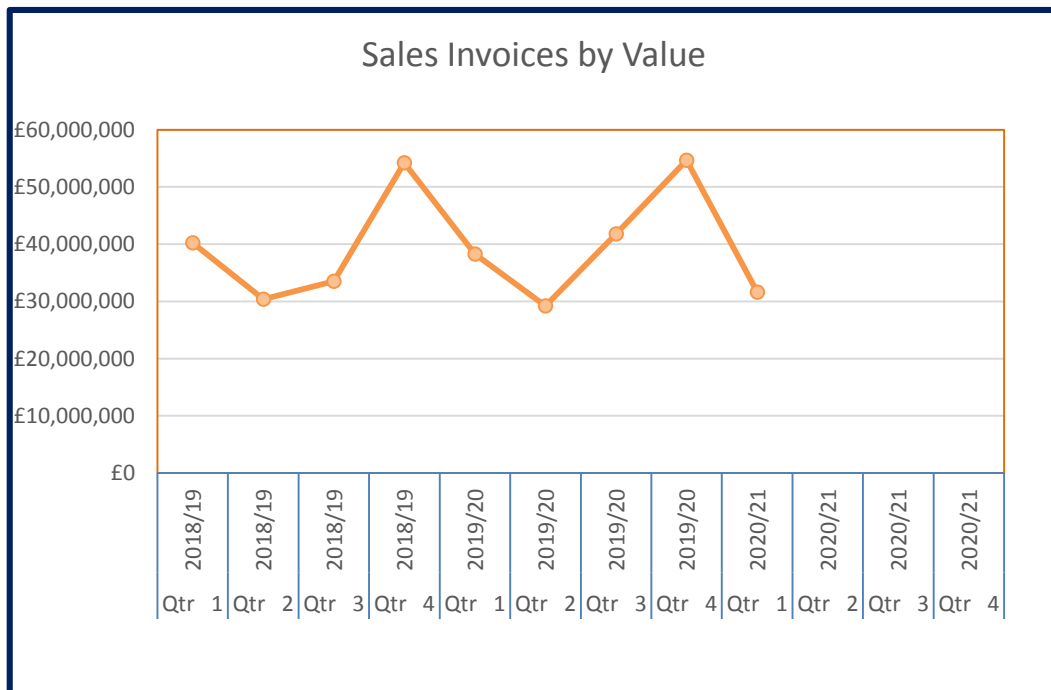
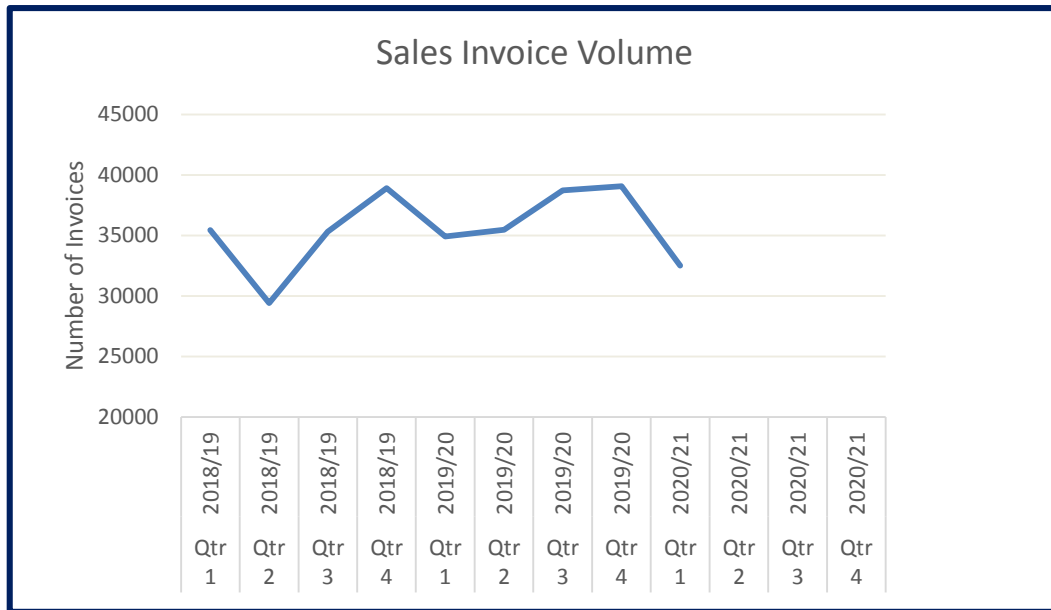
### Debt Recovery Performance

79. Sales invoicing trends during Quarter 1 are now showing some significant reductions in income, directly related to the COVID19 pandemic, compared to Quarter 1 in 2019/20 this represents around 2,500 invoices and £6.6m.

### Invoices Trends in Quarter

	Quarter 1	Year to date
Number	32,523	32,523
Value	£31,626,209	£31,626,209





## Debt Position Q1

80. The debt recovery team have been working on a reduced activity process during Quarter 1 due to COVID19, maintaining call and email contact with debtors but without any enforcement actions. As expected, this is now just beginning to show up as increased debt levels at 6 months. With agreement, this team is now poised to commence full debt recovery procedures.

	Residential & Domiciliary Care (Statutory Debtors)	All Other (Non-Statutory Debtors)	Total
Total	£12,507,770	£12,901,201	£25,408,971
Over 6 months	£6,341,350	£1,135,143	£7,476,493
% over 6 months	50.7%	8.8%	29.4%

81. 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.

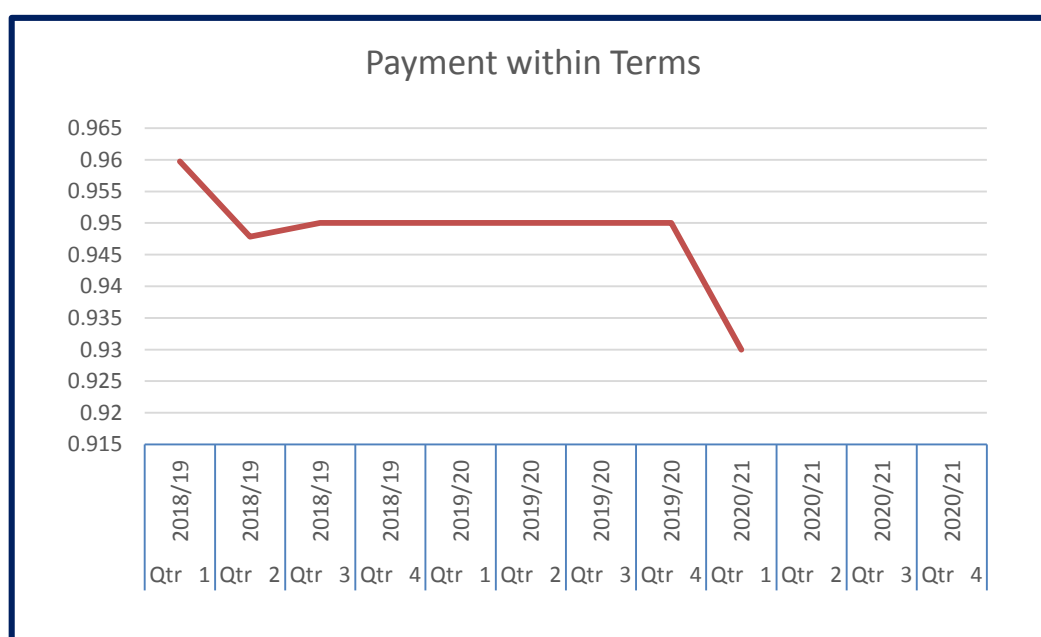
No of Accounts	Total Debt
60	£1.49m

82. The debtor write-off total during Quarter 1 was £61,900 for 86 accounts.

### Accounts Payable (AP) Performance

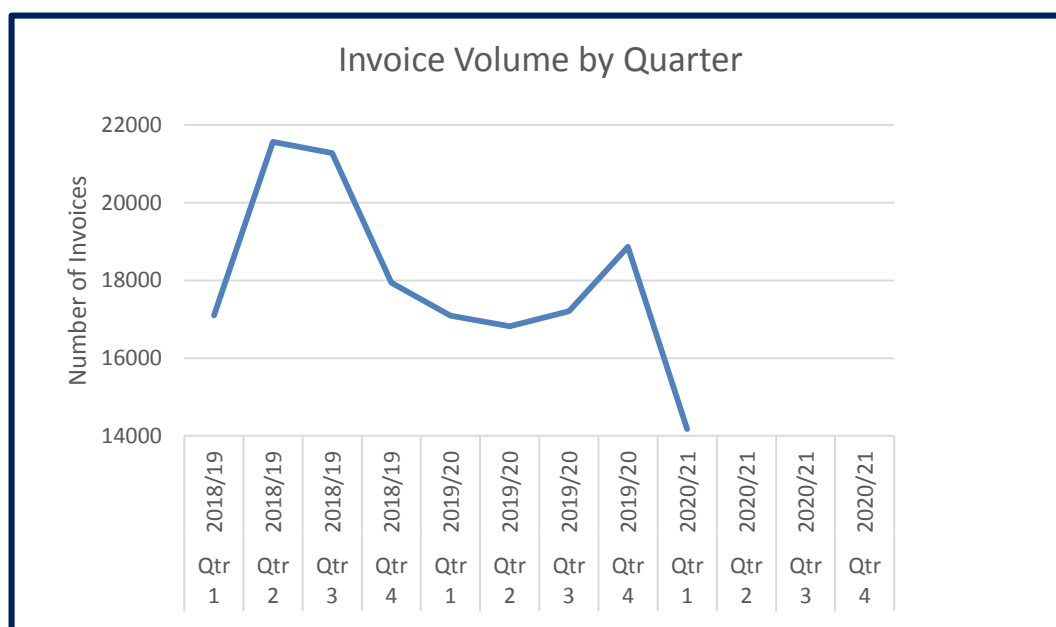
83. During Quarter 1 payment performance has reduced slightly to 93%. For some vendor payments, terms have been reduced to “immediate” in order to help with their cashflow issues during the pandemic; this will cause some invoice types to show as failing against their payment terms, hence reducing the overall performance measure. We have also noted some delays in departments being able to process their authorisations for some invoices.

### Payments Within Terms



84. The volume of commercial invoices processed for Quarter 1 shows a decrease. The expectation is that this is directly related to the COVID-19 lockdown.

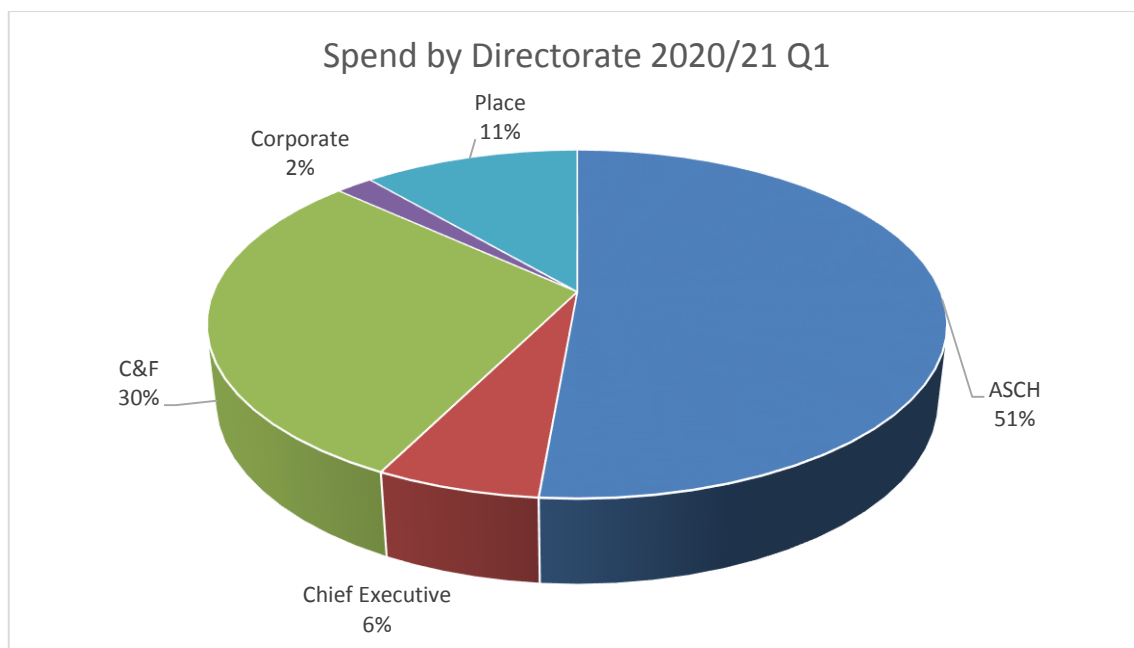
### Commercial Invoices Processed



### Procurement Performance

85. As an organisation, NCC has spent £147.7m in the first quarter of the financial year 2020-21 with external suppliers. This represents an increase of £20.3m when compared with the same period of the previous financial year. The top 15.7% (496) of suppliers account for 80% (£118.2m) of the total supplier spend. The remaining 84.3% (2,664 suppliers) have a total expenditure of £29.5m with an average spend of £11,091.

86. The chart below shows the total amount spent in the period, by Directorate. ASCH has the highest level of expenditure at 51%, followed by Children's and Family's which makes up a further 30% of spend.



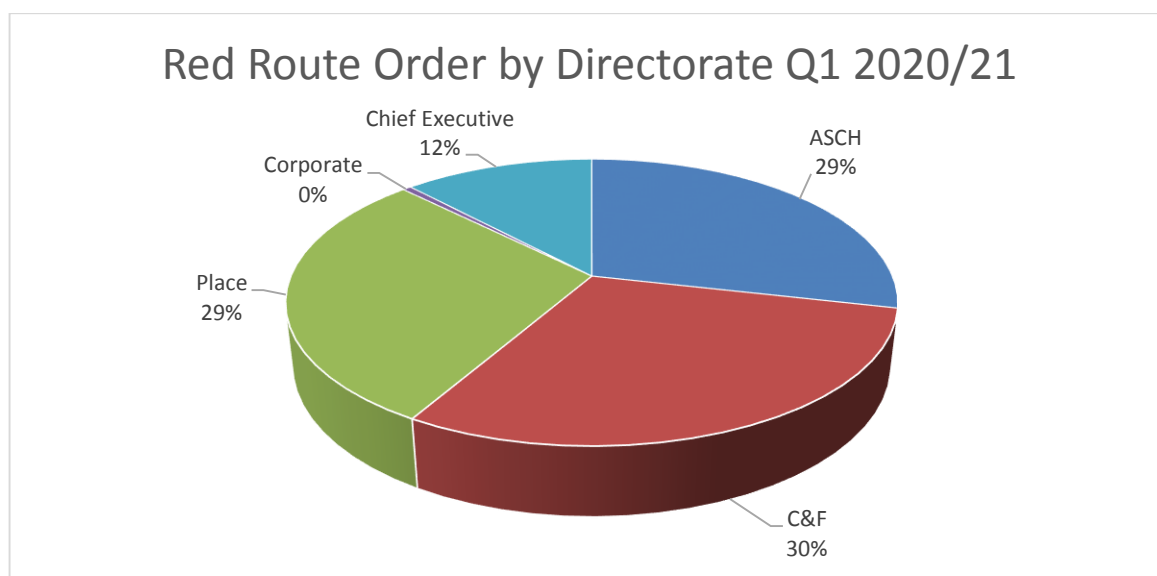
87. The Council's primary ordering route is through BMS. Orders that are processed through BMS are classified as 'Compliant', whilst purchases made outside of the Council's systems are deemed to be 'Non-Compliant'.

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.

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

Department	PO Volume APR 2020	PO Volume MAY 2020	PO Volume JUN 2020	Total Q1 2020/21	Total Q1 2019/20
ASCH	55	43	39	137	219
C&F	128	131	111	370	612
Place	112	106	109	327	542
Corporate	12	5	5	22	32
Chief Executive	84	88	64	236	388
Total	391	373	328	1,092	1,793

89. 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 8,010 to 4,444. The chart below identifies the percentage of Red Route orders by Directorate in Quarter 1 of the 2020/21 financial year. The Procurement Team continue to work with stakeholders to improve these figures.



## Statutory and Policy Implications

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

- 5) To comment on the performance of the Accounts Payable and Accounts Receivable teams.
- 6) 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 14/09/2020)**

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

**Financial Comments (GB 19/08/2020)**

92. 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

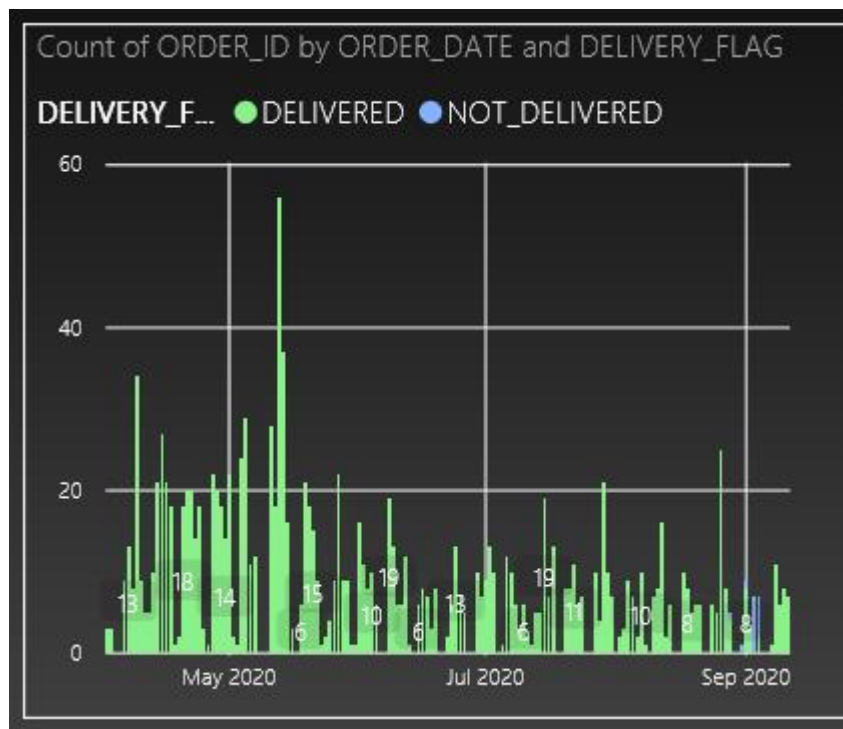
**28 September 2020****Agenda Item: 5****REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND  
IMPROVEMENT****PERSONAL PROTECTIVE EQUIPMENT (PPE) PROCUREMENT IN  
RESPONSE TO COVID-19****Purpose of the Report**

1. To provide Members with an update on the Council's response to COVID-19 in relation to Personal Protective Equipment (PPE) and outline the plans for procurement of PPE supplies as part of the Council's PPE Recovery Plan.

**Information**

2. The COVID-19 outbreak has had an unprecedented effect on the National Health Service (NHS) and community and social care sectors. The projected requirements for dealing with COVID-19 resulted in the closure of most routine and elective health pathways, in order to maximise capacity for COVID-19 positive patients. One of the second order effects of the outbreak is the increased demand for PPE to protect health and care workers across the system.
3. This increased demand, both nationally and globally, meant that usual supply chains for health and care providers were unable to meet demand. In Nottingham and Nottinghamshire, the Local Resilience Forum (LRF) made the decision to take a co-ordinated approach to the management of PPE push stock and a collaborative approach to local sourcing of PPE for both community and social, health and care providers, to ensure PPE was distributed where required.
4. Nottinghamshire County Council have taken a lead for the collaboration by chairing the Logistics Cell which has had a primary focus on procuring and distributing PPE across the LRF. The County Council has also been receiving and distributing Government push stock on behalf of the LRF to other organisations in Nottinghamshire including Nottingham City Council and the Nottingham & Nottinghamshire Clinical Commissioning Group.
5. The County Council has been providing PPE to social care, health and other settings in response to the COVID-19 pandemic since March 2020 in line with Government guidance. Furthermore, we have been agile to respond quickly and effectively to source PPE from all sources, at a time when PPE supplies were in crisis across the globe.
6. Whilst facing unprecedented demand, the County Council has fulfilled over 1,500 requests for PPE to date and over 1,000,000 items of PPE has been distributed by the County Council.

The graph below shows the continued support that is being provided to all health and social care settings.



### **Responsive Procurement Activity to source PPE**

7. The supply of PPE, at the start of the pandemic, like elsewhere in the country was in critical stage. However the County Council Procurement team reacted with an urgent response to the unprecedented demand, successfully sourced PPE from a wide range of suppliers to ensure no service in the County went without their PPE needs being fulfilled.
8. The reactive way processes and procedures have been generated has ensured that providers have had access to PPE throughout the peak of the crisis, but the operating processes are not sustainable as business as usual (BAU) activity starts to return.
9. The supply of PPE has significantly improved over the previous weeks and we now in comfortable levels of PPE supplies. As we move into recovery, we are working with suppliers to explore opportunities for reusable PPE to improve sustainability whilst ensuring we adhere to national guidance.
10. We have developed very good relationships with central government department. The Central Government PPE Portal was rolled out in Nottinghamshire in June to support health and social care providers. In September, this has been widened to include all primary care providers and children's social care providers too. This portal is for emergency use only, where health and social care services are unable to source PPE directly themselves; with the County Council available for any requests not fulfilled by the Portal.



## **PPE Procurement Moving Forward**

11. Procurement teams across the LRF continue to source PPE, however this has been as emergency measures and does not comply with Procurement Regulations. To maintain pace and ensure compliancy under the Public Procurement Regulations, a centralised framework contract or Dynamic Purchasing System (DPS) is recommended. There are currently no regional or national procurement models in place and it is recommended that a framework contract/DPS is developed to meet internal service PPE requirements (and external where required in emergency situations) to ensure robust arrangements for this interim period<sup>1</sup>. There may also be wider interest for this from other local authorities across the region. The City Council have already commenced this work pre-COVID, therefore the City Council will lead work to finalise contracts, utilising a catalogue style “call-off” system. This is expected to be operational in the autumn, subject to market readiness.
12. Requirements for the new DPS are being gathered from Nottingham City Council, Nottinghamshire County Council, Nottinghamshire CCG and Leicester City Council. Regular meetings are happening with all parties ready to publish the tender opportunity.
13. A go live date for the DPS of autumn 2020 is being worked towards.
14. Suppliers who have worked with the LRF during the pandemic will be informed once the opportunity is advertised to ensure they don't miss the chance to apply.
15. The DPS will be available nationally for all public sector bodies to use and discussions are taking place with the West Midlands Authorities to see if they want to commit to the framework before it is advertised.
16. The DPS will ensure quality of supply as well as giving participating authorities set terms and conditions with suppliers.
17. In addition, work is underway to explore opportunities for local manufacturing and supply chains of PPE, to maintain supplies and more competitive prices. This includes regional collaboration with East Midlands manufacturers and local suppliers through the Midlands Engine.
18. To assure the suitability of PPE for usage, Health and Safety colleagues have undertaken safety checks through the establishment of quality assurance processes. Continued assurance checks will be essential going forward, for any new contract arrangements and suppliers.

## **Other Options Considered**

19. The County Council could stop providing PPE, which would see internal settings directed to Herts Full Stop (who operate the Council's County Supplies service) and external providers sourcing themselves, with some also able to access a Government Portal for emergency supplies. However, the PPE market is still fragile, COVID-19 is still prevalent, there could be a further peak in cases and Government guidance on PPE requirements is subject to regular review and revision in response to the pandemic.

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<sup>1</sup> Until the market is stable and Herts Full Stop are able to meet internal service requirements.

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

20. Provide members with an update on the work on PPE to date and inform members on the developments of a complaint procurement contract for PPE moving forwards.

## **Statutory and Policy Implications**

21. 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**

Note the work undertaken on PPE to date and support the development of a compliant PPE procurement contract.

**Nigel Stevenson**  
**Service Director – Finance, Infrastructure and Improvement**  
**Chief Executive's Department**

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

**Kaj Ghattoara**  
**Group Manager Procurement**

### **Constitutional Comments (EP 13/08/20)**

22. The Finance and Major Contracts Management Committee is the appropriate body to consider the content of the report.

### **Financial Comments [RWK 13/08/2020]**

23. There are no specific financial implications arising directly from 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.

28 September 2020

Agenda Item: 6

## **REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES**

### **INSPIRE - CULTURE, LEARNING AND LIBRARIES CONTRACT**

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

1. To seek approval from Committee to extend the Inspire Contract to 31 March 2026.

#### **Information**

##### Background

2. Inspire – Culture, Learning and Libraries (“Inspire”) is the charitable community benefit society established on 1 April 2016, which is contracted by the County Council to deliver a range of services on behalf of the Council, including the public library service.
3. The contractual arrangements with Inspire are scheduled to run for 5 years, expiring 31 March 2021, unless extended in accordance with the contract.
4. The contract extension would run for a further period of 5 years from 1 April 2021 and Inspire must be served the necessary notice to confirm the extension by 30 September 2020.

##### Successes

5. Inspire has been very successful over its first 4 years of operation, achieving all of its original aspirations and more.
6. Inspire operating as an independent charitable body has allowed Inspire to seek out and foster a whole new range of relationships with public and private sector partners, and access funding streams previously unavailable to the Council.
7. These new relationships and funding opportunities have allowed Inspire to develop and deliver an exciting and extensive range of cultural, reading, heritage and learning activities across the whole county, whilst protecting and reinvigorating long standing services.
8. Inspire was also established to increase public engagement and volunteering both in governance and in local communities. The Society membership currently stands at 67,000 with over 450 individuals actively volunteering across services.
9. The library offer is better than ever with buildings refurbished and new mobile library vehicles purchased.

10. The Council's longstanding commitment to keep all its libraries open and vibrant centres of community life has been delivered.
11. In 2019 over 2.5 million people visited libraries in Nottinghamshire to access services in their local community, loans increased last year to over 2.6 million, 118,000 new books were added to stock and 380,000 hours of free public internet access were taken up.
12. Archives received the deposit of 250 new collections last year and staged several events and courses of regional and national significance.
13. Across the wider Inspire offer, 10,000 people took part in adult education, 19,000 learnt music or how to play an instrument, and 266,000 education library books were loaned to schools.

### **Other Options Considered**

14. To seek alternative provision for the services provided by Inspire or bring the service back in house would invariably increase service costs (if it ceased to operate as a charitable community benefit society) and would risk a number of external funding streams which have only become accessible since Inspire's "separation" from the Council.

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

15. As noted in the Background of this report and the financial comments below the Inspire contract has both reduced costs whilst improving the quality and diversity of the public offer.

### **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. Inspire has operated at a net cost to the County Council of circa £9m per annum throughout the contract to date with no annual inflationary increases given, effectively absorbing circa 10% in cost increases over the last 5 years.
18. Whilst securing external funding has helped offset some of the costs increases, limiting the financial exposure to the County Council in this way has required significant staff restructuring within Inspire, resulting in a very lean structure which has left little if any management capacity to help deliver growth and development of the business.
19. County Council on 27 February 2020 approved an inflationary increase on the contract costs as part of the 2020/21 budget.

## **Human Resources Implications**

20. Staff within Inspire are employed on County Council or Inspire Terms and Conditions following TUPE transfer from the County Council in 2016. There are therefore no HR implications of extending the contract.

## **RECOMMENDATION/S**

That Committee:

- 1) Approve the 5 year contract extension to allow the overall service arrangements with inspire to continue until 31 March 2026.
- 2) Authorise the Group Manager Legal, Democratic and Complaints to make the necessary arrangements to extend the contract.

**Derek Highton**  
**Service Director, Place and Communities**

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

## **Constitutional Comments (EP 21/08/2020)**

21. The recommendations fall within the remit of the Finance and Major Contracts Management Committee by virtue of its terms of reference.

## **Financial Comments (RWK 24/08/2020)**

22. The County Council's 2020/21 revenue budget includes a sum of £9.3 million to fund the contract for culture, learning and libraries which is currently awarded to Inspire. If the contract is extended similar sums will need to be included in the revenue budget in future years.

## **Background Papers and Published Documents**

- None

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

- All



**28 September 2020****Agenda Item: 7****REPORT OF SERVICE DIRECTOR FOR PLACE AND COMMUNITIES****COVID-19 CULTURAL SERVICE CONTRACT VARIATION EXTENSIONS****Purpose of the Report**

1. To seek approval for the extension of the COVID-19 Cultural Service Contract Variations agreed with two country park partners.

**Information**

2. Some information relating to this report is not for publication by virtue of Schedule 12A of the Local Government Act 1972, paragraph 5, due to the confidentiality of information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. Having regard to all the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because the information would add a limited amount to public understanding of the issues but would significantly damage the Council's legal position. The exempt information is set out in the **Exempt Appendix**.
3. On 18 March 2020, Policy Committee approved the closure of premises at all country parks falling under the Council's responsibility due to the COVID-19 Crisis. This was followed on 23 March by a nation-wide instituted 'lockdown' by the Government.
4. Two of the Council's country parks are operated under concession style contracts:
  - a. Rufford Abbey Country Park (RACP)– managed by Parkwood Leisure Ltd.
  - b. Holme Pierrepont Country Park (HPCP) and the National Water Sports Centre (NWSC)– managed by the Holme Pierrepont Leisure Trust (HPLT) who in turn appoint Serco Leisure Ltd. as their managing agent.
5. Under these contractual arrangements, the Council makes a small 'management fee' payment to each partner. The bulk of each partner's revenue is generated from the site's commercial operations such as sales and activities. Thus, each operator is heavily reliant on income from site operations to maintain cashflow, rather than from large scale direct contract payments from the County Council for the services provided.
6. During and subsequent to the lockdown, both partners saw their income from the site drop to near zero, whilst costs remained for operating the site. As such, they both approached the Council to request financial support. This was negotiated by the Council in alignment with Government Guidance in *Procurement Policy Note 02/20 – Supplier Relief due to COVID-19*

and approved by Policy Committee on June 17<sup>1</sup>. As a result, two separate contract variations outlining the new COVID-19 period payment mechanisms were signed with HPLT in June 2020 and Parkwood in July 2020. Both contract variations covered the COVID-19 period up to the end of September 2020 and include a possibility to extend the variations to a long-stop extension date of the end of December 2020.

7. In June 2020, the Government published *Procurement Policy Note 04/20 – Recovery and Transition from COVID-19*. This asked contracting authorities to:
  - a. Review their contract portfolio and continue measures in line with PPN 02/20 if appropriate to maintain delivery of critical services.
  - b. Work in partnership with their suppliers to develop transition plans to exit from any relief as soon as reasonably possible.

The policy note also states that contracting authorities operating concession contracts should work with suppliers to identify commercial solutions that are specific and appropriate to the contract.

8. The contract variations were drafted under the terms of PPN 02/20, and extending both contract variations is in line with PPN 04/20 since it is “appropriate to maintain delivery of critical services”. The contracts are almost totally reliant on commercial activities for their income. For instance, the Council’s monthly management fee to Parkwood made up just 5% of total revenue for the site in 2019.
9. It should be noted that the COVID-19 period has highlighted the great importance of green spaces and outdoor activities for the wellbeing and mental health of residents, demonstrating the critical importance of these sites to Nottinghamshire residents.

### **Parkwood Leisure Financial Support**

10. Rufford Abbey was contracted out from the Council in 2017 to Parkwood Leisure. Prior to this the Council was operating the site with an annual budget of £615k. The revenue budget in a normal year now stands at £167k. The usual revenue budget saving through the contract is ~£448k pa.
11. The contract variation agreed with Parkwood Leisure Ltd up to September 2020 involved a monthly payment of £51,958. This was based on Parkwood’s own financial modelling at the start of the lockdown regarding expected monthly losses during full closure. At the end of each three month period, a reconciliation payment is then made by either the Authority or Parkwood to the other depending on whether authority payments have exceeded or fallen short of actual losses.
12. At the end of each month, Parkwood has sent through their monthly accounts on an open book basis to enable the Authority to scrutinise incurred costs. These costs have been scrutinised by the service in conjunction with finance colleagues to audit the monthly/quarterly numbers.

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<sup>1</sup> NCC Policy Committee Report, *COVID-19 Cultural Service Contract Variations*, 17 June 2020



- a. At the end of the first three month period in May, a reconciliation payment of £32,521 was made to the Authority by Parkwood as actual losses had fallen short of Authority payments by this amount.
- b. At the end of the second three-month period in August, the site actually made a very slight surplus overall of £2,274, meaning the Council will recoup its entire payments for these months plus this surplus to further offset the payments made for the first three-month period.

13. Actual losses at RACP have been less than initially forecasted primarily due to:

- a. Furlough payments and accrual from March offsetting staff costs and the costs of repairs and sale stock write-off being less than expected;
- b. Facilities at the country park have been gradually reopening with income increasing as a result.
- c. The un-furloughing of staff to resume operations has been undertaken in regular consultation with Council officers to ensure value for money.

The site has been very popular with the public since reopening. In fact, visitor numbers from June to August 2020 were actually 50% higher than the same period in 2019. However, increased numbers is unfortunately not resulting in increased revenue with total revenue for June to August 2020 down by 28% on 2019 levels and average per capita income down by £4.79.

Thus, although a surplus of £2,274 was made during these crucial summer months, this was nearly 13 times less than the surplus for these months in 2019. As this surplus normally supports the park through the loss making winter months this has left Parkwood facing a significant deficit position for the rest of 2020.

<b>Rufford Abbey Country Park</b>					
		<b>June</b>	<b>July</b>	<b>August</b>	<b>Total</b>
<b>2019</b>	<b>Visitor Numbers</b>	18,963	24,066	43,742	<b>86,771</b>
	<b>Revenue</b>	£172,834	£214,876	£337,832	<b>£725,542</b>
	<b>Per Capita Income</b>	£9.11	£8.93	£7.72	<b>£8.59</b>
<b>2020</b>	<b>Visitor Numbers</b>	31,738	44,270	54,215	<b>130,223</b>
	<b>Revenue</b>	£85,226	£162,837	£272,267	<b>£520,330</b>
	<b>Per Capita Income</b>	£2.69	£3.68	£5.02	<b>£3.80</b>

14. Parkwood have forecast a loss of ~£104k for the remaining three months of the year. This is because:

- a. A drop in income:
  - i. As an outdoor attraction, income is often weather-dependent with the summer months usually generating a surplus which offsets winter losses;
  - ii. Main school holidays have finished and visitor numbers will go down;
  - iii. A number of weddings and events have been cancelled. These usually help offset winter losses;
  - iv. Safety measures like social distancing means the commercial potential from the site's activity, catering and retail offer is not as lucrative as pre-COVID-19 times.

b. An increase in costs:

- i. The furlough scheme has changed from August and is due to end on October 31; the site will have to bear full staff costs for November and December.

As such, in line with PPN 04/20, Parkwood are implementing various commercial cost-saving measures.

15. The contract variation requires extending to the end of December 2020 as further financial support is required if the park is to remain financially viable and open to the public whose demand for its services has increased.
16. However given that the park has performed better than expected so far despite the ongoing Covid 19 crisis, it is proposed to reduce the monthly payments made to Parkwood from £51,958 to £34,667 in line with the new forecasted losses. Besides this, the contract variation will operate as before with any reconciliation payment to the Authority or Parkwood made at the end of December.

### **Holme Pierrepont Leisure Trust Financial Support**

17. Holme Pierrepont was contracted out from the Council in 2013 to HPLT. When the Council was operating the site it had an annual budget of £895k which has since reduced to £240k. The annual budget saving from the contract in a normal year is currently ~£654k pa.
18. The contract variation agreed with HPLT involved the making of monthly payments totalling £722,361 between April and September 2020 to cover the site's expected losses. Like Parkwood, this was based on financial modelling at the start of the COVID-19 Lockdown.
19. As with the Parkwood contract variation, actual costs for this contract have been examined every three months with the Trust sharing its accounts on an open book basis and scrutinization of these figures taking place in collaboration with finance colleagues. Furthermore, the Trust has been in regular consultation with the Council around the reopening of facilities and un-furloughing of staff. HPLT and Serco have also sought to mitigate costs and increase revenue wherever possible.
20. Although costs fell slightly short of the financial support provided by the Council for the first few months of the variation period, the easing of lockdown measures and relaxing of restrictions has resulted in costs coming in higher than initially anticipated. It is expected that total losses will amount to £769,637 for the initial variation period ending in September, requiring a further reconciliation payment of £47,276 from the Council to the Trust under the terms of the variation.
21. The reasons for the unexpected high costs are as follows:
  - a. The financial modelling was conducted on the basis that the site would remain closed throughout the variation period.
  - b. Increased costs have come particularly from returning staff (60% of whom are 'active' again) required to reopen facilities.
  - c. Agency staff who had to be hired for extra on-site security during the summer as large numbers of young people congregated on the site resulting in an increase in anti social behaviour as experienced in many areas of the UK.

- d. Income from important revenue streams has much reduced. For instance, paid gym memberships have reduced by roughly 400 people since the COVID-19 crisis began and a number of activities are now operating at reduced capacity (e.g. the Skytrail) or not at all (e.g. commercial white water rafting) due to social distancing measures.
22. Between June and August 2020, the site saw revenue drop to just 11% of 2019 levels. This was in large part due to the cancellation of all events and a significant reduction in both activity (either because they were closed or reopened at limited capacity) and accommodation revenue (only the campsite has reopened to the public with the hotel remaining closed).
23. However, the site's green space has been in significant demand with country park visits increasing by 124% on 2019 levels. Indeed, the real country park visit figure is likely to be much higher since it is only possible to count visitors who arrive by car with walk-in visitors being uncounted.

<b>Visitor Numbers (Jun-Aug)</b>	<b>2019</b>	<b>2020</b>	<b>2019 vs. 2020</b>	<b>%Change</b>
Country Park	5,351	11,977	+6,626	124%↑
Events	29,700	0	-29,700	100%↓
Activities & Accommodation	62,958	11,384	-51,574	82%↓
<b>Total</b>	<b>98,009</b>	<b>23,361</b>	<b>-74,648</b>	<b>76%↓</b>

24. However, the country park is not a significant driver of revenue, meaning these visits do little to offset costs, hence the £6.70 fall in per capita income.

<b>Holme Pierrepont Country Park &amp; National Water Sports Centre</b>					
		<b>June</b>	<b>July</b>	<b>August</b>	<b>Total</b>
<b>2019</b>	<b>Visitor Numbers</b>	27,617	38,780	31,612	<b>98,009</b>
	<b>Revenue</b>	£349,509	£543,536	£476,962	<b>£1,370,007</b>
	<b>Per Capita Income</b>	£12.66	£14.02	£15.08	<b>£13.92</b>
<b>2020</b>	<b>Visitor Numbers</b>	3,568	6,033	13,760	<b>23,361</b>
	<b>Revenue</b>	£27,886	£50,444	£75,656	<b>£153,986</b>
	<b>Per Capita Income</b>	£7.82	£8.36	£5.50	<b>£7.22</b>

25. The site is taking measures to cut costs by making efficiencies in its operational systems where possible. It is also looking to increase revenue streams through marketing drives and membership acquisition campaigns. The site is also working with its partners at British Canoeing and British Rowing to bring in sports camps for the final period of 2020 – though these are dependent on further relaxations in government guidance around mass gatherings.
26. Moreover, a benefit of the Trust's links with Serco Group is that it has been possible to redeploy a number of site staff to the Nottingham COVID-19 Test Centre. This not only provides work for otherwise furloughed staff but also enables the site to reduce its own costs.
27. The contract variation requires extending to the long-stop date of the end of December 2020 since further financial support is required. This is because the Trust forecasts the site will continue to operate at a loss of £379,000 for the remaining three months of 2020. It is proposed that monthly payments are set in order to cover this expected loss for the three-month period.

28. Recovery for the site is still a number of months away (depending on any unexpected worsening or sudden improvements in the global COVID-19 situation). Going into 2021, the Trust forecasts predicted losses of £479,000 for the year, and projects casual income from activities as well as catering income will both reduce by 20%.

### **Other Options Considered**

29. The Council could choose not to extend the contract variations beyond 30 September 2020. If this was to be done, there are two possible negative outcomes:

- a. One or both partners could pursue legal measures against the Council under the provisions of the contract. Even if this action was unsuccessful it would incur legal costs, and damage the long term relationship with the partners.
- b. One or both partners choose to terminate their contracts early, leaving the Council to pick up running of the sites once more. Given the significant financial cost incurred by the Council when running the sites itself, and the difficulties going out for procurement again in the current financial environment, this would significantly increase the Council's costs.

30. The sites could simply be closed to minimise costs, but that would hinder the long-term economic recovery from the pandemic, whilst impacting on the health and wellbeing of residents and visitors who could no longer use the facilities.

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

31. The June Policy Committee Report stated that the Finance and Major Contracts Management Committee would be required to approve any potential extensions to the contract variations before the end of September 2020

### **Statutory and Policy Implications**

32. 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**

33. At Parkwood, monthly payments of £33,667 would be made for the remaining three months of 2020. Actual losses would then be examined at the end of December 2020.

34. At Holme Pierrepont, the Trust's financial modelling forecasts further total losses of ~£379,000 for October to December 2020. This figure would form the basis for the variation payment mechanism for the remaining three months of 2020.

35. For both contracts the Council needs to begin assessing whether it is willing to continue providing financial support into 2021 to mitigate COVID-19-related losses given that it is virtually certain that the sites will continue to be lossmaking (as they usually are) through the

winter months. A further assessment of state aid regulations would be required ahead of this in relation to HPLT.

## RECOMMENDATION/S

- 1) That the COVID-19 contract variations and related payment mechanisms with both Parkwood Leisure Ltd. and Holme Pierrepont Leisure Trust are extended to the long-stop date of 31 December 2020.
- 2) That officers continue to closely monitor the two contracts to ensure they continue to be fit for purpose in the medium to long-term, and where appropriate seek to identify other options which could be considered for the sites.

**Derek Higton**  
**Service Director Communities and Place**

**For any enquiries about this report please contact:** Mick Allen – Group Manager: Place Commissioning, 07740 845448 [Mick.Allen@nottsc.gov.uk](mailto:Mick.Allen@nottsc.gov.uk)

### Constitutional Comments (EP 04/09/2020)

36. The recommendation falls within the remit of the Finance and Major Contracts Management Committee by virtue of its terms of reference and by virtue of the decision made by Policy Committee on the 17<sup>th</sup> June 2020<sup>2</sup>.

### Financial Comments (RWK 17/09/2020)

37. The report sets out financial details for the operation of Rufford Country Park and Holme Pierrepont for the period March 2020 to August 2020. The Council has been making additional payments of £51,958 per month to Parkwood in respect of Rufford Country Park. For the period to the end of May Parkwood have reported losses less than the amount advanced and have made a repayment of £32,521. For the 3 month period to the end of August Parkwood have reported a surplus of £2,274 so a repayment of £158,148 is due.
38. The Council has made additional payments of £722,361 to HPLT in respect of Holme Pierrepont Country Park. For the period to the end of September HPLT have forecast total losses of £769,637 meaning a further payment of £47,276 is proposed for this period.
39. The report proposes additional contact payments of £104,000 (£34,667 per month) for the operation of Rufford Country Park to the end of December 2020 and £379,000 for the operation of Holme Pierrepont Country Park to the end of December 2020. The proposed additional payments total £483,000.
40. There is no existing budget provision to meet these additional contract payments. The additional costs will be included in the estimated additional costs reported to Policy Committee and to the MHCLG and will be considered for financing from the additional funding provided

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<sup>2</sup> NCC Policy Committee Report, *COVID-19 Cultural Service Contract Variations*, 17 June 2020

by Government. Work is on-going to assess the financial impact of the COVID-19 crisis on the Council's 2020/21 budgetary position and its MTFS.

### **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

28 September 2020

Agenda Item: 8

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

### **WORK PROGRAMME**

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

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

<b><u>Report Title</u></b>	<b><u>Brief summary of agenda item</u></b>	<b><u>Lead Officer</u></b>	<b><u>Report Author</u></b>
<b>2 November 2020</b>			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Procurement Pipeline	Outline for the Council's Procurement Pipeline from 2020 onwards	Kaj Ghattaora	Kaj Ghattaora
Domestic Violence Contract	Update on the procurement of Domestic Violence Services	Kaj Ghattaora	Michael Fowler
<b>30 November 2020</b>			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
<b>18 January 2021</b>			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
<b>8 February 2021</b>			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Budget Report			
<b>15 March 2021</b>			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
<b>19 April 2021</b>			
Monthly Budget & Capital Monitoring Report 2020/21	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell

**FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME**

TO BE PLACED			
Agency Staffing Update	Progress report	Kaj Ghattaora	Lorraine Dennis