Nottinghamshire County Council

Report to Cabinet

23rd June 2025

Agenda Item: 06

REPORT OF THE LEADER OF THE COUNCIL

EFFICIENCY REVIEW OF THE COUNCIL'S FINANCIAL MANAGEMENT, PROCUREMENT AND CONTRACT MANAGEMENT ARRANGEMENTS

Purpose of the Report

1. This report seeks Cabinet approval to commence a review of the Council's financial management, procurement, and contract management arrangements and to establish a Cabinet Working Group comprising Members and Officers to undertake the work. This review will take place over the summer and will inform the budget setting process for next year and future years, identify in-year efficiencies and generate improvements to strengthen Value for Money arrangements.

Information

Background

2. Following the County Council elections in May and the appointment of the Leader of the Council, discussions have begun between senior officers and Members regarding the scale of the financial challenges facing local government and the County Council.

3. When the Council approved its Budget last February it set out several of these challenges, put simply:
   a. The council's current MTFS indicates a funding gap of £18.5m over the medium-term
   b. Government finance priorities have indicated a tightening of government funding which will inevitably impact funding for local government
   c. Continued increase in costs due to inflation and increasing demand for our services, especially upon social care
   d. Continued pressure on residents from increasing council tax levels.

4. Recognising the need for the Council to take all possible steps to be financially sustainable and deliver the best possible services for communities, it is proposed that the Council undertakes a comprehensive efficiency review encompassing its key financial management, procurement and contract management arrangements.

5. The review aims to provide assurance to Nottinghamshire residents about the extent to which financial management is robust, efficient, and provides value for money for the taxpayer. Given the urgency of the situation, the review will take place over the summer and provide key insights and recommendations to inform the budget setting process for

the next and future years, identify further efficiencies and improvements to strengthen value for money for residents.

6. The efficiency review will

   a. provide assurance regarding the delivery of existing savings plans currently included in the Council's Medium Term Financial Strategy.
   b. provide insights that support and accelerate the scale and scope of the Portfolio of Change which includes proposals for future savings and cost reduction through a series of transformation programmes, including use of new technologies, digital tools, improving outcomes for residents in ways that reduce cost, and by investing in prevention and early intervention.
   c. take an insight led approach involving benchmarking and comparative data analysis
   d. explore opportunities for 'invest to save' wherever possible
   e. consider key contractual and procurement arrangements
   f. review the capital programme and capital funded activities
   g. consider most effective ways of engaging with the public around proposals to reduce the County Council's financial gap and achieve sustainability
   h. understand the impact of Comprehensive Spending Review in determining the likely funding envelope for the Council over the next three years

7. In relation to the review of key contractual and procurement arrangements, the following key aspects will be referenced
   a. commissioning intentions
   b. opportunities for greater competition
   c. opportunities for local suppliers
   d. contractual management arrangements
   e. compliance with statutory and regulatory requirements

8. The Council operates in a rapidly changing environment. As a result, we need to continue to change and innovate to deliver the vision and ambitions in the Nottinghamshire Plan. The Council's portfolio of change brings together transformation work across the Council which focuses on the areas of greatest budget pressure and through which we seek to achieve financial sustainability.

9. There are four core drivers for this work:

   - Improving outcomes for people in a way that costs less by increasing prevention and early intervention activity and supporting people to be resilient and independent with their families and in their local communities
   - Maintaining the financial sustainability of the Council by focusing on the core drivers of the increases in the demand and costs of service delivery
   - Tackling those areas of service where new solutions are required to reduce corporate financial risk
   - Maximising the financial benefit, and minimising financial risk of public service reform driven by national government including the reform of the health service, and the reorganisation of local government.

10. The work of the efficiency review and the Council's portfolio of change will need to be

aligned to ensure effective implementation of findings from the efficiency review and the updating of the change portfolio to maximise the improvements delivered.

Proposals

11. The Council is committed to providing value for money for its residents and taxpayers in providing vital services for the people of Nottinghamshire. The efficiency review will be undertaken by a multi-skilled team of officers and wider Council resources working across the organisation, drawing on external expertise as appropriate and in accordance with legal and fiduciary duties.

12. A Cabinet Working Group chaired by the Leader of the Council will be established to consider the work of the efficiency review. All insights or proposals generated through the review will be validated by the s151 Officer and Statutory Officers and be reported to Cabinet accordingly. The working group will be empowered to make recommendations to Cabinet, including scope for referral of relevant matters through the Cabinet to Full Council for any non-executive matters.

13. If Cabinet is minded to refer any matter for consideration either by an overview and scrutiny committee or the Governance and Ethics Committee with regard to the Council's audit functions, it may invite those committees to provide input as necessary.

14. Presently it is not anticipated that any additional costs will be incurred in undertaking this work as this forms part of the Council's normal budget processes for self-evaluation and options appraisal work. The Council currently uses external support where necessary to help identify and drive service improvement and efficiencies which are funded from existing department budgets.

15. It is recognised that in conducting an efficiency review the working group will be presented with data to inform its work. Officers will support the working group and provide all relevant information in accordance with the legal framework underpinning data sharing. Any engagement of external expertise to support the working group will adhere to the same principle of data sharing within the legal framework. It is envisaged that a flexible approach is taken in determining appropriate partners to support this work if required.

Other Options Considered

16. The Council could continue with its current financial management plans and portfolio of change as currently planned. Given the scale of the financial challenges facing local government and pace of change required it is felt that additional more targeted activity in the form of a time limited efficiency review is required to highlight particular areas for improvement to ensure financial sustainability and the best possible services for local communities. In the shorter and medium term these improvements will to be implemented as part of the Medium-Term Financial Strategy and through the Council's Portfolio of Change.

Reason/s for Recommendation/s

17. Undertaking an efficiency review encompassing the Council's key financial management, procurement and contract management arrangements will identify areas for improvement to ensure robust, efficient services which provide value for money for the taxpayer and ensure that all possible steps are taken to ensure financial stability. This will supplement the activity planned as part of the Medium Term Financial Strategy and the Council's Portfolio of Change to focus on core drivers of increased costs and demand, identify ways of improving outcomes for local people in ways which cost less, maximise financial benefits and mitigate financial risk.

Statutory and Policy Implications

18. 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

19. Costs associated with the review are anticipated to be existing staffing costs which will be managed within existing budgets. Outputs from the work will form part of the normal budget setting process of the Council and inform the Council's Portfolio of Change.

Data Protection and Information Governance

20. In the event that external partners are engaged to support this work, appropriate Data Sharing arrangements will be put in place to ensure compliance with County Council policies and procedures and Data Protection legislative requirements.

Human Resources Implications

21. There are no human resources implications identified at this stage. If these emerge at a later stage, the Council's agreed Human Resources policies and procedures would apply in accordance with legal requirements. Staff and Trades Union colleagues will be consulted at the appropriate point.

Implications for Residents

22. The purpose of the review is to provide assurance that financial management is robust, efficient, provides value for money for local residents and that the Council is able to maintain financial sustainability. This is supported by the focus on the areas of greatest budget pressure set out in the Portfolio of Change to improve outcomes for local people by focussing on early help and prevention, reducing demand and costs of service delivery and introducing new solutions to reduce corporate financial risk.

23. The potential implications for groups of people with particular characteristics will be considered as areas for further work are identified by the review. The findings of the Efficiency Review will be considered further as part of the budget setting process and through programmes of work within the Portfolio of Change. More detailed consideration will be given to potential impacts

on particular groups and Equality Impact Assessments undertaken as appropriate to identify any potential issues and mitigating actions.

RECOMMENDATIONS

Cabinet approves:

1) The commencement of an Efficiency Review of the Council's financial management, procurement, and contract management arrangements as part of the Council's budget setting process.

2) The establishment of a Cabinet Working Group, members of which will be appointed by the Leader, to consider the work of the Efficiency Review and be reported to Cabinet accordingly.

3) To delegate to the Service Director Finance, Infrastructure and Improvement (s151 Officer) in consultation with the Leader, the Chief Executive and Service Director Customers, Governance and Employees (Monitoring Officer) to agree the detailed scope and programme of the review.

Councillor Mick Barton
Leader of the Council

For any enquiries about this report please contact: Nigel Stevenson, Service Director Finance Infrastructure and Improvement (s151 officer), nigel.stevenson@nottscc.gov.uk

Legal and Constitutional Comments (CM 09/06/2025)

24. The Leader and Cabinet have the necessary authority to establish a working group to consider the matters detailed within this report.

25. As a best value authority, the Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The statutory guidance regarding the legal requirement to consult upon the exercise of the best value duty specifies that consultation regarding the annual budget, the corporate plan and the medium-term financial plan provides the stage at which consultation will best assist the authority in deciding how to make arrangements to secure continuous improvement.

Financial Comments (NS 10/6/2025)

26. This report sets out the process for how Cabinet wishes to understand and review all aspects of spend and commitments for the County Council. This report includes some specific tasks

and the use of external support, at no additional cost. The Council currently uses externally provided information and support as part of the normal budget monitoring and budget setting process, e.g. benchmarking data, which is met from existing budgets. The budget setting process will be subject to the normal process of review through Cabinet and Overview Committee before the Full Council meeting in February 2026.

HR Comments (HG 12/6/2025)

27. The report sets out the intent to undertake a review of financial management, procurement and contract management. Officers will support the process as required. There are currently no direct workforce implications identified. If any arise from the work the relevant policy and procedures will be applied.

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