

Policy and Resources Committee

Date: **Monday, 26 October 2015**

Time: **10 am**

Venue: **Edwards Room, County Hall, Norwich**

Persons attending the meeting are requested to turn off mobile phones.

Membership

Mr G Nobbs (Chair)

Mr S Agnew
Mr M Baker
Mr B Borrett
Mr M Castle
Mr A Dearnley
Mr C Jordan
Mrs J Leggett
Mr I Monson

Mr S Morpew
Mr A Proctor
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas
Mr M Wilby

**For further details and general enquiries about this Agenda
please contact the Committee Officer:**

Tim Shaw on 01603 222948
or email committees@norfolk.gov.uk

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A g e n d a

1. To receive apologies and details of any substitute members attending

2. Minutes

(Page 5)

To agree the minutes from the meeting held on 28 September 2015.

3. Members to Declare any Interests

If you have a Disclosable Pecuniary Interest in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a Disclosable Pecuniary Interest in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter.

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an Other Interest in a matter to be discussed if it affects

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare an interest but can speak and vote on the matter.

4. To receive any items of business which the Chairman decides should be considered as a matter of urgency

5. Local Member Issues

Fifteen minutes for local members to raise issues of concern of which due notice has been given.

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Wednesday 21 October 2015**

Section A – Items for Discussion and Decision/Action

6. Financial Savings/Monitoring Reports

a. Delivering Financial Savings 2015/16 (Page 15)

Report by Executive Director of Finance

b. 2015-16 Finance monitoring report August 2015 (Page 47)

Report by Executive Director of Finance

7 Re-imagining Norfolk: Service and Financial Planning 2016-17 to 2018-19 (Page 79)

Report by Executive Directors of Resources and Finance

8 Strategic and Financial Planning 2016-17 to 2018-19 (Page 92)

Report by Executive Director of Finance

9 Norfolk County Council Constructors Framework Replacement (Page127)

Report by Executive Director of Finance

10 Interim Report from the DNA Member Working Group (Page132)

Report by Executive Director of Resources

Section B – Items for Report

11. Performance monitoring report (Page143)

Report by Executive Directors of Resources and Finance

Group Meetings

Conservative	9:00am	Conservative Group Room
UKIP and Independent Group	9:00am	UKIP and Independent Group Room
Labour	9:00am	Labour Group Room
Liberal Democrats	9:00am	Liberal Democrats Group Room

Chris Walton
Head of Democratic Services
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Policy and Resources Committee

Minutes of the Meeting Held on 28 September 2015

10:00am Edwards Room, County Hall, Norwich

Present:

Mr G Nobbs (Chair)

Mr S Agnew
Mr M Baker
Mr B Borrett
Mr M Castle
Mr A Dearnley
Mrs J Leggett
Mr C Jordan
Mr S Morphew

Mr A Proctor
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas
Mr M Wilby

Substitute Members present:

Mr B Spratt for Mr I Monson

Other Members Present:

Mr R Coke
Mr J Joyce
Mr P Smyth
Mr J Timewell
Ms S Whitaker
Mrs C Walker

1.1 Apologies

1.1A Apologies for absence were received from Mr I Monson.

1.2 Leader's Announcements

Flooding incident at County Hall.

1.2A The Chair said that during the evening of 17 September 2015 there was a major leak which resulted in a flood in some areas on floors 7 to 3 of County Hall. The leak was from a valve serving the main sprinkler pipework distribution system on floor 7 resulting in water flowing from the service riser cupboard on that floor. The leak activated the fire alarm and the building was evacuated and Norfolk Fire and Rescue Service attended the site. The source of the leak was located by the Fire

and Rescue Service who together with NORSE maintenance staff isolated the valve to stop the flow of water.

- 1.2B The Chair added that once the building could be re-entered, an overnight clean-up was undertaken by NORSE and RG Carters. This successfully cleared up most of the water so that whilst the carpets were still wet, the building was functional and open for staff coming into work on the following day. Over the weekend a specialist contractor was on site to completely dry out carpets on the affected floors. Overall there was very little damage caused with just a small number of wooden filing and storage units suffering minor damage. An independent review had been commissioned of the sprinkler system in order to ascertain the cause of the leak and if any remedial measures were required. Until this was completed the system has been modified to reduce the risk of future incidents.
- 1.2C The Chair said that he was grateful to all those who had responded to the call out on the night of the incident especially NORSE cleaning staff and the staff from RG Carters who worked overnight on such short notice. Their hard work meant that the extent of the damage was limited and that the building was able to operate as normal from the following morning onwards.

1.3 **Chief Fire Officer, Nigel Williams**

- 1.3A The Chair announced that Chief Fire Officer Nigel Williams, Norfolk Fire and Rescue Service, who had been awarded the Queens Fire Service Medal in the 2015 Queen's Birthday Honors List, was due to retire very shortly after 5 years' service. Members placed on record their thanks to Nigel Williams (who was in attendance) for all his hard work in making the Norfolk Fire and Rescue Service one of the top performing fire and rescue services in the country and wished him a long and happy retirement.

2A **Minutes**

- 2A.1 The minutes of the previous meeting held on 1 September 2015 were confirmed by the Committee and signed by the Chairman.

2B **Matters Arising**

2B.1 **Minute 2B.1 of 1 September 2015 -Digital Norfolk Ambition PSN Accreditation**

Mr Roper said that he was pleased to be able to report that on 9 September 2015 the County Council had received its Public Services Network (PSN) accreditation for a full year. The PSN was a computer network run by the government to help public sector organisations to work together and vital to the working of the County Council.

2B.2 **Minute 2B.2 of 1 September 2015- Vodafone and the Good For Enterprise Service**

The Managing Director reported that a letter from Vodafone about the Good for

Enterprise Service failure had been circulated to Members of the Committee. The County Council was making clear to Vodafone its expectations of this service and closely monitoring their performance.

3 Declarations of Interest

- 3.1 There were no declarations of interest.

4. Item of Urgent Business

- 4.1 There were no items of urgent business.

5 Local Member Issues

- 5.1 There were no local Member issues.

6 2015-16 Financial Monitoring Report July 2015

- 6.1 The annexed report (6) by the Executive Director of Finance was received. The Committee received a report that provided details of the forecast position for the 2015-16 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2016 (period 4), together with related financial information.
- 6.2 Mr Roper drew Members' attention to the reference to the review of accounting treatment for notional debt repayment that was mentioned at page 21 of the agenda. He said that other Local Authorities that had revisited this policy (such as Birmingham, Kent and Somerset) had found that this had resulted in significant budget savings. Norfolk County Council had set aside £25m each year for the Minimum Revenue provision calculation for debt undertaken prior to 2008. Further detail about this saving could be found on page 102 of the agenda which estimated the potential implications for Norfolk at £5.216m.
- 6.3 The Committee was informed that due to the timing of the growth in the number of Looked After Children (LAC) the forecast for Children's Services had worsened and was now being assessed as "red". However, the high numbers of LAC was out of sync with the high performance projections and the increasing focus within the new Children's Services structure on the LAC system which was ensuring there was consistent good quality assessment and planning for Looked After Children. As improvement continued in this area there was expected to be more positive impact on LAC numbers. Comparable Local Authorities were also experiencing an increase in LAC numbers with resulting financial pressures.
- 6.4 It was pointed out that the numbers of retrospective purchase orders varied greatly from one department to another according to the kind of purchase order that was being produced. For example, there were approximately twice as many retrospective purchase orders for Children's Services, where it was necessary to respond quickly to the social care needs of children, as there were for Environment, Development and Transport. A departmental analysis was currently being undertaken into the numbers and types of retrospective purchase orders which would be shared with Members when it had been completed.

- 6.5 In reply to Members' questions, the Committee was informed that the Council was strengthening its risk management arrangements. A Medium Term Risk Management Strategy was being prepared for the Managing Director and the Executive Director of Finance that would be subject to review and oversight by the individual departmental senior management teams. For ease of reference the highest risks were being plotted on a "heat map" that had been shared with the Audit Committee to illustrate each risk's relative position measured by likelihood and impact. The "heat map" would be shared with Members of the Policy and Resources Committee at a future meeting.
- 6.6 The Executive Director of Finance was asked to review the table at page 42 of the agenda so that it included a more meaningful comparison of "expenditure to date" in relation to the "full year forecast" and provided an indication of "Council income".

6.7 **RESOLVED**

That the Committee note:

- a. the period 4 forecast Revenue overspend of £10.807m (period 3 overspend £12.325m) on a net budget of £318.428m, as set out in Appendix 1 to the report;
- b. the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;
- c. the revised expenditure and funding of the 2015-18 capital programme as set out in Appendix 2 to the report;
- d. the forecast financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 3 to the report.

7 **Delivering Financial Savings 2015-16**

- 7.1 The annexed report (7) by the Executive Director of Finance was received. The Committee received a report that provided an overview of the progress in delivering the savings agreed by the County Council at its meeting 16 February 2015.
- 7.2 The Committee's attention was drawn to the redesign of the Adult Social Care pathway that was mentioned at paragraph 3.1.6 of the report. In reply to questions, the Executive Director of Adult Social Services said that this issue was about using data and information better to manage voids in Supported Living. At the start of the redesign process this had been inappropriately linked to the sprint and to the development of the iHub. The work done manually within Adult Social Care to improve data quality and processes alongside the sprint had delivered significant benefits and this saving was being incorporated into the wider Adult Social Care Committee saving from Changing Models of Care.
- 7.4 In reply to questions, it was pointed out that the sale of some antiquarian and collectible library books that did not relate to Norfolk, or to Norfolk's history, had yet to be completed. This sale was subject to fluctuations in the antiquarian book

- market. In order to get the best prices, the sale was likely to take some time yet to complete.
- 7.5 Members' attention was drawn to the 11 savings projects rated as "red" that were referred to in paragraph 2.4 of the report. Details as to the specific action being taken to address these shortfalls could be found at paragraph 2.8 of the report.
- 7.6 With reference to paragraph 3.1.5 of the report, it was pointed out that given the rising demands, changing expectations and reduced resources available to Adult Social Care, in common with other local authorities, Norfolk County Council had to reduce the funding that was made available for wellbeing activities for adults. Additional reviewing capacity of individuals' personal circumstances had been brought in to speed up this process. However, going through the reassessment of individual packages of care, and in so doing identifying any alternative local wellbeing activities that might be available to those individuals in the local community, and in helping them to access those activities, was a quite lengthy process that might take some time to complete.
- 7.7 It was agreed to examine a proposal from Mr Ramsbotham that the County Council could set up a charitable trust fund for members of the public who might want to make a donation to help the Council meet its budgetary savings targets and that that this should be examined alongside having in place a new process for educating the public as to the range of services that were provided by the County Council.
- 7.8 **RESOLVED**
- That the Committee note:
- a. the forecast total shortfall of £11.341m in 2015-16, for which alternative savings need to be identified;
 - b. the increase in the budgeted value of 2015-16 savings projects rated as RED to £18.811m, of which £7.343m are now forecast to be delivered;
 - c. the forecast savings shortfall on AMBER rated projects of £0.424m; and
 - d. the forecast over-delivery of GREEN and BLUE rated projects totalling £0.551m.
- 8 **Developing Re-Imagining Norfolk – Resources Directorate and Finance and Property Directorate**
- 8.1 The annexed report (8) by the Executive Directors of Finance and Resources was received. The report updated the Committee on proposals for developing Re-Imagining Norfolk in relation to the services for which it was directly responsible. The appendices to the report set out an officer view of what services could look like at 75% addressable spend and with a total of 21 budget saving proposals that would deliver permanent revenue savings of £16.916m over the next three years in respect of Policy and Resources budgets, equivalent to 25% of addressable spend.
- 8.2 Mr Roper suggested that "the review of accounting treatment for national debt

repayment” (mentioned at page 96 of the agenda and at paragraph 6.2 of these minutes) should be taken as a separate savings proposal from the other savings proposals mentioned in Appendix 2 to the report that related specifically to Resources, and Finance and Property.

- 8.3 In reply to questions from Mr Spratt, the Executive Director of Finance said that he was working closely with colleagues at Norfolk’s district councils on ways to drive up what were already high Council tax collection rates (that varied from between 95% to 99%) and that he would share details about this work with Members of the Committee in due course.
- 8.4 In reply to further member questions, the Executive Director of Finance said that an explanation of the financial implications of seeking a rise in Council Tax would be brought before the Committee later in the year when more information about what this would mean for the Council became available from the Government.

8.5 **RESOLVED**

That the Committee:

- a. note the strategies for developing savings set out in section 6 of the report
- b. note the illustrative service models set out in Appendix 1 to the report
- c. note the savings proposals set out in Appendix 2 to the report
- d. Ask officers to bring back to this committee’s October meeting (for consideration alongside the proposals from other Committees) fully developed savings proposals that will contribute to the delivery of a budget based upon 75% of the Committee’s addressable spend, to allow for choices and options to be considered and to support the delivery of a balanced budget for 2016-17.

9. **Strategic and Financial Planning 2016-17 to 2018-19**

- 9.1 The annexed report (9) by the Executive Director of Finance was received. This report provides the Committee with an update on progress towards the setting of the 2016-17 to 2018-19 Strategic and Financial Plan, and the timetable for Committee decisions in the led up to the Council setting the Budget and Council Tax in February 2016. This report summarised the early savings proposals which had been presented to Service Committees.
- 9.2 The Committee heard from the Chairs of Service Committees about the detailed budget options discussions that had taken place at Service Committees to date. It was noted that these were set out in paragraph 2 and Appendix 1 to the report and could also be found in some detail in the minutes and reports of these meetings.
- 9.3 The Chairs of Service Committees said that re-modelling services based on 75% of current addressable spend could mean that some of the Council’s most important services were run at a much reduced level and would struggle to meet their statutory obligations. It was pointed out that discussions were being held with Shropshire County Council about a revised customer pathway for adult social care, that had been introduced in that county, that made use of a social enterprise

- model of service delivery, and if a similar approach could be taken in Norfolk.
- 9.4 It was noted that Service Committees would be meeting again in October 2015 and a full set of proposals was due to be considered by Policy and Resources Committee on 26 October 2015.
- 9.5 **RESOLVED:**
- That the Committee:
- a. Note the progress towards setting the 2016-17 to 2018-19 Strategic and Financial Plan.
 - b. Note the budget options that were presented to Service Committees during September.
 - c. Receive verbal updates from the service committee chairs on their budget options discussions during the September Committee round.
 - d. Recommend that Service Committees bring forward further proposals to deliver budgets based on 75% of their addressable spend, including a complete set of budget proposals for 2016-17, to allow for choices and options to be considered initially at October Policy and Resources Committee.
- 10 **Development of the Council's three-year strategy**
- 10.1 The annexed report (10) by the Executive Director of Resources was received. The Committee received a report that included a suggested approach to develop and finalise the County Council Plan. The County Council Plan was the vehicle for articulating the Council's medium term service and financial strategy as part of the Council's over-arching policy framework. In the Council's constitution, the Policy and Resources Committee was responsible for co-ordinating the development of the Plan and submitting it for approval by Full Council.
- 10.2 **RESOLVED:**
- That the Committee:
- a. Agree the framework for the County Council Plan and associated Committee Plans as set out in the report.
 - b. Note and agree the timetable set out in section 3.5 of the report.
- 11 **Devolution Opportunities for Norfolk and Suffolk Councils- Update on Progress**
- 11.1 The annexed report (11) by the Managing Director was received. The report updated Members about the devolution agenda in Norfolk and Suffolk. The report detailed some of the benefits and opportunities that the current Devolution agenda offered in areas such as skills, transport, infrastructure, housing, policing, health and welfare, and outlined the next key milestones.
- 11.2 The Committee noted that there had been a number of recent meetings between

- Council leads, the new Local Enterprise Partnership and the government about the devolution agenda. These discussions had centred on what new powers could be obtained from the government, provided government resources were made available to use those powers.
- 11.3 The Committee discussed how Members of the Council should be updated on opportunities for the devolution agenda and it was suggested that this should be an item on the agenda for a meeting of the full Council at the earliest available opportunity.
- 11.4 **RESOLVED:**
- That the Committee:
- a. Note progress to date
 - b. Agree the principle of a Norfolk and Suffolk Combined Authority
 - c. Agree that the Leader and Managing Director continue to play a full part in discussions, representing the best interests of Norfolk residents.
 - d. Ask that the Chair and other Group Leaders agree on an appropriate date for bringing the devolution opportunities for Norfolk and Suffolk Councils to a meeting of Full Council at the earliest possible opportunity.
- 12 **Syrian refugee crisis – Norfolk response**
- 12.1 The annexed report (12) by the Managing Director (that was marked on the agenda to follow) was received. The report summarised the Government's policy on the Syrian conflict and refugee crisis, and the latest guidance available from the Home Office about the Syrian Vulnerable Person's Relocation Scheme.
- 12.2 The Chair reported that he had hosted a task force with community leaders from across Norfolk, to explore a county-wide response to the humanitarian crisis. This had included representatives from the County Council, Norwich City Council, borough and district councils, Norwich City Football Club, the Eastern Daily Press, the Bishop of Norwich and Norfolk's Lord-Lieutenant.
- 12.3 The task force had considered the concerns of many Norfolk residents about the plight of Syrian refugees, and the need to address these concerns, and find a way to respond which met the needs of refugees, as well as those of county residents, alongside current pressures on health, housing, education and social services.
- 12.4 In 2006-2011 Norfolk was one of the few areas of the country which had resettled vulnerable refugees via a similar resettlement initiative - the Gateway Protection Programme. There had been extensive learning from this about the long term support needs of refugees.
- 12.5 The policy design of the revised Syrian Vulnerable Person's Relocation (VPR) Scheme, and the funding available, was inadequate to address the needs of

refugees over the long term. Discussions were taking place across government to address this as quickly as possible.

12.6 The Chair advised that a number of actions were being taken forward following the task force. This included work being coordinated by the County Council to develop a policy briefing about the design of the scheme and the financial support available. The task force would use this briefing to make representations to Government to make the changes necessary to the VPR scheme.

12.7 The Chair advised that the task force had agreed that 50 Syrian refugees could be settled in Norfolk, if the policy design of the scheme and the funding available meant the scheme was sustainable over the long term.

12.8 **RESOLVED:**

That the Committee note the actions being taken by the Council to explore a countywide response to the Syrian refugee crisis and the range of actions being taken to respond to concerns expressed across Norfolk by residents.

The meeting concluded at 12.35 pm

Chair



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Policy and Resources Committee

Item No 6a

Report title:	Delivering Financial Savings 2015-16
Date of meeting:	26 October 2015
Responsible Chief Officer:	Simon George – Executive Director of Finance
Strategic impact This report to Policy and Resources Committee provides an overview of the progress in delivering the savings agreed by the County Council at its meeting 16 February 2015.	

Executive summary

County Council agreed savings of £36.721m as part of the 2015-16 budget setting process. This report provides details of progress in delivering these savings, concentrating on 2015-16, but also providing an overview of the later years 2016-17 and 2017-18.

The report comments on the exceptions to successful delivery, those items rated RED, and critical AMBER items.

This report will be presented to the Policy and Resources Committee at each meeting.

Members are recommended to consider and note:

- a) the forecast total shortfall of £11.478m in 2015-16, for which alternative savings need to be identified;
- b) the increase in the budgeted value of 2015-16 savings projects rated as RED to £19.251m, of which £7.426m are now forecast to be delivered;
- c) the forecast savings shortfall on AMBER rated projects of £0.204m; and
- d) the forecast over-delivery of GREEN and BLUE rated projects totalling £0.551m.

1. Savings Overview

- 1.1. The County Council, as part of setting its budget for 2015-16, considered proposed net 2015-16 savings of £36.094m, which included a net £0.227m of additional unallocated income compared to the total savings of £36.322m reported to Policy and Resources Committee in January. The County Council's decisions amended the proposed savings total in three ways:

	2015-16 £m
Total savings proposed to County Council (net)	-36.094
1. The deletion of Adult Services transport savings	+0.100
2. The addition of efficiency savings, held in P&R	-0.500
3. The removal of the unallocated additional funding	-0.227
Revised net total	-36.721

1.2. The additional efficiency saving of £0.500m for 2015-16, is being used to support the adult social care budget. Following the 20 July meeting of this committee this saving will be achieved through clawing back inflation allocated in the 2015-16 budget to reflect CPI being 0% in June 2015 compared to the 2% used for budget inflation forecasts. The adjustment is allocated as follows:

Committee	Inflation adjustment £m
Adults	0.019
Children's Services	0.079
EDT	0.145
Communities	0.095
Policy and Resources	0.161
	0.500

1.3. The virement to reflect this will be actioned in period 6 (September 2015).

1.4. The agreed net savings of £36.721m in 2015-16 (gross saving £51.361m), include one-off items and use of reserves totalling £6.756m as set out in Annex 1. The detailed categorisation of the total savings, and the savings identified for subsequent years of the Medium Term Financial Strategy agreed as part of the budget process, are also shown in Annex 1.

2. RAG Ratings

2.1. The definition of the RAG rating levels is set out in the table below.

Level	Descriptor
Red	Significant concern that the saving may not be delivered, or there may be a large variance in the saving (50% and above)
Amber	Some concern that the saving may not be delivered or there may be a variance in the saving (up to 50%)
Green	Confident that the saving will be delivered

Blue	Saving already delivered
Yellow	Alternative savings identified
Reversal	Reversal of previous year saving

- 2.2. The highlight report starts with the overall RAG position, as set out at Table 1. The information is derived from the detail at Annex 3. The decision to rate a project as RED, will be one arrived at by the Finance community, in consultation with departments. This will ensure a common standard is maintained in the monitoring.
- 2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 1 and Annex 3 have been applied. A number of new 2015-16 savings have been categorised as BLUE where the actions are certain to be delivered. These include items such as decisions to reduce grant payments.
- 2.4. 11 savings projects have been rated as RED, representing a budgeted total saving of £19.251m. It is currently forecast that only £7.426m of this saving will now be delivered as set out in the following table. This represents a shortfall of £11.825m, which relates to RED rated projects.
- 2.5. AMBER rated projects include a forecast shortfall of £0.204m. In addition, there is a forecast over achievement of £0.195m in relation to GREEN rated projects, and £0.356m in relation to BLUE rated projects. This results in a forecast total shortfall of £11.478m, an increase in the shortfall of £0.137m when compared to the previously reported position.
- 2.6. Alternative plans have been identified within the Policy & Resources budgets in respect of budgeted savings totalling £1.128m, which have therefore now been classified as YELLOW. These savings are being met through historic underspends within HR and the Corporate Programme Office, shared services with Public Health and alternative savings within ICT budgets, and the planned savings will be delivered in future years. Alternative savings totalling £0.167m have been identified within EDT budgets to replace the non-deliverable saving from reduced opening hours at some recycling sites, which was previously rated as RED. The alternative saving will fully cover the shortfall.

Table 1: 2015-16 Savings by RAG Status

RAG Status	Budgeted Value of Savings 2015-16 (a)	Previous Forecast Savings 2015-16 (b)	Latest Forecast Savings 2015-16 (c)	Savings Shortfall 2015-16 (a)-(c)	Latest Forecast Savings 2015-16 (c) analysed by Committee				
					Children's Services	Adults	EDT	Communities	Policy & Resources
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Red	-19.251	-7.343	-7.426	-11.825	-2.516	-4.600	0.000	-0.200	-0.110
Amber	-3.540	-4.056	-3.336	-0.204	-0.401	-0.000	-1.900	-0.235	-0.800
Green	-9.187	-9.772	-9.382	0.195	-1.067	-3.305	-1.881	-0.969	-2.160
Blue	-18.088	-18.544	-18.444	0.356	-1.175	-3.175	-1.655	-0.655	-11.784
Yellow	-1.295	-0.305	-1.295	0.000	0.000	0.000	-0.167	0.000	-1.128
Gross Savings	-51.361	-40.020	-39.883	-11.478	-5.159	-11.080	-5.603	-2.059	-15.982
Shortfall	0.000	-11.341	-11.478	n/a	-5.199	-5.216	0.145	-0.155	-1.055
Reversal	14.640	14.640	14.640	n/a	2.000	0.000	2.000	0.000	10.640
Total	-36.721	-36.721	-36.721	n/a	-8.357	-16.296	-3.458	-2.214	-6.396

2.7. Table 2 below sets out the current categorisation of 2015-18 savings based on the updated RAG rating assessment and the latest forecast variance position, which includes the replacement savings of £22.131m to be identified for the three years.

2.8. Details of the specific actions being taken to deliver the identified shortfall in savings are set out in section 3 of this report, where alternative options are being explored. In addition, wider actions are being taken to deliver savings and reduce the current reported overspend as follows:

- Adult Social Services:** The department is taking rigorous recovery action to reduce in-year spending as far as possible. A number of actions have already been initiated to mitigate the reported overspend to March 2015. Further actions have been identified to deal with the forecast position for 2015-16, which include:
 - Prioritise the use of Norsecare block purchased beds with target to achieve a 95% occupancy on average for the remainder of the year
 - Only fund a residential or nursing home placement in each locality when two placements have been released
 - Temporary residential placements should only be used where a clear plan exists for the service user to return home and the placement only authorised for the period in the plan.

- Personal Budgets should only be used to meet any unmet eligible social care need.
- **Children's Services:** The steps being taken to address the forecast overspend include continued rigour being applied to the reduction of LAC costs, a review of all vacancies held combined with a recruitment freeze with no posts to be recruited to without the Director's approval, and a review of any contracts ending within the financial year, along with a number of corrective actions which will result in a one-off impact this financial year. These actions include optimising the use of early years funding and conditional grants. A full list of actions and their impact is shown in the Children's Services Integrated Performance and Finance Monitoring Report presented to 20 October Children's Services Committee.
- **Resources:** at the end of month 5, there is a forecast shortfall of £0.330m relating to a decision to delay charging staff to use the County Hall car park. A proposal for car park charging was discussed at the 1 September 2015 meeting of this committee, at which members agreed to convene a small group to examine options for managing parking at County Hall. This group will report back to Policy and Resources Committee in November.

2.9. The main areas where significant shortfalls in savings have been identified are within Children's and Adults budgets. These relate principally to delays in implementing new models of service provision (savings references COM034 and COM033), and delays in the reduction in numbers of service users (savings reference CHI001), which will take time to filter through the system. Whilst it is still expected that some of these savings will ultimately be achieved, the timescale for delivery is longer than originally anticipated.

Table 2: Categorisation of Savings 2015-18

	2015-16	2016-17	2017-18	Total
Savings	£m	£m	£m	£m
Org Change - Staffing	-4.476	-0.375	0.000	-4.851
Org Change - Systems	-4.646	-9.850	0.000	-14.496
Capital	-0.614	-0.227	0.000	-0.841
Terms & Conditions	-0.375	-0.997	0.000	-1.372
Procurement	-5.067	-0.270	-0.135	-5.472
Shared Services	-0.190	-0.205	-2.000	-2.395
Income and Rates of Return	-7.308	-5.996	-2.900	-16.204
Assumptions under Risk Review	3.874	5.156	0.000	9.030
Back office subtotal	-18.802	-12.764	-5.035	-36.601

Reducing Standards, including eligibility	-3.144	-3.033	-0.800	-6.977
Ceasing Service	-3.297	-1.590	0.000	-4.887
Front line subtotal	-6.441	-4.623	-0.800	-11.864
Shortfall	-11.478	-10.653	0.000	-22.131
Total	-36.721	-28.040	-5.835	-70.596

2.10. The breakdown of savings by Committee, for 2015-16 is shown in Table 3 below. The position for all three years is set out at Annex 2.

2.11. Work has been undertaken to validate the savings for 2016-17 agreed as part of the 2015-16 budget process. This has identified £10.653m of savings which are at risk of non-delivery, as reported in the Strategic and Financial Planning report elsewhere on this agenda. Further work to explore whether these savings can be achieved is currently underway.

2.12. A definition of savings categories is provided in Annex 4.

Table 3: Savings by Committee 2015-16

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2015-16	£m	£m	£m	£m	£m	£m
1a Organisation	-0.286	-0.250	-0.005	-0.087	-3.848	-4.476
1b Lean	-1.540	-0.219	-0.261	-0.337	-2.288	-4.646
1c Capital	0.000	0.000	-0.540	-0.074	0.000	-0.614
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.127	-0.375
2a Procurement	0.000	-1.706	-1.904	-0.095	-1.362	-5.067
2b Shared Services	0.000	-0.150	0.000	-0.040	0.000	-0.190
3a Income and Rates of Return	0.000	-0.150	-0.882	-0.774	-5.502	-7.308
4a Change standards	-0.462	-2.350	0.170	-0.502	0.000	-3.144
4b Stop doing things	0.000	-3.000	-0.147	-0.150	0.000	-3.297
4c Change assumptions	-0.756	-3.156	0.000	0.000	7.786	3.874
Shortfall	-5.199	-5.216	0.145	-0.155	-1.055	-11.478
Total	-8.357	-16.296	-3.458	-2.214	-6.396	-36.721

3. Commentary on savings rated RED

- 3.1. Following review, 11 savings have been rated as RED to reflect significant concern that the saving may not be delivered, and a forecast savings shortfall of £11.825m within RED rated projects identified. Commentary on the RED rated savings is provided below.

Adults

- 3.1.1. COM018 – Review Care Arranging Service – forecast shortfall **£0.140m**: This proposal predated the introduction of the Care Act which gives the council increased responsibilities for arranging care for people who fund their own care. There will in fact be additional workload responsibilities for this team and alternative means of achieving this saving are being sought within the department.
- 3.1.2. COM026 – Change the type of social care support that people receive to help them live at home – forecast shortfall **£0.100m**: A tender for the procurement of home care services in West Norfolk and in Yarmouth and Waveney has been advertised. The Great Yarmouth and Waveney tender is being run jointly with Suffolk County Council to deliver a more integrated and efficient service. However this has resulted in a delay in the original procurement timetable. Full year savings will not be achieved in 2015-16 as the new contract will commence on 1st November 2015.
- 3.1.3. GET010 – Renegotiate contracts with residential providers, to include a day care service – forecast shortfall **£0.100m**: This has been further examined in detail and it has been concluded that these savings will not be achieved. Residential providers will increase their prices if they have to provide day service. Compensating savings are being sought, in particular through a new model of care to meet the needs of people with Learning Disability.
- 3.1.4. COM034 – Care for Learning Disabilities or Physical Disabilities – forecast shortfall **£1.395m**: Current forecasts show that £1.395m of the £2.395m saving to change how we provide care for people with learning disabilities or physical disabilities will be achieved in 2015-16. The saving involves re-assessing existing service users and where appropriate providing alternative and most cost effective accommodation, or means of supporting them in their current accommodation. While the total saving will be achieved over time, this project does have a longer lead in time. This project is under review to ensure that all possible savings can be achieved.
- 3.1.5. COM033 – Reduce funding for Wellbeing Activities – forecast shortfall **£3.000m**: Estimates show that £3.000m of the £6.000m saving from reducing funding for those who receive support from a personal budget

will be delivered. The time lag in implementing the change for existing service users, which was agreed following the consultation exercise, along with pressure on the reviewing capacity in the teams means it is uncertain whether the full £6.000m saving will be achieved in 2015-16. Additional reviewing capacity has been brought in to speed up this process, and the project is being reviewed to seek alternative means of reducing costs from the purchase of care budget.

- 3.1.6. ASC004 – Norse care savings – forecast shortfall £0.500m: Based on the current Norsecare strategic financial plan, there is a shortfall against the current Adult Social Services target, work is underway with Norsecare to reduce the gap and deliver the saving in full.

Communities

- 3.1.7. CMM007 – Income Generation – forecast shortfall £0.250m: The saving for income generation (external hire replacement, fire testing, highways clearance, grants from Europe) under the Communities Committee is highlighted as RED. It is now apparent a number of the original proposals have been overtaken by parallel schemes being pursued within the new Corporate Property Team. Current forecasts show £0.200m of the £0.450m target will be delivered. Options to deliver the balance of the saving are being explored as part of the CES Transformation Programme and through a review of external venue hire spend.

Children's

- 3.1.8. CHI001 – Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children – forecast shortfall £5.624m: The number of Looked After Children and the cost agency placements related to placement mix is not reducing as quickly as originally planned and we are forecasting only £2.516m of the £8.140m saving will be delivered.

Policy and Resources

- 3.1.9. RES071 – Restructure and reduce staff across HR £0.296m: The Council agreed savings of £0.296m, however resource from HR is being needed to support the organisational change the authority is going through. Only half of this saving will be achieved. Alternative options to deliver the balance of this saving are being explored.
- 3.1.10. P&R017 – Further reductions in printing spend £0.090m: We are awaiting the re-tender of the print contract. Saving will not be delivered this year, but in future year when contract is re-tendered.

- 3.1.11. GET015 – Reducing the costs on employment £0.330m: The Council agreed savings of £0.440m from reducing the cost of employment. A shortfall of £0.330m has been identified for the year to date. Following discussion of a proposal relating to staff car parking by this Committee on 1st September, a member working group is being established to determine how this saving can be achieved.

4. Commentary on savings rated AMBER

- 4.1. Following review, two savings rated as AMBER are forecasting a shortfall of £0.204m. Commentary on these AMBER rated savings is provided below.

Children's

- 4.1.1. CHI017 – Review senior management and commissioning structures – forecast shortfall £0.075m: Delayed implementation of the new structure in Children's Services means only part of this £0.180m saving can be delivered within the year. The in-year shortfall is being managed by holding vacancies, with the ongoing saving being delivered in 2016-17.

- 4.1.2. CHL008 – Savings in management costs in Children's Services – forecast shortfall £0.129m: Delayed implementation of the new structure in Children's Services means only part of this £0.310m saving can be delivered within the year. The in-year shortfall is being managed by holding vacancies, with the ongoing saving being delivered in 2016-17.

5. Summary

- 5.1. The impact of the latest forecast means that shortfalls totalling £5.199m, £5.216m, £0.155m and £1.055m have been identified within the Children's, Adults, Communities, and P&R budgets respectively and alternative savings will be required within the relevant Committee budgets.

Officer Contact

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Annex 1

One-off amounts are included within the total savings set out in the Categorisation of Savings table below, as shown below.

One-off savings 2015-18

	2015-16	2016-17	2017-18
	£m	£m	£m
One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156	0.000
Use of ETD earmarked reserves	-0.500	0.500	0.000
Subtotal use of earmarked reserves	-3.656	3.656	0.000
One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history	-0.100	0.000	0.100
County Farms funding (one-off)	-2.000	2.000	0.000
Insurance	-1.000	1.000	0.000
Subtotal one-off items	-3.100	3.000	0.100
Total use of reserves and one-off items	-6.756	6.656	0.100

Categorisation of Savings 2015-18 (Budget)

	2015-16	2016-17	2017-18	Total
Savings	£m	£m	£m	£m
Org Change - Staffing	-4.976	-0.528	0.000	-5.504
Org Change - Systems	-10.800	-13.753	0.000	-24.553
Capital	-0.614	-0.727	0.000	-1.341
Terms & Conditions	-0.705	-1.102	0.000	-1.807
Procurement	-5.667	-1.020	-0.135	-6.822
Shared Services	-0.190	-0.205	-2.000	-2.395
Income and Rates of Return	-7.558	-6.046	-2.900	-16.504
Assumptions under Risk Review	4.230	5.156	0.000	9.386
Back office subtotal	-26.280	-18.225	-5.035	-49.540
Reducing Standards, including eligibility	-4.144	-6.725	-0.800	-11.669
Ceasing Service	-6.297	-3.090	0.000	-9.387
Front line subtotal	-10.441	-9.815	-0.800	-21.056
Total	-36.721	-28.040	-5.835	-70.596

Annex 2

Savings by Committee 2015-18

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2015-16	£m	£m	£m	£m	£m	£m
1a Organisation	-0.286	-0.250	-0.005	-0.087	-3.848	-4.476
1b Lean	-1.540	-0.219	-0.261	-0.337	-2.288	-4.646
1c Capital	0.000	0.000	-0.540	-0.074	0.000	-0.614
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.127	-0.375
2a Procurement	0.000	-1.706	-1.904	-0.095	-1.362	-5.067
2b Shared Services	0.000	-0.150	0.000	-0.040	0.000	-0.190
3a Income and Rates of Return	0.000	-0.150	-0.882	-0.774	-5.502	-7.308
4a Change standards	-0.462	-2.350	0.170	-0.502	0.000	-3.144
4b Stop doing things	0.000	-3.000	-0.147	-0.150	0.000	-3.297
4c Change assumptions	-0.756	-3.156	0.000	0.000	7.786	3.874
Shortfall	-5.199	-5.216	0.145	-0.155	-1.055	-11.478
Total	-8.357	-16.296	-3.458	-2.214	-6.396	-36.721
Savings 2016-17						
1a Organisation	-0.000	0.000	0.000	-0.052	-0.323	-0.375
1b Lean	-5.081	-1.500	-0.905	-1.440	-0.924	-9.850
1c Capital	-0.500	0.000	0.500	-0.227	0.000	-0.227
1d Terms & Conditions	-0.000	-0.090	-0.031	0.000	-0.876	-0.997
2a Procurement	0.000	-0.750	-0.350	0.000	0.830	-0.270
2b Shared Services	0.000	0.000	-0.005	-0.200	0.000	-0.205
3a Income and Rates of Return	0.000	0.000	-0.595	-0.105	-5.296	-5.996
4a Change standards	-0.400	-2.550	-0.000	0.000	-0.083	-3.033
4b Stop doing things	0.000	-1.500	-0.090	0.000	0.000	-1.590
4c Change assumptions	0.000	3.156	0.000	0.000	2.000	5.156
Shortfall	-5.920	-4.300	-0.280	0.000	-0.153	-10.653
Total	-11.901	-7.534	-1.756	-2.024	-4.825	-28.040
Savings 2017-18						
1a Organisation	0.000	0.000	0.000	0.000	0.000	0.000
1b Lean	0.000	0.000	0.000	0.000	0.000	0.000
1c Capital	0.000	0.000	0.000	0.000	0.000	0.000
1d Terms & Conditions	0.000	0.000	0.000	0.000	0.000	0.000
2a Procurement	0.000	0.000	0.000	0.000	-0.135	-0.135
2b Shared Services	0.000	0.000	0.000	0.000	-2.000	-2.000
3a Income and Rates of Return	0.000	0.000	0.000	0.100	-3.000	-2.900

4a Change standards	0.000	-0.800	0.000	0.000	0.000	-0.800
4b Stop doing things	0.000	0.000	0.000	0.000	0.000	0.000
4c Change assumptions	0.000	0.000	0.000	0.000	0.000	0.000
Shortfall	0.000	0.000	0.000	0.000	0.000	0.000
Total	0.000	-0.800	0.000	0.100	-5.135	-5.835

Annex 3

2015-16 Savings and RAG Status Detail

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Adult Social Care Committee							
		1a Digital Transformation, BWOW. Organisation					
14	COM031	Further Savings from PCSS (Personal Community Support Service)	-0.250			-0.250	Green
		1b Digital Transformation, BWOW. Lean					
14	COM018	Review Care Arranging Service	-0.140			0.000	Red
30	COM026	Change the type of social care support that people receive to help them live at home	-0.200			-0.100	Red
06	COM028	Electronic Monitoring of Home Care providers		-0.500		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the cost of business travel	-0.099	-0.090		-0.099	Green
		2a Procurement, Commissioning. Procurement					
06	COM027	Review block home care contracts	-0.100			-0.100	Green
06	COM042	Review of Norse Care agreement for the provision of residential care	-1.000	-1.500		-1.000	Green
04	GET010	Renegotiate contracts with residential providers, to include a day service as part of the contract, or at least transport to another day service	-0.100			0.000	Red
04	GET011	Renegotiate the Norse bulk recharge	-0.106			-0.106	Green
		2b Procurement, Commissioning. Shared Services					
18	COM023	Integrated occupational therapist posts with Health	-0.100			-0.100	Green
18	COM024	Assistant grade posts working across both health and social care	-0.050			-0.050	Green
		3a Income generation, Trading. Sweat the assets					
20	COM019	Trading Assessment and Care Management support for people who fund their own care		-0.050		0.000	NA
08	COM025	Decommission offices, consolidate business support	-0.150			-0.150	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4a Demand Management. Change Standards					
33	COM034	Changing how we provide care for people with learning disabilities or physical disabilities. Now being reported including ASC002	-2.000	-3.000		-1.000	Red
35	COM038	Scale back housing-related services and focus on the most vulnerable people	-1.200			-1.200	Green
36	COM040	Reduce the number of Adult Care service users we provide transport for	-0.150	-0.150		-0.150	Green
		4b Demand Management. Stop Doing Things					
31	COM033	Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	-6.000	-3.000		-3.000	Red
		Sub-total Savings from 2014-17 Budget Round	-11.645	-8.290	0.000	-7.305	
		1b Digital Transformation, BWOW. Lean					
1a	ASC001	Residential care. Process improvements for more effective management of residential care beds	-0.100			-0.100	Green
3c	ASC002	Redesign Adult Social Care pathway. Work with Hewlett Packard and procurement on areas of the pathway to drive out further efficiencies. Now being reported with COM034	-0.395	-1.500		0.000	Red
NA	P&R045	Inflation claw back across Committees	0.000			-0.019	Blue
		2a Procurement, Commissioning. Procurement					
1b	ASC004	Norse care rebate. The proposal is for the rebate to be allocated to the Adult Social Care revenue budget on an ongoing basis, rather than to the Adult Social Care Residential Care Reserve as previously.	-1.000			-0.500	Red
		4a Demand Management. Change Standards					
5a	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council		-0.900	-0.800	0.000	NA
		4c Demand Management. Change Assumptions					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
NA	ASC005	One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156		-3.156	Blue
		Sub-total new savings	-4.651	0.756	-0.800	-3.775	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.215	
		Total Savings	-16.296	-7.534	-0.800	-16.296	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Children's Committee							
		1a Digital Transformation, BWOW. Organisation					
08, 3a	CHI017, CHL001	Review senior management and commissioning structures	-0.180	0.000		-0.105	Amber
		1b Digital Transformation, BWOW. Lean					
21	CHI001-004	Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children	-8.140	-8.484		-2.516	Red
21	CHI001-004b	Children's Services Review - use of one off reserves to delay savings to 2015-16	2.000			2.000	Blue
		1c Digital Transformation, BWOW. Capital					
26	CHI012	Reduce the cost of transport for children with Special Educational Needs		-1.000		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the costs of business travel	-0.115	-0.105		-0.115	Amber
		4a Demand Management. Change Standards					
22	CHI005	Change services for children and young people with Special Educational Needs and Disabilities in response to the Children and Families Bill		-1.912		0.000	NA
24	CHI010	Stop our contribution to the Schools Wellbeing Service, Teacher Recruitment Service, Norfolk Music Service and Healthy Norfolk Schools Programme and explore if we could sell these services to schools	-0.215			-0.215	Green
28	CHI014	Reduce the amount of funding we contribute to the partnerships that support young people who misuse substances and young people at risk of offending		-0.250		0.000	NA
29	CHI015	Reduce funding for school crossing patrols	-0.150	-0.150		-0.150	Blue

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4c Demand Management. Change Assumptions					
12, NA	CHI018, CHL003	Reduced retirement costs for teachers	-0.400	0.000		-0.756	Blue
		Sub-total Savings from 2014-17 Budget Round	-7.200	-11.901	0.000	-1.857	
		1a Digital Transformation, BWOW. Organisation					
3a	CHL008	Savings in management costs in Children's Services	-0.310			-0.181	Amber
		1b Digital Transformation, BWOW. Lean					
3e	CHL004	Continued use of public transport within Looked After Children service	-0.190			-0.190	Blue
3e	CHL006	Reducing legal costs for Looked After Children	-0.430			-0.625	Green
3e	CHL007	End of ground maintenance contract for trees in schools	-0.130			-0.130	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.079	Blue
		4a Demand Management. Change Standards					
4b	CHL005	Reduce subsidy for community use of school premises	-0.097			-0.097	Green
		Sub-total newly identified Savings	-1.157	0.000	0.000	-1.302	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.199	
		Total Savings	-8.357	-11.901	0.000	-8.357	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Communities Committee							
		1a Digital Transformation, Better Ways Of Working: Organisation					
08	RES79	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	-0.009	-0.042		-0.009	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
NA		Reduced cost of ICT refresh		-0.100		0.000	NA
15	RES82	Efficiency savings arising from utilising public health skills and resources to remove duplication		-1.275		0.000	NA
		1c Digital Transformation, Better Ways Of Working: Capital					
55	FR001	Purchase different, cost effective fire vehicles for some stations	-0.074	-0.227		-0.074	Green
		2b Procurement, Commissioning. Shared Services					
16	ETD09	Enhanced multi-agency working on emergency planning	-0.040			-0.040	Amber
20	ETD24	Changes to the delivery of road safety education and evaluation to make greater use of community resources		-0.200		0.000	NA
		3a Income generation, Trading. Sweat the assets					
20	COM08	Museums - Gift Aid and Cultural Exemptions	-0.354			-0.354	Green
20	COM15	Norfolk Record Office - Increased income generation	-0.020	-0.010		-0.020	Green
48	ETD02	Charge for advice to business from our Trading Standards Service		-0.020		0.000	NA
20	RES39	Increase charges for Registration Services	-0.050	-0.050		-0.050	Green
58	RES42	Move the historical registration records to the Norfolk Record Office	-0.050			-0.050	Green
		4a Demand Management. Change Standards					
47	ETD01	Scale back Trading Standards advice to focus on the things we have to do by law	-0.250			-0.250	Blue
		4c Demand Management. Change Assumptions					

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Sub-total Savings from 2014-17 Budget Round	-0.847	-1.924	0.000	-0.847	
		1a Digital Transformation, Better Ways Of Working: Organisation					
2a, 2b, 2d	CMM002	Reductions in staff and increased income from car parking & ancient house museum (Thetford)	-0.078	-0.010		-0.078	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
1c	CMM009	Reduction in Library Management System costs	-0.012			-0.012	Green
3b	P&R011	Review mail operations	-0.060	-0.065		-0.060	Green
3d	P&R010	Reduced consultation budget	-0.020			-0.020	Blue
NA	CMM012	Customer Services additional savings	-0.100			-0.100	Green
NA	CMM011	Library vacancy management additional savings	-0.050			-0.050	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.095	Blue
		2a Procurement, Commissioning. Procurement					
1a	CMM010	Fire & Rescue Service savings generated through Priority Based Budgeting exercise - focussed on procurement efficiencies and asset management	-0.095			-0.095	Amber
		3a Income generation, Trading. Sweat the assets					
2c	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or it's history	-0.100		0.100	-0.100	Amber
1d	CMM007	Income generation (External hire replacement, fire testing, highways clearance, grants from Europe)	-0.450			-0.200	Red
2a	P&R031	Portal for "Norfolk Weddings" registrars additional income		-0.025		0.000	NA
		4a Demand Management. Change Standards					
3g	CMM001	Library staff reductions	-0.080			-0.080	Green
3b	CMM003	Service reviews, management savings in Customer Services	-0.090			-0.090	Blue
3e	CMM005	Reduced spend on ICT and conservation materials for Record Office	-0.032			-0.032	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
1b	CMM008	Reduce Healthwatch budget	-0.050			-0.050	Blue
		4b Demand Management. Stop Doing Things					
4a	CMM006	Arts - reduction of arts services and grants	-0.150			-0.150	Blue
		Sub-total new savings	-1.367	-0.100	0.100	-1.212	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.155	
		Total savings	-2.214	-2.024	0.100	-2.214	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Environment Development and Transport Committee							
		1b Digital Transformation, BWOW. Lean					
02	ETD15	Replacement of BusNet system with SMART ticket machines	-0.100			-0.100	Blue
02	ETD26	Use of alternative existing technology to provide transport monitoring data and changes to how the council procures traffic surveys		-0.135		0.000	NA
59	GET07	Cut the cost of providing school transport (Allocate more children to public transport contracts)	-0.020	-0.020		-0.020	Green
NA	ETD33	Improving processes and working arrangements in ETD	1.000			1.000	Reversal
		1c Digital Transformation, BWOW. Capital					
59	GET08	Cut the cost of providing school transport (Incentivise entitled pupils to opt out)	-0.040			-0.040	Green
		1d Digital Transformation, BWOW. T&Cs					
04	GET16	Reducing the costs of business travel	-0.034	-0.031		-0.034	Green
		2a Procurement, Commissioning. Procurement					
17	ETD18	Renegotiate concessionary travel schemes with bus operators	-0.350	-0.350		-0.350	Blue
04	ETD23	Reduction in the number of hired highway vehicles	-0.150			-0.150	Blue
		2b Procurement, Commissioning. Shared Services					
16	ETD08	Collaboration with peer authorities for delivery of specialist minerals and waste services		-0.005		0.000	NA
		3a Income generation, Trading. Sweat the assets					
49	ETD04	Charge people for the advice they receive from us prior to submitting a planning application	-0.010			-0.010	Green
52	ETD07	Charge for site inspection reports for operators of mineral and waste sites	-0.005			-0.005	Green
20	ETD10	Attract and generate new income for Environment services with a view to service becoming cost neutral in the long term.	-0.041	-0.072		-0.041	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
20	ETD11	Attract and generate new income for Historic Environment Services with a view to service becoming cost neutral in the long term.	-0.026	-0.046		-0.026	Green
20	ETD12	Full cost recovery for staff in Smart ticketing project	-0.250			-0.250	Green
20	ETD13	Full cost recovery for delivery of travel plans with developers	-0.050	-0.052		-0.050	Green
49	ETD14	Charge people for the advice they receive from us prior to submitting a planning application - pre-application services	-0.125	-0.150		-0.125	Amber
20	ETD17	Reduce NCC subsidy for park and ride service by ongoing commercialisation.	-0.075	-0.075		-0.075	Amber
20	ETD25	Increased income from delivery of specialist highway services to third parties	-0.050	-0.100		-0.050	Amber
20	ETD28	Generation of external funding and grant programme management efficiencies		-0.100		0.000	NA
		4a Demand Management. Change Standards					
51	ETD06	Scale back planning enforcement	-0.037			-0.037	Green
53	ETD19	Reduce our subsidy for the Coasthopper bus service	-0.075			-0.075	Green
16	WAS06	Harmonisation of statutory recycling credit payments	-0.166			-0.166	Green
62	WAS09	Charge at some recycling centres		-0.280		0.000	NA
63	WAS10	Reduce opening hours at some recycling centres	-0.167			-0.167	Yellow
54	ETD35	Reduce highway maintenance for one year	1.000			1.000	Reversal
		4b Demand Management. Stop Doing Things					
08	ETD27	Review budget allocations for economic development projects	-0.147	-0.090		-0.147	Green
		Sub-total Savings from 2014-17 Budget Round	0.082	-1.506	0.000	0.082	
		1a Digital Transformation, BWOW. Organisation					
NA	EDT001	Management of Vacancies	-0.005			-0.005	Green
		1b Digital Transformation, BWOW. Lean					
3a	EDT002	Review of on call arrangements with Norfolk Fire and Rescue Service	-0.005			-0.005	Green

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
3a	EDT003	Reduce training budget	-0.025			-0.025	Blue
3b	EDT004	Reviewing all of our back office budget and systems to identify savings, e.g. process reviews, without reducing our services	-0.566			-0.566	Amber
3e	EDT005	Introduce LED street lighting	-0.250	-0.750		-0.250	Amber
NA	EDT014	Additional savings Business support	-0.100			-0.100	Green
NA	EDT015	Additional savings LED Street lighting	-0.050			-0.050	Green
NA	P&R045	Inflation claw back across Committees	0.000			-0.145	Blue
		1c Digital Transformation, BWOW. Capital					
3f	EDT007	Use of reserves	-0.500	0.500		-0.500	Blue
		2a Procurement, Commissioning. Procurement					
1a	EDT008	Retendering of waste disposal contracts	-0.834			-0.834	Amber
1a	EDT009	Re-tendering of transport contracts	-0.370			-0.370	Green
1a	EDT012	Savings from new recycling contract	-0.200			-0.200	Green
		3a Income generation, Trading. Sweat the assets					
2a	EDT010	Highways Income	-0.200			-0.200	Green
3f	EDT011	Norfolk Energy Futures return on Investment	-0.050			-0.050	Green
		4a Demand Management. Change Standards					
NA	EDT013	Reduce highways maintenance	-0.385			-0.385	Blue
		Sub-total newly identified Savings	-3.540	-0.250	0.000	-3.685	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	0.000	
		Total Savings	-3.458	-1.756	0.000	-3.603	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Policy and Resources Committee							
		1a Digital Transformation, BWOW. Organisation					
NA		Reduction in redundancy	-2.500			-2.500	Blue
01, 3a	RES10, P&R003	Restructure staff management in Procurement	-0.050	0.000		-0.050	Green
08	RES62	Reduce staff in the Corporate Programme Office	-0.100			-0.100	Yellow
08	RES68	Reduce staff in the HR Reward team	-0.018	-0.018		-0.018	Yellow
08	RES71	Restructure and reduce staff across HR	-0.296	-0.308		-0.000	Red
10	RES80	Restructure the Corporate Resources department to reflect a smaller authority	-0.400			-0.400	Amber
		1b Digital Transformation, BWOW. Lean					
01	RES08	Reduce staff in Procurement by introducing automated document assembly	-0.050			-0.050	Green
11	RES34	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	-0.188	-0.115		-0.188	Green
08	RES63	Reduce spend on properties with third parties	-0.200	-0.100		-0.200	Green
08	RES63	Property saving not delivered (2014-15) £0.150m of £0.300m	0.150			0.150	Reversal
09	RES65	Reduce staff supporting organisational development and learning and development	-0.039			-0.039	Blue
10	RES81	Reduce printed marketing materials		-0.054		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET15	Reducing the costs of employment	-0.440	-0.860		-0.110	Red
04	GET16	Reducing the cost of business travel	-0.017	-0.016		-0.017	Blue
		2a Procurement, Commissioning. Procurement					
02	RES02	One-off ICT saving	0.010			0.010	Reversal

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		3a Income generation, Trading. Sweat the assets					
20	RES64	Increase income from Nplaw	-0.058	-0.051		-0.058	Green
08	RES67	Office moves for some HR teams	-0.015			-0.015	Green
NA		County Hall refurbishment savings	-0.279	-0.751		-0.279	Green
NA		Cross cutting savings	0.194			0.194	Reversal
NA		Reduced cost of borrowing	-0.103	-0.825		-0.103	Blue
NA		New Homes Bonus	-0.910	-1.529		-0.910	Blue
NA		Use of second homes money	-1.200	0.000		-1.200	Blue
		4a Demand Management. Change Standards					
01	RES11	Continued efficiencies in tendering and contract management in Procurement		-0.083		0.000	NA
		4c Demand Management. Change Assumptions					
07	RES57	One-off use of the Communication development reserve	0.122			0.122	Reversal
NA		Use of organisational change reserves (one-off)	3.000			3.000	Reversal
NA		Use of organisational changes reserve (one-off)	1.000			1.000	Reversal
NA		Use of Modern Reward Strategy reserve (one-off)	0.547			0.547	Reversal
NA		Use of Icelandic Bank Reserve (one-off)	1.453			1.453	Reversal
NA		Interest receivable/payable - change to risk appetite (one-off)	4.164			4.164	Reversal
		Sub-total Savings from 2014-17 Budget Round	3.777	-4.710	0.000	4.403	
		1a Digital Transformation, BWOW. Organisation					
3a	P&R002	Service review Communications	-0.060			-0.060	Green
3b	P&R004	Accelerate "self service" for employees/mgrs - HR/Finance/ICT		-0.100		0.000	NA
3b	P&R005	Automate more information and performance reports		-0.050		0.000	NA
3a	P&R006	Further savings for review of shared services organisation	-0.100			-0.100	Yellow

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
3a	P&R007	Reduce management hierarchies in Finance	-0.100			-0.100	Blue
3b	P&R008	Staff savings from new committee management system	-0.020			-0.020	Green
NA	P&R043	Additional Resources saving	-0.500			-0.500	Yellow
		1b Digital Transformation, BWOW. Lean					
1c	EDT006	Centralise control of software licences	-0.250			-0.250	Yellow
1c	P&R012	Introduce a telephone expenses management system and rationalise phone lines and mobile phones	-0.050			-0.050	Yellow
3d	P&R013	Reduce the Chairman's budget	-0.030			-0.030	Blue
3b	P&R014	Courier savings - enforce, bring forward, digitise HR process	-0.030	-0.030		-0.030	Green
3f	P&R015	Review VAT payments made in recent years and seek to reclaim any overspend	-0.100			-0.100	Green
3b	P&R016	Switch off colour printing for shared services staff	-0.020			-0.020	Yellow
3b	P&R017	Further reductions in printing spend	-0.090			0.000	Red
1c	P&R018	Org Change: Reduced ICT spend through single device convergence		-0.625		0.000	NA
1d	P&R019	Reduce expenditure on external venues	-0.100			-0.100	Amber
3a	P&R020	Reduce number of interims and temps	-0.090			-0.090	Yellow
NA	P&R042	Local Welfare Assistance Scheme saving	-0.725			-0.725	Blue
NA	P&R039	Share of £1.7m additional savings 2015-16 (Resources)	-0.320			-0.320	Blue
NA	P&R037	Share of £1.7m additional savings 2015-16 (Finance General)	-0.085			-0.085	Blue
		Efficiency savings (Finance General) to be redistributed	-0.500			-0.161	Blue
		2a Procurement, Commissioning. Procurement					
1c	P&R021	Pay per use ERP			-0.100	0.000	NA
1c	P&R022	New Multi Functional Devices contract 2016		-0.070		0.000	NA

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
1c	P&R023	Optimise car leasing and reduced mileage	-0.300			-0.300	Amber
1c	P&R024	Rationalise applications and centralise all applications spend		-0.100		0.000	NA
1a	P&R025	Corporate Banking project - move to Barclays			-0.035	0.000	NA
NA	P&R038	External Audit Saving	-0.012			-0.012	Blue
NA	P&R041	Insurance (one-off)	-1.000	1.000		-1.000	Blue
3a	P&R001	Rationalise procurement functions across the organisation	-0.060			-0.060	Green
		2b Procurement, Commissioning. Shared Services					
3c	P&R026	Org change: Collaborative working with others (shared services)			-2.000	0.000	NA
		3a Income generation, Trading. Sweat the assets					
3f	P&R033	Interest rate increases	-0.787	-0.990		-0.787	Blue
3f	P&R034	Section 31 Compensation for business rates initiatives	-1.194			-1.194	Blue
1d	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.000	-1.000	-3.000	-1.000	Green
2a	P&R028	Stop all trading that doesn't cover costs or bring in higher revenue		-0.050		0.000	NA
2a	P&R029	Increased income from advertising	-0.050			-0.050	Green
2a	P&R030	Corporate approach to sponsorship & advertising		-0.100		0.000	NA
1b	P&R032	Increased rebate from the Eastern Shires Purchasing Organisation	-0.100			-0.100	Blue
		4c Demand Management. Change Assumptions					
NA	P&R044	County Farms funding (one-off)	-2.000	2.000		-2.000	Blue
		County Farms funding (recurring)	-0.500			-0.500	Blue
		Sub-total newly identified Savings	-10.173	-0.115	-5.135	-9.744	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-1.055	
		Total Savings	-6.396	-4.825	-5.135	-6.396	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Grand Total Savings	-36.721	-28.040	-5.835	-36.721	

Definition of Savings Categories

1a	Org Change - Staffing	Savings achieved through the restructuring of staff. E.g. a management restructure.
1b	Org Change - Systems	Savings achieved through better processes resulting in the same service delivered at a lower cost. E.g. reduction in systems cost or reducing training budget.
1c	Capital	Savings achieved through better use of the assets we have at our disposal. E.g. use of more cost effective fire vehicles.
1d	Terms & Conditions	Savings achieved through review of staff terms & conditions.
2a	Procurement	Savings achieved through procuring more cost effective agreements with suppliers.
2b	Shared Services	Savings achieved through sharing services with other organisations
3a	Income and Rates of Return	Savings achieved through generating more from current processes. E.g. Income generation or reduced cost of borrowing.
4a	Reducing Standards, including eligibility	Savings which result in a reduced service for customers.
4b	Cease Service	Savings from the ceasing of a service.
4c	Assumptions under Risk Review	Savings from the identification of factors that may reduce costs. E.g. reduced retirement costs for teachers.

Glossary and terminology

The Council (and public sector bodies in general) use a range of financial terms that sometimes differ from their use in private sector businesses, and more general usage.

This is a quick guide to some of the more important terms that we use in Norfolk County Council.

CIPFA

Chartered Institute of Public Finance & Accountancy. The organisation sets out best practice for financial accounting in public bodies, including the categorisation of *income & expenditure*.

Cost centres & subjective analysis	<p>All expenditure and income is allocated both a cost centre code and a subjective code.</p> <p><i>Cost Centre:</i> A cost centre is an area of the budget to which income and expenditure can be attributed, and generally relates to a service area.</p> <p><i>Subjective code:</i> Subjective codes describe types of spend, and are common across the authority.</p> <p>For example when Aylsham Library buys paper for its photocopier, it is recorded in the accounting system first by the library's unique <i>cost centre</i> - LL4800, then by <i>subjective code</i> 46500 - 'Printing, stationery and photocopying'.</p>
Council Tax	<p>Council Tax is a key source of locally raised income for the County Council. It helps make up the difference between the amount a local authority needs to spend and the amount it receives from other sources, such as business rates, government grants and fees and charges.</p> <p>For 2015-16, local taxpayers will contribute £318.428m Council Tax to County Council services.</p>
Earmarked reserves	<p>Earmarked reserves are money held by the Council in reserve for specified reasons. Some reserves can only be used for specific purposes, usually following the receipt of conditional grants which have to be re-paid if not spent for the intended purpose. However, this does not apply to the majority of the council's earmarked reserves.</p>
Finance General	<p>The area of the budget that is not directly attributable to a specific department; covering such expenditure as pension fund losses, capital financing costs, and audit fees. It also includes income such as general government grants, business rates income, and interest from investments.</p>
Financial Years	<p>The Council's financial year runs from April to March.</p> <p>Prior to the start of each financial year, the Council produces a balanced budget as part of a three year medium term financial strategy.</p> <p>During the year, monthly monitoring reports showing forecast outcomes for each service are presented to the Council's Policy and Resources Committee.</p> <p>At the end of the financial year, closing accounting adjustments are made, and Statutory financial statements are produced, audited, and published in September.</p>
General balances	<p>The general balance is money held in reserve by the Council that is not allocated to any specific purpose, i.e. is not part of <i>earmarked reserves</i>. The minimum level of general reserves required by the authority to meet unforeseen contingencies is calculated each year, and the balance set aside accordingly.</p>
Medium Term Financial Strategy (MTFS)	<p>The Medium Term Financial Strategy covers three years 2015-18 and brings together all of the elements that are considered as part of the robust planning process. The latest MTFS was presented to County Council in February 2015, and included revenue and capital budgets and estimates covering three financial years.</p>

Monitoring and forecasting	<p>The Council's finance systems work on monthly cycles. At the end of each month, responsible budget officers throughout the authority are asked to monitor their budgets and provide a forecast showing whether they are likely to over or under-spend against their budget during the year as a whole.</p> <p>The sum of this information is then considered by senior management, and the resulting net position for each service is summarised in this report.</p>
National non-domestic rates (NNDR)	<p>The business rate in the pound is the same for all non domestic rate payers and is set annually by the Government.</p> <p>Since April 2013, Councils have no longer received Formula Grant, but instead received funding from a mix of locally retained business rates and government grants that are allocated from centrally retained business rates.</p> <p>The business rates retention scheme provides incentives for local authorities to increase economic growth, through retention of a share of the revenue generated from locally collected business rates.</p>
Net & gross	<p>The cumulative total of all planned <i>revenue</i> spending for a year is known as the <i>gross expenditure</i>. NCC's income comes from a variety of sources - central government grants, customer receipts, locally retained Business Rates (also referred to as National Non Domestic Rates or NNDR). The difference between the income from these sources and the <i>gross expenditure</i> is known as <i>net expenditure</i>, and is the amount NCC needs to collect in Council Tax each year.</p>
Provisions	<p>A provision is an amount which the authority is likely to have to pay out, but is of uncertain timing and/or amount. The Council's largest provisions relate to insurance and closed land-fill sites. In both cases historic and current data are used to calculate the appropriate provision carried forward each year.</p>
Revenue & capital	<p>Capital and revenue income and expenditure in local government are clearly defined and must be recorded separately. Day-to-day spending on supplies (for example paper for printers) and services (for example window cleaning) is classed as <i>revenue</i> expenditure.</p> <p>One-off spending which results in a new asset, or which improves an asset, is classed as <i>capital</i> expenditure. Capital grants may only be spent on capital expenditure. Also, income generated by the sale of any assets is classed as a capital receipt, and if not used to re-pay debt may only be spent for capital purposes. A more extensive definition is given in the separate capital monitoring report</p> <p>Income from, for example, the sale of services, revenue grants and business rates is classed as <i>revenue</i> income and may be spent for revenue or capital purposes.</p>

Policy and Resources Committee Item 6b

Report title:	2015-16 Finance monitoring report August 2015
Date of meeting:	26 October 2015
Responsible Chief Officer:	Executive Director of Finance
Strategic impact The Annexes to this report summarise the Period 5 (August 2015) forecast financial outturn position for 2015-16, to assist members maintain an overview of the overall financial position of the Council, including the budgets for which this committee is directly responsible.	

Executive summary

This report gives details of the forecast position for the 2015-16 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2016, together with related financial information. The report also provides a brief commentary on Resources and Finance budgets which are the responsibility of this Committee.

Members are asked to:

- **note the period 5 forecast Revenue overspend of £8.755m (previous period 4, overspend £10.807m) on a net budget of £318.428m, as set out in Appendix 1;**
- **note the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;**
- **note the revised expenditure and funding of the 2015-18 capital programme as set out in Appendix 2;**
- **note the forecast financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 3.**

1. Introduction

On 16 February 2015, the County Council agreed a net revenue budget of £318.428m. At the end of each month, officers prepare financial forecasts for each service including forecast expenditure and the planned impact on earmarked reserves.

2. Evidence

Three appendices are attached to this report:

Appendix 1 summarises the forecast revenue outturn position, including:

- Forecast over and under spends within each Service
- Forecast reserves balances
- Changes to the approved budget
- The impact of planning assumptions
- Treasury management
- Payments and debt performance

Appendix 2 summarises the forecast capital outturn position, and includes

- Changes to the capital programme
- Future years capital programmes
- Forecast and actual income from property sales
- Capital programme funding
- Other information relating to capital expenditure.

Appendix 3 summarises the forecast outturn for budgets which are the responsibility of the Policy and Resources Committee, including forecasts and other information relating to:

- Resources budgets
- Finance and property budgets
- Finance General budgets.

3. Financial Implications

As stated above, the forecast revenue outturn for 2015-16 is an **overspend** of **£8.755m**, on a net budget of £318.428m. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers will explore measures to reduce or eliminate potential over-spends in-year, for example by reducing expenditure to minimise the call on reserves.

The Council's capital programme for 2015-18 totals £535m.

4. Issues, risks and innovation

Risk implications

4.1 Specific risks are summarised in the Council's corporate risk register which is being refreshed, and which will be presented to this Committee in October as part of the Performance and Risk report. Work currently being undertaken will augment the risk register with additional financial information including:

- Scope of the Council budget covered
- Potential savings plans exposed to risk
- Resources (in terms of budget and personnel) deployed to the risk mitigation tasks
- Potential value of fines or loss where applicable.

5. Background

- 5.1 Having set a revenue and capital budget at the start of the financial year, the Council needs to ensure service delivery within allocated and available resources, which in turn underpins the financial stability of the Council. Consequently there is a requirement to regularly monitor progress so that corrective action can be taken when required.

Officer Contact

If you have any questions about the matters contained in this paper please get in touch with:

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Appendix 1: 2015-16 Revenue Finance Monitoring Report Month 5

Report by the Executive Director of Finance

1 Introduction

1.1 This report gives details of:

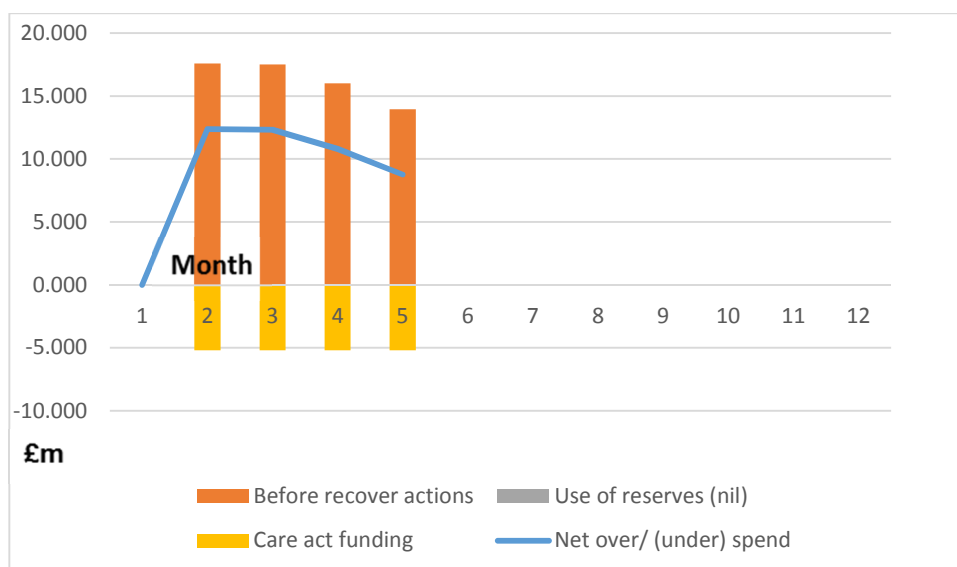
- the latest monitoring position for the 2015-16 Revenue Budget
- forecast General Balances and Reserves at 31 March 2016 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

2.1 At the end of August 2015 (month 5):

Revenue expenditure is forecast to **overspend** by **£8.755m** (after identified recovery actions), on a net budget of £318.428m. The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2015-16, by month, after recovery actions and approved use of reserves: Month 5 forecast overspend of £8.755m (month 4 £10.807m).



The main reasons for the forecast overspend remain as follows

- In Adult Social Services, the overspend is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings.
- Within Children's Services, Looked After Children numbers remain high with resulting financial pressures. One-off corrective actions have significantly reduced the forecast overspend this month.

2.2 General Balances are forecast to be £19.200m at 31 March 2016, before taking into account any forecast under/overspends.

2.3 The Council has earmarked revenue reserves which are forecast to be £41.182m at 31 March 2016. The plan for 2015-16 predicted reserves of £32.341m (Budget Book page 144), so the forecast outcome remains broadly in line given a relatively high level

of grants and contributions brought forward. The Council separately holds Reserves in respect of Schools forecast to be £34.761m at 31 March 2016.

3 Agreed budget, changes and variations

- 3.1 The 2015-16 budget was agreed by Council on 16 February 2015 and is summarised in the Council's Budget Book 2015-18. A summary of the budget by service is as follows:

Table 1: 2015-16 original and revised net budget by service

Service	Approved net base budget	Opening budget this period	Changes in P5 August 2015	Revised budget
	£m	£m	£m	£m
Adult Social Services	242.197	242.105	-0.384	241.721
Children's Services	174.531	174.242	-0.309	173.933
Community and Environmental Services	156.310	172.021	-1.375	170.646
Resources	38.299	23.206	-0.025	23.181
Finance and Property	13.130	13.162	2.093	15.255
Finance General	-306.039	-306.308	0.000	-306.308
Total	318.428	318.428	-	318.428

- 3.2 The Council's total net budget has not changed during the year to date.
- 3.3 Some budget movements have taken place between services during the accounting period: these related to the re-allocation of Building Maintenance budgets from services to the Corporate Property team to reflect operational arrangements.
- 3.4 Following County Council's decision to allocate £0.500m monies to Adult Social Care the Council was required to find additional efficiency savings of £0.500m in 2015-16. Following the 20 July meeting of this committee this saving will be achieved through clawing back inflation allocated in the 2015-16 budget to reflect CPI being 0% in June 2015 compared to the 2% used for budget inflation forecasts. The adjustment is allocated as follows:

Committee	Inflation adjustment £m
Adults	0.019
Children's Services	0.079
EDT	0.145
Communities	0.095
Policy and Resources	0.161
	0.500

The virement to reflect this will be actioned in period 6 (September 2015).

4 Control of growth, cost pressures and savings targets

- 4.1 **Planning assumptions:** The key cost pressures identified during the preparation of the 2015-16 budget (budget book page 10) are shown in the following table along with a brief narrative showing the status in each:

Table 2: 2015-16 key planning pressures

Key planning assumptions	Impact £m	Status
Pay and price inflation – in particular pressures relating to third party contracts.	10.904	The general price inflation rate of nil% in the year to August 2015 (July 0.1%) is lower than forecast at the time of budget setting. Budgets have been adjusted to reflect lower inflation in order to fund £0.5m priorities agreed at February County Council. Agreed pay increases are in line with budget assumptions.
Demand / Demographics – pressures through both the age profile of the county and through changes to need, including supporting looked after children.	21.230	Long term demographic pressures still apply. The forecast cost of supporting looked after children continues to result in a significant forecast overspend over and above the budgeted impact.
Legislative requirements – including implementation of the Social Care Act 2014, new responsibilities for social care in prisons, and the impact of conversions of schools to academies.	13.113	Financial pressures resulting directly and indirectly from legislative changes are expected to have the predicted impact on budgets, including the costs of early assessments of service users who fund their own care which have been introduced in 2015-16.

- 4.2 **Savings targets:** The key savings targets required for the preparation of a balanced 2015-16 budget are addressed in a separate report to this committee.

5 Revenue outturn – forecast over/underspends

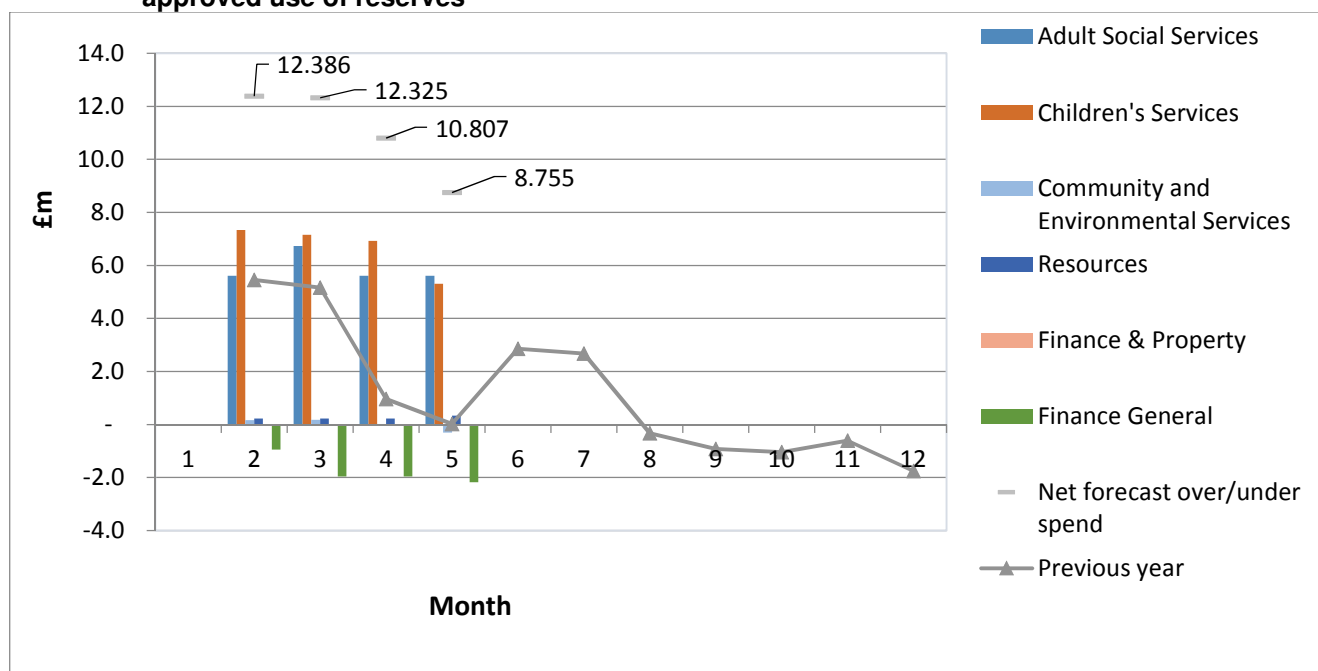
- 5.1 Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all of their cost centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget is achieved for the year.
- 5.2 The latest projection for the 2015-16 revenue outturn shows a net projected overall **overspend** of **£8.755m**, after identified recovery actions and anticipated use of earmarked reserves.
- 5.3 Details of all projected under and over spends for each service, together of areas where mitigating action is being taken, are shown in the final section of this report, and are summarised in the following table:

Table 3: 2014-15 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Adult Social Services	241.721	5.608	2.3%	A
Children's Services	173.933	5.305	3.1%	R
Community and Environmental Services	170.646	-0.308	-0.2%	G
Resources	23.181	0.331	1.4%	G
Finance	15.255	-		G
Finance General	-306.308	-2.181	0.7%	G
Totals	318.428	8.755	2.7%	A

- 5.4 The following chart shows service outturn projections by month:

Chart 2: service revenue outturn projections 2015-16, by month, after recovery actions and approved use of reserves



The main reasons for the forecast overspend are as follows:

- **Adult Social Services:** the overspend is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings resulting in a forecast gross overspend of £10.8m. The overspend has been partially off-set by the use of new funding for implementing the Care Act of £5.2m resulting in a net forecast overspend of £5.6m.

The department is taking rigorous recovery action to reduce in-year spending as far as possible, including the following actions:

- Prioritise the use of Norsecare block purchased beds
- Only fund a residential or nursing home placement in each locality when two placements have been released
- Temporary residential placements should only be used where a clear plan exists for the service user to return home and the placement only authorised for the period in the plan.
- Personal Budgets should only be used to meet any unmet eligible social care need.

Detailed explanations of variances can be found in the 2015-16 ASC Finance Monitoring Report Period 5 (August) presented to 12 October ASC Committee.

- **Children's Services:** The Children's Services forecast overspend has reduced by £1.6m this month. This is due to a number of corrective actions which will result in a one-off impact this financial year. These actions include optimising the use of early years funding and conditional grants. A full list of actions and their impact is shown in the Children's Services Integrated Performance and Finance Monitoring Report presented to 20 October Children's Services Committee.

Overall, the number of Looked After Children has not reduced as quickly as originally planned, with resulting financial pressures in agency residential, agency fostering and in-house fostering costs. The final implementation date for a new staffing structure has meant a pressure on the agency social worker budget, and there is a forecast overspend for additional support costs for care leavers.

- **Resources:** at the end of month 5, there is a forecast overspend relating to a decision to delay charging staff to use the County Hall car park. A proposal for car park charging was discussed at the 1 September 2015 meeting of this committee, at which members agreed to convene a small group to examine options for managing parking at County Hall. This group will report back to Policy and Resources Committee in November.

5.5 The forecast for our largest areas of risk and expenditure (Children's and Adults placement budgets) are built upon detailed models. The overspend on these models is then reduced by evidenced actions to deliver savings or reductions in the overspend itself. Officers are working on such actions and as such it is expected that the overall forecast overspend will reduce as we move further through the year.

5.6 **Potential cost pressures and potential improvements not reflected in forecasts:**

ASC judicial review

The Council has received a claim for a Judicial Review of a fee uplift decision made by the Council, at the Adult Social Care Committee on 9 March 2015, in respect of care charges. The application for judicial review was submitted to the High Court in early June 2015. A report discussing the Costs of Care in Adult Social Service was presented to the 7 September Adult Social Care Committee.

Review of accounting treatment for notional debt repayment

A number of other authorities have revisited their MRP policy and this has resulted in a significant budget savings. Officers are aware of numerous other authorities who are proposing to amend their policy, and a revised policy has been tabled for consideration at 19 October County Council.

6 General balances and reserves

General balances

- 6.1 On 16 February 2015 Council agreed the recommendation from the Executive Director of Finance that a minimum level of General Balances of £19.2m be held in 2015-16, an increase of £0.200m. General Balance levels at 31 March 2016 are estimated as follows.

Table 4: forecast general balances

	£m
General Balances 1 April 2015	19.000
Use of funds for one-off purposes: Increase in General Balances (Budget Book 2015-18 page 117)	0.200
Latest forecast General Balances at 31 March 2016	19.200

The forecast does not take into account any current year projected over/under spends.

Earmarked reserves balances and forecasts

- 6.2 A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. The plan for 2015-16 predicted reserves of £32.341m (Earmarked reserves - non schools, Budget Book page 144), and the forecast outcome below is in line. The Council carries a number of reserves with totals as follows:

Table 5: actual and forecast revenue reserves

	Balances 31 March 2015 after year end adjustments (relate to services rather than committees)	Previous period 31.3.16 forecast	Latest forecast balance 31.3.16
	£m	£m	£m
Earmarked reserves - non schools			
Adult Social Services	8.748	2.586	2.203
Children's Services	5.403	2.668	2.668
CES	26.478	17.300	17.368
Resources	14.651	5.694	6.880
Finance and Property	0.967	0.168	0.452
Finance General	12.235	11.275	11.611
	68.483	39.691	41.182
Earmarked reserves - schools			
Schools - LMS balances	22.545	18.209	18.209
Schools - other reserves	17.301	17.404	16.552
Total schools reserves	39.846	35.613	34.761
Total Reserves	108.329	75.304	75.943

Note: forecasts in table above exclude accounting provisions, so differ from reserves and provisions figures quoted in service committee reports.

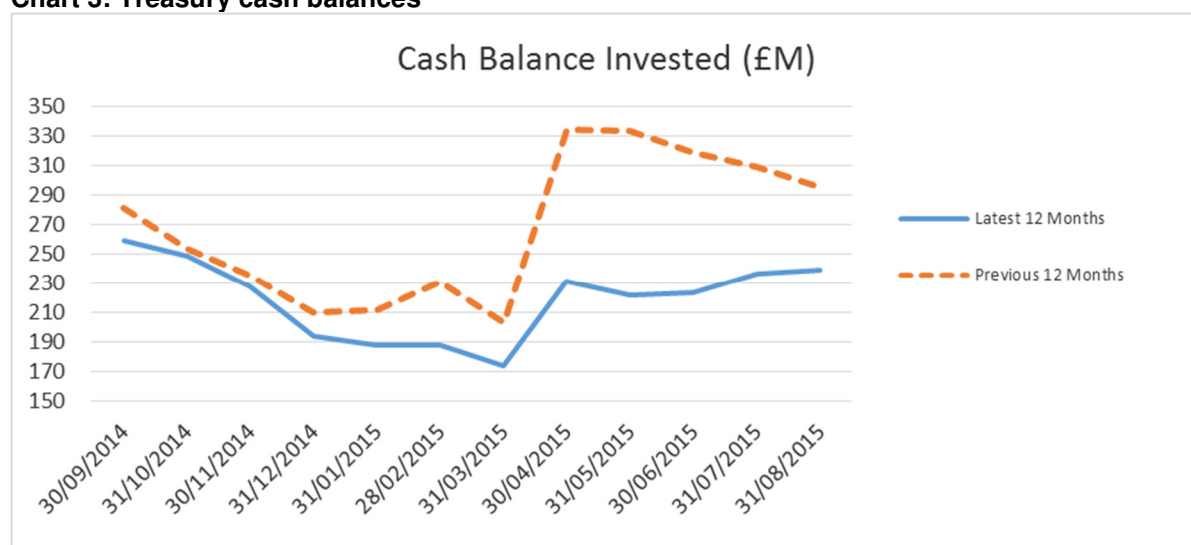
- 6.3 ASS reserves are forecast to reduce by over £6m, due mainly to full use of the service IT and Residential Review reserves totalling £3.2m to offset demand pressures within Purchase of Care, approved as part of the 2015-16 approved budget, plus £2.7m planned expenditure from grants and contributions brought forward, and £0.7m from the Prevention fund. Since the last period, a further investment of £0.4m is anticipated to enhance the capacity in the reablement service to ensure more service users are reabled before a long term package is put in place.
- 6.4 Children's Services forecast net use of reserves is unchanged since the previous period. The year on year change represents forecast use of various reserves, including significant use of grants and contributions brought forward from 2014-15.
- 6.5 Net reserves use is forecast across the majority of CES services. This includes significant use of the apprenticeship scheme and capital sustainability reserves with only minor changes to the forecast since period 4.
- 6.6 Resources reserves show a forecast reduction, primarily due to the planned use of £5.9m of ring-fenced Public Health monies and the projected use of £1.1m (previous forecast £2.3m) from the General IT fund towards the DNA project.
- 6.7 The total forecast for Finance plus Finance General reserves has reduced due a reduction in the forecast use of the Organisational Change and Redundancy Reserve. Property related reserves totalling £0.284m have been moved from Finance General to Finance and Property in the table above.

7 Treasury management

- 7.1 The corporate treasury management function ensures the efficient management of all the authority's cash balances.

The graph below shows the level of cash balances over the latest 12 months (against a comparison for the previous 12 months). The spike in April 2014 reflects the front loading of Business Rates Retention and Revenue Support Grant (half of the £246m annual total received in one month), whereas the current year's receipts will be more evenly distributed through the year.

Chart 3: Treasury cash balances

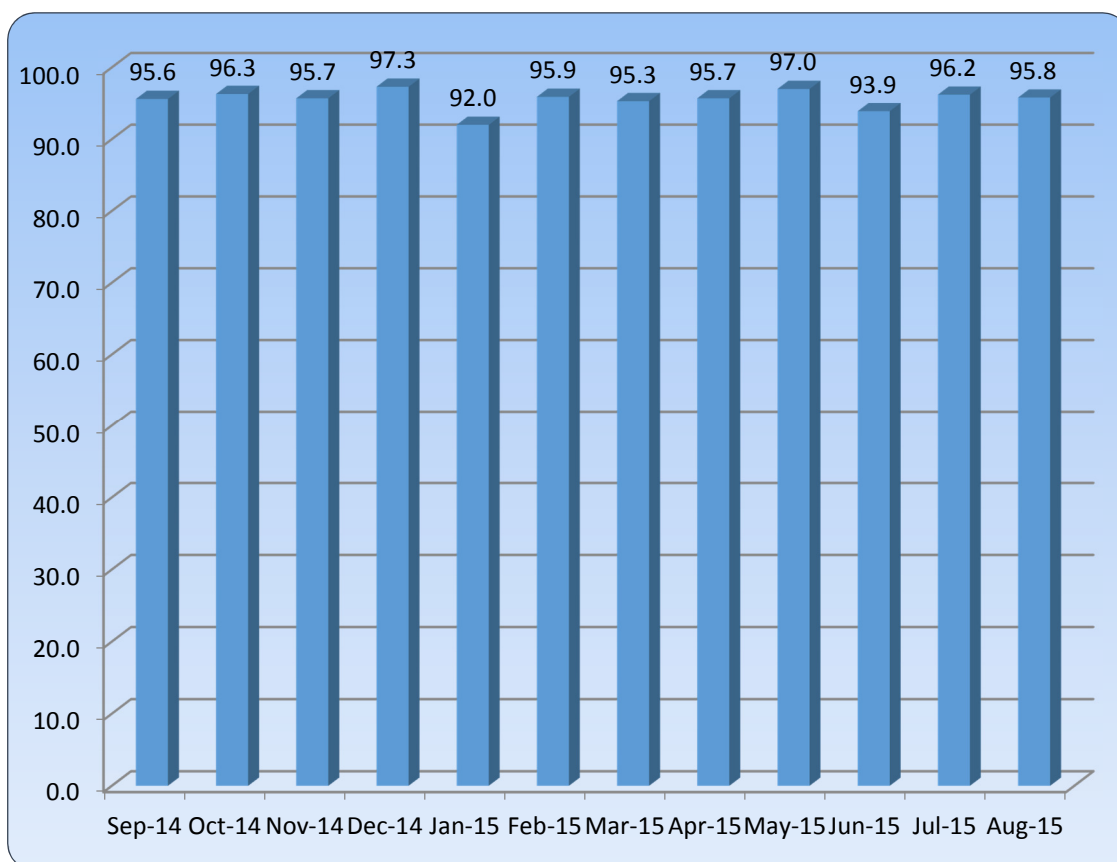


Gross interest earned for the period 1 April 2015 to 31 August 2015 is £0.670m.

In accordance with the approved 2015-16 Investment Strategy, the County Council continues to delay new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk.

8 Purchase and payment performance

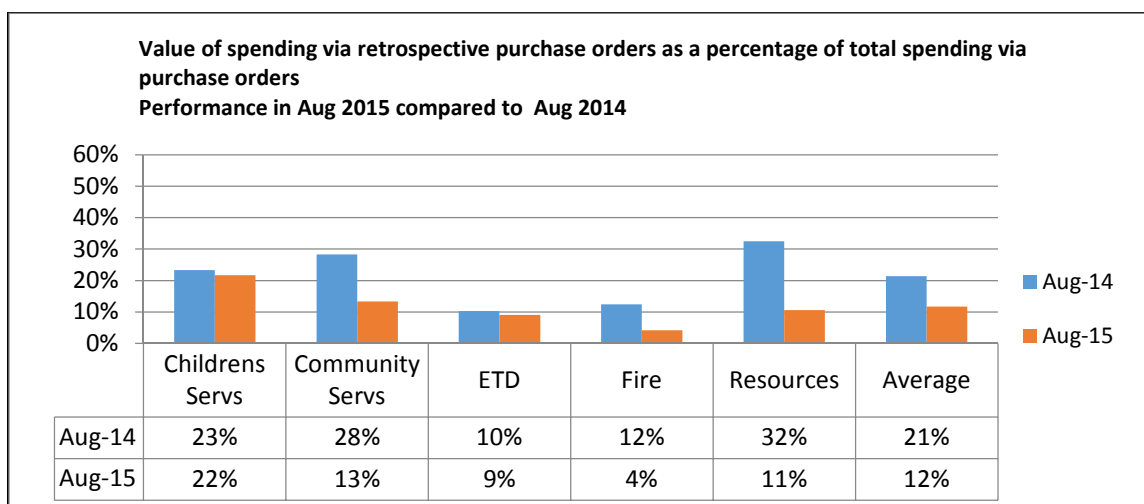
- 8.1 **Payment performance:** approximately 420,000 invoices are paid annually. In August 2015 95.8%, (July 96.2%) were paid within a target of 30 days from receipt, against a target of 90%. The percentage has not dropped below 92% in the last 12 months, as shown in the graph below.

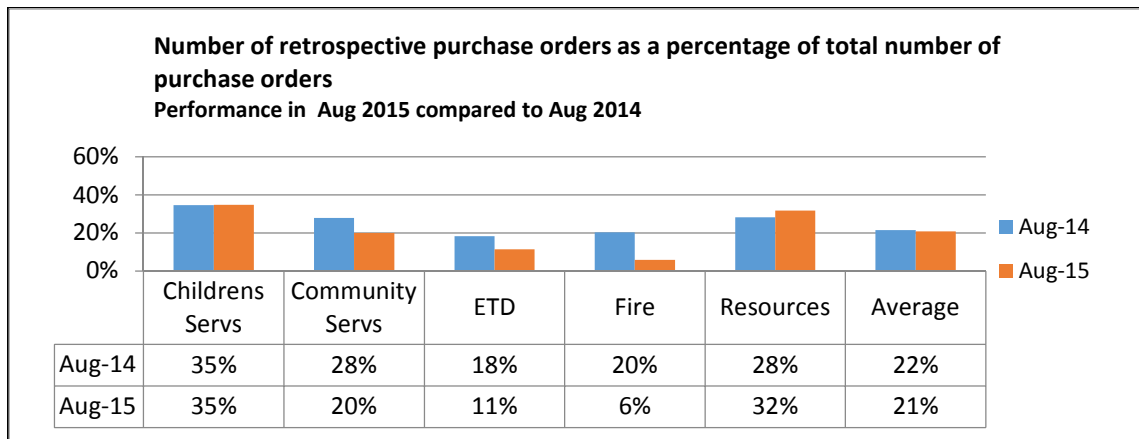


*Note: The figures include an allowance for disputes/exclusions.

- 8.2 **Purchase order performance:** compared to the same month last year, the proportion of orders which are retrospective has decreased from 28% to 21%, or 12% by value. The industry average by number is 22%, the current interim internal target.

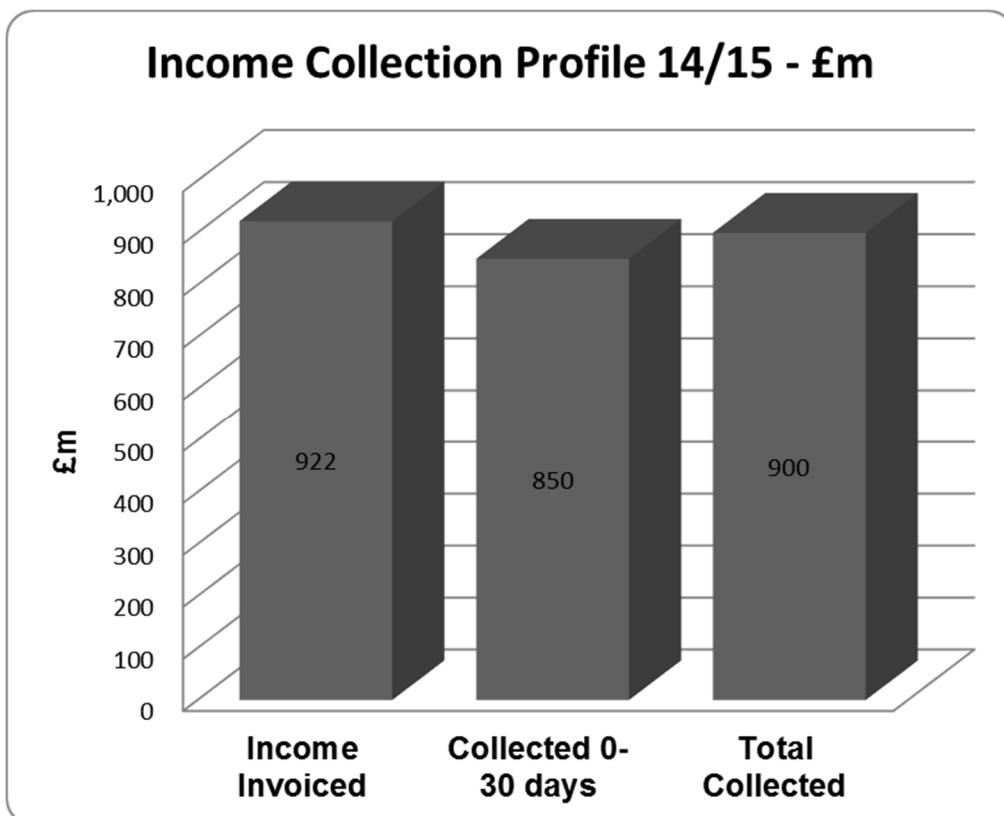
The tables below reflect the progress made against the Council's objective to minimise and ultimately eradicate retrospective purchase orders: i.e. orders raised after the invoice has been received.





9 Debt recovery

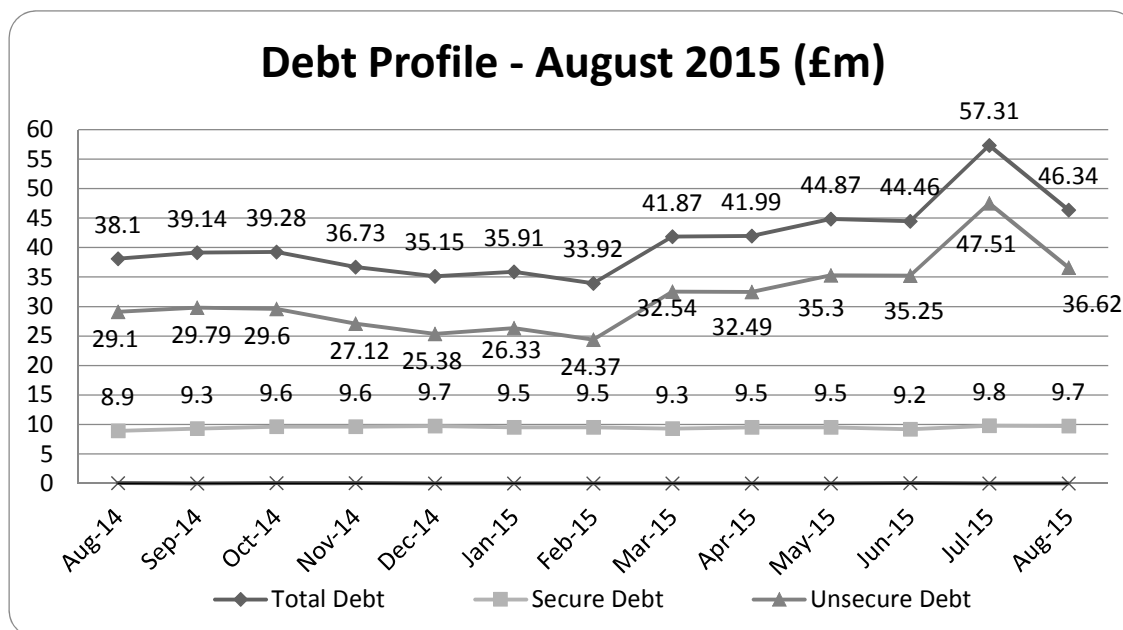
- 9.1 **Introduction:** Each year the County Council raises over 130,000 invoices for statutory and non-statutory services totalling over £920m. The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council. In 2014/15 92% of all invoiced income was collected within 30 days of issuing an invoice, and 97% was collected overall as shown in the following chart:



9.2 Debt collection performance measures

- Collection performance for August 2015: 91% (July 91%) of invoiced income, measured by value, was collected within 30 days
- Levels of outstanding debt – secured £9.7m and unsecured £36.62m (July 2015 £9.8m & £47.5m respectively). The majority of unsecured debt relates to social care (£25.44m).

9.3 The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council. The level of debt is shown in the following table:



9.4 The “spike” in July related to amounts due from CCGs, the majority of which was for shared care, continuing care, free nursing care and Better Care Pooled Fund. As can be seen, the majority of these additional debts were collected in August.

9.5 **Debt write-offs:** Service departments are responsible for funding their debt write offs. Once the debt is written off the amount of the write off is reflected a) in the service department’s budget through the reversal of the income from the transaction or b) where a service has set up a bad debt provision (for example Adult Social Services) the provision is used to fund the write-off. Details of the recovery actions taken prior to any debt being written off were reported to the September meeting of this committee – Finance Monitoring Report Appendix 1 section 9.

9.6 For the period 1 April to 31 August 2015, 255 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £125,345.05.

9.7 One debt over £10,000 identified for write off in 2015-16 has been subject to Policy & Resources Committee approval. This debt totalled £16,507.73.

Revenue Annex 1

Projected revenue outturn by service analysis

The latest projection for the 2015-16 revenue budget shows a net projected overall variance as follows:

Table A1a: projected revenue over and (under) spends by service

Service	Revised Budget	Service total projected over spends	Service total projected (under) spends	Net total over / (under) spend	%
	£m	£m	£m	£m	
Adult Social Services	241.721	12.188	-6.580	5.608	2.32%
Children's Services	173.933	9.062	-3.757	5.305	3.05%
Community and Environmental Services	170.646	0.167	-0.475	-0.308	-0.18%
Resources	23.181	0.331	-	0.331	1.43%
Finance and Property	15.255	-	-	-	
Finance General	-306.308	0.488	-2.669	-2.181	0.71%
Totals current month	318.428	22.236	-13.481	8.755	2.75%
Previous month	318.428	21.705	-10.898	10.807	3.4%

Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Where overspends are forecast, it may be necessary to identify remedial action, alternative sources of funding, or to plan draw on reserves. The £5.2m remedial action / use of reserves shown above relates to the use of Care Act funding not specifically allocated when budgets were approved.

Reconciliation between current and previously reported underspend

Table A1b: monthly reconciliation of over / (under) spends

	£m
Forecast 2015-16 over/(under)spend previous report	10.807
Movements in current period - summary	
Adult Social Services	0.000
Children's Services	-1.615
Community and Environmental Services	-0.329
Resources	0.111
Finance and Property	
Finance General	-0.219
Latest forecast over / (under) spend after use of reserves	8.755

The net over / underspend is a result of a range of underlying forecast over and underspends which are listed on the following pages and which are the subject of detailed monthly monitoring within services.

Projected revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Adult Social Services			
Central Services – Business Development		-0.361	-0.050
Commissioning, including Supporting People	1.328		0.010
Management, Finance and Transformation	0.056		0.032
Human Resources		-0.200	
Income from Service users		-0.819	-0.294
Early Help and Prevention	0.344		0.155
Safeguarding	10.457		0.144
Other minor items	0.003		0.003
Over / (under) spend before recovery actions	12.188	-1.380	0.000
	10.808		
Application of Care Act funding		-5.200	
Forecast total for Adult Social Services	12.188	-6.580	0.000
Over / (under) spend after recovery actions and approved use of reserves	5.608		

Children's Services	Projected over spend	Projected under spend	Change this month
Spending increases and reductions	£m	£m	£m
LAC agency residential costs	3.677		0.027
LAC agency fostering	1.412		-0.080
Additional in-house fostering costs due to the "staying put policy"	0.856		0.081
Additional cost of fostering recruitment	0.060		
Additional cost of purchasing adoption out county placements	0.130		
Additional residence/kinship costs	0.378		0.070
Additional cost of care leavers independent living support	1.000		
Additional number of Boarding Pathfinder placement	0.049		-0.018
Additional cost of agency social workers and NIPE social workers	1.500		-0.150
Reduced cost of Early Years & Childcare Service		-0.400	
Savings on Information Advice and Guidance Service vacancies		-0.450	
Capitalisation of school broadband costs		-0.176	
Additional school attendance court fine income		-0.160	
Savings on business support staff vacancies		-0.475	
Reduced cost, school staff redundancies/retirement scheme		-0.356	
Reduced LAC legal costs		-0.195	
One-off corrective actions			
Educational Psychology Income		-0.100	-0.100

Support for Children with Disabilities		-0.200	-0.200
Vacancy Management		-0.140	-0.140
2 year old trajectory funding		-0.890	-0.890
Use of conditional grants		-0.215	-0.215
Forecast outturn for Children's Services	9.062	-3.757	-1.615
	5.305		

Community and Environmental Services	Projected over spend	Projected under spend	Change this month
Highways and Transport Services		-0.282	-0.282
Environment and Planning – Energy and Waste: Overspend as the budgeted change in HWRC hours is not going ahead	0.167		
Economic Development and Strategy		-0.090	
Business Development and Support		-	
Cultural Services		-	
Customer Services		-	
Community Safety & Fire		-0.103	-0.047
Forecast out-turn for CES	0.167	-0.475	-0.329
		-0.308	

Resources, Finance and Finance General	Projected over spend	Projected under spend	Change this month
Resources	£m	£m	£m
Director of Resources – County Hall car park income	0.524		0.304
Policy and Performance		-	
Procurement	0.001	-	0.001
Human Resources	-0.194	-	-0.194
Consultation		-	
Nplaw		-	
ICT		-	
Net forecast outturn for Resources	0.331	-	0.111
	0.331		
Finance and Property			
Finance		-	
Property		-	
Net forecast outturn for Finance and Property		0.000	
Finance General			
Adjustment to forecast interest on balances (see Appendix 3)		-1.596	-0.219
Adjustment to minimum revenue provision to reflect re-profiling of schemes to be funded from borrowing in the capital programme		-1.073	
Additional costs arising from 2013-14 transfer of Norse pension liabilities due to Norse now having fewer members in the Local Government Pension Scheme.	0.488		
Net forecast outturn for Finance General	0.488	-2.669	-0.219
		-2.181	

Norfolk County Council

Appendix 2: 2015-16 Capital Finance Monitoring Report Month 5

Report by the Executive Director of Finance

1 Capital Programme 2015-16 Period 5 (August) Position

- 1.1 The 2015-16 Capital Programme was approved by the County Council on 16 February 2015 and is published in the Council's 2015-18 Budget Book.
- 1.2 Subsequent to the approval of the 2015-16 Capital Programme, there has been further reprofiling and other changes reported to Policy and Resources Committee resulting in the updated opening position below, which was reflected in the outturn report.
- 1.3 Following this opening position, the capital programme has undergone further revisions as summarised in Table 2.
- 1.4 The latest revised programme totals £534.524 m, made up of:

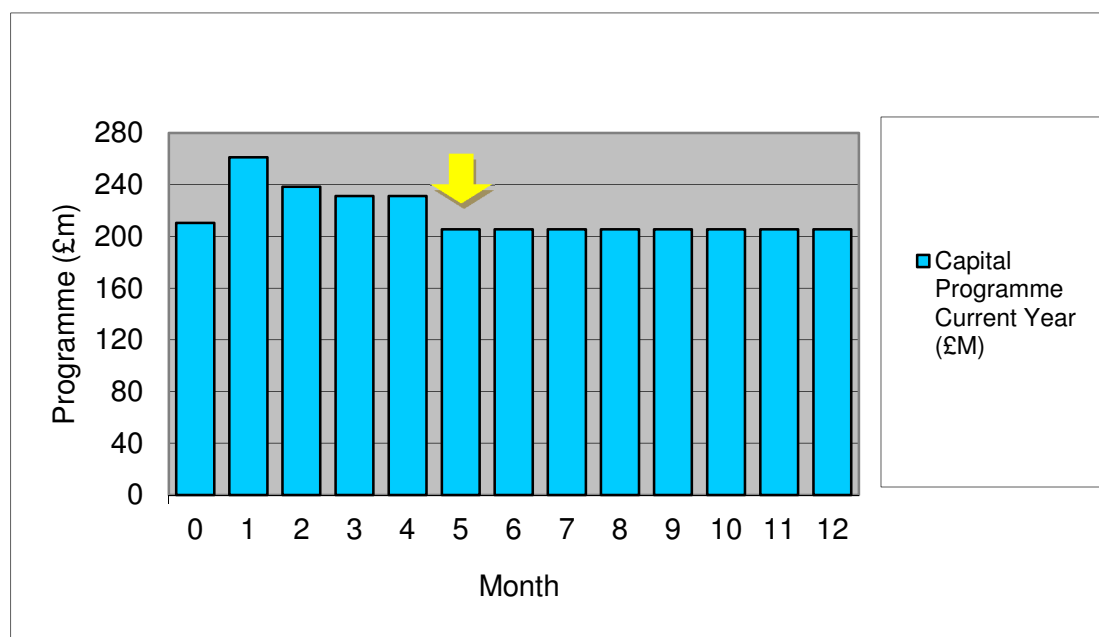
Table 1: Revised Capital Programme

	2015-16	2016-18
	£m	£m
New schemes approved February 2015	38.982	136.281
Previously approved schemes	171.521	92.149
Totals in 2015-18 Budget Book	210.503	228.430
Re-profiling at financial year end	39.070	3.338
Other Adjustments, including adjustments to indicative funding settlements	11.511	36.897
Capital Programme Opening Position	261.083	268.665
Previously approved reprofiling	-36.037	36.037
Other movements previously approved	6.042	0.000
Totals previous period	231.088	304.702
Re-profiling this period	-25.310	25.310
Other movements to be approved	-0.267	-1.000
Revised capital programme forecast outturn	205.512	329.012
Total		534.524

- 1.5 Schools schemes totalling £25.3m have been re-profiled from 2015-16 into future years to reflect their likely timing.

- 1.6 The following chart identifies the cumulative effect of the changes to date on the capital programme.

Chart 1: Capital Programme changes to date 2015-16 at period 5



- 1.7 Month "0" represents the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2014-15. The arrow at Month 5 shows the latest position.
- 1.8 The table below provides a high level view of how the revised 2015-16 programme is made up for each service:

Table 2: Revised capital programme 2015-16

Service	Opening Capital Programme 2015-16 £m	Cumulative Changes To Date £m	Reprofiling To Be Approved £m	Other Changes To Be Approved £m	2015-16 Capital Programme £m	Forecast Outturn £m	Over / (Under)spend £m
Children's Services	100.392	-11.151	-25.268	-0.267	63.706	63.706	0.000
Adult Social Care	8.733	0.040			8.774	8.774	0.000
Community & Environmental Services	116.003	-13.935	-0.042	0.003	102.029	102.354	0.326
Resources	17.989	-4.953			13.036	12.989	-0.047
Finance	17.966	0.004		-0.003	17.967	17.741	-0.226
Total	261.083	-29.995	-25.310	-0.267	205.512	205.564	0.053
		231.088		-25.577			0.000

Note: the table above may be subject to a small number of rounding differences

- 1.9 Reprofiling and other changes to schemes are identified in further detail in Capital Annex 1.

1.10 The revised programme for future years (2016-17 and 2017-18) is as follows:

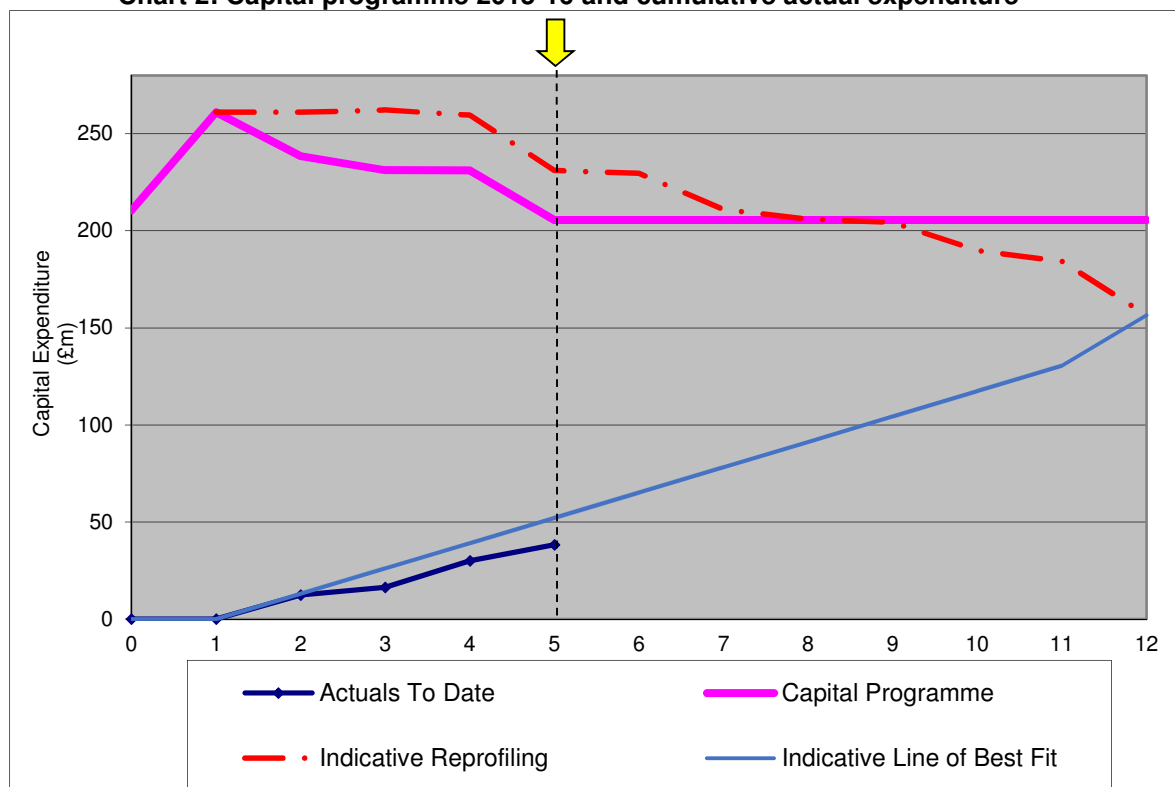
Table 3: Capital programme 2016-18

Service	Forecast for 2016-18 at end of July 2015 £m	August Reprofiling (from 2015-16) £m	Other Movements £m	Revised 2016-18 forecast at end of August 2015 £m
Children's Services	88.939	25.268	-1.000	113.207
Adult Social Care	4.013	0.000	0.000	4.013
Community & Environmental Services	187.450	0.042	0.000	187.492
Resources	22.100	0.000	0.000	22.100
Finance	2.200	0.000	0.000	2.200
TOTAL	304.702	25.310	0.000	329.012

2 Actual Spend and Progress on Capital Programme

2.1 Progress on the overall capital programme is as follows:

Chart 2: Capital programme 2015-16 and cumulative actual expenditure



2.2 Total expenditure on the 2015-16 capital programme to the end of August was £38.381m.

2.3 The graph above suggests that expenditure is marginally below expectations. Although the graph shows that re-profiling is taken place earlier than last year, there may still be a significant amount of re-profiling of expenditure into future year's programmes. The historic re-profiling trend is identified by the dashed line.

2.4 Progress towards the completion of the current capital programme by each service is as follows:

Table 4: Comparison of capital programme, by service, and expenditure to date

Service	Capital Programme	Expenditure To Date	% Capital Expenditure Incurred
	£m	£m	
Children's Services	63.706	5.774	9.1%
Adult Social Care	8.774	4.152	47.3%
Community & Environmental Services	102.029	25.022	24.5%
Resources	13.036	-0.436	-3.3%
Finance	17.967	3.870	21.5%
Total	205.512	38.381	18.7%

2.5 The fourth quarter invoice for 2014-15 on Better Broadband has been received and is less than the accrual processed at the end of that financial year, which was based on works completed by BT at that point. This over-estimation has resulted in the negative expenditure showing against Resources above. The scheme was reprofiled in period

2 but this may need to be revisited in future months to account for this over-estimation.

- 2.6 Children's Services expenditure is likely to be below the expected profile with large amounts of work undertaken during the summer school holidays to be invoiced. There is likely to be further reprofiling of the Children's Services programme during the year, which has been a major driver of the indicative reprofiling in Chart 2 in prior years.
- 2.7 The development of the Children's Services capital programme has continued in the first months of 2015-16 with reports on the capital programme going to Children's Services committee and the Capital Priorities Group. Specifically, further progress has been made on the options for the Great Yarmouth Reorganisation project.
- 2.8 Construction of the Postwick Hub junction has continued during 2015-16 with completion expected this year.

Norwich Northern Distributor Road

- 2.9 The latest Norwich Northern Distributor Road scheme, including additional funding, was approved by County Council on 2 September after consent from the DfT was notified on 2 June 2015. The DfT and the New Anglia LEP board have agreed to commit £10m each to the NDR. The LEP funding will come from their future Growth Deal allocation from Government.
- 2.10 During September 2015, final agreements have been prepared for the element of the project to be finance by future CIL receipts. In March 2011 the Greater Norwich Development Partnership Policy Group agreed to use a significant proportion of future CIL revenues to establish a shared infrastructure investment fund to support delivery of priority infrastructure projects, including up to £40m for the delivery of the NDR.
- 2.11 The County Council is the accountable body for the delivery of the NDR, and will borrow this element of funding. The agreements between the County Council and the three District CIL raising partners (Norwich City, Broadland District and South Norfolk Councils) provide assurance to the County Council that the District Councils will continue to make CIL revenues available to the infrastructure investment fund, to finance the costs of repayment of the borrowing throughout the term of the loan.
- 2.12 It is anticipated that the borrowing authorisation agreement will be signed by all relevant parties to the GNDP allowing borrowing draw down to take place. Construction of the NDR will commence when final DfT sign-off is received.

3 Financing The Programme

3.1 The Council uses a number of sources of funding to support its capital programme.

3.2 Funding comes primarily from grants and contributions provided by central government. These are augmented by capital receipts, developer contributions, prudential borrowing, and contributions from revenue budgets and reserves.

3.3 The table below identifies the planned funding of the revised capital programme:

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previously Approved Changes	Changes To Be Approved	2015-16 Programme	2015-16 Forecast Outturn	2015-16 Over / (Under) Spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	58.244	-4.668	-4.576	48.999	48.725	-0.274	43.141
Capital Receipts	7.200	-1.828	-0.249	5.123	5.123		16.758
Revenue & Reserves	6.279	-0.805	-0.819	4.655	4.655		
Grants and Contributions							269.363
DfE	77.960	-7.323	-22.561	48.076	48.076		
DfT	59.278	-1.106		58.172	58.499	0.327	
DoH	7.721	0.223		7.944	7.944		
DCLG	0.967	-0.097	-0.014	0.856	0.856		
DCMS	3.001			3.001	3.001		
GNDP/CIF							
Developer Contributions	9.772	3.110	-2.705	10.177	10.177		
Other	30.662	-17.502	5.347	18.507	18.507		
TOTAL	261.083	-29.995	-25.577	205.511	205.564	0.054	329.262

Note: the table above may be subject to a small number of rounding differences

3.4 The table above shows a forecast prudential borrowing requirement for the Council to support the 2015-16 programme of £48.999m. There has been a decrease since last month due mainly to the allocation of grant funding previously received but not allocated to specific Children's services projects which were previously funded from borrowing, pending this transfer of grant money. In addition, some schemes have been re-profiled into 2016-17.

4 Capital Receipts

- 4.1 The Council's Asset Management Plan, as approved on 1 June 2015, details the short and medium term plan for the management of the Council's assets and how this supports the delivery of the Capital Programme.
- 4.2 The plan notes that the property portfolio has latent value and the estate needs to be challenged rigorously to ensure assets are only held where necessary so that capital release or liability reduction is maximised. This in turn will reducing revenue costs of the operational property portfolio.
- 4.3 The capital programme, approved in February 2015, demonstrated how asset management would support capital expenditure through generating a target £8.085m of capital receipts through property disposals, in the context of a longer term disposals programme.
- 4.4 Since then, there have been a significant number of changes to the draft disposal schedule, in particular relating to the timing of projected receipts relating to development land within the County Farms estate.
- 4.5 The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

	2015-16 Approved £m	2015-16 End of July £m	2015-16 End of August £m	Changes since end of July £m
General Capital Receipts	2.734	1.982	1.830	-0.152
Financial Packages	0.295	0.305	0.305	0.000
County Farms Capital Receipts	5.056	0.852	1.072	0.220
Estimated Total Capital Receipts	8.085	3.139	3.207	0.068

- 4.6 Changes on expected capital receipts following the last report are as follows:

4.6.1 General Capital Receipts

The main reasons for the reduction in expected receipts for the current year is the deferral of the anticipated sale date of The Oaks Harvey Lane plots to next year.

A number of other small adjustments have also been made.

4.6.2 Financial Packages Receipts

No change

4.6.3 County Farms Receipts

Minor reduction in anticipated receipt.

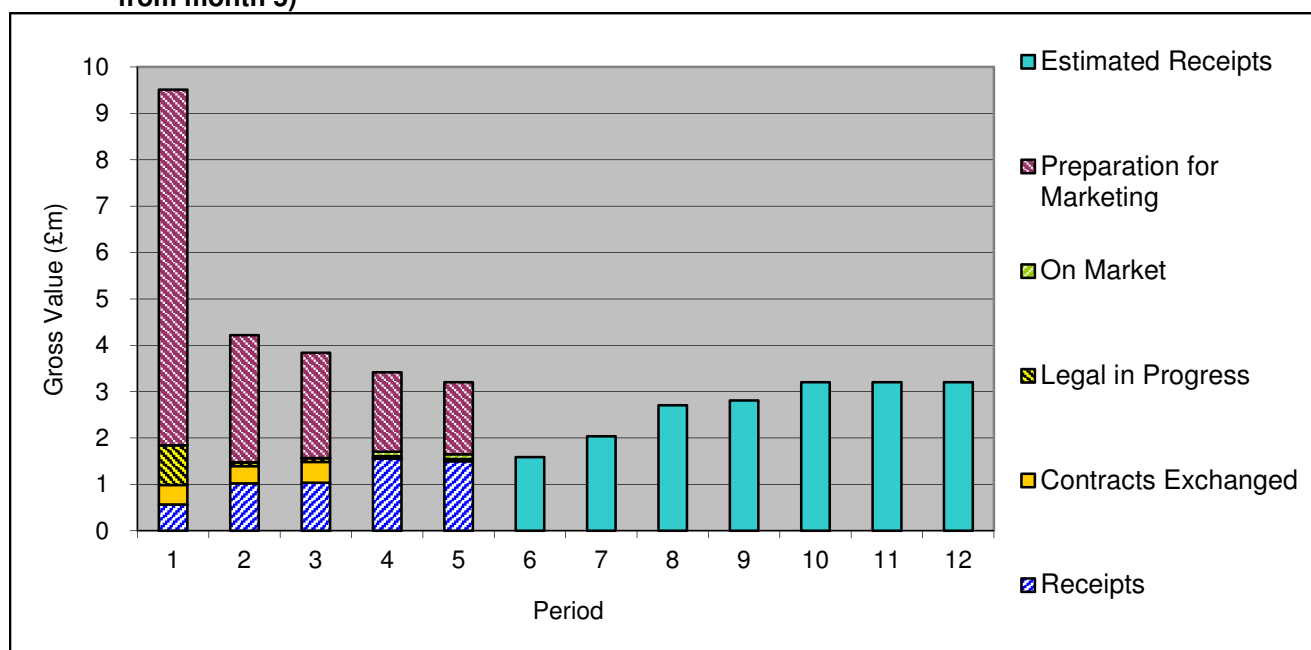
- 4.7 The following table classifies the movements on forecast receipts following the previous forecast.

Table 7: Reconciliation of Disposal Schedule Estimates

	£m
Capital receipts estimate at end of July 2015	3.139
Additions	0.470
Upward revaluations of estimates	0.000
Delayed from 2014-15	0.000
Brought forward from future years	0.000
Removals	0.000
Downwards revaluations of estimates	-0.007
Disposals in 2014-15	0.000
Delayed until future years	-0.395
Revised Estimate 2015-16	3.207

- 4.8 The chart below shows the progress on realisation of the forecast capital receipts for 2015-16.

Chart 4: Forecast Capital Receipts from property sales 2015-16 (estimated cumulative receipts from month 5)



- 4.9 Where unallocated capital receipts are generated the Council uses these to support its general capital programme. Anywhere capital receipts have been allocated as part of a financial package, but are still to be used, they are retained in the capital receipts reserve to fund future projects. The table below identifies expected movements on the capital receipts reserve:

Table 8: Capital receipts reserve forecast 2015-16

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	0.000	2.845	0.409	3.254
Forecast receipts from sales of properties	1.830	0.305	1.072	3.207
Receipts from sales of assets to leasing companies	0.000	0.000	0.000	0.000
Other capital receipts	0.059	0.000	0.000	0.059
Forecast receipts generated in year	1.889	0.305	1.072	3.266
Sales expenses	-0.286	-0.014	0.000	-0.300
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Forecast net receipts available for funding	1.603	3.136	1.481	6.220
Forecast use to fund incomplete leases	0.000	0.000	0.000	0.000
Forecast use to fund programme and reduce borrowing	-1.603	-2.695	-0.827	-5.125
Forecast Closing Balance	0.000	0.441	0.654	1.095

- 4.10 Financial packages exist where the Council has agreed to link receipts from the sale of an asset with the funding of a specific project. Balances on financial packages exist where these projects remain incomplete.
- 4.11 Other capital receipts include loan repayments from subsidiary companies.

5 Capital schemes in development

5.1 Norwich Aviation Academy Loan

At its meeting on 20 July, Policy and Resources Committee approved a loan of £6.25m to be made available to Norse Group for the purposes of developing an Aviation Academy. This scheme, to be funded through prudential borrowing, has been added in the capital programme.

5.2 Museums Capital Projects

On 9 July 2015 Historic England wrote confirming the £1m made available by the Treasury towards work in the Keep at Norwich Castle. The grant will be received in 2015-16, and is split £0.800m capital, and £0.200m revenue. The capital element is reflected in the programme.

Reprofiling and Other Changes to the 2015-18 Capital Programme

- i. This appendix sets out the reprofiling and other changes which have occurred during the first three months of 2015-16.
- ii. The changes to the 2015-16 programme are as follows:

Reprofiling

Table A1a: Reprofiling in August 2015

Service	Project	Funding Type	Amount £m	Explanation
Children's Services - schools	A1 - Growth Land Purchase	Grants and Contributions	-6.538	Reprofile Gayton Land purchase (£0.979m) will be next year ,Thorpe St.Andrew's sporthall reprofile until S106 receipts are received (£1.755m), KL St.Martha's (-0.605),Gt.Yarmouth Primary Academy (£1.100m),Trowse Primary (£0.498M),Attleborough new school (£1.601M)
	A3 - Growth	Grants and Contributions	-10.325	Great Yarmouth & Wymondhan Reorganisation (£9.00M) reprofiled for future projects. Southtown Infants Reorganisation £1.325m reprofiled according to scheme progress.
	C2 - condition Condition Funding 15-16	Grants and Contributions	-7.749	Condition Funding 15-16 reprofiled following allocations to specific projects, e.g. Brooke replacement school, Astley Primary School, Blenheim Park ,West Norfolk Specialist Academy, Roydon Primary School, Hillside Kitchen & dining.
	Prior year projects/B2 Targeted Need	Multiple Funding Sources	-0.656	Condition contingency not required in 15-16 - Reprofiled. Reduction in DSG allocation available for W.Norfolk Specialist Academy
Children's Services Total			-25.268	
Community & Environmental Services	Drainage Improvements	Borrowing and Capital Receipts	-0.028	reduced contingency as some works have now been completed
	Fire Appliances	Grants and Contributions	-0.014	Allocated funding from Fire Appliances to ALP for Earlham FS (Aerial ladder platform)

Community & Environmental Services Total			-0.042	
Total Reprofiting			-25.310	

Other Changes

Table A1b: Other changes in August 2015

Service	Project	Funding Type	Amount £m	Explanation
Children's Services - schools	Prior year projects/B2 Targeted Need	Grants and Contributions	-1.267	DSG no longer allocated for W. Norfolk Specialist Academy, as now funded by previously unallocated capital funding already in programme (£1.0m relates to future years.)
Children's Services Total			-1.267	
Community & Environmental Services	Fire Station improvements CMW schemes	Borrowing (Contra adjustment)	0.003	Corporate Minor Works Allocation of funding.
Community & Environmental Services Total			0.003	
Finance	CMW Pot	Borrowing (Contra adjustment)	- 0.003	Disaggregation of Corporate Minor works funding to services
Finance Total			-0.003	
Total Other Changes			-1.267	

- iii. The total reprofiled into future years reflects the items re-profiled from 2015-16 in the table above. As stated above £1.0M of the Children's Services reduction in DSG allocation relates to future years.

Norfolk County Council

Appendix 3: Resources and Finance commentary

Report by the Executive Director of Finance

1 Introduction

The Policy and Resources Committee is responsible for the oversight of the Council's Resources and Finance budgets (including the Finance and Corporate Property service, and Finance General, excluding Consultation unit and Public Health). This appendix is designed to give a brief overview of the financial performance of each of these service areas.

The table below summarises the forecast outturn position as at the end of August 2015 (Period 5).

2 Resources

2015 / 16	Current Budget	Expenditure Year to Date	Full Year Forecast	Reported Overspend / (Underspend)
	£m	£m	£m	£m
Managing Director's Office	0.424	0.190	0.424	0.000
Director of Resources	(1.228)	0.081	(0.704)	0.524
CIPPS & BPPS	1.680	0.641	1.680	-
Corporate Programme Office	0.790	0.202	0.790	-
Procurement	1.337	1.039	1.337	0.001
Human Resources	4.122	3.942	3.928	(0.194)
Communications	0.733	0.286	0.733	-
nplaw	(0.450)	0.781	(0.450)	-
Democratic Services	2.353	1.418	2.353	-
ICT	14.353	6.095	14.353	(0.000)
Total Corporate Resources	24.113	14.675	24.445	0.331

Note: there is a difference between the total budget above and the "Resources" budget shown in table 1 to Appendix 1 as some services managed within the Resources department are not the responsibility of this committee.

At the end of the period, there are a forecast over spends of:

- £0.330m relating to a decision to delay charging staff to use the County Hall car park, pending the report of a small group set up to examine options for managing parking at County Hall
- £0.194m relating to unfunded posts.

The forecast overspends are partially off-set by potential savings from vacancy management and income generation in a number of areas.

Where expenditure year to date in excess of the profiled net budget, it is generally accounted for by expenditure having been committed, where related income has not been received or re-charges have yet to be made.

3 Finance and Property, and Finance General

2015 / 16	Current Budget	Expenditure Year to Date	Full Year Forecast	Reported Overspend / (Underspend)
	£m	£m	£m	£m
Finance	6.721	4.028	6.721	0.000
Property	8.534	5.713	8.534	0.000
Finance & Property	15.255	9.941	15.255	0.000
Finance General	-306.308		-308.489	-2.181
Total Finance	-291.053		-293.234	-2.181

At the end of month 5, no net under or over spend is forecast for within and Finance and Property service. There is the potential for some additional income generation, but also for additional costs associated with the restructuring necessary to reduce costs in the medium and long term.

Forecast reserves for Finance and Finance General as at 31 March 2016 total £12.1m, with the largest reserves being Organisational Change and Redundancy, Building Maintenance (including Farms) and an Insurance reserves.

4 Finance General over and underspends

A table showing forecast under and over spends is included in Annex 1 to Appendix 1. Explanations for Finance General forecasts are as follows:

Norse pension liabilities (forecast overspend £0.488m)

This adjustment relates to additional costs arising from 2013-14 transfer of Norse Group pension liabilities to Norfolk County Council. The shortfall has arisen due to a decrease in the number of NPS employees in the LGPS. A benefit to NCC of the transfer of pension liabilities is that the transfer has enabled the Norse Group to pay dividends to Norfolk County Council.

Interest on balances due to reduced borrowing (forecast underspend £1.596m)

The 2015-16 interest payable/receivable budget was prepared on the basis that borrowing to support capital expenditure would be undertaken on 1 April 2015. This assumption was made to ensure that, in accordance with the treasury management code of practice, treasury management activities are not impacted by short-term budget considerations.

Whether it is possible to continue to defer additional borrowing during the remainder of 2015-16, will depend upon the Council's cash flow requirements and movements on short and long term interest rates which are constantly monitored. Rates can be volatile, and may be affected by external events.

There are no immediate plans for new borrowing, and if the borrowing continues to be deferred until 31 March 2016, it is estimated that the one-off saving will increase to approximately £4m.

Forecast Minimum Revenue Provision (forecast underspend £1.073m)

Every year the Council has to set aside an amount which represents the minimum contribution to the repayment of borrowing. The MRP underspend is an adjustment which reflects capital spend which was budgeted to be spent in 2014-15, but which is now forecast to be incurred in 2015-16 and beyond.

A revised MRP policy to be discussed at the 19 October County Council which, if approved, may have a significant impact on the forecast underspend.

Policy and Resources Committee

Item No 7

Report title:	Re-imagining Norfolk: Service and Financial Planning 2016-17 to 2018-19
Date of meeting:	26th October 2015
Responsible Chief Officer:	Executive Director of Resources – Anne Gibson, Executive Director of Finance – Simon George
Strategic impact To provide a strategic framework – Re-imagining Norfolk – for the County Council to refocus its role and pursue its priorities within a radically reduced level of resources. This report positions the County Council to produce its budget for 2016-17 in accordance with the law and proper standards.	

Executive summary

On 28th September, this Committee received a report on progress to develop savings proposals as part of the budget setting process for 2016-17.

The Committee directed officers to bring back further proposals to this meeting which would contribute to the development of budgets based on 75% of the Committee's addressable spend, for subsequent consideration at Policy and Resources Committee on 26th October.

This report sets out details of the models of service delivery which would be required to enable the Departments to operate on budgets at 75% of their addressable spend. Officers have now developed a number of budget saving proposals based on these service delivery models for the Committee to consider. The proposals, set out in Appendix 1, would deliver permanent revenue savings over the next three years. There are a total of 21 proposals with a total savings value of £31.112m. The savings proposals have been initially RAG rated by officers to provide a high level indication of the feasibility of delivering the saving.

For the Resources Directorate to deliver services on a budget at 75% of addressable spend requires a strategy combining cost reductions, increased transparency of costs, and additional income generation by way of recovering the full cost of services provided. Reshaping the Resources Directorate requires close consultation with stakeholders to confirm the core services needing to be provided, particularly during a period of rapid organisational change.

For the Finance and Property Directorate to deliver services on a budget at 75% of addressable spend requires a strategy combining cost reductions brought about by a review of the activities performed relative to staffing levels, and various strands of work to increase treasury returns and income receipts.

These strategies are described in more detail in Section 2 of this report, and a full list of savings with descriptions is provided in **Appendix 1**.

Recommendations:

Policy and Resources Committee is asked to:

- 1. Consider and comment on the service delivery model required to provide the service within a budget of 75% of addressable spend, set out in section 2.**
- 2. Consider and comment on the list of savings proposals, including initial RAG rating, which are to be considered later on this agenda alongside the proposals brought forward from other Committees with a view to consulting with the public.**

1. Background

- 1.1. Re-Imagining Norfolk, agreed by the Policy and Resources Committee in June, set out a direction for the County Council which will radically change its role and the way it delivers services. It commits the Authority to delivering the Council's vision and priorities for Norfolk making it clear that the future lies in working effectively across the whole public service on a local basis.
- 1.2. At its meeting on 28th September 2015, the Policy and Resources Committee considered details of the proposals which have been developed during September, and recommended that Service Committees bring forward further proposals to deliver budgets based on 75% of their addressable spend, including a complete set of budget proposals for 2016-17, to allow for choices and options to be considered later on the agenda at this meeting of the Committee.
- 1.3. This paper sets out details of the proposals which will support the delivery of a balanced budget for 2016-17, and provides an initial assessment of the feasibility of delivering those savings.

2. Overall approach and proposed service delivery model

- 2.1. Resources Directorate has committed to deliver savings both in terms of cost savings and additional income generation.

The work to propose a new service delivery model and achieve the cost reductions necessary will be carried out working closely with other Services and centres upon –

- Seeking agreement as to the Corporate 'givens' and the level of support required for organisational change and improvement, and an identification of the items to be delivered that the organisation values
- An undertaking of a zero based review to reshape the Resources Directorate, including the work necessary to highlight the cultural and other changes needed throughout the authority to work with Resources and Finance Directorates, enabling the authority as a whole to take maximum advantage of the services and products provided
- A full review of the policies and processes necessary to implement simple 'customer journeys', e.g. recruitment processes
- Transparent pricing for goods and services supplied that allows both demand choice and price comparability with the wider market

- Seeking to reduce the unit costs of what is delivered, e.g. there are opportunities to do this within ICT as technology generally becomes cheaper and more able to support further automation
- Working with Services to reduce demand for commodities, e.g. the number of laptops, and to change the mix of service consumption, e.g. a greater proportion of transactions being self service
- Resources will ensure that work it carries out for third parties, (Schools in particular but also District Councils and other bodies), is priced at its true cost and covers the appropriate risks. This may in some instances result in the Council withdrawing from third party work if it is unable to deliver the work at an attractive price.

2.2. Finance and Property Directorate has outlined five key themes which lead to the reshaping of the service delivery to agreed standards, and allows the development of savings options.

These themes encompass –

- A reduction in the Department's staffing costs by 10% over two years -
 - this will be achieved through proposals which reshape the service through management delayering, removal of duplication, the elimination of activities which do not contribute to a council outcome or fulfil a statutory obligation, and the removal of failure demand, i.e. getting it right first time
- Maximising our treasury returns by -
 - Reviewing our approach to lending across the NCC group
 - Increasing our risk appetite
- Developing commercialisation and investment opportunities –
 - Creating space to make appropriate investments to deliver a return to compensate for loss of grant income
 - Developing energy projects
- Maximise council tax collection rates -
 - Working with Districts (coordinating and underwriting) across a range of strands – mobile homes, single person discount, empty homes
- Good housekeeping –
 - Reviewing all corporate subscriptions, charging for the use of credit cards, and a review of budgets to expenditure, e.g. Local Assistance Scheme

3. Committee savings proposals

3.1. A summary of proposals is set out in table 1 below, with a complete list of savings proposals in **Appendix 1**. Proposals to date for the three years total £31.112m, of which £15.621m relate to 2016-17. The savings proposals have been RAG rated in terms of the feasibility of delivering the saving. The RAG ratings are as follows:

- **RED:** Highly sensitive and difficult to achieve / High risk.
- **AMBER:** Some sensitivity and not that easy to achieve / Medium risk.
- **GREEN:** Comparatively easy to achieve / Low risk.

Table 1 – Summary of Savings Proposals

Committee	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m	Total Saving £m
Red	-	3,400	-	3,400
Amber	4,050	1,850	3,700	9,600
Green	11,571	6,441	100	18,112
Grand Total	15,621	11,691	3,800	31,112

3.2. The illustrative budget gaps, by Committee, including and excluding Member choice, are shown in table 2 below.

Table 2 – Illustrative Budget Gap by Committee

With headroom for Member choice:

Committee	16-17 £m	17-18 £m	18-19 £m	Total £m
Adults	27.223	27.943	19.631	74.796
Children's (Non Schools)	11.595	11.902	8.361	31.858
Communities	8.167	8.383	5.889	22.440
ETD	8.288	8.507	5.976	22.771
P&R (inc. Finance General)	6.089	6.250	4.391	16.729
Grand Total	61.361	62.985	44.248	168.594

Without headroom for Member choice:

Committee	16-17 £m	17-18 £m	18-19 £m	Total £m
Adults	18.646	19.366	11.053	49.064
Children's (Non Schools)	7.942	8.249	4.708	20.898
Communities	5.594	5.810	3.316	14.720
ETD	5.676	5.896	3.365	14.937
P&R (inc. Finance General)	4.170	4.331	2.472	10.974
Grand Total	42.028	43.651	24.914	110.593

3.3. The proposals outlined in this report meet the headroom budget gap for the Committee shown in table 2 above.

3.4. Employment cost savings and pressures

Budget reduction targets for Resources set out in the 2015–18 planning period included employment cost savings of £1.300m over 2015-17. This figure includes £0.440m of savings (Better ways of working: Terms and Conditions), which has been discussed in the context of car park charging at County Hall, this has been explored by Officers and resulted in a task and finish group being set up by Policy and Resources Committee in September 2015 to consider the car parking options further.

Savings of the remaining £0.860m (2016-17) have yet to be identified. In addition new cost pressures will arise from 2017-18 due to the increased employers' national insurance contributions, equating to approximately £3.000m. These have been built into the model. The increases to the national living wage

will also have an effect on workforce costs from April 2016, initially small but increasing to £0.400m per annum by April 2020. There is no additional funding to the council to meet these pressures.

Containing these costs, whilst achieving the other savings committed to, would require changes to the Council's framework of pay and other employment terms and conditions. Any proposals taken forward would need to be supported by a strong business case, covering the financial imperative, the impact on staff and any implications for Services. Changes to contracts of employment would require extensive consultation and negotiation with trade unions and staff. The Personnel Committee would need to consider and approve any changes.

The savings envisage a package of proposals relating to significant changes to employee terms and conditions and totalling £3.400m for the years 2016–19.

4. Next Steps

- 4.1. All service committees are meeting during October and have been requested to finalise and agree a future model of services and a set of savings proposals for 2016-19, highlighting those which require formal public consultation.
- 4.2. The full set of proposals will be considered by Policy and Resources Committee at this meeting. Policy and Resources Committee will receive advice and recommendations from Committees and will:
 - Review all proposals from Committees to ensure that collectively they will enable the Council to achieve a balanced, sustainable budget;
 - Agree any proposals which require more detailed formal consultation because of their impact on specific users or residents
 - Agree arrangements for assessing the impact of any proposals in line with Equalities legislation, ensuring there are sound arrangements for individuals and groups directly affected by potential proposals to have an opportunity to voice their views.
- 4.3. In November, Committees will be able to consider feedback from statutory consultation and engagement so far. The consultation will close at midnight Thursday January 14th 2016. At their meetings in the last week of January, Committees will review the findings and public consultation, the outcome of the local government settlement, other risk and impact assessments and agree final proposed budget savings.
- 4.4. It is the role of Policy and Resources Committee to recommend a set of proposals to Full Council. This will take place at its meeting on February 8th 2016 and Full Council on February 22nd 2016 will agree the Council's budget.
- 4.5. A summary timetable for the budget and service planning process is set out at **Appendix 2**.

5. Issues, risks and innovation

- 5.1. As proposals are developed and finalised, equality impact assessments will be developed for proposals that potentially have an impact on identified groups with protected characteristics. A full equality impact assessment report will be published alongside the Policy and Resources budget papers for February 8th 2016.

5.2. Formal consultation on budget proposals will be undertaken between November and January.

6. Summary

6.1. This paper sets out a new model of service delivery based on a significantly reduced level of resources. The savings proposals detailed in the report will contribute to the setting of the Budget in February 2016. A complete summary of proposals will be considered by this Committee later in the meeting.

Background Papers

Re-Imagining Norfolk – Service and Financial Planning 2016-19 for Policy and Resources:

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/374/Committee/21/SelectedTab/Documents/Default.aspx>

Service Committee Strategic and Financial Planning papers – September Committee round

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

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If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

APPENDIX 1

Resources and Finance Directorates		Savings				1 High Risk 2 Medium Risk 3 Low Risk
Specific Service Area	Description	2016/17	2017/18	2018/19	Total	
		£000	£000	£000	£000	
Resources	Cutting costs through efficiencies by a zero based review of our services - working with services to establish the base requirement and shape of Resources to support the future needs of the organisation	625	625	-	1,250	3
Resources	Raising revenue by an increased ESPO dividend - ESPO is a Joint Committee of which Norfolk is the largest member, buying on behalf of schools, councils and others. ESPO plans to reduce its costs and increase its market presence outside of its traditional operating area, resulting in an increased dividend.	100	100	100	300	3
Finance and Property	Cutting costs through efficiencies: subscriptions - assess value for money of Corporate subscriptions and cancel as appropriate - use online access only to Trade subscriptions	50	-	-	50	3
Finance and Property	Raising revenue: a business strategy treasury management - our average return on investments is currently 0.75%, a modest increase in risk, would produce a saving. The breadth of organisations we lend to and for how long can be reviewed.	750	500	-	1,250	3

Resources and Finance Directorates		Savings				1 High Risk 2 Medium Risk 3 Low Risk
Specific Service Area	Description	2016/17	2017/18	2018/19	Total	
	The average cash balance in 2015/16 was £215m					
Finance and Property	Raising revenue: NCC company borrowings - Council owned Companies borrow from banks and other institutions, this presents an opportunity to arbitrage the high level of cash holdings the Authority currently has and eliminate a profit margin - typically 1.3% - 2.0% on £30m - £40m of borrowings	700	-	-	700	3
Finance and Property	Cost recovery: charging for the use of credit cards - charging service users who wish to pay bills using a credit card, thereby offsetting the costs to the council.	20	-	-	20	3
Finance and Property	Review of accounting treatment for notional debt repayment	9,326	5,216		14,542	3
Resources	Raising revenue through recharging the full costs of our Services to external customers - ensuring that ICT services to schools, and other external clients, fully reflect both the direct and indirect costs incurred.	300	500	500	1,300	2
Resources	Cutting costs through efficiencies by menu based pricing - the services provided by Resources have evolved since the formation of Shared Services in 2010, services have had little visibility of costs or the ability to control them. A full	500	500	500	1,500	2

Resources and Finance Directorates		Savings				1 High Risk 2 Medium Risk 3 Low Risk
Specific Service Area	Description	2016/17	2017/18	2018/19	Total	
	review of the prices of services and equipment would offer visibility and choice to services - alternatives may include self-service.					
Resources	Cutting costs through efficiencies by reducing unit costs - the menu based proposition above offers the opportunity to reduce costs by reduced demand, this proposition offers the opportunity to reduce unit costs, e.g. by benchmarking and taking any appropriate resulting actions	300	300	300	900	2
Finance and Property	Cutting costs through efficiencies: staffing - the proposal is to work across Teams to deliver reductions in cost and headcount over three years via various workstreams - delayering, critical review of all activities to ensure either we are helping to deliver council outcomes or we are working at a statutory minimum, reduce failure demand, automation wherever possible	500	500	500	1,500	2
Finance and Property	Customer services channel shift - utilise the Council's customer service strategy to further reduce face-to-face customer contact, particularly in Finance Exchequer Services	200	-	-	200	2
Finance and	Raising revenue: improve council tax collection - working with Districts on a	1,200	-	-	1,200	2

Resources and Finance Directorates		Savings				1 High Risk 2 Medium Risk 3 Low Risk
Specific Service Area	Description	2016/17	2017/18	2018/19	Total	
Property	number of strands to deliver an increase in the council tax base, and subsequently increase the council tax revenue to the council. Strands to review include a review of mobile homes sites, single persons discount review, empty property review					
Finance and Property	Raising revenue: full cost recovery for external clients - a review of services provided across finance to ensure that we are charging external clients, including Schools, on a full cost recovery basis	100	-	-	100	2
Finance and Property	Raising revenue: property development - to explore options for the authority regarding direct property development. The Council owns a significant land and building bank for which sale for capital receipt may not be the best option for the authority. Generating a higher capital receipt would reduce future borrowing costs	-	-	500	500	2
Finance and Property	Raising revenue: fraud error and debt - use of data analytical tools to collect debts otherwise considered unrecoverable, largely uncollected council tax, working with District councils. The work would be performed by specialist companies.	-	50	-	50	2
Finance	Property assets: reducing the costs of	-	-	200	200	2

Resources and Finance Directorates		Savings				1 High Risk 2 Medium Risk 3 Low Risk
Specific Service Area	Description	2016/17	2017/18	2018/19	Total	
and Property	running the estate - explore what further opportunities we have for further reducing core Facilities Management standards across the estate, e.g. opening hours, security levels. It should be noted that there is already a significant level of property savings already included in the MTFS, c £7m.					
Finance and Property	Aligning budgets to actual expenditure: Norfolk Local Assistance Scheme - the NLAS replaced parts of the Discretionary Social Fund from 2013 onwards. These funds are not ring-fenced and offer a more flexible response to unavoidable need aligning to a wide range of local support local authorities can offer. Historically the fund has not been fully called upon, the saving is based upon the forecast spend for 2015/16.	200	-	-	200	2
Finance and Property	Second homes Council Tax income	-	-	1,200	1,200	2
Finance and Property	Raising revenue: commercialisation investment fund - investment in a range of commercial activities, in particular the council's wholly owned companies, e.g. NORSE have a pipeline of energy related projects for a mix of public sector and	750	-	-	750	2

Resources and Finance Directorates		Savings				1 High Risk 2 Medium Risk 3 Low Risk
Specific Service Area	Description	2016/17	2017/18	2018/19	Total	
	private clients					
Resources	Reducing costs of employment - Significant changes to employee terms and conditions	-	3,400	-	3,400	1
		15,621	11,691	3,800	31,112	

2016-17 Budget and Service Planning Timetable

Activity/Milestone	Time frame
Service Committees consider initial savings proposals and undertake service planning in the context of 75% of addressable budgets	September 2015
Policy and Resources Committee receive feedback on initial service and financial planning and review the latest forecast financial position for 2016-17 to 2018-19	28 September 2015
Member review of any further financial updates or information from expected Government consultations affecting funding settlement Service Committees consider further proposals for savings to close budget gap, and agree proposals requiring public consultation	October 2015
Policy and Resources Committee considers budget proposals in the round	26 October 2015
Consultation on new planning proposals and council tax 2016-17 to 2018-19	November 2015 to early January 2016
Spending Review 2015	25 November 2015
Assess implications of Spending Review 2015	Late November and December 2015
Service reporting to Members of service and budget planning – review of progress against three year plan and planning options and early feedback from statutory consultation and engagement activity	November 2015
Chancellor's Autumn Statement and Provisional Finance Settlement	Late December 2015
Consultation closes	14 January 2016 midnight
Service reporting to Members of service and financial planning and consultation feedback	January 2016
Committees consider outcomes of public consultation and local government settlement, and agree revenue budget and capital programme recommendations to County Council	Late January 2016
Policy and Resources consider consolidated budget position to recommend budget proposals to County Council	8 February 2016
County Council agree Medium Term Financial Strategy, revenue budget, capital programme and level of Council Tax	22 February 2016

Policy and Resources Committee

Item No 8

Report title:	Strategic and Financial Planning 2016-17 to 2018-19
Date of meeting:	26 October 2015
Responsible Chief Officer:	Executive Director of Finance – Simon George
Strategic impact <p>This report provides the Committee with an update on the strategic and financial planning process for 2016-17 to 2018-19, and positions the County Council to produce its budget for 2016-17 in accordance with the law and proper standards. This in turn helps to ensure that public money is used economically and effectively. The proposed timetable and decision-making process enables the Council to discharge its duty under the Local Government Act to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.</p>	

Executive summary

On September 28th, this Committee received an update on progress towards setting the 2016-17 to 2018-19 Strategic and Financial Plan, and the timetable for Committee decisions over the coming months. The framework for discussions and decision-making over the next few months of Committee meetings is set out again in this report and leads up to the setting of the Budget and Council Tax in February 2016.

The Committee noted the progress towards setting the 2016-17 to 2018-19 Strategic and Financial Plan, including the budget options that were presented to Service Committees during September, and received verbal updates from the service committee chairs on their budget options discussions during the September Committee round. The Committee also recommended that Service Committees bring forward further proposals to deliver budgets based on 75% of their addressable spend, including a complete set of budget proposals for 2016-17, to allow for choices and options to be considered at this Policy and Resources meeting.

This report summarises the updated savings proposals which have been presented to Service Committees and recommends next steps for consultation on the budget for 2016-17. Committee Chairs will provide a verbal update on the outcomes of Service Committee discussions.

Recommendations:

Policy and Resources Committee is asked to:

- 1. Receive verbal updates from the service committee chairs on their**

budget option discussions during the October Committee round;

- 2. Review all proposals from Committees to ensure that collectively they will enable the Council to achieve a balanced, sustainable budget;**
- 3. Note the revised financial position set out in section 5 and the implications for the 2016-17 budget;**
- 4. Agree any proposals which require more detailed formal consultation because of their impact on specific users or residents; and**
- 5. Agree arrangements for assessing the impact of any proposals in line with Equalities legislation, ensuring there are sound arrangements for individuals and groups directly affected by potential proposals to have an opportunity to voice their views.**

1. Background

1.1. Re-Imagining Norfolk, agreed by this Committee in June, set out a direction for the County Council which will radically change its role and the way it delivers services. It commits the Authority to delivering the Council's vision and priorities for Norfolk making it clear that the future lies in working effectively across the whole public service on a local basis.

1.2. After taking account of previously identified savings totalling £33m, the Council identified a budget shortfall of £111m in June. The Policy and Resources Committee recognised a need for headroom of £58m above this amount, to allow for member choice around the savings to be delivered, and to mitigate against the uncertainty of further changes in funding and other pressures. As an early step in the Council's approach to service and financial planning for 2016-17 to 2018-19, Committees were therefore asked to consider the impact of re-modelling their services based on 75% of their current addressable spend. Table 1 below sets out the illustrative budget gaps by Committee, with and without the headroom for member choice.

Table 1 – Illustrative budget gap by Committee

1.1: With headroom for member choice:

Committee	16-17 £m	17-18 £m	18-19 £m	Total £m
Adults	27.223	27.943	19.631	74.796
Children's (Non Schools)	11.595	11.902	8.361	31.858
Communities	8.167	8.383	5.889	22.440
ETD	8.288	8.507	5.976	22.771
P&R (inc. Finance General)	6.089	6.250	4.391	16.729
Grand Total	61.361	62.985	44.248	168.594

1.2: Without headroom for member choice:

Committee	16-17 £m	17-18 £m	18-19 £m	Total £m
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Adults	18.646	19.366	11.053	49.064
Children's (Non Schools)	7.942	8.249	4.708	20.898
Communities	5.594	5.810	3.316	14.720
ETD	5.676	5.896	3.365	14.937
P&R (inc. Finance General)	4.170	4.331	2.472	10.974
Grand Total	42.028	43.651	24.914	110.593

1.3. This paper sets out updated details of the savings proposals identified to achieve these levels of budget reductions, which have been presented to Committees during October. It should be noted that the budget proposals set out in this paper are based on an assumption that planned budget savings for 2015-16 and future years will be delivered. It is therefore highly important that achievement of current year budget plans remains a key priority for the remainder of the financial year.

2. Committee proposals

2.1. A summary of proposals which will have been considered by Service Committees is set out in table 2 below, with a complete list of savings proposals in Appendix 1. At the time of writing, proposals for the three years total £173.412m, of which £36.896m relate to 2016-17 and £5.950m have been rated as RED (in 2016-17).

Table 2 – Summary of saving proposals by Committee

Committee	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m	Total Saving £m
Adult Social Care	10.136	19.595	43.355	73.086
Children's Services	3.091	3.903	24.928	31.922
Communities	1.991	4.380	8.367	14.738
EDT	6.057	3.806	12.691	22.554
Policy and Resources	15.621	11.691	3.800	31.112
Grand Total	36.896	43.375	93.141	173.412

2.2. Savings proposals have been RAG rated in terms of the feasibility of delivering the saving. The RAG ratings are as follows:

- **RED:** Highly sensitive and difficult to achieve / High risk.
- **AMBER:** Some sensitivity and not that easy to achieve / Medium risk.
- **GREEN:** Minimum sensitivity and easy to achieve / Low risk.

Table 3 – Summary of saving proposals by RAG

	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m	Total Saving £m
Red	5.950	13.032	71.627	90.609
Amber	11.665	18.275	19.628	49.568
Green	19.281	12.068	1.886	33.235
Grand Total	36.896	43.375	93.141	173.412

- 2.3. Committee Chairs will verbally update Policy and Resources Committee on service and financial planning, and their budget options discussions in respect of these proposals, at the meeting. This will outline the Committee's view on:
- the service delivery model which would be required to provide the service within a budget of 75% of addressable spend; and
 - the savings proposals brought forward for year one (2016-17).

3. Uncertainties and pressures

- 3.1. The Summer Budget announced by the Chancellor on the 8th July 2015 indicated that the pace of deficit reduction over this parliament would be similar to that experienced under the Coalition. This represents a longer and slower reduction of the deficit than that suggested by the previous budget in March 2015. A budget surplus is now forecast in 2019-20 – one year later than previously planned, with average reductions in the deficit of 1% of GDP a year.
- 3.2. Limited detail about the implications for Local Government was provided in the Summer Budget, but it did confirm that £37bn of savings need to be delivered over the life of this parliament, with £12bn from welfare and £5bn from tax-related measures being announced. The remaining £20bn of savings are expected to come mainly from Government departments, and will be announced at the Spending Review on 25th November 2015.
- 3.3. The key headlines from the Summer Budget which are likely to impact on Local Government are:
- The introduction of a new National Living Wage for the over 25s. The National Living Wage is set to reach £9.00 an hour by 2020, starting at £7.20 from April 2016. Work is ongoing to assess the full implications of the National Living Wage for the County Council. The impact on the Council's directly employed workforce is forecast to be small (although it will increase up to 2020), however we need to consider the impact on our contracted services particularly within social care and waste.
 - The standard rate of Insurance Premium Tax will increase from 6% to 9.5%
 - The Chancellor announced plans for public sector pay increases to be limited to 1% for the next four years. This is likely to be taken into account in national pay negotiations.
 - The Chancellor confirmed the £15bn of funding for new roads for the rest of the decade announced in the last parliament. A new Roads Fund is to be established from an updated Vehicle Excise Duty system.
- 3.4. There remains considerable uncertainty about how the £20bn of savings from Government departments will be achieved ahead of the Spending Review, although the Chancellor confirmed in the Summer Budget that Defence is to be added to the list of protected spending, joining Education, the NHS and International Aid. The effect of this continuing protection is to increase the impact of deficit reduction plans on the remaining unprotected areas. The Spending Review has directed Government departments to plan for reductions of 25% and 40% over the term of the parliament.
- 3.5. Within the budget, the Chancellor announced that further progress is to be made to deliver devolution to a local level. The first County devolution deal has been agreed with Cornwall and plans to give Local Authorities powers to set Sunday

trading hours were confirmed. At the Conservative Party Conference on 5th October, the Chancellor announced significant changes to local government funding including plans to move *“to 100 per cent retention of the full stock of business rates by 2020”* and that *“local government grant will be phased out altogether.”* This means that *“by the end of the Parliament, local government will be able to retain 100 per cent of local taxes – including all £26 billion of revenue from business rates – to spend on local government services.”*

3.6. The headlines of the Government’s latest proposals for all local authorities, as currently announced, are:

- 100% retention of local taxes, including business rates;
- Abolition of the “Uniform Business Rate” to give local authorities the power to cut rates in their areas;
- Retention of some form of system for redistribution of funding to high need areas, and the “safety net” policy which protects local areas against significant decreases in business rates;
- Phasing out of the core grant (Revenue Support Grant) from Central Government;
- New responsibilities for local government; and
- Greater flexibility for areas with elected mayors to increase business rates to support local infrastructure projects, where these have the support of local businesses, with a potential cap of 2%.

3.7. There remain a number of uncertainties following the initial announcement by the Chancellor. It is anticipated that further details will emerge over the coming weeks and at the Comprehensive Spending Review. DCLG have indicated that an engagement process in respect of these proposals will begin by the New Year. The major areas of uncertainty relate to:

- What new responsibilities will be transferred to local authorities in exchange for retention of business rates;
- The intention that reform to the local government funding system must be “fiscally neutral” and how local government will “contribute to fiscal consolidation over this Parliament”;
- What measures will be established to retain a process to allow redistribution of resources to high-need areas;
- At what point the baseline for the new system will be taken and therefore when local authorities will benefit fully from business rates growth;
- Whether the government will make any allowances for the fact that different areas benefit disproportionately from rates growth;
- How the risks of competition around business rates levels between areas will be mitigated; and
- How those areas without a mayor will be able to raise rates to fund infrastructure projects.

3.8. The Chancellor initially indicated in the Summer Budget that local authority pension funds will be forced to pool investments if they do not achieve agreed savings targets. On the 5th October the Chancellor subsequently announced proposals to pool the 89 Local Government Pension Funds into six “wealth funds” to cut costs and promote investment in infrastructure. Further details of this proposal are awaited.

- 3.9. The County Council's individual funding allocation will not be known until the publication of draft Local Government Settlement figures, which are expected to be released in late December.
- 3.10. There is currently uncertainty about how the Better Care Fund (BCF) will operate in 2016-17, although development of projects for next year is underway. Indications are that the level of funding provided by Clinical Commissioning Groups (CCGs) may not be maintained at levels received in the current year and Adult Social Services are currently in discussion with Health partners to develop plans for the 2016-17 Better Care Fund that will minimise the impact of any funding changes.

4. Council Tax

- 4.1. The Council may wish to mitigate the impact of funding reductions by increasing council tax in 2016-17. The County Council has budgeted to receive £318.428m from council tax in 2015-16. The Council last increased council tax by 2.95% in 2009-10 and 1.9% in 2010-11. For the past five years, the decision has been taken to freeze Norfolk County Council's share of council tax at the 2010-11 level. In 2015-16 the average council tax increase for upper tier shire authorities with fire and rescue responsibilities was 1.4%, which includes seven shire counties (25.9% of the total number) opting to freeze council tax.
- 4.2. During the period 2011-12 to 2015-16, the Council has received £72.279m in council tax freeze grant. It is not known whether a further council tax freeze grant will be offered in 2016-17. It is important to recognise that where council tax freeze grant has been incorporated into Revenue Support Grant (RSG), the value of the freeze grant reduces year-on-year in line with the overall reductions in RSG.
- 4.3. Current budget planning assumptions are relatively prudent assuming a moderate taxbase increase of 0.43% in 2016/17 and 1.41% over the next three years. If the taxbase were to increase by 1.00% in 2016-17, it would generate an additional £1.788m.
- 4.4. In recent years the Government has sought to minimise council tax increases nationally by imposing a threshold of 2% for increases. Proposed increases above the threshold require the Council to obtain the support of local taxpayers via a local council tax referendum. The Government has not announced details of the council tax referendum limit for 2016-17, but it is anticipated that it will be in line with the level set for previous years.
- 4.5. The Council's current model assumes no increase in council tax in each of the three years 2016-17 to 2018-19. Based on the current modest assumptions for taxbase increases, a 1.95% increase in council tax would generate £6.099m in 2016-17 and £18.386m over the three years 2016-17 to 2018-19. A 1% increase would add £22.33 to the average Band D council tax bill in 2016-17.

5. Financial Position

- 5.1. The Council's Medium Term Financial Strategy (MTFS), agreed in February 2015, assumed reductions in the County Council's core funding (Revenue Support Grant (RSG) and Business Rates) from central government of £42.000m in 2016-17. The budget gap of £110.593m, agreed by Policy and

Resources Committee in June 2015, updated these estimates to include 2018-19, and assumed a reduction of £76.700m over the three years, with the larger share of reductions falling in the first two years, based on the profile of cuts experienced under the previous Coalition government.

5.2. The preparation of budget plans for 2016-17 has been undertaken in the context of a high level of uncertainty about the Government's plans for local authority funding. The Council will not have certainty about its Settlement Funding Assessment until later in the year (December), and in order to provide stability for the planning process, budget assumptions have not been revised since the MTFS was prepared. However, further information and forecasts about the government's plans have been released since this time and it is the view of the Executive Director of Finance that it is now appropriate to revise some of the assumptions in the budget model. In particular, the Executive Director of Finance has judged that the funding reductions included reflect an overly prudent assumption, as the profile of cuts is likely to fall later in the term of the parliament. In the Summer Budget on the 8th July, the Chancellor announced that the pace of cuts in this parliament would be the same as under the Coalition Government, and that *"no year will see cuts as deep as those required in 2011-12 and 2012-13."*

5.3. Recent modelling forecasts by the Society of County Treasurers published in September now suggest that reductions in RSG will be weighted towards 2017-18 and 2018-19 as set out in the table below.

Table 4 – Implied year-on-year change to RSG

	2016-17	2017-18	2018-19
NCC modelling (February MTFS)	-32%	-32%	-17%
Society of County Treasurers	-13%	-28%	-32%

5.4. The reduction anticipated by the Society of County Treasurers would result in a funding reduction in the region of £20.000m in 2016-17, compared to the £42.000m within the Council's current funding forecast. It should be noted that there remains considerable uncertainty about these forecasts ahead of the announcement of the Spending Review (25th November) and Local Government Finance Settlement (December) and the Society of County Treasurers figures represent a reprofiling over the three year period, rather than a reduction. As such, the total reduction of around £72.000m forecast by the Society of County Treasurers is broadly in line with total reduction of £76.700m in the MTFS, and would mean that the level of savings to be found in 2018-19 is likely to be higher than currently forecast.

5.5. Taking into account the uncertainty ahead of the publication of the Local Government Finance Settlement, it is the view of the Executive Director of Finance that it would be appropriate to reduce the assumed funding reduction for 2016-17 by £10.000m. This means that the savings gap to be covered in 2016-17 can be reduced to £32.000m.

5.6. As set out in the Delivering Financial Savings report elsewhere on this agenda, work has been undertaken with Departments to review the savings agreed for 2016-17 as part of the 2015-16 budget round. This has identified £10.653m of

savings which are considered to be at risk of non-deliverability, and these are set out in Appendix 2. Further work is ongoing to validate the withdrawal of these savings and to review the growth assumptions included within the budget (such as inflation and demographic pressures). This work is anticipated to yield approximately £6m through reinstating savings and reducing growth pressures.

5.7. The resulting position for the 2016-17 budget following the reprofiling of funding reductions and the withdrawal of savings is set out in the following table. This also reflects the new savings for 2016-17 listed in Appendix 1.

Table 5 – Summary budget position

	2016-17	2017-18	2018-19	Total
	£m	£m	£m	£m
Savings gap (no headroom)	42.028	43.651	24.914	110.593
New savings from 2016-17	36.896	43.375	93.141	173.412
Withdrawal of 2016-17 savings agreed in 2015-16 budget	-10.653	0.000	0.000	-10.653
Reprofile forecast government funding reduction	10.000	0.000	-10.000	0.000
Reduction to be achieved from review of withdrawn 2016-17 savings, growth assumptions, and other factors in the financial model (MTFS).	5.785	0.276	0.000	6.061
Gap remaining	0.000	0.000	-58.227	-58.227

5.8. The above model assumes a 0% increase in Council Tax for each of the three years.

6. Next Steps

6.1. Following consideration of savings proposals by Policy and Resources Committee at this meeting, the proposals will be put into an order and language that is suitable for public consultation. We will then go out to formal consultation at the end of October.

6.2. At this point we will provide more detailed information about any specific proposals that would represent a significant service change or reduction and invite and enable people including service users, the general public, stakeholders and staff to comment further. People will be able to do this online, via our consultation website, by email or post and importantly, via their Elected Member. We have publicised all these routes in the next edition of Your Norfolk scheduled for distribution to all homes in Norfolk during end October/November. Additionally, we will take extra steps to ensure that we reach the representatives of groups or communities that may be particularly affected by any particular proposal. We have already written to key statutory agencies and other partners alerting them to the forthcoming consultation and are in the process of notifying other stakeholders.

6.3. In November, Committees will be able to consider feedback from statutory consultation and engagement so far. The consultation will close at midnight, Thursday 14th January 2016. We will then analyse comments received. At their meetings in the last week of January, Committees will review the findings and public consultation, the outcome of the local government settlement other risk and impact assessments and agree final proposed budget savings.

6.4. It is the role of Policy and Resources Committee to recommend a set of budget proposals to Full Council. This will take place at its meeting on February 8th 2016 and Full Council on February 22nd 2016 will agree the Council's budget. Until then, it will of course be open for anyone who has further views or representations to make, to do so via their County Councillor.

6.5. A summary timetable for the budget and service planning process is set out at Appendix 3.

7. Issues, risks and innovation

7.1. Public authorities have a legal duty under the Equality Act 2010 to consider the implications of proposals on people with 'protected characteristics'. The Act states that decision-makers must have an opportunity to consider the findings of equality assessments before any final decisions are made.

7.2. Good practice in strategic planning also recommends that rural assessments are undertaken on proposals. The key aim, with both equality and rural assessments, is to enable members to consider the impact of potential decisions on different individuals and communities prior to decisions being taken. This provides an opportunity for members to find ways to mitigate any adverse impact.

7.3. Norfolk County Council's process for undertaking equality and rural assessments is evidence-based and transparent:

- Following Policy and Resources on 26th October, an initial assessment will be undertaken of all proposals agreed for public consultation. The aim of this initial assessment is to identify the main equality and rural issues that should be investigated in more detail, and key stakeholders and communities to consult.
- The results of this initial assessment will be published on the Council's budget consultation webpages www.norfolk.gov.uk.
- Following the initial assessment, between October 2015 and January 2016, detailed assessments will be conducted on each proposal. This will be evidence-based on the results of public consultation with individuals, communities and stakeholders, and other relevant information, such as legislation and research.
- Draft equality and rural assessments will be published on the Council's budget consultation web pages www.norfolk.gov.uk to enable members of the public to consider the issues being highlighted and make further comments.
- Service committees will consider detailed equality and rural assessments in January 2016, to enable members to take account of the findings before making recommendations to Policy & Resources Committee.
- All members of Full Council will receive completed equality and rural assessments prior to Full Council on 22nd February 2016.

7.4. The Council's Member-led Strategic Equality Group will oversee equality assessments to provide objective challenge and scrutiny. Community Action Norfolk will provide objective challenge around rural assessments.

7.5. The Council's budget consultation webpages will be regularly updated with information about equality and rural assessments www.norfolk.gov.uk.

8. Summary

8.1. This paper provides an update on the strategic and financial planning process leading up to the setting of the Budget in February 2016. The savings proposals set out in Appendix 1 will be taken to consultation at the end of October in line with the arrangements set out in this paper.

Background Papers

Re-imagining Norfolk – a medium term strategy and financial plan – report to Policy and Resources Committee 1st June 2015

Developing Re-Imagining Norfolk – reports to Service Committees in September 2015

Strategic and Financial Planning 2016-17 to 2018-19 – report to Policy and Resources Committee 28th September 2015

Officer Contact

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APPENDIX 1

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
ASC007	Adults	Adults		Promoting Independence - Reablement - net reduction - expand reablement service to deal with 100% of demand and develop service for working age adults	3,158	1,500	500	5,158	3
ASC008	Adults	Adults		Promoting Independence - Housing with Care - Develop non-residential community based care solutions	-	500	500	1,000	3
ASC009	Adults	Adults		Promoting Independence – Integrated Community Equipment Service - Expand service so through increased availability and access to equipment care costs will be reduced	500	250	250	1,000	3
ASC010	Adults	Adults		Reduce Training & Development spend following implementation of Promoting Independence	-	200	-	200	3
CHL013	Children's	Children's	Education	Update our budget for retirement costs for teachers to reflect how much we are now spending on this - We are not responsible for paying redundancy and retirements costs for teachers that work for the growing number of academy schools	250	50	100	400	3
CHL015	Children's	Children's	Education	Update our budget because of reforms that give schools control over some funding for getting children	25	-	-	25	3

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
				involved in sport - We contribute to the University of East Anglia as part of a scheme to get children involved in sport and allow schools access to the athletics track. There have been some reforms which mean that all funding for such activities will be delegated to schools to choose how to spend.					
CHL020	Children's	Children's	Early Help	Update the budget for short breaks for children with disabilities to reflect how much we are now spending on the service - Short break services give disabled children and young people an opportunity to meet new people and enjoy different experiences. They also give their families a break from their caring responsibilities. We have contracts in place with organisations to provide short breaks which offer the same level of service but for a lower price. We will change the budget to reflect how much the new service costs.	235	-	-	235	3
CMM013	Communities	CES	Customer Services	Healthwatch - reduce the Healthwatch grant.	-	150	-	150	3
CMM027	Communities	CES	Libraries	Public mobile libraries - Reduce the public mobile library mobile fleet from 9 to 8 vehicles, reduce the frequency of	10	44	-	54	3

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
				some visits and stop Saturday routes.					
CMM037	Communities	CES	Public Health	Delivering Public Health outcomes - using Public Health funding for CES schemes that deliver Public Health outcomes.	-	2,500	100	2,600	3
CMM038	Communities	CES	Public Health	Shared service costs - recharging the full costs of shared services used by Public Health.	720	-	-	720	3
EDT016	EDT	CES	Highways	Highways laboratory - reduce volume of core testing sampling carried out by Highways Laboratory.	15	-	-	15	3
EDT017	EDT	CES	Highways	Highway network analysis and safety procurement -Reduce spend on external network analysis and safety activities, including deployment of Traffic Marshalls in Norwich City centre.	40	-	-	40	3
EDT018	EDT	CES	Highways	Highways street works delivery re-design - Re-design the delivery model for the area based street works service.	50	-	-	50	3
EDT019	EDT	CES	Economic development	Economic development sector grants funding - Cease the direct funding to support economic development projects, and work with others to identify alternative ways to secure funding.	-	50	-	50	3

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
EDT020	EDT	CES	Economic development	Economic development match funding - Cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities.	-	-	51	51	3
EDT021	EDT	CES	Highways	Highways asset laboratory - Remove the highway asset team budget for technical highways laboratory advice and, instead, ensure any charges are included within relevant scheme/project costs.	67	-	-	67	3
EDT022	EDT	CES	Highways	Highway design – bridges teams - Re-design the highways bridges teams	100	-	-	100	3
EDT023	EDT	CES	Developer services	Developer services – service re-design - Redesign the Developer Services Team to reduce reliance on recharged work and simplify the planning appeals function	100	-	-	100	3
EDT024	EDT	CES	Business Support	Business Support – vacancy management - remove vacant posts in business support	133	-	-	133	3
EDT025	EDT	CES	Transport	Bus Station and Park and Ride contracts - Redesign and new contract arrangements for the Norwich Park and Ride bus service and site management at Norwich bus station.	350	-	-	350	3

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
EDT026	EDT	CES	Historic Environment	Historic Environment service - Redesign the historic environment service to deliver only the statutory service elements.	172	-	-	172	3
EDT027	EDT	CES	Environment	Environment service - Redesign the environment service so that it operates at 75% of current budget and increases use of volunteers and interns	-	-	200	200	3
EDT028	EDT	CES	Travel network	Intelligent transport systems - put new technology and models in place for delivery of the intelligent transport systems approaching the end of their economic life, including replacing rising bollard technologies at bus gates with camera enforcement and co-locating the control room with another public service provider.	(215)	383	85	253	3
EDT029	EDT	CES	Waste	Waste disposal contracts - Savings from the planned re-procurement of waste contracts.	2,000	-	-	2,000	3
P&R046	Policy and Resources	Finance and Property	Finance and Property	Cutting costs through efficiencies: subscriptions - assess value for money of Corporate subscriptions and cancel as appropriate - use online access only to Trade subscriptions	50	-	-	50	3

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
P&R048	Policy and Resources	Finance and Property	Finance and Property	Cost recovery: charging for the use of credit cards - charging service users who wish to pay bills using a credit card, thereby offsetting the costs to the council.	20	-	-	20	3
P&R049	Policy and Resources	Finance and Property	Finance and Property	Review of accounting treatment for notional debt repayment	9,326	5,216	-	14,542	3
P&R050	Policy and Resources	Resources	Resources	Cutting costs through efficiencies by a zero based review of our services - working with services to establish the base requirement and shape of Resources to support the future needs of the organisation	625	625	-	1,250	3
P&R051	Policy and Resources	Resources	Resources	Raising revenue by an increased ESPO dividend - ESPO is a Joint Committee of which Norfolk is the largest member, buying on behalf of schools, councils and others. ESPO plans to reduce its costs and increase its market presence outside of its traditional operating area, resulting in an increased dividend.	100	100	100	300	3

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
P&R053	Policy and Resources	Finance and Property	Finance and Property	Raising revenue: a business strategy treasury management - our average return on investments is currently 0.75%, a modest increase in risk, would produce a saving. The breadth of organisations we lend to and for how long can be reviewed. The average cash balance in 2015 / 16 was £215m	750	500	-	1,250	3
P&R054	Policy and Resources	Finance and Property	Finance and Property	Raising revenue: NCC company borrowings - Council owned Companies borrow from banks and other institutions, this presents an opportunity to arbitrage the high level of cash holdings the Authority currently has and eliminate a profit margin - typically 1.3% - 2.0% on £30m - £40m of borrowings	700	-	-	700	3
ASC006	Adults	Adults		Promoting Independence - Customer Pathway - Where the focus will be on connecting people with ways to maintain their wellbeing and independence thereby reducing the numbers of service users receiving care in a residential setting.	1,258	11,983	13,628	26,869	2
ASC011	Adults	Adults		Move service mix to Average of Comparator Family Group or Target - All Specialism	120	962	1,444	2,526	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CHL010	Children's	Children's	Early Help	Change how we provide parenting support - We have contracts with four organisations to provide parenting support programmes, they offer advice and one-to one support. We are proposing to end these contracts. Targeted family support activities will continue to be provided by Early Help staff and other commissioned providers.	-	427	-	427	2
CHL011	Children's	Children's	Early Help	Reduce our funding for youth work - We are proposing to reduce the funding for some of the projects we run that support young people. We are proposing to reduce funding for our youth advisory boards to pay for positive activities for young people, including young people that are at risk of becoming not in education, employment or training (NEET). We are also proposing to stop funding the Young People and Debt project in Norwich and reduce our funding for Momentum Norfolk by 50%.	605	105	105	815	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CHL012	Children's	Children's	Early Help	Change how we provide support to families who are struggling to cope with the challenges they face - We have contracts with two organisations to deliver Family Intervention Projects with families who are struggling to cope with the challenges they face. We are proposing to not renew these contracts when they end. Our 'Troubled Families' team will continue to provide support to these families	-	580	-	580	2
CHL014	Children's	Children's	Early Help / Education	Review the income targets for the support services we sell to schools and other educational establishments - Some of the services we trade are generating more income than we anticipated and others less. We need to make sure that the budget accurately reflects the levels of income that we can generate from selling support services to education providers	150	-	-	150	2
CHL026	Children's	Children's	Early	Keep all children's centres open and focus their work on supporting the families that need them most	1,826	609	609	3,044	2
CMM014	Communities	CES	Norfolk Arts	Norfolk Arts Service grants - Reduce grants provided by the Norfolk Arts Service.	10	-	-	10	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CMM015	Communities	CES	Norfolk Museums	Norfolk Museums Service lone working - move to lone working across the 10 museums managed by the Norfolk Museums Service, where it is safe to do so.	50	-	-	50	2
CMM016	Communities	CES	Libraries	Norfolk and Norwich Millennium Library opening times - Reduce the opening times for Norfolk and Norwich Millennium Library but install Open Plus technology to enable the ground floor to be open longer via self-service.	(78)	138	-	60	2
CMM017	Communities	CES	Customer Services	Customer Service teams - re-shape some customer service delivery teams.	59	-	-	59	2
CMM018	Communities	CES	Customer Services	Customer Service delivery re-design - further re-shaping and re-design of some customer service teams.	-	100	100	200	2
CMM019	Communities	CES	Norfolk Record Office	Norfolk Record Office – search room, new archives and conservation work - Reduce service standards for the Norfolk Record Office to reduce hours for the search room, accept new items for the archives 2 days a week only with an appointment and reduce conservation work.	66	-	-	66	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CMM020	Communities	CES	Norfolk Record Office	Norfolk Record Office - opening hours and specialist archive work - reduce the opening hours by 42% to approximately 24 hours per week and stop the archive specialist working at the Norfolk and Norwich Millennium Library.	20	20	42	82	2
CMM021	Communities	CES	Libraries	Libraries materials spend and associated staff - Reduce library spend on stock and the staff who manage new stock.	199	100	-	299	2
CMM022	Communities	CES	Libraries	Libraries self-service - Introduce technology (Open Plus) to enable libraries to open with self-service machines	-	622	-	622	2
CMM024	Communities	Resources	County Registration Service	Registration service accommodation costs - close four part-time registration offices at Downham Market, Fakenham, Watton and Swaffham and find alternatives for provision in public buildings at no cost.	25	-	-	25	2
CMM025	Communities	Resources	County Registration Service	Registration service staffing structure - review and re-shape some teams.	50	-	-	50	2
CMM026	Communities	CES	Libraries	Special service mobile library service - Change the mobile library service for people in residential care, by encouraging care homes to pay for the service or using volunteers to provide	10	44	-	54	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
				books for individual people.					
EDT030	EDT	CES	Highways	Highways maintenance standards - Reduce/revise some non-safety critical highway maintenance standards	245	735	-	980	2
EDT031	EDT	CES	Highways	Highways maintenance capitalisation - Capitalise funding for some highway maintenance activities and realise a revenue saving as a result.	3,000	-	-	3,000	2
P&R047	Policy and Resources	Finance and Property	Finance and Property	Customer services channel shift - utilise the Council's customer service strategy to further reduce face-to-face customer contact, particularly in Finance Exchequer Services	200	-	-	200	2
P&R052	Policy and Resources	Finance and Property	Finance and Property	Cutting costs through efficiencies: staffing - the proposal is to work across Teams to deliver reductions in cost and headcount over three years via various workstreams - delayering, critical review of all activities to ensure either we are helping to deliver council outcomes or we are working at a statutory minimum, reduce failure demand, automation wherever possible	500	500	500	1,500	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
P&R055	Policy and Resources	Finance and Property	Finance and Property	Raising revenue: improve council tax collection - working with Districts on a number of strands to deliver an increase in the council tax base, and subsequently increase the council tax revenue to the council. Strands to review include a review of mobile homes sites, single persons discount review, empty property review	1,200	-	-	1,200	2
P&R056	Policy and Resources	Finance and Property	Finance and Property	Raising revenue: full cost recovery for external clients - a review of services provided across finance to ensure that we are charging external clients, including Schools, on a full cost recovery basis	100	-	-	100	2
P&R058	Policy and Resources	Finance and Property	Finance and Property	Raising revenue: property development - to explore options for the authority regarding direct property development. The Council owns a significant land and building bank for which sale for capital receipt may not be the best option for the authority. Generating a higher capital receipt would reduce future borrowing costs	-	-	500	500	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
P&R059	Policy and Resources	Finance and Property	Finance and Property	Raising revenue: fraud error and debt - use of data analytical tools to collect debts otherwise considered unrecoverable, largely uncollected council tax, working with District councils. The work would be performed by specialist companies.	-	50	-	50	2
P&R060	Policy and Resources	Finance and Property	Finance and Property	Property assets: reducing the costs of running the estate - explore what further opportunities we have for further reducing core Facilities Management standards across the estate, e.g. opening hours, security levels. It should be noted that there is already a significant level of property savings already included in the MTFS, c £7m.	-	-	200	200	2
P&R061	Policy and Resources	Finance and Property	Finance and Property	Aligning budgets to actual expenditure: Norfolk Local Assistance Scheme - the NLAS replaced parts of the Discretionary Social Fund from 2013 onwards. These funds are not ring-fenced and offer a more flexible response to unavoidable need aligning to a wide range of local support local authorities can offer. Historically the fund has not been fully called upon, the saving is based upon the forecast spend for 2015/16.	200	-	-	200	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
P&R062	Policy and Resources	Resources	Resources	Raising revenue through recharging the full costs of our Services to external customers - ensuring that ICT services to schools, and other external clients, fully reflect both the direct and indirect costs incurred.	300	500	500	1,300	2
P&R063	Policy and Resources	Resources	Resources	Cutting costs through efficiencies by menu based pricing - the services provided by Resources have evolved since the formation of Shared Services in 2010, services have had little visibility of costs or the ability to control them. A full review of the prices of services and equipment would offer visibility and choice to services - alternatives may include self-service.	500	500	500	1,500	2
P&R064	Policy and Resources	Resources	Resources	Cutting costs through efficiencies by reducing unit costs - the menu based proposition above offers the opportunity to reduce costs by reduced demand, this proposition offers the opportunity to reduce unit costs, e.g. by benchmarking and taking any appropriate resulting actions	300	300	300	900	2
P&R066	Policy and Resources	Finance and Property	Finance and Property	Second Homes Council Tax Income	-	-	1,200	1,200	2

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
P&R057	Policy and Resources	Finance and Property	Finance and Property	Raising revenue: commercialisation investment fund - investment in a range of commercial activities, in particular the council's wholly owned companies, e.g. NORSE have a pipeline of energy related projects for a mix of public sector and private clients	750	-	-	750	2
ASC012	Adults	Adults		Refocus Supporting people provision to support Promoting Independence Phase 1	5,100	-	-	5,100	1
ASC013	Adults	Adults		Radical review of daycare services	-	1,000	2,500	3,500	1
ASC014	Adults	Adults		Phase out all transport provision to service users	-	1,000	3,780	4,780	1
ASC015	Adults	Adults		Move service mix to Lowest of Comparator Family Group - All Specialisms	-	200	2,190	2,390	1
ASC016	Adults	Adults		Refocus Supporting People provision to support Promoting Independence Phase 2	-	2,000	2,355	4,355	1
ASC017	Adults	Adults		Restrict access to services to get to 75% target – All Specialisms	-	-	16,208	16,208	1
CHL009	Children's	Children's	Early Help	End Children's Services funding for Homestart - this is a charity who supports families with young children who are struggling to cope	-	158	-	158	1

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CHL016	Children's	Children's	Education	Reduce the cost of transport for children who are educated in alternative provision – By providing local services to ensure children are educated in their local school we will reduce the need to transport children to other educational provision.	-	250	-	250	1
CHL017	Children's	Children's	Social care	Reduce the number of social workers we use who work for employment agencies - We are giving more support to families at an earlier stage so that the challenges they face are resolved quicker and before they turn into more serious problems. As a result the number of families we are working with that need support from a social worker is reducing. We therefore won't need to use as many agency social workers	-	450	535	985	1
CHL018	Children's	Children's	Education	Reduce the transport subsidy provided to students aged 16-19 to get to sixth-form, college or where they are training	-	700	1,300	2,000	1
CHL019	Children's	Children's	Education	Review of Educational services	-	350	-	350	1

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CHL021	Children's	Children's	Early Help	Reduce how much we spend on community based provision for children with disabilities – Community based services give disabled children and young people an opportunity to meet new people and enjoy different experiences. They also give their families a break from their caring responsibilities. We will explore how we can deliver this service in a different way that provides better value for money but still meets the needs of the children.	-	224	-	224	1
CHL022	Children's	Children's	Early Help	Reduction in the size of the Early Help service delivery teams and acceptance of risk of higher costs and numbers for children in care	-	-	1,887	1,887	1
CHL023	Children's	Children's	Early Help	Reconfiguration of early help services to meet revised needs analysis	-	-	900	900	1
CHL024	Children's	Children's	Social care	Change the criteria for which children in need we will support - More children and their families would need to rely on support from teachers, GPs and other services which are open to everyone. Fewer children and their families would get specialist support from professionals like social workers and children would be at risk of unprotected harm.	-	-	5,315	5,315	1

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CHL025	Children's	Children's	Social care	Reduce the support we provide to young people who are leaving care	-	-	492	492	1
CHL027	Children's	Children's	Early Help	Close children's centres in Norfolk (This would also deliver the saving attached to proposal CHL026, which is proposing that children's centres focus their work on supporting the families that need them most)	-	-	9,656	9,656	1
CHL028	Children's	Children's	Social care	Change how we support children we are looking after to have contact with their family - We will provide opportunities for families to meet safely in public buildings, rather than going to each family's home. The contact would be supported by a different member of staff, rather than someone from the current Contact and Home Based Care service.	-	-	1,029	1,029	1
CHL029	Children's	Children's	Social care	Reduce the number of children that we look after so that the number in our care is below the average for councils that are similar to us (we would do this instead of proposal CHL030, which is to reduce the number of children we look after)	-	-	3,000	3,000	1

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CHL030	Children's	Children's	Social care	Reduce the number of children that we look after so that the number in our care is in line with other councils that are high performing (we would do this instead of proposal CHL029)	-	-	5,325	5,325	1
CHL031	Children's	Children's	Social care	Reverse CHL030 as not deliverable with CHL022, CHL024, CHL025, CHL027, CHL028 and CHL029	-	-	(5,325)	(5,325)	1
CMM023	Communities	CES	Fire	Fire service operational support reductions and redeployment of WDS staff - Re-design the operational support structures to rationalise and remove some teams, and reduce the operational training budget. Re-design of some operational activities and redeployment of associated resource to other community focussed activities.	600	-	600	1,200	1
CMM028	Communities	CES	Norfolk Museums	Museums service re-design - Re-design the museums service to focus on the three main sites (Norwich Castle, Gressenhall and Time and Tide) with only a basic level of service at the remaining seven sites.	50	276	326	652	1
CMM029	Communities	CES	Libraries	Libraries service re-design - The service would only operate approximately 20 of the current 47 sites. The remaining sites would need to closed or delivered in other ways e.g. transferred to	-	-	1,599	1,599	1

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
				communities to operate.					
CMM030	Communities	CES	Fire	Fire service - re-design of operational activities - Reducing crews on retained fire stations down to a minimum establishment, removing 2nd appliances and their retained crews (note - this assumes the redeployment of WDS staff in CMM023 is not taken forward as this is mutually exclusive of this option).	200	200	765	1,165	1
CMM031	Communities	CES	All CES Services	Transport costs - 15% saving on transport costs, including fire service fleet costs, through procurement, reducing use and better journey planning.	-	-	187	187	1
CMM032	Communities	CES	All CES Services	Supplies and services - further 20% saving on supplies and services spend across all teams in Community and Environmental Services Directorate.	-	-	1,170	1,170	1
CMM033	Communities	CES	Trading Standards	Service re-design - introduce a locality based structure for Trading Standards, as part of the work to introduce this approach across the whole Community and Environmental Services Directorate.	-	186	378	564	1

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
CMM034	Communities	CES	Fire	Fire service further re-design - to achieve a 25% budget reduction the fire service would need further re-design.	-	-	2,995	2,995	1
CMM035	Communities	Resources	County Registration Service	Registration service accommodation costs - carry out a further review of service provision locations to identify further sites that could be closed and alternative provision identified.	-	-	25	25	1
CMM036	Communities	Resources	County Registration Service	Registration Service income generation - develop business opportunities within the service to generate additional income.	-	-	80	80	1
EDT032	EDT	CES	Waste	Waste Strategy - implementing a new waste strategy focussed on waste reduction and minimisation with a target to reduce the residual waste each household produces by at least one kilogram per week.	-	-	2,000	2,000	1
EDT033	EDT	CES	All Services	Agency and contracted spend - 25% savings from agency and contracted spend across a number of teams.	-	-	2,074	2,074	1
EDT034	EDT	CES	All Services	Transport costs - 15% saving on transport costs, including highways vehicle fleet costs, through procurement, reducing use and better journey planning.	-	-	458	458	1

Unique Reference No.	Committee	Department	Specific Service Area	Description	Savings				1 High Risk 2 Medium Risk 3 Low Risk
					2016/17	2017/18	2018/19	Total	
					£000	£000	£000	£000	
EDT035	EDT	CES	All Services	Supplies and services - further 20% saving on supplies and services spend across all teams in Community and Environmental Services.	-	-	2,468	2,468	1
EDT036	EDT	CES	All Services	Service re-design - introduce a locality based structure for the Community and Environmental Services Directorate	-	2,638	5,355	7,993	1
P&R067	Policy and Resources	Resources	Resources	Reducing costs of employment - Significant changes to employee terms and conditions	-	3,400	-	3,400	1
					36,896	43,375	93,141	173,412	

Saving	Saving Ref	Committee	Budget	Forecast	Variance	RAG
Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children	1415CHI001	Children's	£m 8.484	£m 5.081	£m -3.403	RED
Reduce the cost of transport for children with Special Educational Needs	1415CHI012	Children's	1.000	0.500	-0.500	RED
Reducing the costs of business travel	1415GET016	Children's	0.105	0.000	-0.105	RED
Change services for children and young people with Special Educational Needs and Disabilities in response to the Children and Families Bill	1415CHI005	Children's	1.912	0.000	-1.912	RED
Electronic Monitoring of Home Care providers	1415COM028	Adults	0.500	0.000	-0.500	AMBER
Review of Norse Care agreement for the provision of residential care	1415COM042	Adults	1.500	0.750	-0.750	AMBER
Trading Assessment and Care Management support for people who fund their own care	1415COM019	Adults	0.050	0.000	-0.050	RED
Changing how we provide care for people with learning disabilities or physical disabilities	1415COM034	Adults	3.000	1.500	-1.500	AMBER
Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	1415COM033	Adults	3.000	1.500	-1.500	AMBER
Charge at some recycling centres	1415WAS009	EDT	0.280	0.000	-0.280	RED
Restructure and reduce staff across HR	1415RES071	P&R	0.308	0.155	-0.153	AMBER
Total			20.139	9.486	-10.653	

2016-17 Budget and Service Planning Timetable

Activity/Milestone	Time frame
Service Committees consider initial savings proposals and undertake service planning in the context of 75% of addressable budgets	September 2015
Policy and Resources Committee receive feedback on initial service and financial planning and review the latest forecast financial position for 2016-17 to 2018-19	28 September 2015
Member review of any further financial updates or information from expected Government consultations affecting funding settlement	October 2015
Service Committees consider further proposals for savings to close budget gap, and agree proposals requiring public consultation	
Policy and Resources Committee considers budget proposals in the round	26 October 2015
Consultation on new planning proposals and council tax 2016-17 to 2018-19	November 2015 to early January 2016
Spending Review 2015	25 November 2015
Assess implications of Spending Review 2015	Late November and December 2015
Service reporting to Members of service and budget planning – review of progress against three year plan and planning options and early feedback from statutory consultation and engagement activity	November 2015
Chancellor's Autumn Statement and Provisional Finance Settlement	Late December 2015
Consultation closes	14 January 2016 midnight
Service reporting to Members of service and financial planning and consultation feedback	January 2016
Committees consider outcomes of public consultation and local government settlement, and agree revenue budget and capital programme recommendations to County Council	Late January 2016
Policy and Resources consider consolidated budget position to recommend budget proposals to County Council	8 February 2016
County Council agree Medium Term Financial Strategy, revenue budget, capital programme and level of Council Tax	22 February 2016

P&R Committee

Item No...9...

Report title:	Norfolk County Council Constructors Framework Replacement
Date of meeting:	26th October 2015
Responsible Chief Officer:	Simon George – Director of Finance Dinesh Kotecha – AD Corporate Property Team
Strategic impact Re-procurement of the expiring Construction Framework has been concluded. The extension of the current framework runs out in December 2015 and we now seek the Committee's authorisation to issue provisional award notifications which, provided that there is no procurement challenge, will lead to formal award being finalised on the 9 th November 2015.	

Executive summary

The procurement was a two-stage process, advertised in the European Journal on 2nd June 2015.

The two lots contractors were able to bid for were:

- Lot 1 – Works valued between £300,000 up to £3,000,000
- Lot 2 – Works valued £3,000,001 and above.

Nineteen contractors applied. Of the nineteen, nine were shortlisted and invited to submit a tender for Lot 1 and ten were invited to submit for Lot 2. NCC procurement, NPS and the corporate property team were involved in the evaluation and moderation at both the shortlisting and final tender stages.

Key decisions/recommendations that Committee need to make:

The Committee will be asked to approve the appointment of five contractors for each lot.

Subject to that approval we will issue standstill letters to all those who applied notifying them of the provisional award. A ten-day standstill period will commence on 27th October 2015 and end at midnight on 6th October 2015. The purpose of the standstill period is to allow time for unsuccessful applicants to challenge the outcome of the procurement process before any contract is awarded.

Provided there is no challenge, formal award will then take place on 9th November 2015. Transition to the new framework can then commence.

1. Proposal

The Council, working with NPS, looked to procure a construction partnering framework designed to focus on the delivery of the Council's strategic objectives and aspirations. It was decided to divide the works values into 2 lots and to have a maximum of five providers appointed to the framework for each lot.

Nineteen contractors submitted completed questionnaires following the official advertisement sent on the 2nd June 2015. Of those, nine were shortlisted for lot 1 and ten were shortlisted for lot 2 and asked to submit a tender. The completed information was received on the 14th September.

Evaluators included specialists from the Norfolk County Council Corporate Property Team and NPS.

We now seek authorisation from the Committee to proceed with the appointment of the top five contractors in each lot. (In alphabetical order per lot)

Lot 1

Cocksedge Building Contractors Limited
Morgan Sindall Plc
RG Carter Limited
Shaylor Group Plc
T Gill & Son (Norwich) Limited

Lot 2

Cocksedge Building Contractors Limited
Kier Construction Limited
Morgan Sindall Plc
RG Carter Limited
Wates Construction Limited

Of those shortlisted for Lot 1, scores ranged from 78.8 to 89.8; the sixth-placed bidder scored 72.6

Of those shortlisted for Lot 2, scores ranged from 77.6 to 89.8; the sixth-placed bidder scored 76.8

2. Evidence

There are signs of an upturn in the market with construction costs increasing, a shortage of some materials and skills in key trades being made more acute by high demand in the house-building market. It is envisaged that the next few years will see the emergence of a stable to buoyant market, potentially led by the housing (both affordable and developer) and commercial sectors.

With the improvement in the market there is a greater reluctance of constructors to bid for single stage design & build projects due to the risks associated with this type of work. Constructors are now able to be more selective in their choice of projects to bid for.

For Constructors to offer full support for any Framework there must be a potential "return" on offer. Where this return could be significant in work terms the buy-in/enthusiasm/strategic inputs are far more likely to be offered and fulfilled.

Any significant dilution of work opportunities is likely to have an adverse effect on the support / effort put forward by the Constructor.

The Framework must retain or increase its attraction to constructors in order to maintain interest and provide incentives for constructors to invest resources and funding to

devote to framework projects and support clients' wider social and economic objectives, such as

- focusing on enabling spend in the local economy
- the ability to influence training, development and employment opportunities in the local authority area – one of Norfolk County Councils key priorities is the delivery of 'Real Jobs' that promote sustainable employment and opportunities throughout Norfolk
- opportunities to standardise products and materials where possible
- ensuring consistency of delivery
- the client organisation developing common processes and procedures with constructors thereby enabling greater efficient project delivery

Framework constructors would be incentivised by the realistic opportunities of securing projects and therefore able to provide the impetus and sustainability for Build Norfolk that has previously seen benefits to construction industry SME's in Norfolk.

The nature of construction works envisaged by Norfolk County Council and potential users of a framework over the coming five years is not yet fully defined and is likely to be varied, which requires a range of constructor organisations skilled and suited to the different forms of contract and project

The Council estimates that its total capital spend on construction projects within the framework will be in the region of £22-27m per year. It is expected that much of the activity in the next two years will be on behalf of Children's Services in response to the increasing demand for school places.

The Council intends to make the framework available to other public bodies in the Eastern region. Overall it is likely that projects may be more diverse than those delivered under frameworks in the past because of the greater variety and flexibility of buildings demanded to meet the changing needs of Norfolk County Council and the increase in collaborative working with other public authorities.

Overhead issues – there are “running” costs for both the client and contractors in participating in any framework arrangements. The client has to manage the framework and the contractor must allocate necessary staff (Partnering Manager etc.) to engage with the client. This will happen even if work is not readily forthcoming in any volumes or values.

Resilience – market place offering work at better return, sufficient Constructor tenders need to be offered to the Framework, the inference here being that a “critical mass” of those always offering a tender (in any market conditions) is required for the framework to operate as desired.

Without a framework, the local constructor partners are not able to access potential works from other bodies, thereby limiting their opportunities to support Norfolk skills development and employment.

The current framework has been extended until December 2015. Any agreements after this date would need to be tendered in their entirety should the appointment of the successful framework contractors not go ahead.

3. Financial Implications

The framework will deliver all capital construction projects for Norfolk County Council (unless, exceptionally, a decision is taken to go outside the framework)

Each individual project will have been subject to the Authority's budget setting processes and authorisations

There are no direct financial implications to this framework other than time in managing the ongoing framework.

The framework does not guarantee work and is not a contract in itself but merely an agreement about the terms & conditions that would apply to any order placed during its life. Individual contracts will be made up when an order is placed and each order is a separate contract with its own conditions. The form and method of procurement contract will be determined in the beginning stages of all projects to decide suitability and appropriateness on a particular project.

4. Issues, risks and innovation

Legal implications

- The Framework has been procured in full compliance with procurement law and social value requirements

Risks

- The new Framework must remain attractive to the market in order to ensure high quality bids at call-off and the support of constructors to the achievement of the wider framework objectives – hence there is a limit of five constructors to each lot.
- To ensure the best possible value for money, competition will be introduced via individual further competitions for each project. The quality / pricing criteria will be fine-tuned for each project to ensure the appropriate focus is achieved.

Equality, Human rights and Environmental issues

- These aspects have been fully tested during the pre-qualification process. Only those companies who successfully demonstrated they met or exceeded the Authority's requirements were invited to tender

Health and safety issues

- Focus will continue in the new Framework to fully support health & safety initiatives and improvements
- These aspects have been fully tested during the pre-qualification process. Only those companies who successfully demonstrated they met or exceeded the Authority's requirements were invited to tender

Innovation

- Having high-quality experienced construction companies as partners in the framework will ensure the latest (and emerging) construction technologies and techniques are available to NCC projects
- Constructors' early engagement with projects will allow input to "buildability", programme and procurement aspects. Opportunities for early engagement can be focused on best value and enabling support for local SMEs.

- We will set up a 'special interest group' where members of each organisation, as well as NCC work collectively as strategic partners.

5. Background Papers

Refer to section 11 Policy and Resources Committee Minutes of the Meeting Held on Monday 26 January 2015

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

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If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Report title:	Interim Report from the DNA Member Working Group
Date of meeting:	26th October 2015
Responsible Chief Officer:	Executive Director of Resources

Executive summary

The DNA partnership with Hewlett Packard (HP) is in year 2 of 5. Progress has been regularly reported to the Policy and Resources Committee, most recently in June 2015.

At the June 1st 2015 meeting the Policy and Resources Committee noted concerns about timescales and costs relating to the implementation of the DNA programme and agreed to establish a small member working group to examine progress more closely, with membership and terms of reference to be determined by Group Leaders.

At the July 20th 2015 Committee meeting the Committee requested an interim report from the Working Group at the end of October.

This interim report outlines the work that the group has undertaken to date and sets out the group's key findings. It summarises the key issues and learning points that have been identified by the group and sets out actions that have already been taken or proposes further actions to ensure that the lessons learned from the issues experienced to date are embedded into future delivery plans.

Recommendations:

That members:

1) Note the progress of the group's review work and support the findings, lessons learned and action points.

2) Agree that the Member Working Group should continue as a standing group to provide strong member oversight of significant ICT and IM activity, including the current voice and data procurement and the imminent procurement of a replacement for Care First, and to provide regular reports to the Committee.

1. Introduction

The DNA partnership with Hewlett Packard (HP) is in year 2 of 5. Progress has been regularly reported to the Policy and Resources Committee, most recently in June 2015.

At the June 1st 2015 meeting the Policy and Resources Committee noted concerns about timescales and costs relating to the implementation of the DNA programme and agreed to establish a small member working group to examine progress more closely, with membership and terms of reference to be determined by Group Leaders.

At the July 20th 2015 Committee meeting the Committee requested an interim report from the Working Group at the end of October.

This interim report outlines the work that the group has undertaken to date and sets out the group's key findings.

At the time the Group commenced its work, and as reported to the Policy & Resources Committee, accreditation to the Public Services Network (PSN) had not been achieved, the deployment of devices was significantly delayed and progress in other areas of the programme was behind schedule.

2. Membership and Terms of Reference

Group Leaders agreed the following membership and Cllr Roper was elected chair of the group at the first meeting on July 20th.

Mr D Crawford (UKIP)
 Mr C Jordan (Conservative)
 Mrs J Leggett (Conservative)
 Mr S Morpew (Labour)
 Mr D Roper (Liberal Democrat)

Dr A Boswell (Green Group) attends as an observer.

The group agreed terms of reference at its first meeting which included the following scope.

- Review of the original business case
- Assessment of progress on the implementation of the DNA programme
- Compliance with the contract entered into with HP
- Revised timeframes and associated costs
- Lessons learned from the experience of implementation to date, and what, if any, revisions may be required to the original deliverables
- Articulation of the ultimate goal – what are we now aiming for?

3. Summary of meetings

To date the group has convened 5 meetings with the following topics covered at each meeting.

Date of Meeting	Topics covered
July 20 th	<ul style="list-style-type: none"> • Terms of reference • DNA overview – Contract and milestones • ICT Transformation Programme Board – Context and scope • Preliminary briefing on Information management
August 3 rd	<ul style="list-style-type: none"> • DNA - original rationale and Business Case • Device deployment • Server migration • Accreditation to PSN (Public Services Network)
September 1 st	<ul style="list-style-type: none"> • Accreditation to PSN • Progress against business case
September 14 th	<ul style="list-style-type: none"> • Accreditation to PSN • Progress against business case – Information management
September 28 th	<ul style="list-style-type: none"> • Progress against business case – Information management

4. Issues and Lessons Learned

This section summarises the key issues and learning points that have been identified by the group and sets out actions that have already been taken or proposes further actions to ensure that the lessons learned from the issues experienced to date are embedded into future delivery plans.

	Issue / Lesson Learned	Action Points
1	<p>As has been previously reported to the P&R Committee, the legacy gap in terms of the number and state of existing applications and the underlying infrastructure supporting the desktop estate was underestimated at the outset. Hardware and software had not been updated or upgraded and there was no formal assessment of the existing applications. In particular the wide range of “application packages” that were required to support everything from libraries to street lighting was presenting a number of challenges for the deployment of devices. This contributed to unachievable timelines, delayed PSN accreditation and also had implications for the capacity and skills required to mitigate this.</p> <p>So far the number of pieces of software has been reduced from 6000 to under 600.</p>	<ul style="list-style-type: none"> • An in-house applications packaging team has now been fully trained and this function is being effectively carried out as part of day-to-day ICT operations • Processes are being put in place to ensure that the underlying ICT infrastructure and business applications are maintained and kept up to date on a planned, visible and regular basis • Central procurement and other controls now prevent staff from purchasing and installing individual pieces of software • Ongoing work to rationalise applications and centralise licencing and supplier management
2	<p>DNA should be seen as a tool to provide a solution rather than as the solution itself and expectations need to be set accordingly. DNA needs to combine with other developments to enable business take-up and adoption of new ways of working to achieve full benefits.</p> <p>There was a lack of understanding within the businesses of the capability of the new hardware and the opportunities this offers.</p>	<ul style="list-style-type: none"> • DNA is no longer being managed as a separate single programme. Specific change projects or programmes have been initiated to exploit DNA developments and engage with the business to drive out benefits. Examples include the Customer Service Programme and the Data & Voice project
3	<p>The DNA programme contains a specific set of activities; there are a wider range of ICT activities outside of the programme. There has been a lack of understanding of the differences between what a DNA related issue is and what is, in fact, a wider ICT issue. As a consequence ICT issues were sometimes attributed to DNA, eroding confidence in the DNA partnership. This needs to be better set out for Councillors</p>	<ul style="list-style-type: none"> • Change management as an ICT function has improved over the last 6 months to ensure that issues and essential technical changes are communicated in advance • 2 years into the contract with HP, there is an opportunity to reframe the partnership, articulate the achievements to date, apply lessons learned and set out the future plan

	<p>and the workforce.</p> <p>Significant credibility issues with the DNA partnership remain across the organisation as a result of the early challenges and the range of issues documented in this report.</p>	<p>and opportunities</p> <ul style="list-style-type: none"> • A range of communications that evidence successful achievements to date and seek to re-engage with managers and staff need to be prepared and issued over the coming months to re-set credibility within the organisation
4	<p>A key issue has been the capacity of ICT services to deliver, particularly as the first 6 months of the contract coincided with the ICT restructure. Following the restructure, ICT Shared Services was resourced for the “end state” as envisaged by DNA, but this did not make any allowance for the transition required to reach that end state. As a consequence, the service has had skills gaps and in some areas too few employees which has contributed to further delays.</p> <p>There was a lack of understanding of the size and complexity of the task ahead. Relevant ICT staff did not receive the technical training at the appropriate stage of the project</p>	<ul style="list-style-type: none"> • Additional staff on fixed term contracts have already been secured to focus on key deliverables such as the device deployment and server migration • Further temporary resources may be required in order to move key projects on to a satisfactory conclusion. ICT Services will identify the skills shortages and put together clear business cases for any resource requirements <p>This is a key lesson for other major strategic change activities.</p> <ul style="list-style-type: none"> • Delivering major savings is likely to involve up front investment spend and demand on resource in the medium term and delivery plans should be developed with this in mind
5	<p>The decision to move to a full laptop estate (rather than the initially planned mixed estate of laptops and desktops) resulted in increased costs. Whilst this additional cost should eventually be recouped through productivity gains from mobile working, this was not addressed through a detailed business case.</p>	<ul style="list-style-type: none"> • Future changes to the planned programme should be subject to full business cases and agreed through the programme structure now in place.
6	<p>The scope for the initial Sprint (data release) for the Information Hub was too ambitious in terms of its scale and complexity. This was not fully understood by the business. As a result the Sprint took significantly longer than anticipated.</p> <p>The Information Hub is a valuable asset capable of making a significant contribution to Reimagining Norfolk. To achieve that requires full business engagement.</p>	<ul style="list-style-type: none"> • The group has endorsed the need for external support and advice to ensure there is a sound plan with clear prioritisation for the exploitation of the Information Hub. The Group have also advised that as part of this an early quick win should be identified

7	<p>The DNA contract involved knowledge transfer from HP to NCC's ICT team in how to do the packaging, but delays in implementing the ICT restructuring and the time taken to fill vacancies meant that NCC staff were unavailable for the training and knowledge transfer until December 2014 (when this work should have started in March/April 2014). Again, staff lacked the correct technical skills</p>	<ul style="list-style-type: none"> • For a set period we asked HP to undertake applications packaging on our behalf in order to maintain momentum • An applications packaging team is now established within ICT as described above
8	<p>There has been a perception that the contract with HP set out a definitive scope but in reality both parties were entering a collaborative and flexible partnership to explore what was technically possible in order to deliver certain outcomes. However, in order to draw up a contract certain assumptions had to be made and a value placed on the deliverables that HP would produce. Inevitably, not everything in the contract has been or will be delivered for a number of reasons.</p> <p>There have been some aspects of the HP delivery that have not fulfilled the Council's requirements. These issues have been successfully escalated through the partnership arrangements.</p>	<ul style="list-style-type: none"> • Where this has happened formal change controls have been applied to ensure NCC does not pay for products or services that are not delivered. For example, Single Sign On has been achieved on two systems although the contract provided for eight systems. Six of the systems were unfortunately unable to comply with the required technical standards. As a result of this the team has negotiated £215k from the HP contract, which will over time be made available to procure updated compliant systems. A further £220k has been saved by revising the original plan to use Sharepoint for developing web content with SiteCore • Future similar partnership arrangements must benefit from learning this lesson and being clearer upfront about the nature of the partnership and setting expectations and reporting accordingly • New working arrangements with HP are being put in place and will be subject to regular review.
9	<p>Our PSN compliance is dependent on a number of factors- or controls. One control that is particularly challenging for our organisation is to ensure that all the software packages we use are up to date and supported. Our PSN submission in Jan 2015 was hampered due to the large number of applications where support had lapsed.</p> <p>This would have been easier to address has there been a clear and planned timetable around software and hardware</p>	<ul style="list-style-type: none"> • ICT Services have commenced a piece of work to develop and define the Enterprise Architecture. This work will develop a clear roadmap of key decisions relating to core infrastructure, hardware and software over a 5 year rolling timeline as well as a detailed and maintained assessment of all applications being used, developed, upgraded or retired by the business at any point in time

	replacement. The importance of this was raised on several occasions during the Working Group meetings	
10	The process for securing PSN accreditation has been protracted and has demanded significant capacity from ICT services, business representatives and the project team. As an annual and time-dated process, this can and should be defined, owned and managed as a predictable and repeatable process to ensure that PSN accreditation is secured in a timely fashion with minimal additional effort on an annual basis.	<ul style="list-style-type: none"> • The provision of new devices to all staff by the end of November alongside technical and process changes being implemented within ICT Services will ensure that future annual accreditation to PSN should be a straight-forward exercise forming part of day-to-day ICT operations • The process for planning, managing and securing PSN accreditation will be developed by ICT Services and submitted to the ICT Transformation Programme Board for validation and approval
11	There was confusion created in an Adult Services efficiency savings paper that stated benefits that would arise from the iHub implementation.	<ul style="list-style-type: none"> • Departments should be encouraged to more clearly signal which savings proposals are exploiting these technology enablers as part of their Budget submissions and engage further with ICT Services and the IM Service to seek additional efficiency savings from these enablers
12	While the platforms are now largely in place, the group acknowledged the danger of accelerating too quickly from here due to the pressure to deliver. Proceeding in haste may put at risk the anticipated benefits.	<p>Critical success factors for accelerating in a measured way include:</p> <ul style="list-style-type: none"> • Prioritisation to ensure that finite ICT and business capacity are targeted on exploitation activities that deliver the greatest return on investment • Business engagement to secure full buy-in to future exploitation activities which should be business-led but technology driven • Clear delivery plans with managed dependencies across the technical development and business exploitation activities
13	NCC didn't have the technical capability to assure the design provided by the supplier (specifically the desktop replacement and the server hosting). This was exacerbated by a lack of effective communication between ICT and the businesses * As a result, issues were only seen during deployment or, at	<ul style="list-style-type: none"> • The direction of travel for NCC is more Software as a Service and Infrastructure as a service. The ICT Service Improvement plan will include a review and new approach for the design and testing phase of new work. This will need to start with the Voice and Data Network contract

	best with the server migration, during pilot. * e.g. the interface and CareFirst and hospital systems	and the new Highways Management system. Should ICT find they don't have sufficient in-house capability on a project-by-project basis to conduct such assurance, then this would need to be factored into the business case. We cannot rely on the technical guidance of the supplier alone
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In summary, the group has concluded that the vision for DNA is still sound, but that robust and credible delivery plans should be developed that reflect the current position and in particular clearly set out how departments will exploit these enablers to maximise the return on the significant investment to date. This should be developed as a living document that shows how it will be delivered but also builds in flexibility.

In addition, both members and officers expressed the view that the work of the Member Working Group has been helpful and positive as it has provided a forum for sharing the complexity at the right level of detail and has encouraged a focus on and an honest assessment of the issues and what lessons can be learnt from these. All members of the working group agreed that it would be beneficial to continue the working group, both to continue to support the DNA programme and to provide strong member oversight of other significant ICT and IM activity, including the current voice and data procurement and the imminent procurement of a replacement for Care First and to provide regular reports to the Committee.

5. Current status and opportunities

This section summarises the current status of the key objectives of the DNA partnership as reported and discussed at the group meetings and highlights the opportunities that now exist based on progress achieved to date.

PSN Accreditation

A critical objective of DNA was to secure accreditation to the Public Services Network (PSN). PSN is a high-performance computer network which is managed by the government and helps public sector organisations work together. Public sector organisations that use the PSN need to achieve and maintain certain security standards. NCC need to demonstrate that we are compliant with these standards in order to continue to use this network for some key services such as secure email.

Although there was a significant delay to securing certification due to the device deployment taking longer than anticipated, NCC received its accreditation on September 8th. Our PSN Customer Compliance Certificate is valid for the next 12 months.

It should be noted that the Cabinet Office PSN compliance team are still concerned that we have old XP devices on our network and have made it clear that this certificate has been approved on the understanding that these are removed by the end of November and that other mitigating technical solutions are deployed in the interim.

The provision of new devices to all staff by the end of November alongside technical and process changes being implemented within ICT Services will ensure that future annual accreditation to PSN should be a straight-forward exercise forming part of day-to-day ICT operations.

Device Deployment

Plans are now in place to deploy the final 1,100 devices (laptop and desktop computers) {Note: this figure will continue to reduce on a weekly basis} by the end of November. In order to accelerate the final waves of deployment, some staff are receiving Windows 7 devices, not Windows 8.1. This is due to difficulties experienced with packaging the high number of applications that are still used across the organisation. ICT Services has not had sufficient trained resources to package and test all the applications to the Windows 8.1 standard. Packaging and testing for Windows 7 is a simpler process.

Approximately 1,200 Windows 7 devices are being deployed. Windows 8.1 remains the strategic goal for use across the Council. Windows 7 is the short-term operational goal to complete the deployment and secure PSN compliance. Plans will need to be drawn up to converge on a single windows estate as soon as possible in order to maximise benefits.

One of the key benefits of deploying laptops to the majority of staff has been to enable them to work more flexibly. This has been a significant enabler for the County Hall refurbishment project as staff on all refurbished floors are able to work at any desk with significant benefits in terms of an average of 7:10 ratios of desks to staff being achieved.

A further expected benefit is to support mobile working, enabling staff who work remotely across the county to access ICT while on the move. Piloting mobile technology has been a real challenge for DNA but Finance field workers are now piloting tablet devices and 4G cards and Finance and Exchequer Services (FES) have reorganised already to capitalise on efficiency gains.

By introducing enhanced mobile capability we estimate that we have increased a visiting capability from 12 visits to 16 visits per week per visiting officer, contributing to a reduction of 5 posts.

Once the deployment is completed for all staff there will be a great opportunity to build on the FES pilot and seek to enable larger parts of our mobile workforce to work remotely with anticipated productivity gains.

Server Migration

NCC and HP have been working together to put in place a highly secure, resilient hosted shared server environment as part of the DNA contract. This will reduce the number of servers currently accommodated in the basement at County Hall and will provide greater resilience and improved business continuity for these servers.

A pilot conducted in June identified a number of serious issues with the proposed solution and NCC and HP have sought solutions to these issues ahead of any further migrations to prevent similar difficulties to those experienced with the device roll out.

Revised plans based on a proposed new solution are being drawn up with a tentative target completion date as early as possible in 2016.

Customer Service Strategy

A Customer Service Programme has been initiated to implement the Customer Service Strategy approved by Council in April 2015. The programme is dependent on some underlying DNA technologies, such as the Customer Relationship Management system (Microsoft Dynamics) alongside further systems such as SiteCore to replace the web content management platform and develop a portal solution for customers.

Significant work has been undertaken during the first 18 months of the DNA contract to set up systems to improve our offer to Customers and to encourage use of the internet to save costs for NCC.

NCC have entered into a partnership with the London Boroughs of Newham and Havering in order to accelerate, and reduce the costs of, implementation. Newham has already put in place a CRM solution for a range of generic services which NCC will be able to adopt with an estimated reduction of 40 man years of development effort.

The working group noted that success will be dependent on commitment/identification from the businesses that they will need to commit an amount of time to these projects. The working group proposed to return to this issue.

The initial focus of the work will be on Highways, enabling customers to, for example, report and track pothole repairs online, removing any need for expensive telephone contact and automating the end to end process by integrating with the back office systems. This work is scheduled for completion by April 2016 to align with the implementation of the new Highways Management System and is estimated to save £300k for Highways alone.

Work is also underway to roll this out further to include Registrars, Complaints and FOI requests by April 2016. Further phases are currently being planned and business cases worked up – they will focus on Travel and Transport and Adult Education and then Adult and Children's services.

Identity Management

A key objective of the DNA partnership is to make better use of technology to ensure that we have more robust controls over who is accessing our systems and data and that these access controls are automated where possible so that access is granted and removed whenever a member of staff joins, leaves or moves within the organisation based on their specific job role.

Officers reported that suitable access controls were in place for when people left the NCC's employment but controls around staff changing roles within the organisation were less robust.

SailPoint is a key DNA technical solution that will help improve controls for starters, leavers and movers and significant work has taken place to configure the solution and join it up to other systems prior to live deployment. The 1st phase of the live deployment of this Identity and Access Management project is due to roll out by the end of October with the initial focus on core generic systems such as Office 365 (for Outlook email and standard applications like Word) and Oracle (for self-serve). The 2nd phase will focus on the key line of business systems, such as CareFirst, Tribal and Oracle EBS. This phase is currently going through the business engagement and prioritisation phase, but the current expectation is that by October 2016 a large proportion of the systems access management will be delivered through SailPoint

Information Management

The DNA vision for Information Management is to develop an Information Hub to deliver a single source of joined up data and a platform of relevant tools that enable exploitation/visualisation of the information along with allowing robust and secure information sharing.

NCC and HP have developed a data warehouse that can take daily feeds from our business systems, and other tools that enable us to cross-reference and validate the data to support a wide range of interrogation. This will enable the delivery of robust processes around data quality and data integrity that can be applied back to the line of business systems via the data owners, as well as through the Information Hub.

The development of a “Golden Record” will remove duplication of data and the most up to date information will be used to create a single record per person. This will become a single point of reference for the CRM used by Customer Services to pre-populate forms and records for customers.

The first development cycle to put in place a means of extracting good business intelligence from NCC data has taken place but took much longer than originally intended. This part of the programme has therefore been put on hold whilst a better understanding of the business requirements is gathered. To be able to take this complex agenda forward and take advantage of the business opportunities and benefits, a plan needs to be developed and this requires support from an external provider with expertise in this area.

Alongside the work on the Information Hub, work is also underway to develop solutions for better managing unstructured data such as Word documents, spreadsheets and scanned images

The development of this Electronic Document Records Management System (EDRMS) is proving to be a very complex and protracted process.

The group recognised that there is a need for better engagement of the business and that upskilling and training would be required for staff. The Information Management team are in the process of collating requirements from each service department.

External collaboration using SharePoint, the council’s file sharing and file collaboration tool, is planned for Norfolk Constabulary, NCH&C and Fire and Rescue to enable information sharing to become a more fluid process.

- It should reduce the pressure on resources
- Enable greater clarity around data sharing

Recommendations

Committee are asked to:

- 1) Note the progress of the group’s review work and support the findings, lessons learned and action points.
- 2) Agree that the Member Working Group should continue as a standing group to provide strong member oversight of significant ICT and IM activity, including the current

voice and data procurement and the imminent procurement of a replacement for Care First, and to provide regular reports to the Committee.

Background Papers

- 8 April 2013 Cabinet report – Digital Norfolk Ambition, including a copy of the Strategic Outline Business Case.
- 8 July 2013 Corporate Resources Overview and Scrutiny Panel report – Digital Norfolk Ambition Programme
- 7 October 2013 Cabinet report: DNA update
- 14 July 2014 Policy & Resources Committee: DNA Update
- 29 September 2014 Policy & Resources Committee: DNA Update
- 1 December 2014 Policy and Resources Committee: Digital Norfolk Ambition Programme
- 11 March 2015 Communities Committee: Customer Services Strategy 2015-2020 (recommended to and agreed by Full Council on April 13th)
- 23 March 2015 Policy and Resources Committee: Delivering DNA
- 01 June 2015 Policy and Resources Committee: Delivering DNA

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

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Policy and Resources Committee

Item No 11

Report title:	Performance monitoring report
Date of meeting:	26 October 2015
Responsible Chief Officer:	Managing Director
Strategic impact Effective performance management is key to ensuring that the organisation works efficiently and effectively to develop and deliver services that represent good value for money, deliver the Council's priorities, and improve outcomes for Norfolk people.	
Executive summary <p>My report "Re-imagining Norfolk" outlined the context and challenges which local government is facing following the general election results in May 2015, and proposed a three year strategy for delivering the Council's priorities and statutory duties with 75% to 85% of current resources.</p> <p>Making the most of our resources by doing things differently is the headline message that runs throughout the strategy. It covers a range of activities such as raising revenue, trading services where there are the right market opportunities, making greater use of technology to shift delivery channels, managing demand for our services towards early help and community-based support, and continuing to improve the efficiency of the organisation by cutting costs particularly in back office functions.</p> <p>The Council's performance management system is key to ensuring that the resources we do have are used to best effect, and that by doing things differently the Council does deliver demonstrable results to the people of Norfolk. It is about the benefits people receive for the money spent. To better align our performance management with our priorities and resources, and strengthen accountability for delivering results, I initiated a review of our existing arrangements. Drawing on best practice and on the basis of feedback from our senior managers, it concluded that there are improvements necessary to ensure that the system:</p> <ol style="list-style-type: none"> 1. Focusses on the right things – delivering the Council's priorities and managing its vital signs and key risks; as reflected in the 'performance pyramid' and the subject of recent member workshops. 2. Sets accurate baselines and targets – so it is clear the direction and scale of performance improvement required. 3. Strengthens accountability – so there is ownership, it is clear who is responsible for delivering performance, and building these accountabilities into personal objectives and development plans. 4. Informs purposeful management – performance indicators are used to inform and motivate, rather than merely be the subject of reporting. 5. Provides timely and effective monitoring – with performance reports that provide a snapshot, based on accurate and timely information 6. Drives an agile performance management culture – that encourages investigation, fixes performance problems and embraces challenge to existing ways of doing things. <p>The County Leadership Team provides the leadership for these changes and has agreed the plan for their implementation. The first phase is to turn the focus of the performance management and reporting system onto the right things. The deadline for that phase is the January meeting of Policy and Resources. Two workshops on the</p>	

Council's priorities were held this month, and those sessions will inform the first phase of the planned improvements – "focussing on the right things". CLT and DMTs have begun to identify vital signs. The review of corporate risk management has been undertaken and a new approach is outlined in this report, following its discussion at the Audit committee.

The report you have before you today therefore reflects a snapshot in the transition from the old to the new approach to performance reporting. It does not contain all the changes required to strengthen the performance system in the ways identified in the review.

In summary, the report has four sections:

1. The first section outlines the rationale for the changes being introduced to the Council's performance management system based on the key elements of a good system (the virtual circle), and the proposed hierarchy of performance information (covered in the 'pyramid').
2. The second covers the services and existing indicators which report to the Policy & Resources Committee (Finance and Resources), presented in a new format by way of illustration.
3. The third section covers other Council services and existing performance indicators presented in the narrative format by way of comparison.
4. The fourth section covers the new approach to risk management. As previously reported to the Audit Committee on 24 September 2015, the approach to Risk Management was reviewed in detail as part of the Re-imagining Norfolk strategy. As a result, the Corporate Risk Register has been re-evaluated and integrated, where appropriate, with newly identified risks, together with a change in the way in which these are reported to Members.

Recommendation

Committee Members are asked:

- **To consider the improvements being implemented to strengthen the Council's performance and risk management system.**
- **To comment on potential 'vital signs' for organisational health and service performance for possible inclusion in the 'performance pyramid'.**

Overview

In reporting Quarter 1 (April to June 2015) performance results this paper presents, through both its content and format, some of the early outputs of the changes required to improve performance management arrangements (as reference in the last report, at Quarter 4). It reflects a period of transition; the planned improvements will take several months to complete and will be reported to members on a quarterly cycle.

SECTION ONE – Key Elements of Good Performance Management

1. Why performance management matters

- 1.1. High performing organisations have effective performance management systems and a results-driven culture. This does not simply mean that they measure and report performance indicators. It means that they have clear goals; that their business is organised or 'aligned' to these goals; that it is clear what success looks like and how they will know when they are succeeding; that they focus people and efforts on what is critical to success; and that they have the right systems, processes, checks and balances to effectively manage the quantity, quality and costs of their functions and services.
- 1.2. The key elements of good performance management are illustrated in the model used extensively in the public service (developed by M Barber and McKinsey). It starts with setting the direction and context so that there is a clear view of what success looks like. From this clear accountabilities and key performance indicators can be established and then developed into realistic budgets, plans and targets that are fully owned and stretch employees. Performance is tracked through a timely and appropriately detailed view that enables robust performance dialogues to take place that are both supportive and challenging so that leaders are held to account and there is learning from what is and what is not working and actions are taken to improve performance.

The Virtual Circle: Key elements of good performance management



- 1.3. Reviewing the Council's existing system against this model provided a mixed picture. It recognised that some of the key elements are in place. On the plus side, Re-imagining Norfolk focusses the Council's strategies and plans on the Council's four priorities, and work is being undertaken by members and officers to operationalise these priorities into goals and measurable outcomes. This is due to report to Committees in January/February. Another asset is the enhancements made to the HR performance management system and the training that is being done to equip managers to have better quality 'performance conversations' with staff. Another strength is the abundance of data about performance and risk that is held in the Council and which will enable us to manage performance, when it is more accurate and used effectively.

Nevertheless the system as a whole requires a refreshing and retooling to be fit for the pace and scale of change now facing the Council; this is evident by a number of sources:

- Significant service failures have been reported by external bodies, such as Ofsted, which internal performance systems should be expected to reveal and trigger effective management action overseen by good governance.
- Member challenge the relevance and clarity of performance reporting, and the extent that it gives enough warning of performance issues and results in improvement.
- More granular evidence is required to support smart spending decisions - including the evidence-base required to inform Re-imagining Norfolk and the need to secure optimal service performance within the context of severe budget reductions.
- Changing priorities and service models (such as demand management) – require a different focus and therefore a different set of indicators than those that have been generated in a different context and resource level (where in the past volume indicators were often judged as important, now the focus is on outcomes and value for money).

- 1.4. Improving performance management will require a range of interventions across the organisation. Its success will be evidenced by the following improvements:

- A clear view of the outcomes that we are aiming to improve for Norfolk people, and the priorities and statutory imperatives that we are committed to delivering.
- Linked to these, clear and directive objectives being in place throughout the Council, reflected in committee and service plans.
- Clear accountability, with named officers held responsible for each objective, performance measure and risk; and established and effective processes for escalating problems for their resolution.
- A hierarchy of performance indicators that measure the right things to the right people and level – so that they drive improvement.
- Joined-up information – so we know how much we need to improve, what it will cost and what the risks are.

- Better reporting – so members, staff and stakeholders are clear on how the Council and its services are performing.
- 1.5. In addition to these tangible success factors, there are changes in culture required. Progress will have been made when:
- Members receive the information necessary for them to exercise appropriate governance of the Council's services and organisational health.
 - Officers are clear about their responsibility for delivering the Council's priorities and targets
 - Services and teams across the organisation have open and challenging performance conversations on a regular basis.
 - Performance problems are known and addressed before they adversely affect Norfolk people and the Council's partners (thus reducing 'failure demand'), or are the subject of external reports from inspectors and other regulators.

A Hierarchy of Performance information

- 1.6. Effective performance management relies on the right people getting the right kind and quantity of information they need for the job they have to do. In the local government context, it is helpful to think about a hierarchy of information; and our review employs the following working model as a point of departure for this hierarchy.
- **Priorities:** At the top (dark blue), information about a small number of 'outcome' performance indicators should drive the delivery of the Council's four priorities.
 - **Major projects:** (medium blue) information to track corporately significant projects.
 - **Finances:** (turquoise) information to monitor capital and revenue budget and savings plans.
 - **Risks:** (magenta) information on major corporate risks to be tracked and mitigated.
 - **Vital signs:** (purple) information on the health of key services.
 - **Organisational health & support services:** (red) information on support systems & services.

Proposed performance 'pyramid'



- 1.7. Members have been involved in a series of Re-imagining Norfolk workshops and will be engaged further in the development of the new performance management framework, either through workshops or through committees, over the next 6 months.
- 1.8. In addition to the changes in the way that performance information is structured and reported, new methods and disciplines will be introduced to use data and routines more effectively. Drawing on widely-recognised good practice, CLT will provide the leadership necessary for the Council to work in a more open culture of challenge based on data, analysis and a better understanding of 'what works'. Where there are longstanding performance challenges in particular functions or services – 'wicked' issues – or unexplained declines in performance - a model of sharp, data-driven reviews may be employed. Such 'priority' reviews will use small cross-departmental teams to quickly diagnose and resolve problems.
- 1.9. **What this means for performance reporting**
- The need for a wider range of information, an evidence based approach, and a growing culture of accountability and challenge, requires a markedly different approach to performance reporting.
- 1.10 Some suggestions are that each key performance area should be reported against such headings as:
- Rationale - Why is this indicator important?
 - Who is responsible for managing it?
 - Current Performance – data and evidence
 - What is the story behind current performance?
 - What success will look like – where do we aim to get to?

SECTION TWO - Support Services reporting to Policy & Resources Committee

- 2.1 This section presents the current key services that report to Policy & Resources Committee performance issues for quarter 1. The presentation of the performance data, information and analysis in the suggested 'new' format (attached as Appendix 1) starts the process of moving from performance monitoring to performance management. Members are invited to offer feedback on both the substantive indicators and the format of the reporting.
- 2.2 We are still testing whether these are the correct 'Organisational Health vital signs' and support service indicators. Future reports will develop this further and during this process different indicators may be identified.

SECTION THREE - Performance of other Council services

- 3.1 This section provides an 'as is' view of some of the key performance issues for the Council as a whole. These are the old indicators in the old format. These are reported for completeness and in response to members' wish to retain historical indicators in order to allow trends in performance to be monitored.
- 3.2 Key performance headlines across the Council are as follows:
- Rates of Looked After Children continue to go down, but targets remain very challenging
 - Improvements in educational attainment across all key stages
 - Reductions in permanent admissions to residential and nursing care – but further and faster reductions are needed to move to family-group average rates and deliver key savings
 - Rising numbers of people killed and seriously injured on Norfolk's roads.

Attached as Appendix 2 is the detail behind these headlines.

SECTION FOUR - Risk Reporting and Management

- 4.1 As part of the overall development of a new performance management framework for the Council, a new approach to corporate risk management is being adopted. This new approach involves the development of corporate and departmental level risks that are: outcome focussed; linked to strategic priorities; business critical, identifying areas where failure places the organisation in jeopardy; linked to financial and performance metrics. It is dependent upon a shared understanding of the risk appetite of the Council.
- A key element of this work is cultural change and absolute clarity of roles, responsibilities and process. Specifically, clarity of what these risks are, who is responsible for them, what they are doing to actively manage the risks and what measures are in place to hold people to account.
- 4.2 The review and refresh of the corporate risk register has been completed. A key part of this was the development of corporate level financial risks. There are now 13 key risks for the Council. Of these, 6 risks relate directly to finances:
- RM002 - The potential risk of failure to manage significant reductions in local and national income streams
 - RM003 - The potential risk of failure to follow data protection procedures - the Information Commissioner has the power to fine bodies up to £500,000 for serious or repeat breaches

- RM004 - The potential risk of failure to deliver effective and robust contract management for commissioned services - the Council plans to spend just under £0.5bn on Agency and Contracted Services in 2015-16
- RM005 - The potential risk of failure to fully implement Digital Norfolk Ambition (DNA) – projected over spend of £1.25million, reduced by projected savings down to £0.75million.
- RM008 - The potential risk of failure to deliver effective procurement processes - the Council plans to spend £141m on Supplies and Services in 2015-16
- RM013 - The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions - the financial implications are described in the Council's Annual Statement of Accounts 2014-15, from page 88, covering Group Accounts available on the Council's website at <http://www.norfolk.gov.uk/view/NCC167254>.

4.3 Definitions for Corporate, Departmental and Financial Risk are being refined, as below:

A **Corporate Risk** is one that requires:

- strong management at a corporate level, thus the County Leadership Team should direct any action to be taken
- input or responsibility from more than one Executive Director for mitigating tasks; and if not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key objectives and/or suffer a significant financial loss or reputational damage.

A **Departmental Risk** relates to one of the services' or functions' risks, where it does not meet the corporate criteria above.

Financial and Reputational risks are subjective in nature. While reputational risk speaks for itself, financial risk can be defined as the potential for:

- financial, overspending or trading loss,
- missed financial opportunities e.g. revenue or capital funding, grants, income
- loss of the use of assets.

4.4 Work is underway with departmental management teams to identify the risks for their services and how they will be managed. Key 'single' risk contacts for each department are being nominated by all Executive Directors to ensure clearer accountability for performance on identifying, reporting, managing and mitigating actions.

Appendix 3 provides details of the key corporate risk headlines.

5. Recommendation

- To consider the improvements being implemented to strengthen the Council's performance and risk management system.
- To comment on potential 'vital signs' for organisational health and service performance for possible inclusion in the 'performance pyramid'.

6. Financial Implications

There are no significant financial implications arising from performance dashboards or the suggested approach to performance management.

7. Issues, risks and innovation

Performance reporting brings together complex information in order to assist members with decision making and understanding of issues facing the organisation. Over time these will develop alongside Committee plans to drive a number of complex issues. They will help to monitor and manage issues and risks to the services we deliver.

8. Officer Contact

If you have any questions about matters contained please get in touch with:

Officer Name: Wendy Thomson

Tel No: 01603 22000

Email address: wendy.thomson@norfolk.gov.uk

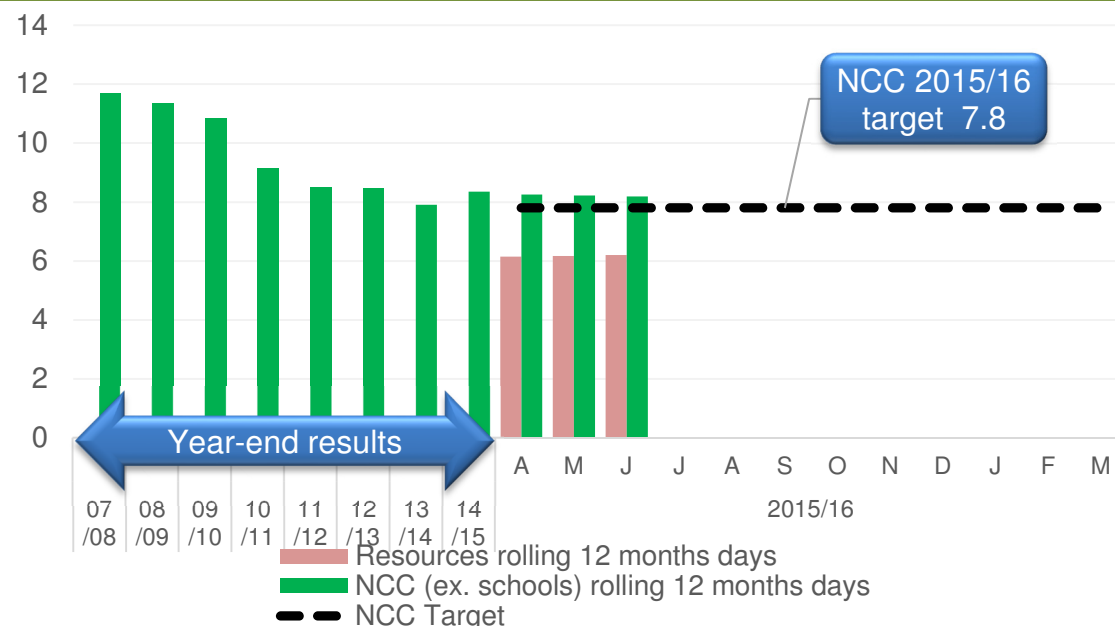


If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Appendix 1 – New style performance report cards for Policy & Resources Committee Services

Key workforce measures - staff sickness – Acting Head of HR, Audrey Sharp

Performance



What is the story behind current performance?

Since Q4 2014/15, NCC sickness levels have increased above our target of an average of 7.8 days per employee and have remained at this higher level during Q1.

- Despite this increase, we compare well against external comparators – all Local Government (8.2 average days absence per employee) and all large organisations of 5,000+ employees (8.8 average days absence per employee)
- Resources continue to be lower than NCC overall levels.

Why is this important?

Maintaining staff wellbeing and reducing the number of days lost to staff sickness is important to the efficient running of the organisation, in particular its running costs and ability to deliver key services. Staff sickness is also indicative of the health of the organisation and the buy in of staff to the corporate ethos and direction.

What will success look like?

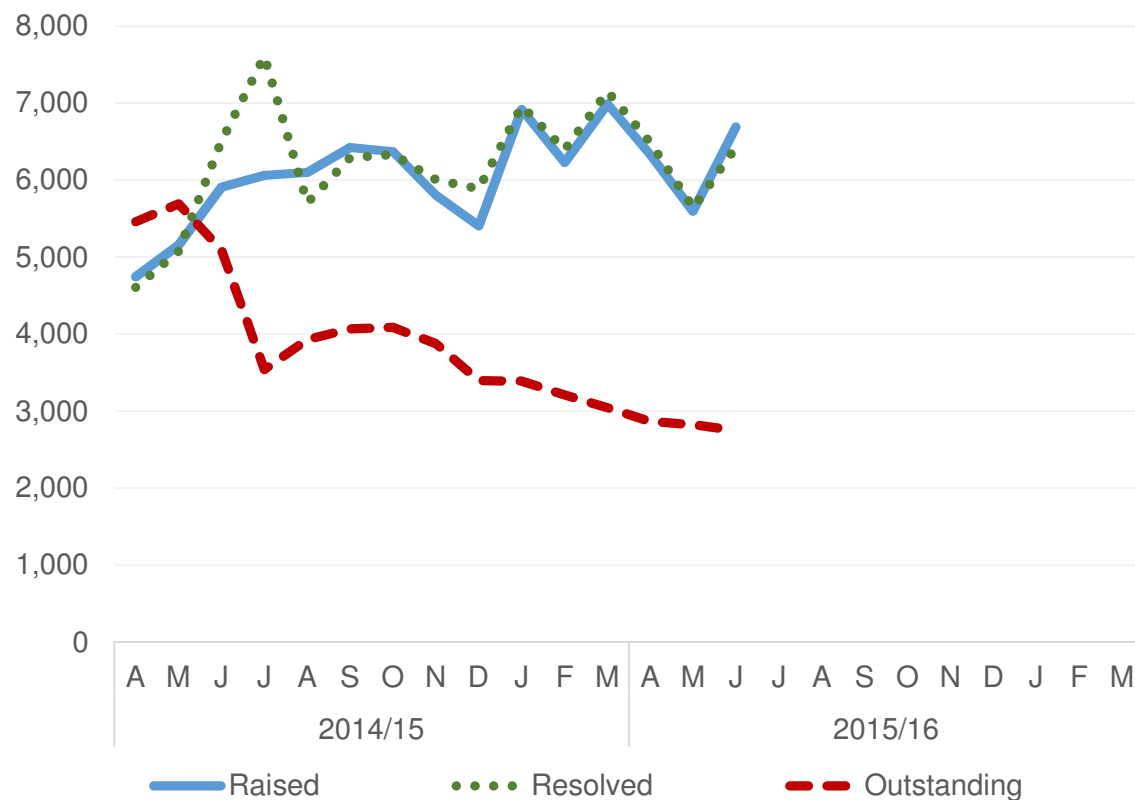
- Achieving our NCC target of an average of 7.8 days per employee (3.41% average days lost)
- It should be noted that we have set a stretch target in this area to support the continuing drive to reduce absence

Action required

- Ensure managers are aware and using the relaunched sickness absence policy - policy reduced to 4 pages from over 40, simpler and easier processes for managers and clarifying manager accountabilities, introduced self-service reports for managers which sets out team members' absence and identifies when triggers have been reached.
- Ensuring managers are equipped, through training and appropriate tools, to prevent/manage absence. 'Performance Conversations' training underway for all managers.
- Launch a management dashboard to provide managers with high level absence data in their areas on a monthly basis.
- Confirm our target for sickness levels.

Improving ICT call response – Calls Raised, Resolved & Outstanding – Interim Head of ICT, Leggetter

Performance



What is the story behind current performance?

- Call volumes continue to vary, as expected, in line with phases of the deployment of new HP laptops
- Resolution of problems remains in line with calls, showing that most problems are resolved quickly
- The number of outstanding issues – where it is not possible to resolve problems there-and-then – continue to decline, showing that some ongoing issues are now being resolved
- Downtime of for some systems, namely: CareFirst; Tribal; Library Management; Highways Management; Corporate desktop (email, internet, intranet) remains minimal, however, calls relating to accessing these applications on a DNA device are driving volumes

Why is this important?

The inability to access core ICT systems prevents the Council from working effectively, efficiently, creates increased risk to the organisation and can jeopardise service delivery.

What will success look like?

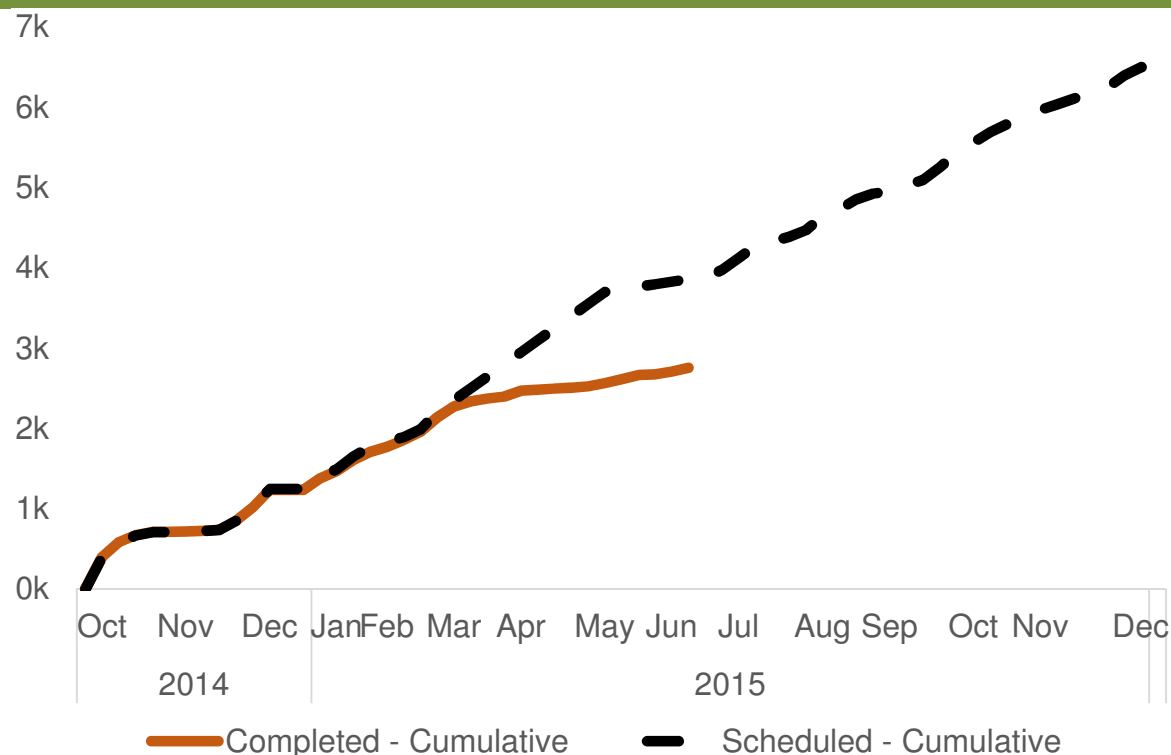
- Reduction in numbers of calls once the roll out of DNA devices slows
- Continued fast turnaround time for an increasing proportion of calls
- Long term reductions in the number of outstanding calls

Action required

- Resolve issues with the testing environment so that the rate of deploying fixes can be increased

DNA Device Roll-out – Interim Head of ICT, Steve Leggetter

Performance



What is the story behind current performance?

The rate of deployment slowed down in this period because of the following issues:

- Issues with the testing environment not reflecting the live environment
- A high number of device build problems being reported by users
- The dependency of a suitable desktop build to complete a number of installs
- The availability of level 1 and 2 support tools for ICT staff to problem solve
- The need for a manual install procedure for small applications

Why is this important?

The DNA programme, of which the roll out of nearly 7,000 new laptops is a key element, is intended to achieve significant savings and efficiencies. The failure to deliver on time new laptops that work as required reduces the overall efficiency of the organisation and so increases costs and reduces the savings potential.

What will success look like?

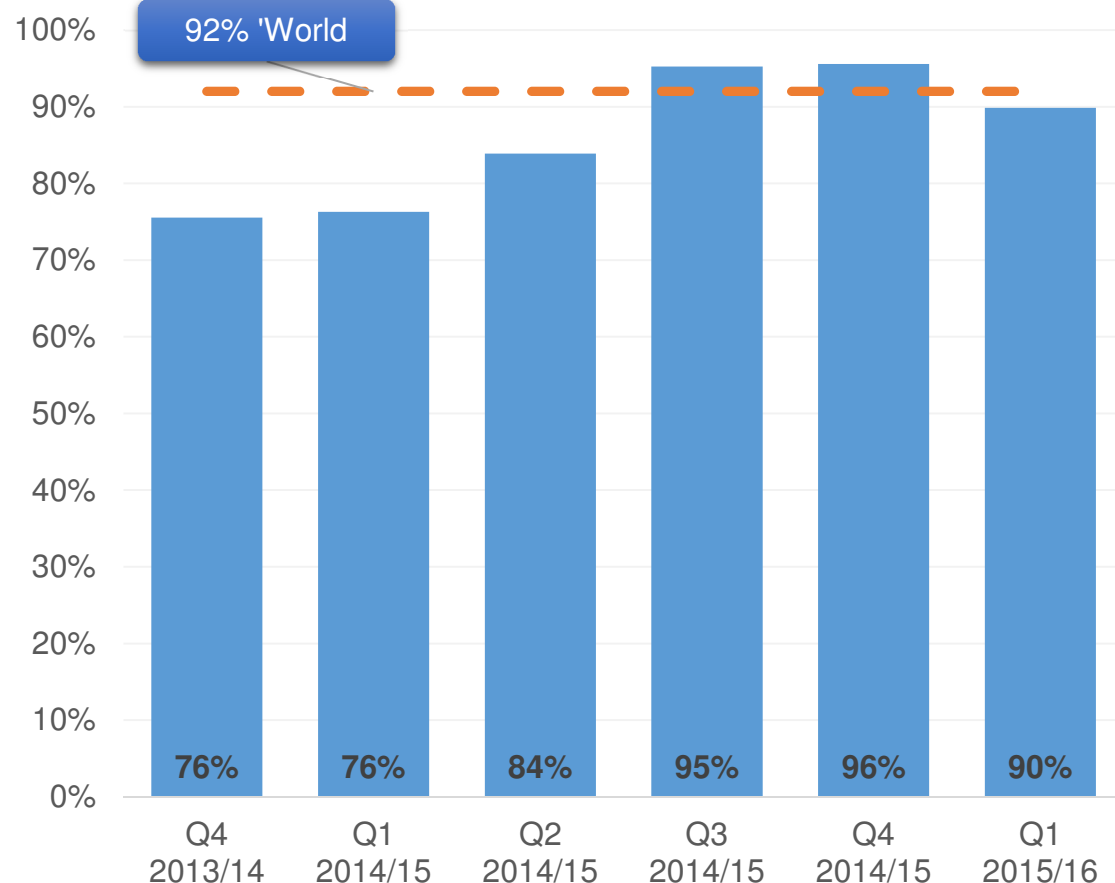
- Restore the deployment rate so that the device roll out is completed by the end of December 2015

Action required

- Improved process around application release
- Increase desk top resource capacity
- The creation of a Windows 7 build to enable a quicker pace for device rollouts

Planned and timely procurement arrangements: Spend on Contract – Head of Procurement, Al Collier

Performance



What is the story behind current performance?

- There has been a reduction in ad hoc spend relating to short term or one-off requirements and an increase in "on contract" or planned spend.
- For the last quarter, spend on contract was 90%, compared to 76% for the comparable quarter the previous year.

Why is this important?

Purchases of goods and services should be made in a planned way using the appropriate procurement processes. This is not always the case, as a large and complex organisation like the Council will always have a proportion of spending that is ad hoc and which responds to one-off requirements.

What will success look like?

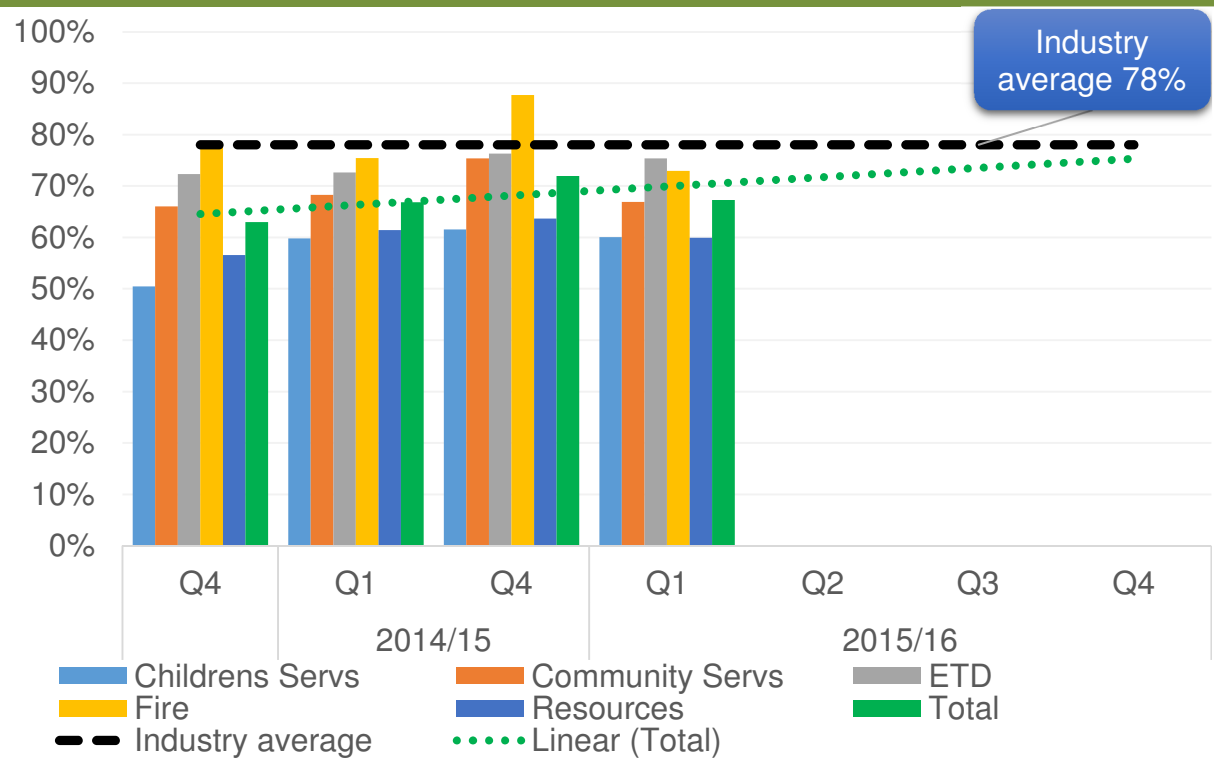
- The "World Class" figure is 92%.

Action required

- Work is ongoing to ensure greater contract spend compliance, particularly with CareFirst and the Public Transport system where the greatest variances currently occur.

Planned and timely procurement arrangements: Retrospective ordering – Head of Procurement, Al Collier

Performance



What is the story behind current performance?

- Retrospective ordering has arisen as a direct result of the introduction of the "No PO No Pay" policy and the implementation of invoice document scanning software which requires Purchase Order (PO) numbers present on invoices.
- The percentage of orders placed in advance is remaining constant, and continues just under industry average.
- Despite the overall average remaining constant, the monthly trend shows a steady increase (Apr=66%, May=66%, Jun=69%), this ensures that goods and services are clearly covered by our terms and conditions.

Why is this important?

Orders should, except in emergency, be placed in advance. This ensures that the goods and services are clearly covered by our terms and conditions and that a commitment is recorded in our financial system.

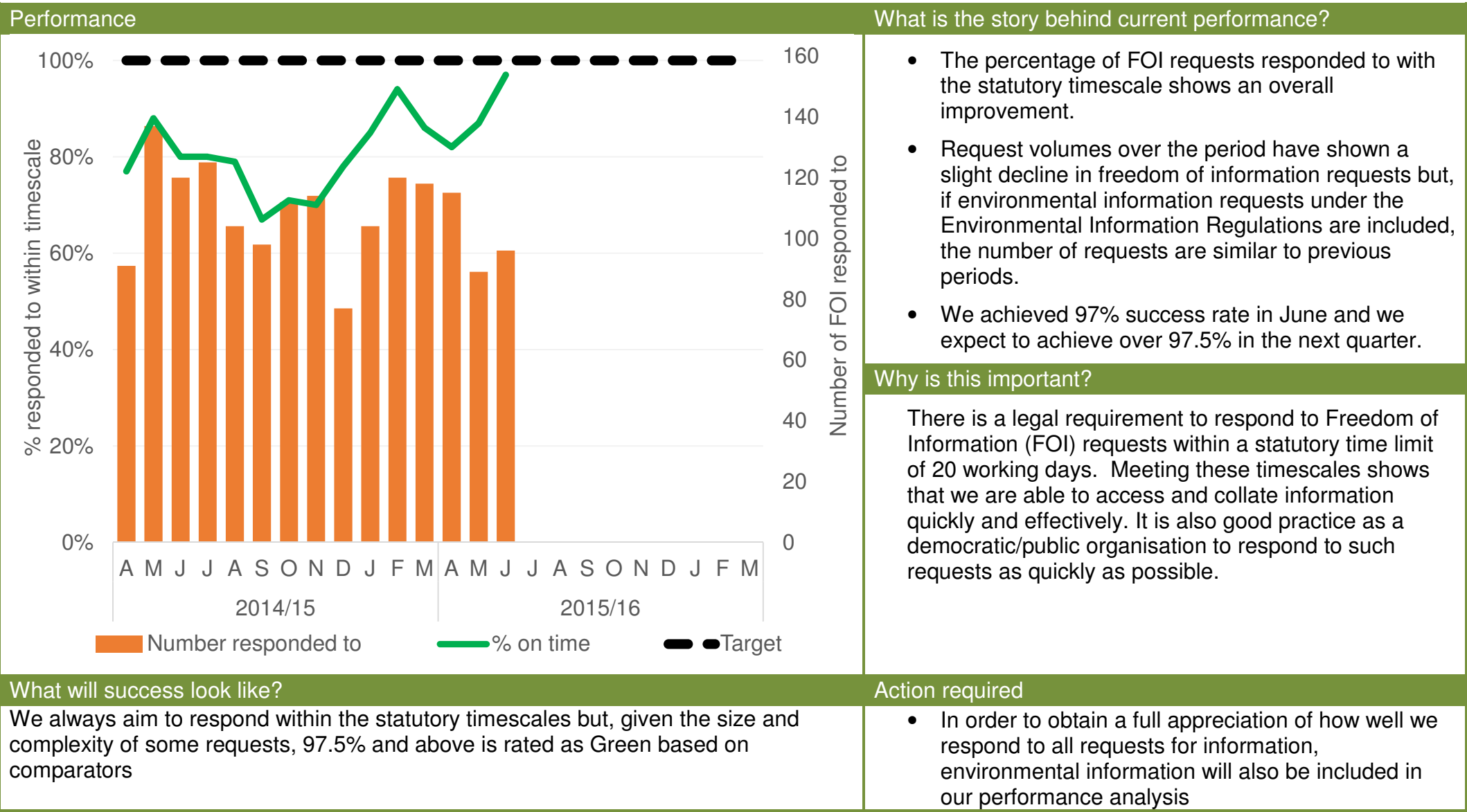
What will success look like?

- The industry average for purchase orders placed in advance is 78%.

Action required

- The 'No PO No Pay' policy is currently being re-written to address retrospective ordering aspects and tighten controls.
- Monthly analysis is also undertaken where retrospective ordering is taking place and appropriate business areas will be contacted with advice and follow up actions as to how proactive ordering can be achieved.

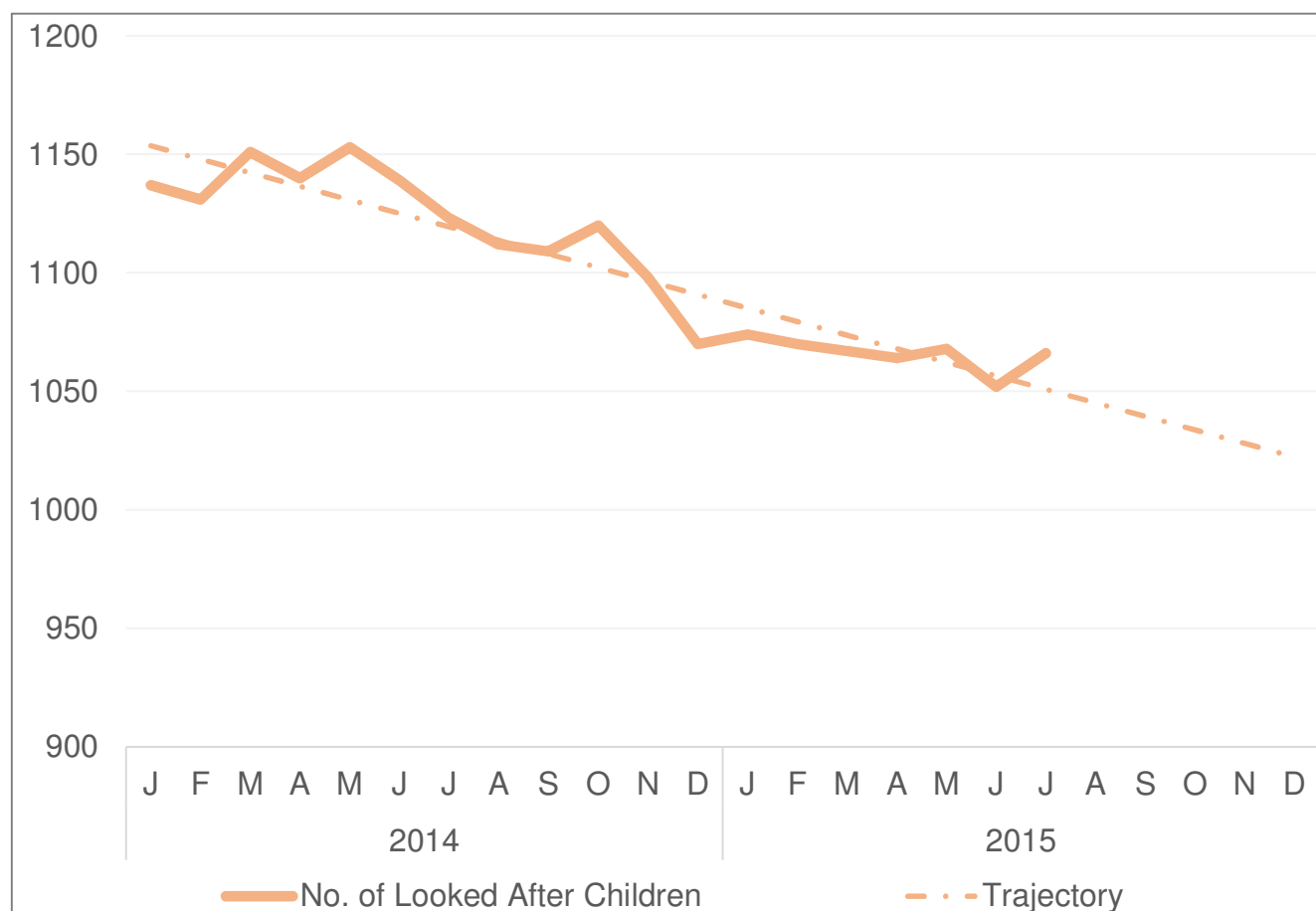
Improving response to Freedom of Information requests – Information Management Service Manager, Mark Crannage



Appendix 2 – Performance reports (in previous format) for Corporate Services

Number of Looked After Children (LAC) – reducing but remains challenging

As the 3-year LAC reduction strategy enters its second year, the number of LAC continues to decline. The number as of June 2015 was 1,052, a reduction on the total of 1,067 at the end of 2014/15. The end of year target for the number of LAC is 911. Based upon Q1 performance, this will present a significant challenge.



In the newly re-structured Children's Services, there is a strong focus upon consistent and good quality assessments and planning for Looked After Children. Also, upon identifying and achieving as early as possible, a move to a permanent home.

LAC placements are a significant cost to the Council. The average cost of each looked after child is about £45,000 per year.

Educational achievement – improvement at every key stage

Improvement in educational achievement is predicted at every Key Stage. Predictions for performance in 2015 are now collected from every Norfolk school including Free Schools and Academies. The summaries below are aggregated predictions for all Norfolk schools, based upon Q1 (April to June 2015). A more in depth analysis of pupil attainment and a comparison of predicted and actual performance will be available in the Q2 (July to September) report.

- **Early Years Foundation Stage** - predictions indicate that the Norfolk percentage achieving 'A Good Level of Development' would rise by 7%, compared to 2014, to 65%. Provisional results suggest an improvement, as predicted of 7%.
- **Key Stage 2** - predictions indicate a rise of 4% overall for pupils reaching the expected level of attainment, compared to 2014. Provisional results suggest an improvement of around 2%.
- **Key Stage 4** – at Q4 2014/15 it was predicted that there would be a rise of 7% overall for pupils reaching the expected level of attainment, compared to 2014. The provisional results from summer GCSE examinations suggest an improvement of between 2% and 3%. This may increase

following re-marks of examination papers. The improvement has been greater in those schools where the Council has been providing intensive challenge and intervention, an average six percentage point improvement.

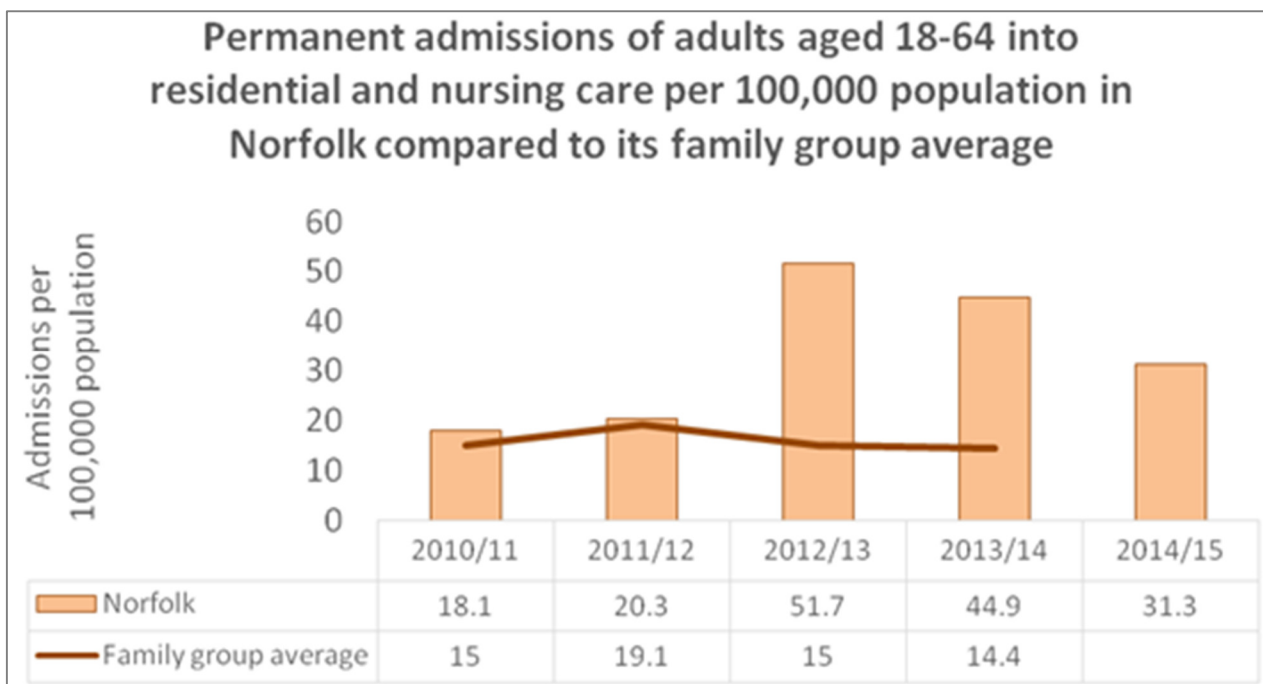
School level data is shared with the school and key education officers to ensure follow up through our services to challenge under performance and to understand any district variations.

Permanent admissions to residential and nursing care – numbers and costs going down but further work is required to reduce to the family group average

Good progress continues to be made in reducing the numbers of older people in residential care and so reducing a significant cost pressure to the Council. Early indications from preliminary benchmarking data for 2014/15, yet to be nationally validated, suggests that we remain above the family group average. There is further work to do to reduce the rate of residential care admissions from hospitals, particularly in those areas of the county where a lack of alternative, community-based services are available.

The Promoting Independence Strategy is an ambitious approach to reducing residential and nursing care admissions for older people.

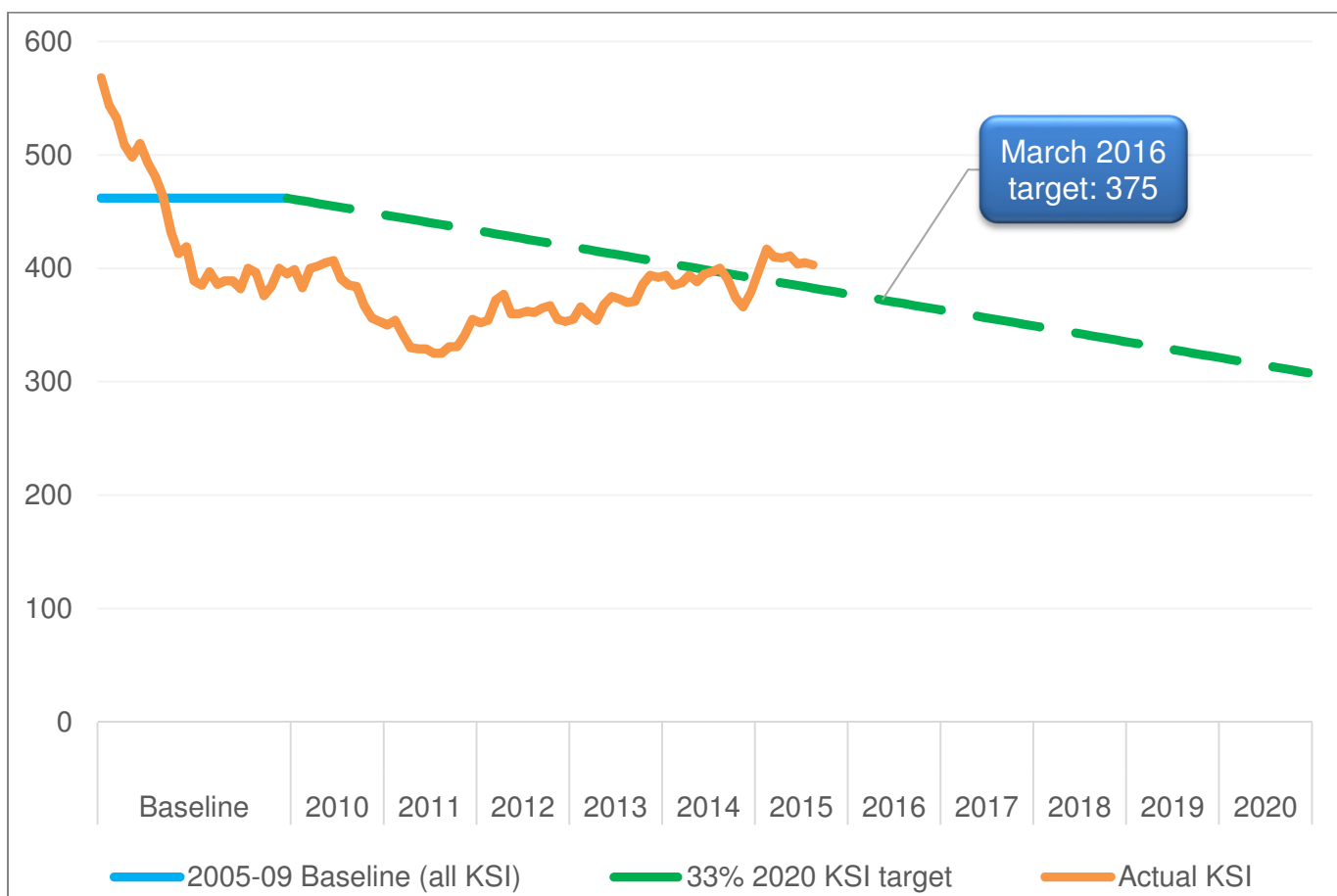
There remain challenges around the reduction of permanent admissions to residential and nursing care for people aged 18-64. Whilst improvements have been made, and the rate of placements has reduced (from a 44.9 placements per 100,000 population in 13/14 to 30.8 in 14/15), Norfolk is likely to remain significantly above the family group average at current levels. The rate of 5.34 at the end of Q1 equates to 27 actual placements – 23 in residential care and 4 in nursing care.



A policy has been introduced whereby nobody aged 18-64 should be placed into residential and nursing care, unless there is no other reasonable and more cost effective option. Whilst this approach has driven reductions in placements, efforts have been hampered by a lack of alternative community-based options to residential and nursing care.

People Killed and Seriously Injured on Norfolk's Roads – rising numbers

There has been an upward trend in the number of people killed and seriously injured on Norfolk's roads since the summer of 2011. The total number of people killed or seriously injured (KSI) in the 12 months to the end of June 2015 was 402, of whom 34 were killed. The end of year target for 2015/16 is 375.



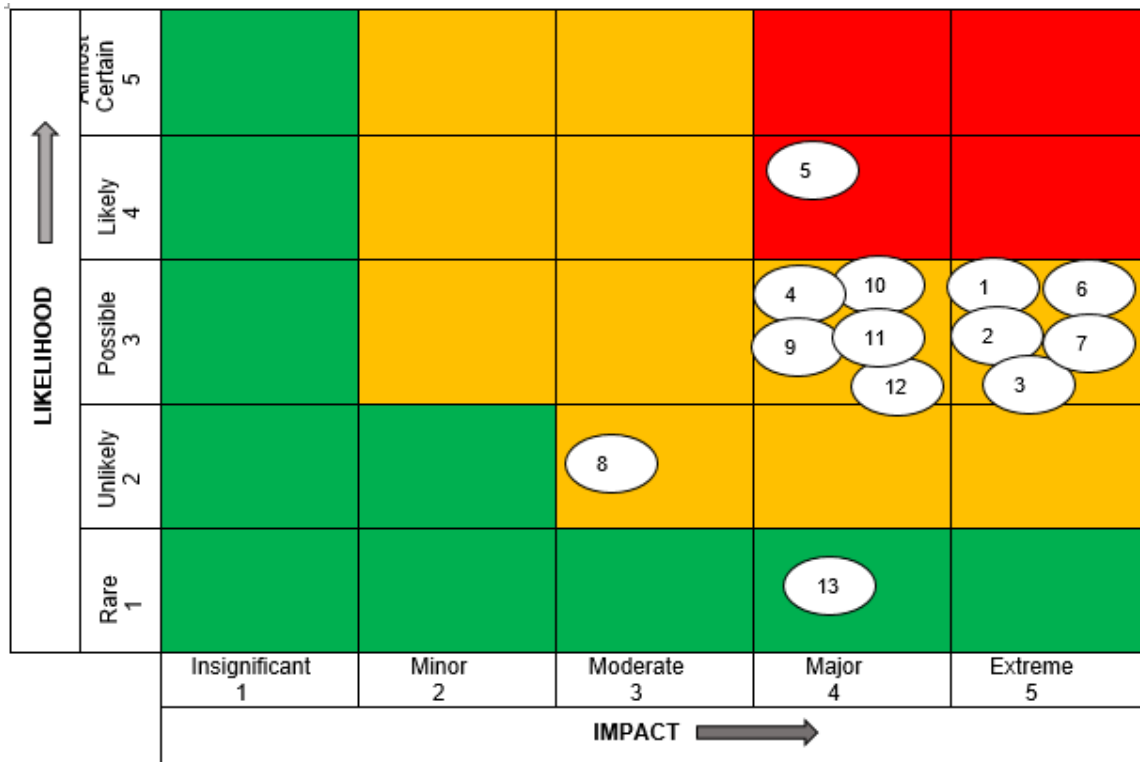
The Road Casualty Reduction Partnership targets its road safety actions and interventions at four groups. The KSI figures for these groups are as below:

- Number of motorcyclists killed or seriously injured – 94 of which 6 people were killed
- Number of pedestrians and cyclists killed or seriously injured – 126 of which 7 people were killed
- Number of people killed or seriously injured in collisions involving drivers aged 17-25 (that are not motorcyclists) – 83 of which 8 people were killed
- Number of people killed or seriously injured in collisions involving drivers aged 70+ (that are not motorcyclists) – 61 of which 10 people were killed.

In terms of the overall numbers of people killed or seriously injured on the roads, pedestrians and cyclists are a concern. In terms of fatalities, older drivers are a concern. This group account for 15% of the overall KSI but 29% of the number of people killed. This higher rate of mortality is associated with a reduced recovery rate for older people from serious injuries resulting from road traffic accidents.

Appendix 3 – Corporate level risks

There are 13 risks on the corporate risk register. These risks are illustrated on a 'risk heat map', as below, to enable a quick visual check of the likelihood and impact of the risks and the identification of those that are of most concern.



This 5x5 heat map diagram does not show the prospects for improvement. These are captured in the table below. This shows that of the 13 corporate risks, there are 6 risks that are medium or high risk (current risk score of 12 and above) and with 'amber' or 'red' prospects of meeting target.

Risk Number/Name	Risk Score	Prospects
RM001 - County infrastructure is not delivered at the required rate to support existing and future need	15	Amber
RM003 - failure to follow data protection procedures	15	Amber
RM005 - failure to fully implement DNA	16	Red
RM007 - failure to improve Data Quality stored within various IT systems and link data across the Council	15	Amber
RM010 - the loss of key ICT systems, including the loss of internet connection and the ability to communicate with Cloud provided services	12	Amber
RM011 - failure to implement and adhere to an effective and robust performance management framework.	12	Amber

A copy of the Full Corporate Risk Register was presented to the Audit Committee on 24 September 2015 and can be accessed at [Audit Committee agenda, page 348](#). This provides a full description of the risks, mitigating actions that have been undertaken and what progress has been made in reducing the level of risk.

At the meeting of the Audit Committee on 24 September 2015, the following recommendations

were made in response to the new set of 13 corporate risks that had been identified:

The Committee requested some further information about the levels of Norfolk County Council's Insurance cover

- The Committee requested that the project manager for DNA be invited to the next meeting to provide an update on the project. The Committee noted that a Member Working group had been convened by the Policy & Resources Committee to consider all aspects of DNA. The Executive Director of Finance agreed to circulate information about the project plan and the risks to Members of the Committee
- The Committee requested that the Chairman of the Environment, Development and Transport Committee be asked to consider placing the risks surrounding the building of the NDR on the agenda for its next meeting.

This committee, with its 'whole Council' view of performance and risk may wish to respond to these points.

The risks that are managed at a departmental level by Resources are under review. A risk workshop is being held in early November. It is planned to bring both Resources and Finance risk reporting to the November 2015 meeting of this committee.

In the interim, there are four of the existing risks relating to the Resources Department which have been identified upon an exceptions basis. These are:

- Failure to follow data protection procedures
- Shortage of personnel (illness, industrial action, severe weather, loss of key senior personnel)
- Capacity for change - Insufficient capacity for business transformation
- Loss of key ICT systems.