

# Policy and Resources Committee

Date: **Monday, 27 November 2017**

Time: **10 am**

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

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

## **Membership**

### **Mr C Jordan (Chairman)**

Mr B Borrett  
Mrs P Carpenter  
Mrs M Dewsbury  
Mr T Garrod  
Mr K Kiddie  
Mr S Morphew

Mr R Oliver  
Mr D Roper  
Mr E Seward  
Mrs A Thomas  
Mrs C Walker  
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](mailto:committees@norfolk.gov.uk)

**Under the Council's protocol on the use of media equipment at meetings held in public, this meeting may be filmed, recorded or photographed. Anyone who wishes to do so must inform the Chairman and ensure that it is done in a manner clearly visible to anyone present. The wishes of any individual not to be recorded or filmed must be appropriately respected.**

# **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 30 October 2017

## **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. Public Question Time**

15 minutes for questions from members of the public 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 223055) by **5pm on Wednesday 22 November 2017**. For guidance on submitting public question please view the Constitution at Appendix 10.

## **6. 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 22 November 2017**. For guidance on submitting public question please view the Constitution at Appendix 10.

---

### **Section A – Items for Discussion and Decision/Action**

- |           |  |                   |
|-----------|--|-------------------|
| <b>7</b>  | <b>Chancellor's Autumn Budget and Fair Funding Review</b><br>Report by Executive Director of Finance and Commercial Services     | <b>(Page 15 )</b> |
| <b>8</b>  | <b>Finance Monitoring Report Period 6 –September 2017</b><br>Report by Executive Director of Finance and Commercial Services     | <b>(Page 25 )</b> |
| <b>9</b>  | <b>Delivering Financial Savings 2017/18</b><br>Report by Executive Director of Finance and Commercial Services                   | <b>(Page 78 )</b> |
| <b>10</b> | <b>Mid-Year Treasury Management Monitoring Report 2017-18</b><br>Report by Executive Director of Finance and Commercial Services | <b>(Page 117)</b> |
| <b>11</b> | <b>Health, Safety and Well-being Mid-Year Report</b><br>Report by Strategy Director  | <b>(Page 131)</b> |
| <b>12</b> | <b>Recommendations from the Constitution Advisory Group meeting held on 8 November 2017</b><br>Report by the Managing Director   | <b>(Page 152)</b> |
| <b>13</b> | <b>Annual Review of the Enforcement Policy</b><br>Report by Executive Director of Communities and Environmental Services         | <b>(Page 260)</b> |
| <b>14</b> | <b>NORSE Consents</b><br>Report by Executive Director of Finance and Commercial Services   | <b>(Page 322)</b> |

### **Section B – Items for Report**

- |           |  |                   |
|-----------|--|-------------------|
| <b>15</b> | <b>Notifications of Exemptions Under Contract Standing Orders</b><br>Report by Executive Director of Finance and Commercial Services | <b>(Page 327)</b> |
| <b>16</b> | <b>Feedback from Members serving on Outside Bodies</b>   |                   |

To receive verbal reports (where appropriate) from Members serving on the following outside bodies:

1. LGA General Assembly
2. County Council Network
3. East of England Local Government Association:

### **Group Meetings**

Conservative	9:00am	Leader and Deputy Leader Room
Labour	9:00am	Labour Group Room
Liberal Democrats	9:00am	Liberal Democrats Group Room

**Chris Walton**  
**Head of Democratic Services**  
 County Hall  
 Martineau Lane  
 Norwich  
 NR1 2DH

Date Agenda Published: 17 November 2017



**If you need this document in large print, audio, Braille, alternative format or in a different language please contact Customer Services on 0344 800 8020 or Text Relay on 18001 0344 800 8020 (textphone) and we will do our best to help.**

## **Policy and Resources Committee**

**Minutes of the Meeting Held on 30 October 2017**

**10:00am Edwards Room, County Hall, Norwich**

### **Present:**

Mr C Jordan (Chairman)

Mr B Borrett  
Mrs M Dewsbury  
Mr T Garrod  
Mr S Morphew  
Mr R Oliver

Mr D Roper  
Mr E Seward  
Mrs A Thomas  
Mr M Wilby

### **Substitute Member present:**

Ms E Corlett for Mrs C Walker  
Mr S Dark for Mrs P Carpenter  
Mr B Iles for Mr K Kiddie

### **Also present:**

Mr A Adams  
Mr B Spratt

### **1. Apologies for Absence**

- 1.1 Apologies for absence were received from Mrs P Carpenter, Mr K Kiddie and Mrs C Walker.

### **2 Minutes**

- 2.1 The minutes of the previous meeting held on 25 September 2017 were confirmed by the Committee and signed by the Chairman.

### **3 Declarations of Interest**

- 3.1 There were no declarations of interest.

### **4A Items of Urgent Business**

- 4A.1 The Chairman agreed to take as urgent business two questions that he had received from Mr Morphew. The first question was about how it was proposed to take forward the Stevenson Farmer report into workplace mental health, within the

County Council. The second question was about whether, in the light of the comments that Antek Lejk, Lead for Norfolk and Waveney Sustainability and Transformation Plan (STP) and Chief Executive of North Norfolk and South Norfolk CCGs, had made at a recent meeting of the Norfolk Health Overview and Scrutiny Committee about how the STP was developed in secrecy this was a view shared by the County Council.

- 4A.2 In reply to the first of these questions the Managing Director said that this issue would be addressed in the report on staff health and wellbeing at the next meeting of the Committee.
- 4A.3 In reply to the second of the questions, the Managing Director said that NHS England and NHS Improvement officials had told STP Boards in 2016 not to publish their STPs before they had received feedback on their plans. As a result of this, the planning within the NHS for the STPs had initially been undertaken “in confidence”. The County Council had, however, taken the view from a very early stage that the Norfolk and Waveney STP should be developed in public. A wide ranging programme of public consultation events about the STP were being held throughout 2017. These events involved all the key partners, including Healthwatch and the independent sector.

#### **4B Chairman's Comments**

- 4B.1 The Chairman placed on record the Committee's sincere thanks to Matt Dunkley for his commitment and contribution to the strong foundation of improvement underway in Children's Services. Members wished him all the very best as he moved from Norfolk to Kent to take up his new role as Corporate Director for Children, Young People and Education.
- 4B.2 The Chairman extended a warm welcome to Sara Tough, Executive Director of Children's Services, who was keen to get on with the job of building on Matt's work for the benefit of Norfolk's children and their families.
- 4B.3 The Chairman welcomed students from the UEA journalism school, together with their Lecturer, Clare Precey, on their annual visit to a meeting of the Committee. It was noted that the students would be writing a news story based on today's meeting for their coursework and they might be making an audio or video recording to help them with this exercise.

#### **5 Public Question Time**

There were no public questions.

#### **6 Local Member Issues**

- 6.1 There were no local Member questions.

### ***Section A – Items for Discussion and Decision/Action***

#### **7 Strategic and Financial Planning 2018/19-2021/22**

- 7.1 The annexed report (7) by the Executive Director of Finance and Commercial

Services and the Strategy Director was received.

- 7.2 The Committee received a report from the Executive Director of Finance and Commercial Services and the Strategy Director that provided an update on the Council's budget setting process, and the actions required to enable the Council to set a balanced budget for 2018-19. The report included budget setting proposals that had been considered by the service committees.
- 7.3 A Member said that despite a large increase in council tax the Council had a bigger budget gap to fill in 2018-19 than in previous years. The Member asked when further investment would be needed to bridge the projected funding shortfall of £7.8m and where this money would come from. It was said that there were real risks associated with the delivery of a number of the savings mentioned in the report and at present the means of achieving most of them was unclear.
- 7.4 It was also stated by another Member that the County Council appeared to be saying to the people of Norfolk that because no alternative proposals were going to be published they had to agree to the cuts otherwise the Council would be unable to agree a balanced budget. The Member asked what kind of answer County Councillors could give to families who were concerned about whether the services that they currently received from the County Council were going to change as a result of the budget proposals. Greater clarity was required as to what the services provided by the County Council would look like after the cuts. The Member asked how many (and which) of the 53 children's centres in Norfolk would have to close or be subject to change as a result of the reduction in their budget from £10m to £5m. It was suggested that extra steps should be taken to involve young people and families who were in need of face to face support in the planning of these kinds of changes.
- 7.5 The Interim Executive Director of Children's Services said that it was too early to say what the model for children's centres would look like in each area of the county as this was only the beginning of the consultation process. Consultation would take place at a later date on any specific changes to the use of buildings and the services that they provided.
- 7.6 The Chairman said that the amalgamation of premises used to deliver County Council services would help to ensure a balanced, whole-council budget which benefited Norfolk as a whole. The proposals that would be subject to public consultation were not about making cuts. The proposals were about making the best possible use of the resources that the County Council had available to it and about making continuous improvement in the way in which County Council functions were exercised. The County Council knew that it was not going to be able to draw upon as much money as it had in the past and was trying to get the most it could from the resources that were available to it. The County Council was also renewing its efforts to receive fair funding monies from the Government.
- 7.7 Other Members made more detailed comments that showed the discussions within service committees about the savings proposals were well underway. Detailed questions based on service committee discussions, particularly around the operation of bus services supported by the County Council, public transport to

market towns and key employment locations, Public Health, reducing County Council spend on non-safety critical highway maintenance, the installation of LED street lighting, Fire Service operational support and the services “Liquid Logic” (the replacement for the Care First System) could be expected to provide on-line, were answered by the appropriate Executive Director.

- 7.8 In reply to more general questions, the Executive Director of Finance and Commercial Services said that officers were working hard to develop potential proposals for helping to close the funding gap but there was considerably more work to do. The County Council was looking to maximise income from key sources such as Council Tax and Business Rates and explore further opportunities to capitalise costs where appropriate.
- 7.9 The Strategy Director said that the public consultation would run from 6 November 2017 to 2<sup>nd</sup> January 2018. This would allow a short period of time in which to analyse comments received and prepare a summary for the round of service committees in January 2018. A full impact assessment report would then be published alongside the Policy and Resources budget papers. This would be consistent with legislation and would allow Members sufficient time to inspect each proposal’s impact in relation to equality and rural issues (along with all the other relevant evidence), prior to the meeting to agree the recommendations to be taken to Full Council.

7.10 **RESOLVED (by 9 votes in favour and 4 votes against)**

**That the Policy and Resources Committee:**

- 1. Note the key budget assumptions set out in section 7 of the report and agree that the Council’s budget planning includes:**
  - a. against the target, a current forecast budget gap of £7.806m for 2018-19; and**
  - b. an assumed increase in council tax of 3.0% for the Adult Social Care Precept and a general increase of 1.9% for 2018-19.**
- 2. Note the risks and the statement regarding the robustness of budget estimates set out in section 8, the continuing uncertainty around the Council’s overall funding, and the Government’s Autumn Budget as detailed in section 2 of the report.**
- 3. Note that the budget model assumes the delivery of previously agreed 2018-19 savings as set out in Table 2 of the report, after adjustment for the reversal and removal of savings as set out in Table 3 of the report.**
- 4. Agree the savings proposed for the budgets under the direct control of Policy and Resources Committee as set out in section 5 of the report.**
- 5. Note the new 2018-19 to 2021-22 savings that have been recommended by Service Committees as detailed in Table 5 and Appendix 2 of the report.**
- 6. Note the new corporate priorities – Norfolk Futures – to focus on demand management, prevention and early help, and a locality focus to service provision as set out in section 3 of the report.**



7. **Agree that public consultation on budget proposals, including the level of council tax for 2018-19, be initiated for those savings which require it as set out in section 9 of the report.**

## **8 Finance Monitoring 2017-18 P5: August 2017**

- 8.1 The annexed report (8) by the Executive Director of Finance and Commercial Services was received.
- 8.2 The Committee received a report by the Executive Director of Finance and Commercial Services that summarised the Period 5 (August 2017) forecast financial outturn position for 2017-18, to assist Members to maintain an overview of the overall financial position of the Council.

### **8.3 RESOLVED**

**That the Policy and Resources Committee:**

1. **Note the period 5 forecast Revenue overspend of £3.104m;**
2. **Note the forecast General Balances at 31 March 2018 of £19.301m, before taking into account any over/under spends;**
3. **Note the revised expenditure and funding of the current 2017-20 capital programme as set out in Appendix 3 of the report.**

## **9 Delivering Financial Savings 2017-18**

- 9.1 The annexed report (9) by the Executive Director of Finance and Commercial Services was received.
- 9.2 In reply to questions, it was pointed out that the main areas for the forecast overspend were pressures in Children's Services, detailed in paragraph 2.6 of the report, in particular the costs associated with looked after children.
- 9.3 In reply to further questions, officers outlined the steps that were being taken to address the rising costs associated with school exclusions and to ensure the removal of previously agreed Council wide savings through changes in service design, procurement and contract management.

### **9.4 RESOLVED**

**That the Policy and Resources Committee note:**

1. **The forecast shortfall of savings delivery of £4.773m, which amounts to 10% of total savings for 2017-18;**
2. **The budgeted value of 2017-18 savings projects rated as RED of £7.378m, of which £2.960m are forecast to be delivered;**
3. **The budgeted value of 2017-18 savings projects rated as AMBER of £1.214m, of which £0.859m are forecast to be delivered;**
4. **The budgeted value of 2017-18 savings projects rated as GREEN or BLUE of £39.182m, of which £39.182m are forecast to be delivered;**

- and  
**5. The forecast position of savings delivery for 2018-19 (£5.263m shortfall) and 2019-20 (£0.100m shortfall).**

**10 Performance and Risk Management**

**10a (i) Managing Director's Department and Finance and Commercial Services vital signs performance management report**

10a. The annexed report (10a) (i) by the Strategy Director was received.

(i)1

10a. The Committee received a report by the Strategy Director that presented up to date performance management information for the Managing Director's Department and Finance and Commercial Services.

(i)2

10a. (i) **RESOLVED**

3

**That the Policy and Resources Committee:**

**Note the performance data and recommended action.**

**10a (ii) Corporately significant vital signs performance management report**

10a(ii). The annexed report (10a) (ii) by the Strategy Director was received.

1

10a. The Committee received a report by the Strategy Director that presented up to date performance management information for corporately significant vital signs.

(ii).2

10a. **RESOLVED**

(ii).3

**That the Policy and Resources Committee:**

**Note the performance data and recommended action.**

**10b Risk Management**

10b.1 The annexed report (10b) by the Executive Director of Finance and Commercial Services was received.

10b.2 The Committee received a report by the Executive Director of Finance and Commercial Services that explained the corporate risk register as it stood in October 2017, along with an update on the Risk Management Strategy 2016-19, and other related matters, following the latest review conducted during September 2017.

10b.3 The Executive Director, Community and Environmental Services explained the good progress that was being made to construct and deliver the Norwich Northern Distributor Route (NDR) within the agreed budget.

10b.4 **RESOLVED**

**That the Policy and Resources Committee note:**

- 1. The changes to the corporate risk register (Appendices A and B of the report), the progress with mitigating the risks; and**
- 2. The scrutiny options for managing corporate risks, (Appendix C of the report);**
- 3. The movement of corporate risks since the last meeting (Appendix D of the report);**
- 4. The Finance and Commercial Services departmental risk summary(Appendix E of the report);**

**That the Policy and Resources Committee approve:**

**The adoption of the revised Risk Management Policy, as recommended by the Audit Committee at its meeting on 21st September 2017 (Appendix F of the report).**

**11 Norfolk Business Rates pool annual report 2016-17 and development of 2018-19 Business Rates pilot bid**

11.1 The annexed report (11) by the Executive Director of Finance and Commercial Services was received.

11.2 The Executive Director of Finance and Commercial Services pointed out that the Government was now willing to offer a “no detriment” protection clause for 2018-19 Business Rates pilot bids. The timetable for these bids was set out in the report.

**11.3 RESOLVED**

**That Policy and Resources Committee:**

- 1. Notes the performance of the Norfolk Business Rates Pool and endorses the decisions taken by Norfolk Leaders in respect of:**
  - a. allocation of the 2016-17 Pool resources; and**
  - b. Requesting that DCLG extend membership of the 2018-19 Pool to include Great Yarmouth Borough Council, in the event that Norfolk is unsuccessful in applying to become a pilot for 100% Business Rates retention.**
- 2. Notes the update on the development of a bid for 2018-19 Business Rates Pilot status.**

**12 Norse Group Annual Report 2016-17 and Trading Update**

12.1 The annexed report (12) by the Managing Director of the Norse Group was received.

12.2 The Managing Director of the Norse Group Ltd outlined the results of the Norse Group Ltd for the financial year 2016-17.

12.3      **RESOLVED**

**That the Policy and Resources Committee note the on-going growth in the business and the benefits the Company continues to bring to the Norfolk economy.**

13      **County Farms Objectives and Policies, Key Processes and Criteria**

13.1      The annexed report (13) by the Executive Director of Finance and Commercial Services was received.

13.2      The Committee noted that the Business and Property Committee at their meeting on 18 October 2017 had resolved to recommend to Policy and Resources Committee the adoption of the County Farms Estate objectives and policies, the tenant selection process and the acquisition criteria set out in the attached report.

13.3      **RESOLVED**

**That the Policy and Resources Committee formally:**

- 1. Adopt the County Farms Estate objectives and policies as detailed in appendix 1 of the report.**
- 2. Adopt the tenant selection process as detailed in appendix 2 of the report.**
- 3. Adopt the acquisition criteria as detailed in appendix 3 of the report.**

14      **Consents for the Appointment of Company Directors – Norse Environmental Waste Services Ltd**

14.1      The annexed report (14) by the Executive Director of Finance and Commercial Services was received.

14.2      The Committee received a report by the Executive Director of Finance and Commercial Services that set out details of a proposed appointment to Norse Environmental Waste Services Ltd for member consideration.

14.3      **RESOLVED to RECOMMEND**

**That Policy and Resources Committee recommend to Council:**

**The appointment of the nominated director to Norse Environmental Waste Services Ltd. mentioned in Table 1 of the report.**

15      **Vulnerable Child Social Impact Bond**

15.1      The annexed report (15) by the Executive Director of Finance and Commercial Services was received.

15.2      The Committee received a report by the Executive Director of Finance and

- Commercial Services that explained how the Vulnerable Child Social Impact Bond would form part of the Demand Management and Prevention Strategy for Children's Services and would have a direct effect on reducing the numbers of looked after children over 5 years, partly through the introduction of a new operating model.
- 15.3 Members spoke in support of the application which was explained in the report and how it could save the County Council up to £7m over 5 years.
- 15.4 Concern was expressed that it appeared from the report that the success of the Vulnerable Child Social Impact Bond would be measured almost entirely in terms of reduced days in care. By comparison, an analysis of the results from Councils elsewhere showed a much wider range of quality achievements. It was suggested that the next report to Children's Services Committee on this matter should include examples of the benefits for individual children.
- 15.5 It was moved and duly seconded that the decision making for the procurement and award of the contract should be undertaken in consultation with the Chairman of the Children's Services Committee and this was agreed.
- 15.6 **RESOLVED**
- That the Policy and Resources Committee:**
1. **Endorse the submission of the full LCF application due on 31 October 2017.**
  2. **Delegate decision-making for procurement and award of contract to the Director of Children's Services in consultation with the Chairman of the Children's Services Committee.**
- 16 **Counter Fraud, Bribery and Corruption Policy and Strategy**
- 16.1 The annexed report (16) by the Chief Legal Officer was received.
- 16.2 The Committee noted that the Audit Committee had reviewed and approved the revised Counter Fraud, Bribery and Corruption Policy and Strategy and had recommended its adoption by the Policy and Resources Committee.
- 16.3 **RESOLVED**
- That the Policy and Resources Committee approve the updated Counter Fraud, Bribery and Corruption Strategy (appendix 1 of the report) and Policy (appendix 2 of the report).**
- 17 **Procurement Six Monthly Update**
- 17.1 The annexed report (17) by the Executive Director of Finance and Commercial Services was received.
- 17.2 **RESOLVED**

**That the Policy and Resources Committee:**

- 1. Note the pipeline and the contracts set out in the report.**
- 2. Note the information about contract management.**
- 3. Agree the recommendation to establish ESPO Trading Limited and note:**
  - a. That the Board of Directors of the trading company will include five officers—three officers from ESPO, one officer from Leicestershire and one officer nominated by the other member authorities.**
  - b. That the Shareholders (member authorities) may nominate up to two Non-Executive Directors to serve on the Board of the Company;**
  - c. That each of the six member authorities will be equal shareholders in the new Company and that the shareholder representative on the new company will be one elected member from each member authority drawn from the membership of the ESPO Management Committee;**
  - d. That the shareholder representatives (Elected Members) will be responsible for taking strategic decisions and agreeing the Annual Business Plan for the Company.**

### ***Section B – Items for Report***

**18 Feedback from Members serving on Outside Bodies**

**18.1 No verbal update reports were received.**

**The meeting concluded at 12.10 pm**

**Chairman**

# Policy and Resources Committee

Item No 7

<b>Report title:</b>	<b>Chancellor's Autumn Budget and Fair Funding Review</b>
<b>Date of meeting:</b>	<b>27 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Simon George – Executive Director of Finance and Commercial Services</b>
<b>Strategic impact</b>  The Autumn Budget will have a significant impact on the overall financial climate for the public sector, including providing an insight into the Government's overall approach to deficit reduction and austerity over the next few years, which inevitably will have implications for councils. The Fair Funding Review will set the framework for local authority funding and inform the future allocation of resources across all of English local government. As such it is essential that the County Council is engaged with these developments and makes appropriate, evidence-based representations to Government.	

## Executive summary

This report provides an overview of expectations for the Chancellor's Autumn Budget 2017, due to be presented to Parliament on 22 November. An update on the key budget announcements will be presented at the meeting. In addition, the report sets out the latest details about the Government's Fair Funding Review, including the anticipated timetable for implementation and some of the key issues for Norfolk. Finally, it summarises some of the recent representations that have been made on funding matters and provides a brief overview of the Council's general approach to engaging with Government on financial issues.

### Recommendations:

**Policy and Resources Committee is recommended to:**

- 1) Note the expected implications of the Autumn Budget.**
- 2) Note the latest information about the anticipated Fair Funding Review timetable and implications.**
- 3) Agree the Council's general approach to engaging with Government on the Fair Funding Review and other financial issues as set out in this report.**

## 1. Introduction

1.1. In spite of the Government's announcement of four year funding allocations in 2016-17, councils are currently operating in a period of very significant uncertainty about local authority funding, with particular issues being:

- The future allocations for Revenue Support Grant and potential reductions after the end of the certainty allocations in 2019-20;

T:\Democratic Services\Committee Team\Committees\Policy and Resources Committee\FINALS for next meeting\Item 7 - Autumn Budget and FFR.docx

- Government plans for 100% Business Rates Retention (including the announcement of successful pilots for 2018-19), and to what extent changes can be implemented in the absence of a Local Government Finance Bill;
- The wider implications and timing of the Fair Funding Review; and
- The general progress of (and plans for) the Government's austerity agenda in the current challenging economic climate.

1.2. Over the next few months further clarity on some of these issues is expected to emerge from a range of sources including the Autumn Budget, the Provisional Local Government Finance Settlement, and further announcements about the Fair Funding Review. This report provides a summary of the current expectations about these announcements, and how the County Council is responding to them.

## 2. The Chancellor's Autumn Budget 2017

2.1. The Chancellor of the Exchequer is due to announce the Autumn Budget 2017 on Wednesday 22 November. Following the changes set out at the Autumn Statement 2016, the Autumn Budget will now be the main annual fiscal policy announcement by the Government. From 2018 there will also be a Spring Statement, responding to the forecasts produced by the Office for Budget Responsibility (OBR).

2.2. A range of representative bodies including the Local Government Association (LGA)<sup>1</sup> and the County Councils Network (CCN)<sup>2</sup> have made submissions to the Government in advance of the Autumn Budget. These highlighted a number of the key issues facing local authorities as follows:

- The significant unfunded cost pressures facing local government (such as pressures in children's and adult social care, and specific costs like the National Living Wage and sleep-in carers). In its budget submission, the LGA calculates the funding gap facing the sector to be £5.8 billion by 2019-20, with an immediate pressure of £1.3 billion to stabilise the adult social care provider market;
- The progress of work on fair funding, where county councils have called for a more balanced approach to measuring relative need. This would see an increase in the county share of funding from Government (further details on fair funding are provided in section three below);
- Uncertainty around plans for the devolution of business rates;
- Centrally imposed restrictions on council tax setting; and
- Uncertainty around the impact of Brexit on both local economies and funding streams.

2.3. The Chancellor is preparing the Autumn Budget in the context of a challenging outlook for the UK economy, with decisions having to be set against a range of other competing pressures. The Institute for Fiscal Studies has commented that *"the Chancellor must balance the needs of the economy, strains on public services and other pressures with the costs of having higher debt. Much of the public debate in the lead-up to the Budget has been about ways to ease the squeeze rather than options for reducing borrowing, and any takeaway measure*

<sup>1</sup> <https://www.local.gov.uk/parliament/briefings-and-responses/lga-autumn-budget-submission-2017>

<sup>2</sup> <https://www.countycouncilsnetwork.org.uk/download/1185/>



would have to pass a vote in the House of Commons.”<sup>3</sup> The impact of this on the Government’s overall austerity plans remains to be seen.

2.4. At the time of preparing this paper, the Autumn Budget had not been announced. An update will be reported to the Committee.

### 3. The Fair Funding Review

#### **Background**

3.1. In October 2015, the Government set out plans to devolve new powers to local authorities as part of 100% Business Rates Retention.<sup>4</sup> This was to be accompanied by a Fair Funding Review (announced at the same time as the 2016-17 Local Government Finance Settlement) to undertake a review of what the needs assessment formula should be in the context of local government spending being funded by local resources rather than central grants.

3.2. In July 2016 the Government then undertook two consultations on these issues:

- *Self-sufficient local government: 100% Business Rates Retention*
- *Fair Funding Review: Call for evidence on Needs and Redistribution*

3.3. Policy and Resources Committee received a report in September 2016, which set out the Council’s responses to these consultations<sup>5</sup>. The Government has sought to engage with local authorities via the LGA and other sector representatives to develop the plans for reforms, including the establishment of a number of working groups. The papers for these groups can be accessed on the LGA website<sup>6</sup>, with the most recent meeting of the Technical Working Group on the Fair Funding Review taking place in September 2017.

3.4. There has been some delay in developments with the Local Government Finance Bill introduced to parliament in January 2017 failing to progress far enough through the legislative process before the 2017 general election, and no replacement for it appearing in the subsequent Queen’s Speech. However, the Fair Funding Review does not require legislation to implement and so work in this area has been ongoing. The Government confirmed its commitment to the Fair Funding Review following the general election and in July 2017 set out the terms of reference<sup>7</sup> for the review, which will:

- set new baseline funding allocations for local authorities;
- deliver an up-to-date assessment of the relative needs of local authorities;
- examine the relative resources of local authorities;
- focus initially on the services currently funded through the local government finance settlement; and
- be developed through close collaboration with local government to seek views on the right approach.

---

<sup>3</sup> <https://www.ifs.org.uk/publications/10010>

<sup>4</sup> <https://www.gov.uk/government/news/chancellor-unveils-devolution-revolution>

<sup>5</sup> <http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/501/Committee/21/SelectedTab/Documents/Default.aspx>

<sup>6</sup> <https://www.local.gov.uk/topics/finance-and-business-rates/business-rates-retention>

<sup>7</sup> <https://www.local.gov.uk/sites/default/files/documents/Fair%20Funding%20Review.pdf>

T:\Democratic Services\Committee Team\Committees\Policy and Resources Committee\FINALS for next meeting\Item 7 - Autumn Budget and FFR.docx

## **Next steps and implementation plans**

- 3.5. Work is therefore continuing around the Fair Funding Review. A further consultation was due earlier in 2017 but was delayed by the impact of the general election. There are indications that this second consultation will be published shortly<sup>8</sup> and the County Council will respond to this as usual when it is available.
- 3.6. It was initially expected that the Fair Funding Review would be implemented in 2019-20, alongside changes to the Business Rates Retention Scheme. However, with the loss of the Local Government Finance Bill, the timescales for implementation of 100% Business Rates retention are very uncertain, and there are different opinions about the extent to which it can be achieved without primary legislation. The LGA has indicated an expectation that implementation of the Fair Funding Review is now likely to be 2021-22, and *“in 2019, assuming we have got the 2021 implementation date, that is when we will start to see [a] full consultation document with specific options and exemplifications of what it might look like for individual local authorities.”*<sup>9</sup>
- 3.7. The Department for Communities and Local Government select committee is currently examining the impact for councils of the delay in retaining 100% of business rates revenue and has invited evidence submissions.<sup>10</sup>

## **Issues for Norfolk County Council**

- 3.8. Some local authorities are beginning to develop their own proposed models for the allocation of funding<sup>11</sup> or to launch local campaigns<sup>12</sup> in response to the Fair Funding Review. Norfolk County Council is engaged with the Fair Funding Review through:
- responding to Government consultations;
  - engaging with representative bodies;
  - analysing the impact of fair funding proposals and the implications of historical funding models for the council; and
  - reflecting likely impacts through the annual budget process and development of the Medium Term Financial Strategy.
- 3.9. The Society of County Treasurers (SCT) has undertaken some analysis of inequalities within the existing funding system, which demonstrates that the Core Spending Power (CSP) per head of population is lower in Shire County areas than for any other authority type, as set out in the table below.

---

<sup>8</sup> <https://www.lgcplus.com/politics-and-policy/finance/outcome-of-fair-funding-review-mooted-for-implementation-in-2021/7021756.article?blocktitle=Most-popular&contentID=-1>

<sup>9</sup> <https://www.lgcplus.com/politics-and-policy/finance/outcome-of-fair-funding-review-mooted-for-implementation-in-2021/7021756.article?blocktitle=Most-popular&contentID=-1>

<sup>10</sup> [http://www.publicfinance.co.uk/news/2017/11/mps-investigate-business-rate-retention-delay-impact-councils?utm\\_source=Adestra&utm\\_medium=email&utm\\_term=](http://www.publicfinance.co.uk/news/2017/11/mps-investigate-business-rate-retention-delay-impact-councils?utm_source=Adestra&utm_medium=email&utm_term=)

<sup>11</sup> <https://www.leicestershire.gov.uk/about-the-council/council-spending/fair-funding>

<sup>12</sup> <https://www.lincolnshire.gov.uk/local-democracy/a-fairer-funding-deal-for-lincolnshire/131671.article>

Type of Authority	Average CSP per resident (2017-18)
Shire County Areas	£703.42
Unitary Authorities	£706.27
Metropolitan Districts	£732.20
London Boroughs	£947.73
<b>England Average</b>	<b>£774.05</b>

3.10. The SCT states that *“the funding available per resident in shire areas is 9% below the national average and over 25% below that available in London boroughs. This is inequitable and means that residents in shire county areas suffer discrimination when compared to those in all other areas.”*

3.11. Analysis of the Local Government Financial Settlement figures for 2017-18 demonstrates that for shire counties compared to all other types of authority:

- Core Spending Power per dwelling is lower
- Assumed council tax per dwelling is higher
- Settlement Funding Assessment is lower

3.12. In other words, **shire areas receive lower funding per dwelling overall, but are expected to fund a larger amount locally** as shown in the table below.

	Core Spending Power	Assumed council tax	Settlement Funding Assessment	Number of dwellings	Core Spending Power per dwelling	Assumed council tax per dwelling	Settlement Funding Assessment per dwelling
	£m	£m	£m		£	£	£
Shire County Areas	15,937.013	10,664.453	4,141.670	9,691,919	1,644.36	1,100.35	427.33
Unitary Authorities	9,145.324	5,172.614	3,353.215	5,503,914	1,661.60	939.81	609.24
Metropolitan Districts	8,983.461	4,088.293	4,323.360	5,123,191	1,753.49	798.00	843.88
London Boroughs	6,679.178	3,102.966	3,078.326	3,543,811	1,884.75	875.60	868.65

3.13. SCT have summarised the position as follows:

- *“Residents in shire areas suffer discrimination by paying more council tax and receive less funding per head than any other type of authority. Residents in London and the metropolitan districts consistently pay less council tax than the national average whilst also receiving above average levels of funding for their services.*
- *In shire county areas the sum of Revenue Support Grant and Transition Grant has been cut by 39% between 2016-17 and 2017-18. In the same period the cut for London and the metropolitan districts has been just 25%, whilst for unitary authorities it is just 31%.*

- *Comparing SFA [Settlement Funding Assessment] over the same period shows a cut for shire county areas of 15%; higher than the England average of 11%, and far higher than that seen in London (7%) and the metropolitan districts (9%).*
- *The SCT calls on the Department to begin to correct the current bias in funding allocations towards residents living in urban and built-up areas at the expense of residents and taxpayers in the shires.”*

3.14. These issues, and specifically the comparative underfunding of shire areas compared to other authority types, will be a key element of the County Council's responses to consultations on the Fair Funding Review. However it is important to recognise that the Fair Funding Review is essentially a zero sum game in that the Government will not be providing additional resources through this exercise. The Fair Funding Review therefore has the potential to be highly contentious and divisive, with a risk of setting districts and counties (as well as other authority types) against one another. With that said, the Government will not want to destabilise councils through major changes in their funding, and these will (at least in the medium term) be mitigated through transitional arrangements. As such the Fair Funding Review is unlikely to resolve the local government sector's fundamental underfunding problems as a whole.

## **4. Representing Norfolk to Government**

### **The Council's overall approach**

- 4.1. The Council engages with the Government on financial matters through a wide variety of routes and often through representative umbrella organisations including the Local Government Association (LGA), County Councils Network (CCN), the Society of County Treasurers (SCT), and the Rural Services Network (RSN). The approach adopted will vary depending upon a range of factors including the nature of the issue, the specific implications for Norfolk County Council, and the extent to which these are shared with other local authorities (whether by type or location).
- 4.2. In many cases the best way to ensure the County Council's voice is heard is by working through existing channels such as the LGA and the CCN to ensure that collectively the pressures facing the sector are communicated to the Government. The success of these approaches can be seen in the Government's decision to provide a four year funding allocation up to 2019-20, which has meant the Council has had a far greater degree of certainty about its funding in this period, as well as more recently in the announcement at the Spring Budget 2017 of an additional £2bn of funding nationally to support pressures within Adult Social Care budgets (of which £36m has been allocated to Norfolk). Similarly, coordinated national pressure contributed to the Government's decision to offer a “no detriment” clause to all 100% Business Rate Pilots in 2018-19. The extent to which these successes could have been achieved through individual approaches to Government is questionable and so it is clearly beneficial for the Council to continue to engage with the Government through networks including the LGA, CCN, and SCT, supplemented by individual responses where appropriate.

4.3. The Council has submitted a response to the Government's Technical Consultation on the Local Government Finance Settlement 2018-19<sup>13</sup>, which addressed a number of technical matters in relation to the Settlement including the continuation of the four year certainty offer allocations, changes to New Homes Bonus, technical issues relating to council tax, and the expected equalities impact of the settlement. The Council's response addressed these and also made the following general points to Government:

- Norfolk has lost millions to damped funding allocations in previous years (Over £162m between 2006-07 and 2012-13). The business rates retention scheme introduced in 2013-14 locked Norfolk into this damped position (a further reduction of £22.3m per year). It is very important historic deficiencies like this are corrected and the latest information on demographics taken into account for all authorities in the forthcoming Fair Funding Review.
- The proposed change to Revenue Support Grant (RSG) between 2017-18 and 2019-20 within the certainty offer is equivalent to a 50% reduction (£39.1m) for Norfolk. Last year's settlement also suggested that some councils will face negative RSG allocations. The Council therefore called on the Government to provide further clarity on the allocations beyond 2019-20 to inform local authorities' planning.
- Since the introduction of the Business Rates Retention Scheme in 2013-14 Norfolk has not seen significant growth in the amount of business rates collected. By contrast the RSG has reduced by £125.6m (2013-18) and the anticipated reduction to RSG over the next two years (2018-20) equates to a further reduction in funding of over £39m (a total of over £164m). In spite of relatively low levels of Business Rates growth, Norfolk local authorities have submitted a bid for a 100% Business Rates pilot. If successful, this will provide the framework for councils in Norfolk to promote further economic growth, deliver some financial sustainability, and provide an insight for Government about the operation of 100% rates retention in rural, two tier areas. However, it is unlikely that the Council will be in a position to generate sufficient growth in business rates to fill the gap left by RSG let alone meet the additional demand pressures in key services such as social care. The Council response therefore sought clarity about whether there will be any extension of the current transitional funding for 2018-19 or 2019-20, as well as the longer term transitional arrangements envisaged by the Government to accompany the Fair Funding Review and any transfer to an increased level of local funding for services.
- For the period 2011-12 to 2016-17, of the total budgeted savings £286m, roughly £178m will have come from efficiencies. The Council has also had to accommodate additional cost pressures of over £276m. It is unsustainable to continue to plan services on this basis, and following six years of funding reductions, there are limited opportunities to become more efficient. Further reductions in funding will inevitably result in significant cuts to services.
- Local government has been expected to meet unfunded additional financial pressures arising directly from Government policy. The National Living Wage is an example of this and has had a considerable impact on the cost

---

<sup>13</sup> <https://www.gov.uk/government/consultations/local-government-finance-settlement-2018-to-2019-technical-consultation>

of providing care for some of the most vulnerable people in society. Similarly, the Government has recently indicated a relaxation of the public sector pay cap. The national position adopted by the Government will inevitably put pressure on local authority pay negotiations and the Council's response emphasised that it is essential that the Government recognises this and provides adequate funding for local services.

- The response also made the point that there should be local accountability for setting council tax and requested that the referendum limit be removed so that local government is afforded the ability to levy the rate needed to deliver services to residents. **A 2% referendum limit represents a real terms cut in funding when CPI inflation is at 3% (September 2017).**

### **Ongoing and future campaigns**

- 4.4. The LGA and others continue to lobby the Government for adequate funding for local authorities, particularly in relation to both Adult and Children's social care. In particular the LGA has launched a campaign "Bright Futures"<sup>14</sup>, aimed at highlighting the need for additional funding for Children's social care. This is against the backdrop of increasing pressures being reported in Children's budgets nationally, with a £2bn funding gap projected by 2020.
- 4.5. The National Audit Office (NAO) is currently undertaking a study into the financial sustainability of local authorities following seven years of austerity. The SCT has been invited to make a submission to this study and the Council has provided information to inform the SCT's response.
- 4.6. The Council will continue to engage with and through representative bodies and, where appropriate, will submit individual responses to Government consultations. In the context of the Autumn Budget, Local Government Finance Settlement, and the Fair Funding Review, all representations to Government will make the case for further funding for Norfolk to ensure the County Council is appropriately resourced to continue to deliver essential local services. Responses will also call upon the Government to ensure that any changes to funding systems are accompanied by appropriate transitional arrangements to ensure local authorities are protected from significant funding shocks, but also make the point that such arrangements should be fair, and not perpetuated indefinitely.

## **5. Update on budget planning 2018-19**

- 5.1. This report identifies a number of matters which will need to be taken into account in preparing the 2018-19 Budget, among them the Autumn Budget and Local Government Financial Settlement. As the report sets out, there are also a range of key issues with longer term implications (examples being the Fair Funding Review and Business Rates Retention), about which there remains significantly less certainty, but which will have an impact during the lifetime of the Medium Term Financial Strategy currently being prepared.
- 5.2. The Autumn Budget will provide an insight into the position of the national finances, and for the Council, there will be budget pressures linked to the national economic picture. With CPI currently running at 3.0%,<sup>15</sup> inflation pressures for Council budgets are significant. However, the Bank of England's recent

---

<sup>14</sup> <https://www.local.gov.uk/bright-futures-getting-best-children-young-people-and-families>

<sup>15</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>

T:\Democratic Services\Committee Team\Committees\Policy and Resources Committee\FINALS for next meeting\Item 7 - Autumn Budget and FFR.docx



announcement of the first rise in interest rates for ten years, doubling rates from 0.25% to 0.5%<sup>16</sup>, is likely to be relatively neutral for the Council, at least in the short to medium term. This is because while higher rates could result in better investment opportunities, these will be offset by higher borrowing costs and more generally could lead to increased costs through rising demand for support from service users facing personal financial difficulties.

5.3. Policy and Resources considered the latest budget planning position for 2018-19 at its meeting on 30 October. This included the summary of all proposed savings from Service Committees, and a revised forecast of the remaining budget gap for 2018-19, which was £7.806m. Over the four year planning period, a gap of £63.351m remained to be closed. Since that meeting, officers have continued to work to develop the 2018-19 Budget and close the gap for next year. The proposed 2018-19 Budget will be presented to this Committee in January, and will reflect the implications of the Autumn Budget, the Local Government Finance Settlement, and other issues as set out in this report.

5.4. Service Committees are not being asked to identify further savings as part of this process, however in view of the remaining gap position for 2018-19, **any change to planned savings or removal of proposals will require alternative savings to be identified**. Consultation has begun on £3.580m of savings for 2018-19, and the level of council tax for the year. All Committees will receive feedback on the outcomes of the consultation in January to inform their budget setting decisions. In addition, Committees will need to consider the financial risks for their services that could affect the 2018-19 budget plans, and any changes in the overall planning context for the Council.

## 6. Financial implications

6.1. Financial implications for the Council's Budget and future planning are set out throughout this report.

## 7. Issues, risks and innovation

7.1. Significant risks or implications have been set out throughout the report. Specific financial risks in this area are also identified in the Corporate Risk Register, including the risk of failing to manage significant reductions in local and national income streams (RM002) and the risk of failure to effectively plan how the Council will deliver services (RM006).

## 8. Background Papers

8.1. Background papers relevant to the preparation of this report are set out below.

National Policy Context, Policy and Resources Committee, 26 September 2016, Item 10:

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/501/Committee/21/SelectedTab/Documents/Default.aspx>

Norfolk County Council Revenue and Capital Budget 2017-20, County Council, 20 February 2017, Item 4:

---

<sup>16</sup> <http://www.publicfinance.co.uk/news/2017/11/interest-rates-rise-first-time-10-years>

T:\Democratic Services\Committee Team\Committees\Policy and Resources Committee\FINALS for next meeting\Item 7 - Autumn Budget and FFR.docx

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/444/Committee/2/SelectedTab/Documents/Default.aspx>

Fair Funding Review – update and overview, Department for Communities and Local Government, 19 July 2017:

<https://www.local.gov.uk/sites/default/files/documents/Fair%20Funding%20Review.pdf>

Strategic and Financial Planning 2018/19 - 2021/22, Policy and Resources Committee, 30 October 2017, Item 7:

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/638/Committee/21/SelectedTab/Documents/Default.aspx>

## Officer Contact

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

Officer Name:	Tel No:	Email address:
Simon George	01603 222400	<a href="mailto:simon.george@norfolk.gov.uk">simon.george@norfolk.gov.uk</a>
Harvey Bullen	01603 223330	<a href="mailto:harvey.bullen@norfolk.gov.uk">harvey.bullen@norfolk.gov.uk</a>
Titus Adam	01603 222806	<a href="mailto:titus.adam@norfolk.gov.uk">titus.adam@norfolk.gov.uk</a>



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.



# Policy and Resources Committee

Item No 8

<b>Report title:</b>	<b>Finance monitoring report P6: September 2017</b>
<b>Date of meeting:</b>	<b>27 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance and Commercial Services</b>
<b>Strategic impact</b> The Annexes to this report summarise the Period 6 (September 2017) forecast financial outturn position for 2017-18, to assist members to maintain an overview of the overall financial position of the Council.	

## Executive summary

This report gives a summary of the forecast position for the 2017-18 Revenue and Capital Budgets, General Balances, and related financial information.

### Members are asked to:

- note the period 6 forecast Revenue overspend of £3.694m;
- note the forecast General Balances at 31 March 2018 of £19.301m, before taking into account any over/under spends;
- approve the write-off of two Residential Care charges debts totalling £67,920.13, due to the exhaustion of the estates, as set out in section 5.9 of Annex 1;
- note the revised expenditure and funding of the current 2017-20 capital programme as set out in Appendix 3;
- approve a current year capital bid in respect of Exchequer Services office moves as set out in Appendix 3 section 4;
- support and contribute to the development of the 2017-20 capital programme, including the capital strategy, prioritisation scoring method, and potential new schemes, as set out in Appendix 3 Capital Annex 2;
- agree to recommend to Full Council to increase the NDR Budget by £19.25m to £205m as set out in Capital Annex 3, paragraph 4.2;
- approve the virement of £7.250m within the existing 2017-18 Capital Programme from the Norfolk Energy Futures Investment Fund to the NDR budget as set out in Capital Annex 3, paragraph 4.3;
- agree that in the short term the remaining £12m budget increase is funded by internal borrowing using cash balances as set out in Capital Annex 3, paragraph 4.4;

- **note that a permanent solution for funding the remaining £12m budget increase will be developed by officers and presented to the 29 January 2018 Policy and Resources Committee meeting as set out in Capital Annex 3, paragraph 4.4;**
- **agree to the principles set out in Capital Annex 3, section 3, to update the contract terms.**

## 1. Introduction

1.1 On 20 February 2017, the County Council agreed a net revenue budget of £358.812m. 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

2.1 Three appendices are attached to this report:

Appendix 1 summarises the forecast revenue outturn position, including:

- Forecast over and under spends
- Changes to the approved budget
- Payments and debt performance

Appendix 2 summarises forecasts relating to services covered by this committee

Appendix 3 summarises the forecast capital outturn position, and includes

- Changes to the capital programme
- Future years capital programmes
- Capital programme funding
- Income from property sales

## 3. Financial Implications

3.1 As stated above, subject to approval for the use of reserves, the forecast revenue outturn for 2017-18 is an overspend of **£3.694m** (month 5 £3.104m).

3.2 The forecast assumes realisation of savings as set out on page 27 of the 2017-20 budget book, and use of over £20m reserves as set out in the budget book Table 26.

3.3 The Council's capital programme contains schemes approved by County Council on 22 February 2017, other capital funding and schemes brought forward from previous years, and schemes more recently approved.

3.4 Two debts over £10,000 are awaiting Policy & Resources Committee approval. These two debts total £67,920.13.

Debt Type	Amount	Reason
Residential Care charges	£35,900.90	Estate Exhausted
Residential Care charges	£32,019.23	Estate Exhausted

## 4. Issues, risks and innovation

### Risk implications

4.1 The Council's Corporate Risk Register provides a full description of corporate risks, including corporate level financial risks, mitigating actions and the progress made in managing the level of risk.

4.2 Risk management reports which include the corporate risk register are presented regularly to this Committee. A majority of risks, if not managed, could have significant financial consequences. The risks addressed include finance specific risks, for example of failing to generate income or to realise savings.

4.3 Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers will take measures throughout the year to reduce or eliminate potential over-spends.

## 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.

5.2 The monthly forecasts in this report are based on detailed cost centre level data supplied by responsible budget officers after the end of each financial period. Moderation by chief officers is completed approximately 18-20 days after each month end.

## Officer Contact

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

Name	Telephone Number	Email address
Simon George	01603 222400	<a href="mailto:simon.george@norfolk.gov.uk">simon.george@norfolk.gov.uk</a>
Harvey Bullen	01603 223330	<a href="mailto:harvey.bullen@norfolk.gov.uk">harvey.bullen@norfolk.gov.uk</a>



If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 18001 0344 800 8020 (textphone) and we will do our best to help.

## Appendix 1: 2017-18 Revenue Finance Monitoring Report Month 6

Report by the Executive Director of Finance and Commercial Services

### 1 Introduction

This report gives details of:

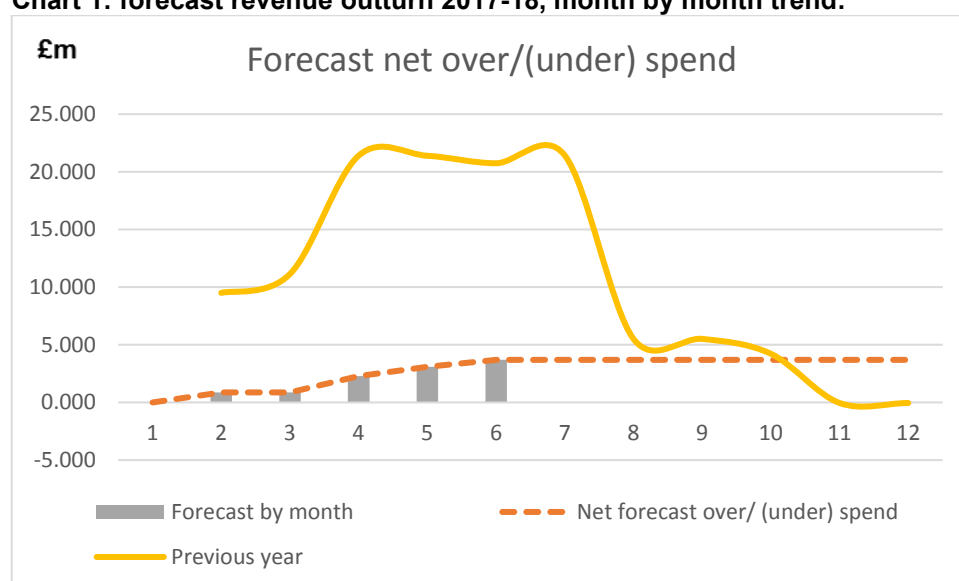
- the latest monitoring position for the 2017-18 Revenue Budget
- forecast General Balances and Reserves at 31 March 2018 and
- other key information relating to the overall financial position of the Council.

### 2 Summary of financial monitoring position

**At the end of September 2017 (month 6):**

An overspend of **£3.694m** (month 5: £3.104m) is forecast on a net budget of £358.812m.

**Chart 1: forecast revenue outturn 2017-18, month by month trend:**



- The main reason for the forecast overspend is pressure in Children's Services, in particular costs associated with looked after children. As can be seen in the chart above, the total forecast overspend at this stage of the year is significantly lower than the corresponding period last year.

## Agreed budget, changes and variations

- 2.1 The 2017-18 budget was agreed by Council on 20 February 2017 and is summarised in the Council's Budget Book 2017-20. A summary of budgets by service is as follows:

**Table 1: 2017-18 original and revised net budget by service**

<b>Service</b>	<b>Approved net base budget</b>	<b>Revised budget P5</b>	<b>Revised budget P6</b>
	£m	£m	£m
Adult Social Services	261.453	261.313	261.313
Children's Services	177.351	177.351	177.351
Community and Environmental Services	189.342	153.688	153.688
Managing Director's Department	8.505	7.873	7.873
Finance and Commercial Services	26.005	26.646	26.646
Finance General	-303.844	-268.059	-268.059
<b>Total</b>	<b>358.812</b>	<b>358.812</b>	<b>358.812</b>

- 2.2 There have been no budget movements at the service level shown above during P6. The main budget movement in the year to date is a £35m cost neutral adjustment to depreciation charges to reflect the withdrawal of new accounting rules in respect of the Highways Network asset. This change did not affected service expenditure budgets. Other minor changes have been made to reflect changes to reporting lines. Overall, the Council's overall net budget for 2017-18 has remained unchanged.
- 2.3 **Savings targets:** The key savings targets required for the delivery of a balanced 2017-18 budget are addressed in separate reports to this Policy and Resources Committee.

## Revenue outturn – forecast over/underspends

- 2.4 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.
- 2.5 Details of all projected under and over spends for each service, together with details of areas where mitigating action is being taken, are shown as Revenue Annex 1 to this report, and are summarised in the following table:

**Table 2: 2017-18 projected forecast (under)/over spends by service**

Service	Revised Budget	Projected net (under)/ over spend	%	RAG
	£m	£m		
Adult Social Services	261.313	-	-	G
Children's Services	177.351	4.021	2.3%	A
Community and Environmental Services	153.688	-	-	G
Managing Director's Department	7.873	-	-	G
Finance and Commercial Services	26.646	-0.030	-0.1%	G
Finance General	-268.057	-0.297	0.1%	G
<b>Totals</b>	<b>358.812</b>	<b>3.694</b>	<b>1.0%</b>	<b>A</b>

Notes:

- 1) the RAG ratings are subjective and take into account both the relative (%) and absolute (£m) impact of forecast overspends.
- 2.6 The forecast overspend at the end of P6 relates to Children's Services budgets, due mainly to forecasts in relation to costs associated with looked after children. There are also additional costs for extensive nursing support for children with disabilities (net of health contribution) that were not anticipated when the budget was set.
- 2.7 It remains a top priority of the local authority to reduce the numbers of children in its care. Officers have identified a number of actions to be taken with the intention of reducing the in-year forecast overspend and the expected impact. These actions are set out in the Financial Implications section of the November 2017 Children's Services Committee Integrated Performance and Finance Monitoring report.
- 2.8 It has been previously reported in this Committee and the Children's Services Committee that it was anticipated that certain in-year Children's Services costs would be offset through the utilisation of one-off monies:
- two Children's services savings that have been rated as RED in respect of 2017-18, representing a savings shortfall of £1.182m: delivery of savings from changes in the Education Service have been delayed due to the extended general election purdah period, and the

Troubled Families grant from Government is forecast to be lower than originally expected.

- an expected overspend relating to the contract costs of specialist intervention and support for children with behavioural and mental health needs, and their families. A change in commissioning strategy has meant the Council is continuing with the contract and the need to identify new funding.

2.9 Officers have investigated the use of one-off funding sources. After some investigation, a proposed use of S106 monies was not pursued. However, officers have identified a one-off source of revenue receipts previously applied for capital purposes which can be used to mitigate these overspends, up to a maximum of £2.1m. This is reflected in the reported forecast overspend for the service.

2.10 The Schools' revenue budget shows a projected overspend of £7.070m for the 2017-18 financial year, primarily due to demand for specialist placements. Any overspend in 2017-18 will need to be funded from a loan from Locally Maintained Schools balances, that will need to be repaid in future years. A plan to reduce the under-lying overspend and to repay the loan, whilst meeting the needs of Children and Young People, is being developed and initial proposals have been discussed at Schools' Forum, with a consultation to schools upon some elements being undertaken.



## General balances and reserves

### General balances

- 2.11 On 20 February 2017 Council agreed the recommendation from the Executive Director of Finance and Commercial Services for a minimum level of General Balances of £19.252m through 2017-18. The balance at 1 April 2017 was £19.301m. The forecast at 31 March 2017 is unchanged at £19.301m, assuming a balance budget is achieved.

### Reserves 2017-18 – opening balances

- 2.12 The use of reserves anticipated at the time of budget setting was based on reserves balances anticipated in January 2017. Actual balances at the end of March 2017 were higher than planned, partly as a result of grants being carried forward, and reserves use being deferred. This is resulted in reserves use being over £13m higher at 31 March 2017 than had been anticipated at the time of budget setting:

**Table 3a: Increase in reserves balances b'fwd over budget book assumptions**

<b>Reserves and provisions by service</b>	<b>Budget book forecast balances 1 April 2017</b>	<b>Actual balances 1 April 2017</b>	<b>Increase in b'fwd balances over budget book assumptions</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Adult Social Services</b>	4.136	6.230	2.094
<b>Children's Services (excl LMS)</b>	7.703	8.491	0.788
<b>Community and Environmental Services</b>	30.802	39.504	8.702
<b>Managing Director's Department</b>	3.203	2.627	-0.576
<b>Finance &amp; Commercial Services</b>	2.555	4.304	1.749
<b>Finance General</b>	26.175	26.897	0.722
<b>Adj. to reconcile to statutory accounts</b>		-0.028	-0.028
<b>Total reserves and provisions (excl LMS)</b>	<b>74.574</b>	<b>88.025</b>	<b>13.451</b>
<b>LMS balances</b>	14.000	13.954	-0.046
<b>Total reserves and provisions</b>	<b>88.574</b>	<b>101.979</b>	<b>13.405</b>

### Reserves 2017-18 – forecast closing balances

- 2.13 The 2017-18 budget was approved on the basis of a total of £14.138m use of earmarked reserves (budget book 2017-18 page 35), including the allocation of £5.813m reserves use approved in detail at the 3 July 2017 meeting of this Committee. The following table sets out balances based on proposed use at budget setting time, as adjusted for the £5.813m, and also the latest forecast balances.

**Table 3b: Increase in reserves balances at March 2018 over budget book assumptions**

<b>Reserves and provisions by service</b>	<b>Adjusted Budget book forecast balances 1 April 2018</b>	<b>Latest forecast 2018 balances</b>	<b>Latest March 2018 forecast in excess of budget book</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Adult Social Services</b>	3.427	8.790	5.363
<b>Children's Services (excl LMS)</b>	6.071	8.379	2.308
<b>Community and Environmental Services</b>	26.647	31.920	5.273
<b>Managing Director's Department</b>	2.729	1.990	-0.739
<b>Finance &amp; Commercial Services</b>	1.837	2.340	0.503
<b>Finance General</b>	15.237	15.180	-0.057
<b>Total reserves and provisions (excl LMS)</b>	<b>55.948</b>	<b>68.599</b>	<b>12.651</b>
<b>LMS balances</b>	12.000	12.683	0.683
<b>Total reserves and provisions</b>	<b>67.948</b>	<b>81.282</b>	<b>13.334</b>

As can be seen from this table, forecast closing balances at 31 March 2018 are £12m higher than anticipated at the time of budget setting.

#### **2.14 Provisions included in the table above**

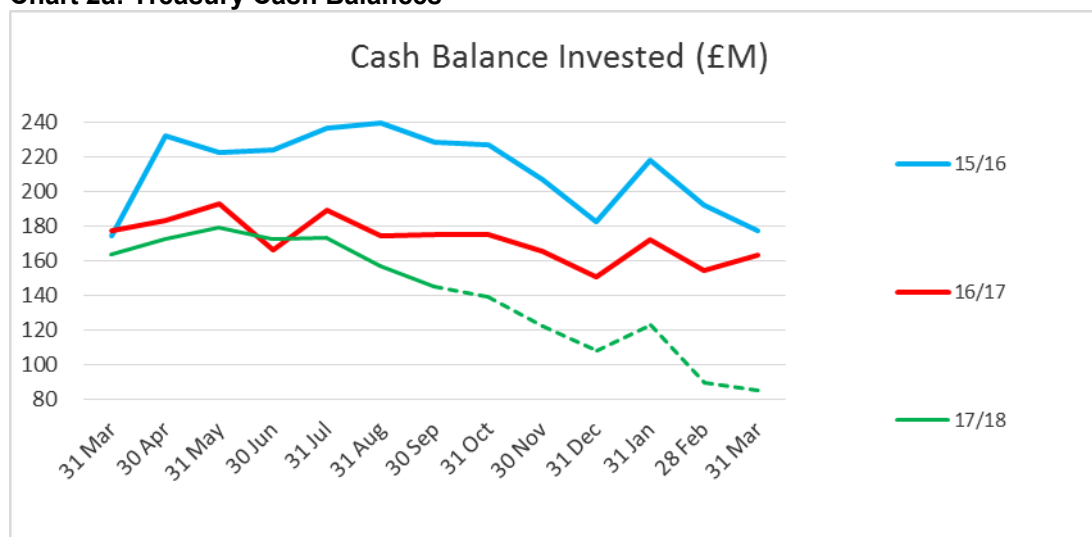
The table above include provisions of £26.8m at the start of the year. These comprise £10.7m insurance provision, £11.1m landfill provision, £4.2m provision for bad debts, and £0.8m payroll related provisions.

The landfill provision is required for accounting purposes and is included in the CES figures above. It is not cash backed and cannot be used to support revenue or capital expenditure.

### 3 Treasury management summary

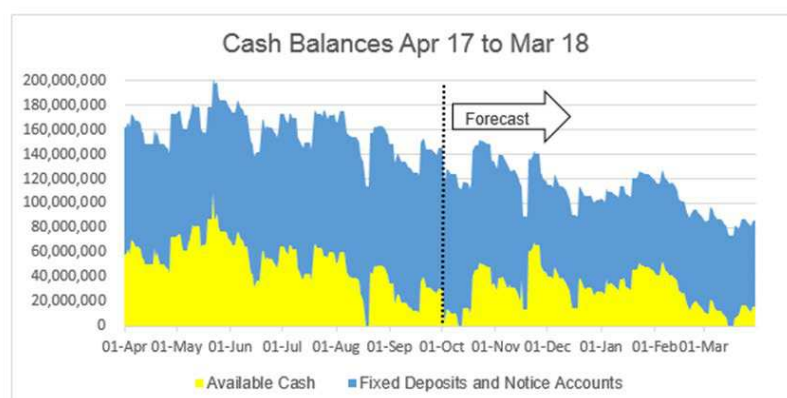
- 3.1 The corporate treasury management function ensures the efficient management of all the authority's cash balances.
- 3.2 The graph below shows the level of cash balances over the last 2 years and the current financial year with a forecast based on projected receipts and expenditure.

**Chart 2a: Treasury Cash Balances**



- 3.3 The projections assumes good progress on the capital programme in 2017-18, including the NDR. The cash balance shown above at the end of March 2017 was inflated by the addition of £40m PWLB debt into cash balances: this is forecast to be spent in 2017-18.
- 3.4 With interest rates very low in “instant access” accounts, the Council maintains a large proportion of its cash balances in fixed deposits.

**Chart 2b: Fixed deposits as a proportion of cash balances**

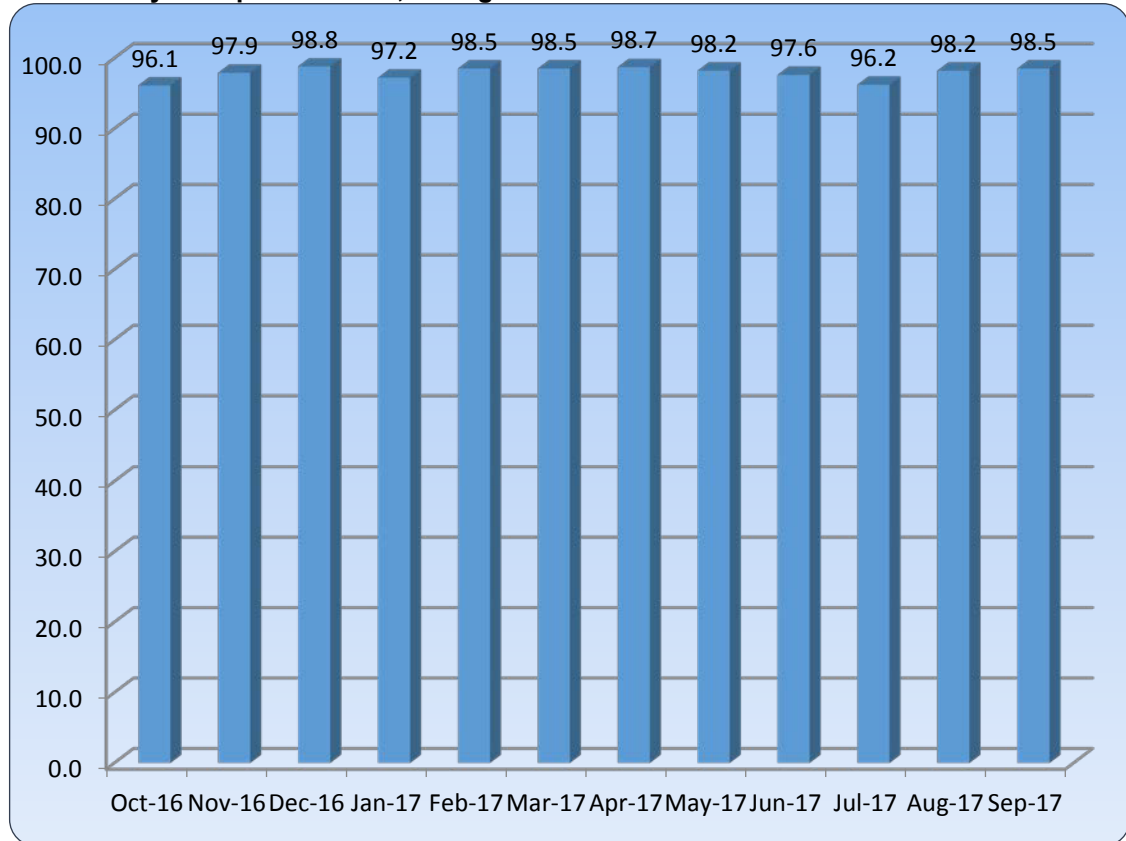


- 3.5 In accordance with the approved 2017-18 Investment Strategy, the County Council continues to delay new borrowing for the majority of capital purposes, using cash balances on a temporary basis to avoid the cost of ‘carrying’ debt in the short term.

## 4 Payment performance

- 4.1 This chart shows the percentage of invoices that were paid by the authority within 30 days of such invoices being received. Some 420,000 invoices are paid annually. 98.5% were paid on time in September 2017. The percentage has not dropped below 96% in the last 12 months.

**Chart 3: Payment performance, rolling 12 months**



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

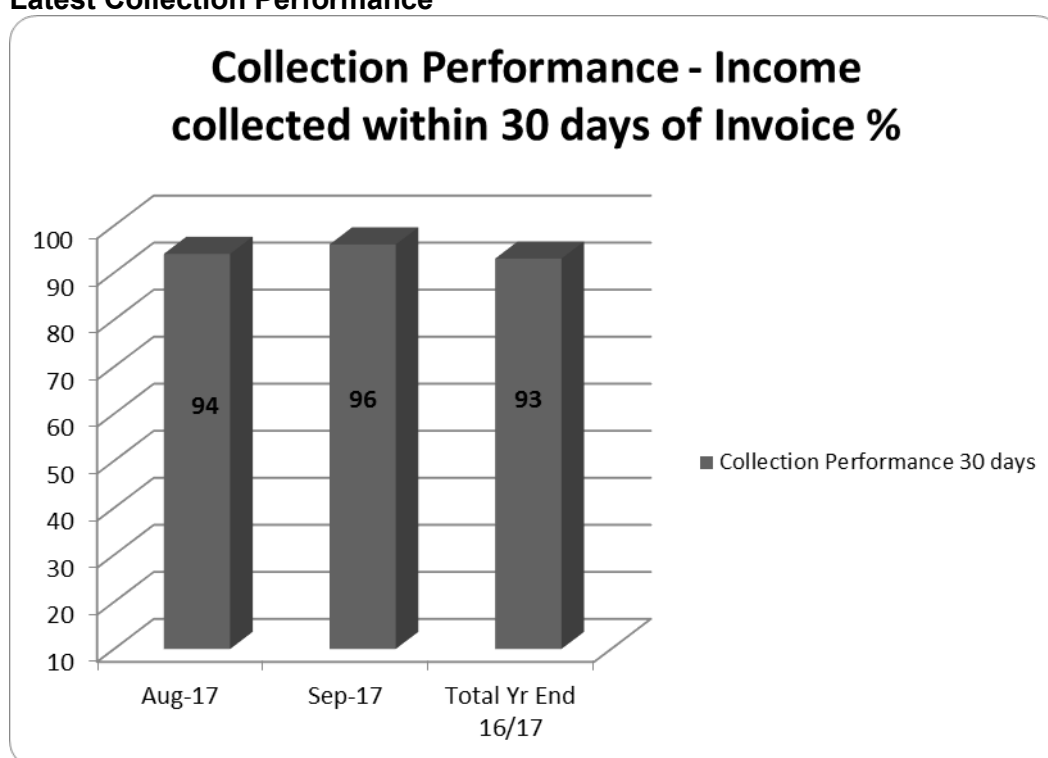
## 5 Debt recovery

5.1 **Introduction:** Each year the County Council raises over 135,000 invoices for statutory and non-statutory services totalling over £830m. 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 2016-17 93% of all invoiced income was collected within 30 days of issuing an invoice, and 98% was collected overall.

### 5.2 Debt collection performance measures

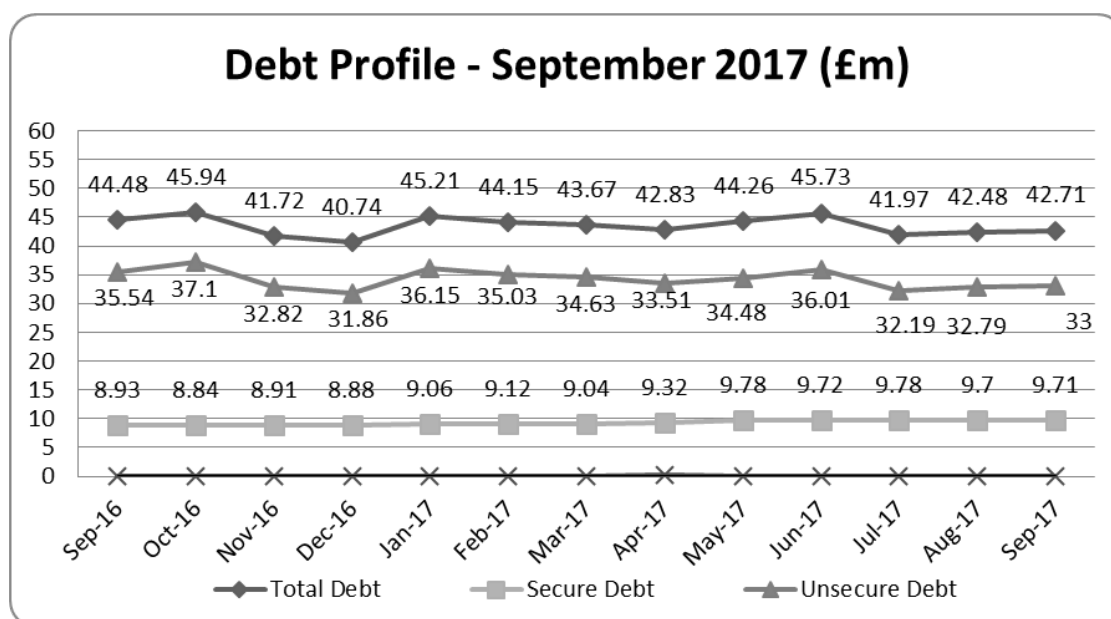
96% of invoiced income was collected within 30 days for the month of September 2017. The percentage is the proportion of income collected within 30 days for invoices raised in the previous month – measured by value.

#### Latest Collection Performance



5.3 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 graph:

## Debt Profile (Total)



The overall level of unsecure debt has increased slightly in September. The largest area of unsecure debt relates to charges for social care. Of the £22.1m unsecure social care debt, £10.0m is debt with the CCG's, the majority of which is for shared care, Better Care Pooled Fund, continuing care and free nursing care.

Secured debts amount to £9.7m at the end of September 2017. Within this total £2.98m relates to estate finalisation where the client has died and the estate is in the hands of the executors.

- 5.4 **Debt write-offs:** In accordance with Financial Regulation and Financial Procedures, the Policy & Resources Committee is required to approve the write-off of debts over £10,000. The Executive Director of Finance and Commercial Services approves the write off of all debts up to £10,000.
- 5.5 Before writing off any debt all appropriate credit control procedures are followed. Where economically practical the County Council's legal position is protected by court proceedings being issued and judgment being entered. For a variety of reasons, such as being unable to locate the debtor, it is sometimes not appropriate to commence legal action.
- 5.6 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.
- 5.7 For the period 1 April 2017 to 30 September 2017, 278 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £191,201.33.

- 5.8 Since the 2016-17 outturn report, two debts over £10,000 have been written off following approval by this Committee. These debts totals £27,512.13.
- 5.9 Two debts over £10,000 are awaiting Policy & Resources Committee approval. These two debts total £67,920.13.

<b>Debt Type</b>	<b>Amount</b>	<b>Reason</b>
Residential Care charges	£35,900.90	Estate Exhausted
Residential Care charges	£32,019.23	Estate Exhausted

## Revenue Annex 1

### Forecast revenue outturn

#### Projected revenue outturn by service

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

Service	Revised Budget	Net total over / (under) spend	%	Forecast net spend
	£m	£m		
Adult Social Services	261.313	-		261.313
Children's Services	177.351	4.021	2.3%	181.372
Community and Environmental Services	153.688	-		153.688
Managing Director's Department	7.873	-		7.873
Finance and Commercial Services	26.646	-0.030	-0.1%	26.616
Finance General	-268.059	-0.297	0.1%	-268.356
<b>Forecast outturn this period</b>	<b>358.812</b>	<b>3.694</b>	<b>1.0%</b>	<b>362.506</b>
Totals previous report	358.812	3.104	0.9%	361.916

#### Reconciliation between current and previously reported underspend

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

	£m
<b>Forecast overspend brought forward P5</b>	<b>3.104</b>
<b>Movements September 2017</b>	
Adult Social Services	-
Children's Services	0.710
Community and Environmental Services	-
Managing Director's Department	-
Finance and Commercial Services	-
Finance General	-0.120
<b>Forecast over/(under) spend P6</b>	<b>3.694</b>

#### Corporate resources spend as a proportion of "front line" net expenditure

Table A1c: Corporate resources spend as a proportion of front line spend

Service	Budget £m	Forecast £m
Total "front line" services	592.352	596.373
Total corporate resources (adjusted)	34.519	34.489
Corporate resources as %age	5.8%	5.8%
Corporate resources as ratio	1:17	1:17



## Revenue Annex 1 continued

The net underspend is a result of a range of underlying forecast over and underspends which are listed below.

### Revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
<b>Adult Social Services</b>			
Business Development		-0.254	0.123
Commissioned Services	0.555		-0.431
Early Help & Prevention		-0.199	0.064
Services to Users (net)		-1.492	0.032
Management, Finance & HR	1.390		0.211
<b>Forecast over / (under) spend</b>	<b>1.945</b>	<b>-1.945</b>	<b>-</b>
		<b>0</b>	

<b>Children's Services</b>	Projected over spend	Projected under spend	Changes this period
<b>Spending increases and reductions</b>	£m	£m	£m
LAC agency fostering	1.231		-0.049
LAC agency residential	0.277		-0.004
In-house LAC fostering	1.088		0.075
LAC in-house residential	0.200		-
Client costs: Social Care Looked After Children	0.417		0.417
Staying-put fostering	0.265		-
Adoption Allowances	0.308		0.135
Independent reviewing officers	0.160		-
Children with disabilities client costs	0.641		-
Children's Services staff training	0.061		0.061
Advocacy Services	0.075		0.075
Children's Centres		-0.260	-
Early Help Support		-0.220	-
School / College redundancy / pension costs		-0.222	-
Expected savings shortfalls: delays in changes in the Education Service due to the extended general election purdah period, and the Troubled Families grant from Government is forecast to be lower than originally expected.	1.182		1.182
Estimate of overspend relating to the contract costs of specialist intervention and support for children with behavioural and mental health needs, and their families.	1.018		1.018
One off application of revenue receipts currently or previously applied to capital purposes		-2.200	-2.200

<b>Dedicated schools grant</b>			
FE post 16 High Needs top up funding	0.588		-
Special Schools places	0.397		0.397
Special Education non-maintained school placements	4.058		0.214
Short Stay School for Norfolk	1.079		1.079
Alternative Education provision contracts	1.899		0.261
Out of county recoupment		-0.189	0.070
School growth contingency		-0.112	0.053
School contingency funds		-0.345	-0.009
Permanent Exclusions Charges	-0.088		-0.088
School staff suspensions		-0.217	
DSG (funded through a loan from LMS balances that will need to be repaid in future years)		-7.070	-1.977
<b>Forecast over / (under) spend</b>	<b>14.856</b>	<b>-10.835</b>	<b>0.710</b>
	<b>4.021</b>		

<b>Community and Environmental Services</b>	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
<b>No Forecast over / (under) spends</b>	-	-	<b>0</b>
	<b>0</b>		

<b>Resources, Finance and Finance General</b>	Projected over spend	Projected under spend	Changes this period
	£m	£m	£m
<b>Managing Director's Department</b>			
Intelligence & Analytics		-0.026	-0.003
Communications	0.083		
Strategy & Delivery Unit	0.066		0.044
Human Resources	-		
Democratic Services		-0.268	-0.025
Nplaw	0.139		-0.022
MD's Office	-		
Shared Services contribution (from Public Health)	0.006		0.006
<b>Forecast over / (under) spend</b>	<b>0.294</b>	<b>-0.294</b>	<b>0</b>
	<b>0</b>		
<b>Finance and Commercial Services</b>			
Finance (excl Fin Gen)		-	
Property		-	
Procurement		-0.030	
IMT		-	
<b>Forecast over / (under) spend</b>		<b>-0.030</b>	

<b>Finance General (see Revenue Annex 2 for further details)</b>			
Adjustment to forecast interest on balances		-0.123	-0.032
Council tax discount administration	0.245		0.070
Members allowances		-0.139	-0.008
Unbudgeted precept income		-0.305	-0.305
Unbudgeted DCLG grant		-0.130	-
Business rates upwards revaluation pressure	0.155		0.155
<b>Forecast over / (under) spend</b>	<b>0.400</b>	<b>-0.697</b>	<b>-0.120</b>
		<b>-0.297</b>	

# Norfolk County Council

## Revenue Annex 2: Policy and Resources budget summary

Report by the Executive Director of Finance and Commercial Services

### 1 Introduction

The Policy and Resources Committee is responsible for the oversight of the budgets listed in the table below, which also summarises the latest forecast outturn position.

2017 / 18	Current Budget	Forecast	Over / (Under) spend
	£m	£m	£m
<b>Managing Director's Department</b>			
Intelligence & Analytics	0.902	0.875	-0.027
Communications	0.764	0.847	0.083
Strategy & Delivery Unit	0.751	0.817	0.066
Human Resources	3.003	3.003	-0.000
Democratic Services	2.951	2.684	-0.268
Nplaw	-0.572	-0.433	0.139
MD's Office	0.425	0.425	0.000
Shared Services Contribution	-0.356	-0.350	0.006
	<b>7.868</b>	<b>7.868</b>	<b>-0.000</b>
<b>Finance and Commercial Services (note 1)</b>			
Finance	6.718	6.718	
Procurement	1.227	1.196	-0.030
	<b>7.945</b>	<b>7.914</b>	<b>-0.030</b>
<b>Finance General</b>			
Adjustment to forecast interest on balances			-0.123
Council tax discount administration			0.245
Members allowances			-0.139
Unbudgeted precept income			-0.305
Unbudgeted DCLG grant			-0.130
Business rates upwards revaluation pressure			0.155
			-0.297
<b>Total P&amp;R Committee</b>			<b>-0.327</b>

Note 1: this table excludes Corporate Property budgets (Business and Property Committee) and IMT budgets (Digital Innovation and Efficiency Committee)

Note 2: this table may rounding and small timing differences.

At the end of Period 6, there is a small Procurement underspend forecast, and a net Finance General underspend explained below.

## **2 Finance General over and underspends**

Explanations for the Finance General forecasts are as follows:

### **Interest on balances (underspend £0.123m)**

The 2017-18 interest payable/receivable budget was prepared on the basis of a number of assumptions including cash flows, interest rates and the extent of actual borrowing. Despite falling back deposit interest rates, a small underspend is forecast due to the use of longer deposit periods.

### **Council tax discount administration (overspend £0.245m)**

The Council has agreed to make a one off contribution to Norfolk district councils towards the administration costs of changing council tax discounts. This is a “spend to save” initiative the impact of which will be to significantly increase the Council’s tax base.

### **Members allowances (underspend £0.139m)**

The forecast expenditure on basic allowances, special responsibility allowances, travel and subsistence is below budget in 2017-18.

### **Unbudgeted precept income (underspend £0.305m)**

This represents one-off additional precept income from Kings Lynn and West Norfolk Borough Council, not known at the time of budget setting.

### **Unbudgeted DCLG grant (underspend £0.130m)**

This underspend relates to an unbudgeted DCLG Section 31 grant payment of £0.130m, relating to a reconciliation of the 2016-17 NNDR3 return.

### **Business rates upwards revaluation pressure (overspend £0.155m)**

This overspend relates to net increases in business rates charges for a number of the Council’s operational properties.

# Norfolk County Council

## Appendix 2: 2017-18 Capital Finance Monitoring Report

Report by the Executive Director of Finance and Commercial Services

### 1 Capital Programme 2017-18

- 1.1 On 20 February 2017, the County Council agreed a 2017-18 capital programme of £226.379m with a further £135.509m allocated to future years', giving a total of £361.888m.
- 1.2 Additional re-profiling from 2016-17 after the budget was set increased the overall capital programme at 1 April 2017 to £383.296m, after year end final accounting adjustments.

**Table 1: Capital Programme budget**

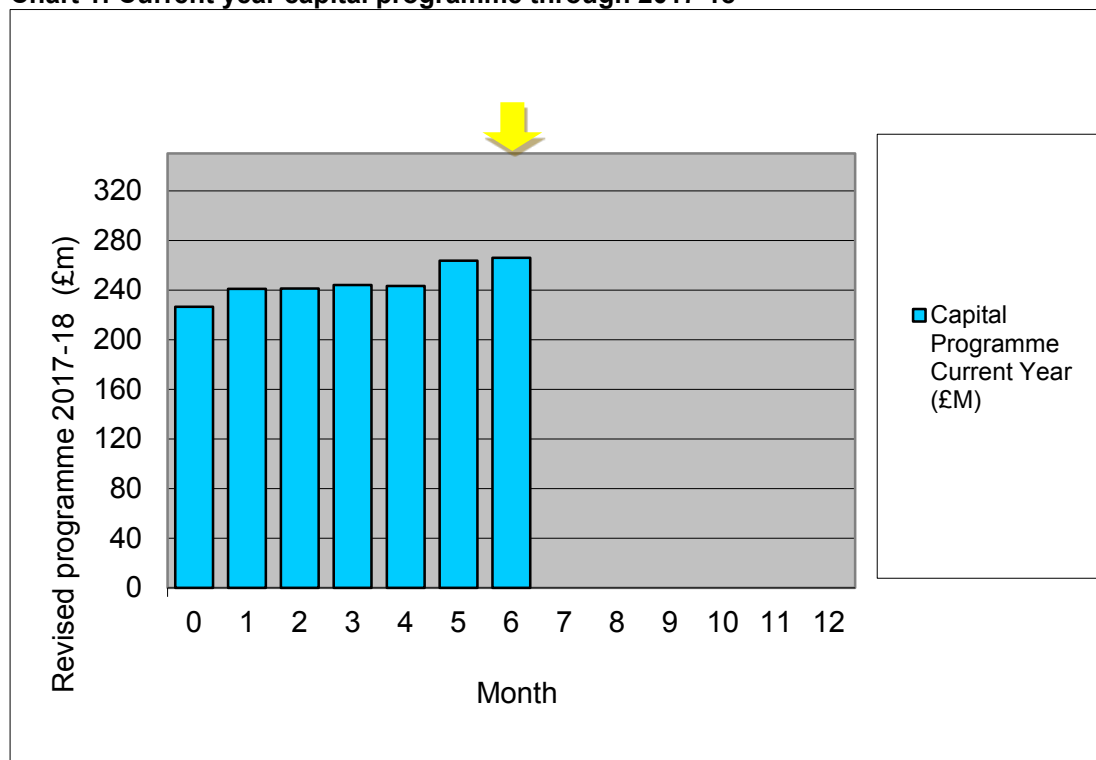
	<b>2017-18 budget</b>	<b>Future years</b>
	<b>£m</b>	<b>£m</b>
New schemes approved February 2017	45.629	15.600
Previously approved schemes brought forward	180.750	119.909
<b>Totals in 2017-20 Budget Book (total £361.888m)</b>	<b>226.379</b>	<b>135.509</b>
Schemes re-profiled after budget setting	9.540	6.666
Other Adjustments, including additional grants and re-allocation of underspends	6.212	-
Year-end statutory accounting adjustment	-1.010	
<b>Revised Capital Programme Opening Position (total £383.296m)</b>	<b>241.121</b>	<b>142.175</b>
<b>Re-profiling since start of year</b>	<b>-3.589</b>	<b>3.589</b>
<b>Other movements</b>	<b>28.324</b>	<b>0.121</b>
<b>Capital programme budgets (total £411.741m)</b>	<b>265.856</b>	<b>145.885</b>

*Note: this table and the tables below contain rounding differences*

## Changes to the Capital Programme

- 1.3 The following chart shows changes to the 2017-18 capital programme through the year.

**Chart 1: Current year capital programme through 2017-18**



- 1.4 Month “0” shows the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2016-17. The arrow shows the latest position.
- 1.5 Further increases in the programme have been the result of the addition of a large number highways projects funded from a variety of external sources including S278 monies and Growth Deal/LEP funding.
- 1.6 The movement in P6 reflects mainly the additional budget in respect of the purchase of Bank House Farm.
- 1.7 The current year’s capital budget for each service is set out in the table below:

**Table 2: Service capital budgets and movements 2017-18**

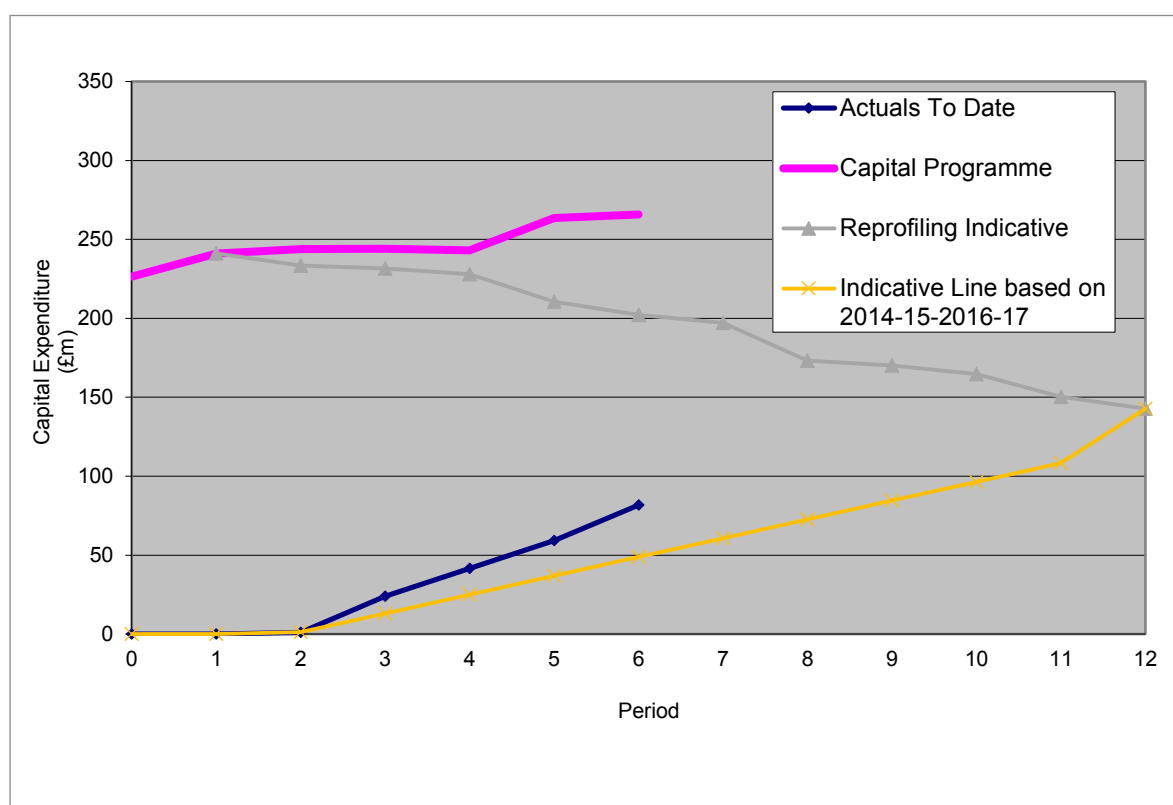
Service	Revised opening programme	Previous period reported budget	Reprofiling since last report	Other Changes since last report	2017-18 Current Capital Budget
	£m		£m	£m	£m
Children's Services	66.256	67.983	-0.658	0.000	67.325
Adult Social Care (note 2)	12.721	12.721	0.000	0.000	12.721
Community & Environmental Services	128.811	149.220	0.006	0.027	149.253
Managing Director's Department	-	-			
Finance & Comm Servs	33.331	33.661	-0.250	3.146	36.557
<b>Total</b>	<b>241.119</b>	<b>263.585</b>	<b>-0.902</b>	<b>3.173</b>	<b>265.856</b>
				<b>2.271</b>	

Note 1: this table may contain rounding differences

Note 2: the ASC total above excludes Better Care Fund Disabled Facilities Grant and Social Care Capital Grant which are passported to District Councils. These have been added to corporate systems in P7, and the total £6.9m will be reflected in the next report.

- 1.8 The trends within the current year's capital programme can be shown as follows.

**Chart 1: capital programme trends and progress**



- 1.9 Additional external funding allocated to current year highways projects, and the purchase of Bank House Farm increased the programme during periods 5 and 6. The chart shows that further re-profiling of budgeted expenditure (purple line) is still expected to match the indicative expected spend (yellow line).



1.10 Actual spend in the year to date has been relatively high due to spending on major schools projects over the summer holidays and continued good progress on the NDR. The increase in funding and progress on major projects indicates that the total capital spend for the year (blue line) will be higher than originally anticipated (yellow line).

1.11 The revised programme for future years (2018-19 to 2020-21) is as follows:

**Table 3: Capital programme 2018-21**

<b>Service</b>	<b>Revised opening programme</b>	<b>Previous period reported budget</b>	<b>Reprofiling since last report</b>	<b>Other Changes since last report</b>	<b>2017-18 Current Capital Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's Services	74.727	77.303	0.658	-	77.961
Adult Social Care	1.912	1.912	-	-	1.912
Community & Environmental Services	39.268	39.380	-0.006	-	39.374
Managing Director's Department	-	-			0
Finance & Comm Servs	26.269	26.390	0.250	-	26.640
<b>Total</b>	<b>142.176</b>	<b>144.984</b>	<b>0.902</b>	<b>0.000</b>	<b>145.886</b>
				<b>0.902</b>	

*Note: this table may contain rounding differences*

1.12 Forecasting in advance of the 2018-19 budget setting process will be used to ensure that budgets are more accurately allocated between years, and that changes are accurately reflected. Particular attention will be given to this in advance of the P8 monitoring report, which forms the basis of future years' capital programmes.

## 2 Financing The Programme

2.1 Funding for the capital programme 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.

2.2 The table below identifies the funding of the capital programme:

**Table 4: Financing of the capital programme**

<b>Funding stream</b>	<b>2017-18 Programme</b>	<b>Future Years Forecast</b>
	<b>£m</b>	<b>£m</b>
Prudential Borrowing	99.735	59.062
Use of Capital Receipts	0.000	
Revenue & Reserves	2.455	
DfE	48.305	64.692
DfT	64.390	4.400
DoH	7.003	
DCLG	1.552	
DCMS	5.281	3.580
Developer Contributions	15.856	7.933
Other Local Authorities	9.683	3.580
Other including LEP funding	11.598	2.638
<b>Total</b>	<b>265.856</b>	<b>145.886</b>

*Note: this table may contain rounding differences*

2.3 Significant funding from capital receipts are anticipated over the life of the programme, which as and when realised will be used either to re-pay debt as it falls due, or to reduce the call on future prudential borrowing. For the purposes of the table above, it is assumed that all capital receipts will be applied directly to the re-payment of debt. Only capital receipts in excess of this will then be used to reduce the Council's future borrowing requirement.

2.4 The most significant sources of funding continue to be the major government capital grants for transport and schools, and the authority's prudential borrowing.

2.5 Developer contributions are funding held in relation to planning applications. Section 106 (Town and Country Planning Act 1990) contributions are held in relation to specific projects: primarily schools, with smaller amounts for libraries and highways. The majority of highways developer contributions are a result of section 278 agreements (Highways Act 1980).

2.6 Contributions from other local authorities relate mainly to projects undertaken with Norfolk districts. Approximately £40m of the prudential borrowing total relates to the NDR.

### 3 Capital Receipts

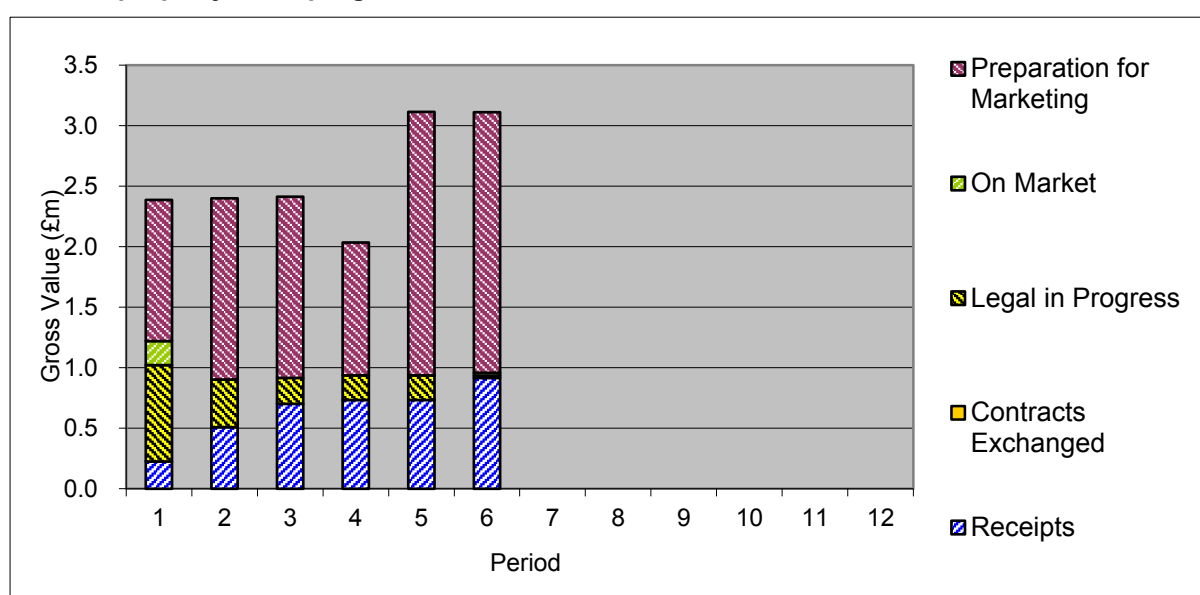
- 3.1 The Council's property portfolio has latent value and the estate needs to be challenged rigorously to ensure assets are only held where necessary so that capital release or liability reduction is maximised. This in turn will reduce revenue costs of the operational property portfolio.
- 3.2 The capital programme, approved in February 2017, demonstrated how asset sales can be a) used to reduce the borrowing requirement of the Council's capital programme in that year, (b) held to offset against future capital borrowing requirements or (c) used to repay existing borrowing.
- 3.3 The current revised schedule for disposals is:

**Table 6: Revised disposal schedule £m**

	<b>2017-18 Approved £m</b>	<b>Latest forecast £m</b>
General Capital Receipts	2.465	2.431
County Farms Capital Receipts	1.075	0.680
Major development sites	5.600	
<b>Estimated Total Capital Receipts</b>	<b>9.140</b>	<b>3.111</b>

- 3.4 The value of completed sales to date is £0.9m, including plot sales at the Oaks, Harvey Lane site, Drill Hall Aylsham, farm land at Hilgay, and a small a number of low value properties offered for auction.
- 3.5 The main reasons for the reduction in expected receipts in the current year is uncertainty relating to the timing of larger sales, primarily development land at Hopton and Acle.
- 3.6 Progress on sales is shown in the following chart

**Chart 2: property sales progress**



#### **4 Proposed additions to the 2017-18 capital programme**

##### **Capital Bid – Exchequer Services improvement to County Hall Annexe accommodation - £0.100m**

- 4.1 Finance Exchequer Services currently operate from the County Hall Annexe and have been located there since 2011 when a number of shared services were drawn together – limited development of infrastructure at the Annexe has taken place since then and we now find ourselves in a position where we are operating 200+ staff from the Annexe.
- 4.2 Recent changes to take on HR transactional functions and payroll staff has required building structural modifications and additional desking to be installed to accommodate staff transferred. This request is for capital funding to upgrade and equip the annexe infrastructure to the same standard as County Hall accommodation by switching all staff to a standard desk/locker/ict configuration to enable flexible working and desk sharing. A breakdown of costs is as follows:

	£m
Building modifications	0.021
Office furniture	0.055
ICT & Networking	0.024
<b>Total</b>	<b>0.100</b>

#### **5 Proposed additions to the 2018-19+ capital programme**

- 5.1 A draft capital strategy, prioritisation model and set of proposed new capital schemes for 2018-21 is presented in Capital Annex 2.

##### **Caring for your Roads**

- 5.2 In addition to the schemes listed in Capital Annex 2E, one of the priorities for the administration was a commitment to invest an extra £20 million in Norfolk's roads. Under the heading of Caring for your Roads, this will target funding to the delivery of market town schemes, footways and crossings improvements, Junction improvements, contribution to major schemes, parish partnership, local Member budgets and PROW. Further details of the specific allocations and anticipated profile will be recommended to members in January as part of the Highway capital programme and Transport Asset Management Plan (TAMP) report.

#### **6 Norwich Northern Distributor Road (NDR) – update**

- 6.1 A comprehensive update on the progress of the NDR is included in Capital Annex 3.

## Capital Annex 1

Changes to capital programme since last P&R report			17-18	17-18	18-19+	18-19+	
Service	Project	Funding Type	Change (£m)	REPROFILE	Change (£m)	REPROFILE	Reason
Children's Services							
	A1 - Major Growth	External		- 0.280		0.280	Reprofiling: Brooke, no movement on land acquisition. Thetford, Awaiting further movement on housing development following land sale. Poringland, reprofiled according to likely costs.
	A3 - Area Growth & Reorganisation	External		- 0.428		0.428	Holt, reprofiled pending aquisition of a site
	B1 - SEN	External		0.050	-	0.050	Reprofiled back to cover in year expenditure
<b>Total Children's services</b>			<b>0.000</b>	<b>-0.658</b>	<b>0.000</b>	<b>0.658</b>	
Library	Library S106 Projects	External	0.012	0.006		-0.006	Reprofile S106 monies back to cover current year expenditure
Fire	Fire Drone purchase	Revenue & Reserves	0.015				Internal funding for purchase of Fire Drone
<b>Total CES</b>			<b>0.027</b>	<b>0.006</b>	<b>0.000</b>	<b>-0.006</b>	
Offices	One Public Estate	Borrowing & Capital Receipts		-0.250		0.250	Reprofiled - use deferred but still anticipated
Farms	Bank House Farm	Borrowing & Capital receipts	3.146				Borrowing allocated to fund purchase of farm
<b>Total Finance</b>			<b>3.146</b>	<b>-0.250</b>	<b>0.000</b>	<b>0.250</b>	
<b>Total</b>			<b>3.173</b>	<b>-0.902</b>	<b>0.000</b>	<b>0.902</b>	

**Norfolk County Council**

**Capital Annex 2: Capital programme planning 2018-21**

**Introduction**

This annex sets out a framework for a Council-wide approach to the Capital Programme.

The three main objectives are to

- develop a capital programme which can be delivered to plan,
- minimise unaffordable revenue costs, mainly by avoiding unsupported expenditure and
- prioritise schemes to provide a Council-wide comparison and to ensure the best use of scarce resources.

Context

The capital programme is agreed by County Council as part of budget preparation in February each year. The programme, which complements the Council's Asset Management Plans, consists of schemes improving and augmenting the Council's existing assets, including the provision of extra school places, maintenance and development of the County's highways network and improvement of the Council's office accommodation.

The progress on the capital programme and the associated sources of funding is monitored on a monthly basis throughout the year and reported regularly to Members.

Funding is limited so it is important that any system is able to demonstrate that projects are being prioritised on a council-wide basis with a clear focus on deliverability and maximising the use of limited funding.

Projects are considered at a high "programme" level to reflect the major external funding streams, the significant planning and prioritisation work already undertaken within Services, and the thousands of individual projects within major capital maintenance programmes for which Council-wide prioritisation would be impractical.

Contents

The following pages summarises the elements capital programme prioritisation:

**Capital Annex 2A – Capital programme 2018-21 compilation**

**Capital Annex 2B – Marking scheme – with enhanced marking guide**

**Capital Annex 2C – Existing schemes and scores**

**Capital Annex 2D – Draft capital strategy**

**Capital Annex 2E – New capital schemes, in development**

**Norfolk County Council**  
**Capital programme prioritisation 2018-21**  
**Capital Annex 2A - Capital programme 2018-21 compilation**

The three main objectives in compiling an affordable capital programme are:

- to provide an ambitious and deliverable programme
- to minimise unaffordable revenue costs, mainly by avoiding unsupported expenditure

Funding for capital schemes comes from a variety of sources. Significant capital grants are received annually from the departments for Transport and Education, in the expectation that they will be spend on maintaining and improving the schools and highways estates. Other funding, often relating to specific projects, comes from a variety of sources. Capital receipts can be used to fund capital expenditure, but where there are no unallocated capital receipts borrowing might be necessary.

Funding unsupported schemes puts additional pressure on what is already a very tight revenue budget, so it is important where possible that if borrowing is required, that a source of income is identified to fund the future borrowing costs.

In developing the capital programme the following are taken into account:

1. Existing schemes and funding sources: a large part of the capital programme relates to schemes started in previous years or where funding has been received in previous years and will be carried forward.
2. Additional capital schemes approved during the year.
3. Prioritising new and on-going schemes on a Council-wide basis to ensure the best outcomes for residents. The prioritisation model is based on the model which has been used for a number of years.
  - a. A pro-forma summarising new schemes is used to inform the prioritisation process. At present, the scheme gives a relative score to each project. If a limit has to be applied to the amount of funding available in any year, the model may have to be developed to categorise schemes, for example into those that are Essential, Priority (short term), Priority (longer term) and Desirable, and to limit spend on scaleable projects or programmes funded through prudential borrowing. However, this is not anticipated at this stage.
4. The prioritisation process gives a high weighting to schemes which have funding secured. Where non-ringfenced capital grants are received there is an initial assumption that they will allocated to their natural home: for example DfT grants to highways, DfE grants to the schools capital programme.
  - a. Where a scheme does not have a funding source, priority is given to schemes which can provide their own funding. Where revenue or

reserves cannot be identified, then it may be possible to identify future revenue savings or income streams which can be used to re-pay borrowing costs;

- b. If there are unallocated capital receipts, these will be used to provide funding for higher priority unfunded schemes.
5. A capital project marking guide is based on the suggestions made in previous years.



**Norfolk County Council**  
**Capital programme prioritisation 2018-21**  
**Capital Annex 2B – DRAFT Marking scheme – with enhanced marking guide**

Allocation of resources will be based on ranking. Schemes will be included up to the point that funding is available. This might mean that projects are banded into different funding categories.

	Heading	Reason		Scoring guide - Enhanced	Weighting
1	<b>Statutory or Regulatory Duty</b>	Is there a clearly identifiable requirement to meet statutory or regulatory obligations?	5 4 3 2 1 0	Specific and immediate statutory duty Statutory duty – but flexibility in its application Implied / indirect duty Project may enhance statutory provision Non NCC statutory duty No statutory duty addressed	10%
2	<b>County Council priorities</b>	Does the scheme directly contribute to the Council's corporate priorities (Norfolk Futures)	5 4 3 2 1 0	One or more priorities very strong, or strong & covering a significant area of Norfolk Strong for one or more priorities Direct contribution, limited area Indirect contribution to more than one priority Indirect contribution to one priority No contribution to priorities	20%
3	<b>Cross-service working</b>	Will the scheme fulfil the objectives of more than one departmental service plan?	5 4 3 2 1 0	All Council Services involved in project delivery More than one service driving project Multi-agency (inc Non-NCC) working Direct enabler for other services/capital projects Indirect enabler to enhance cross-service working Single service project	10%
4	<b>Impact on Council borrowing / contribution to revenue budget</b>	Is prudential borrowing / capital receipt required (assume for this purpose that non-ring-fenced grants are applied to the natural recipient)?	5 4 3 2 1 0	No prudential borrowing required 100% : <i>Invest to save return</i> :or direct >75% : <i>or percentage not</i> :benefit >50% : <i>requiring prudential</i> :to revenue >25% : <i>borrowing</i> :budget No income generated / revenue benefit	25%
5	<b>Leverage Value</b>	Does the scheme generate funding from external grants or contributions (excluding non ring-fenced government grants)? The score is based on the percentage of total cost met by external resources.	5 4 3 2 1 0	100% and frees up other funds >80% : <i>percentage of total</i> >50% : <i>project cost met by</i> >20% : <i>funds generated from</i> >5% : <i>external sources</i> No external funding generated	15%

**Norfolk County Council**  
**Capital programme prioritisation 2018-21**  
**Capital Annex 2C – existing schemes and scores**

	Stat or Regulatory duty	NCC Priorities	Cross-service Working	Impact on Council borrowing	Leverage Value	Flexibility and Scalability	Avoidance of risk to service delivery	Total Score
	1	2	3	4	5	6	7	
<b>Weighting</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>25</b>	<b>15</b>	<b>10</b>	<b>10</b>	<b>100</b>
<b>Scheme Title</b>	Score	Score	Score	Score	Score	Score	Score	
<b><i>On-going schemes in the 2017-20 capital programme</i></b>								
CES Highways Capital Improvements	3	5	2	5	5	2	5	84
CES Highways Structural Maintenance	4	4	2	5	2	2	5	73
CES Highways new DfT grants	4	4	2	5	2	2	5	73
CES City Deal Local infrastructure	2	3	4	4	4	4	3	70
CS Temporary Classrooms	4	4	1	5	0	3	5	67
CES Northern Distributor Road	3	5	1	2	4	1	5	66
CS Schools Capital Maintenance	3	4	1	5	0	3	5	65
ASC Elm Road, Thetford – Community Hub	4	4	1	5	0	3	4	65
CES Better Broadband	0	5	3	4	4	0	3	64
CS School Basic Need	4	4	1	5	0	3	3	63
CS Delivery of Sufficiency Strategy	5	3	3	4	0	3	4	62
CES NDR additional risks	3	5	1	2	4	1	5	62
CES Replacement fire engines	4	4	0	3	0	4	5	57
DF&CS Norfolk One Public Estate programme	3	2	4	1	5	5	2	56
DF&CS Server infrastructure	2	2	3	3	2	3	5	55
CES Customer Service Strategy	2	4	4	2	0	3	5	54
CES DfT Challenge Fund	4	4	1	0	5	4	2	53
DF&CS Technology and investment programme	2	2	3	3	2	4	3	53
CES NEFL Borrowing Facility	0	3	2	4	2	5	0	52
CES Fire Aerial Appliance	4	3	0	3	0	4	4	51
CES Fire Operational equipment	4	3	0	3	0	4	4	51
CES Scottow Enterprise Park development	0	5	4	2	0	3	3	50
CES Flood Mitigation measures	3	4	1	1	3	3	3	50
DF&CS Norse loan facility	0	1	1	4	3	5	2	49
CES Norwich Castle Keep match funding	2	4	1	1	5	2	1	48
DF&CS Farm property capital maintenance	2	1	0	5	0	3	4	47
CES Libraries Open+	2	2	1	3	0	4	5	47
CES Norwich Castle museum critical M&E	4	3	2	2	0	2	4	46
DF&CS Corporate offices capital maintenance	2	2	5	1	0	5	4	45
CES Fire ICT – Control systems relocation	3	1	3	3	0	2	5	45
DF&CS Licencing and generic capital improvements	2	2	1	3	2	4	1	45
DF&CS Voice and data contract – capital	2	2	4	1	2	2	4	43
CES Development of Ketteringham Site	2	2	3	1	3	3	2	42

CES Fire station fire detection systems	4	3	2	1	0	2	4	41
CES Replacement HWRC Norwich	3	4	0	1	0	1	5	39
DF&CS Basement/Lower Ground	0	2	3	3	0	3	2	39
DF&CS County Hall North Wing	0	2	3	3	0	3	2	39
DF&CS Member ICT refresh	1	2	2	3	0	3	2	39
CS Whitlingham capital repairs	1	2	3	2	0	2	4	38
CES Capitalisation of library books	2	3	0	2	0	3	3	38
CES Single Employee Portal	2	2	5	1	0	3	2	37
CES Live fire unit	2	3	0	1	0	4	4	37
DF&CS Replacement room booking system	0	2	2	3	0	2	3	37
DF&CS Capitalisation of corporate capital staff costs	2	2	1	3	0	3	1	37
DF&CS Managing Asbestos Exposure	5	1	1	0	0	5	5	36
CES North Area – new depot	2	2	1	2	0	3	3	36
CES Fire Premises: Downham Mkt	4	3	3	0	0	1	4	36
CES Replacement of Libraries Self Service Kiosks	2	2	0	2	0	3	4	36
<b>Repay Debt (Dummy reference bid)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>35</b>

**Norfolk County Council**  
**Capital programme prioritisation 2018-21**  
**Capital Annex 2D – DRAFT capital strategy**

## **1 Purpose and aims of the Capital Strategy**

1.1 The Capital Strategy has been developed as a key document that determines the council's approach to capital. It is an integral aspect of the Council's medium term service and financial planning process as reflected in the Medium Term Financial Strategy (MTFS).

1.2 The Capital Strategy is concerned with, and sets the framework for:

- all aspects of the Council's capital expenditure for the period covered by the Council's medium term financial strategy
- planning, prioritisation, management and funding.

It is closely related to, and informed by

- the Council's priorities
- the Council's Asset Management Plans and
- capital funding grants and debt facilities provided by central government and other external funding sources.

1.3 The Capital Strategy is reviewed on an annual basis to ensure it continues to reflect the changing needs and priorities of the Council, and its partners throughout Norfolk and the region.

1.4 The key aims of the Capital Strategy are:

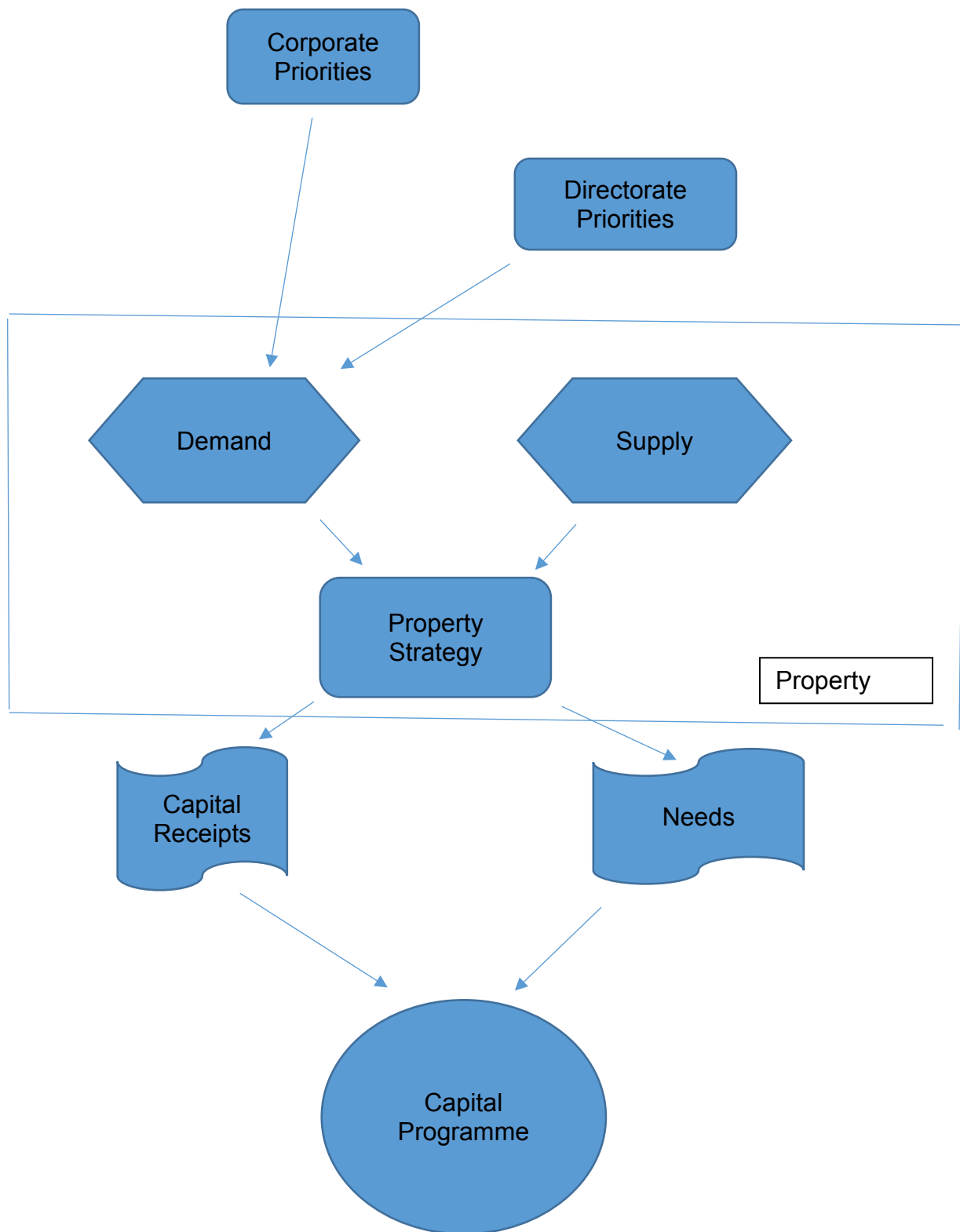
- to identify capital projects and programmes;
- to prioritise capital requirements and proposals;
- to provide a clear context within which proposals are evaluated to ensure that all capital investment is targeted at meeting the Council's priorities;
- to consider options available to maximise funding for capital expenditure whilst minimising the impact on future revenue budgets;
- to identify the resources available for capital investment over the medium term planning period.

1.5 The Capital Strategy provides a framework for the allocation of resources. The approval of new capital schemes and the allocation of available funding is undertaken when the capital programme is approved as part of the wider budget setting process.

## **2 Influences on the capital strategy**

- 2.1 The Council continues to be faced with significant changes and challenges which affects all of the public sector and the following are some of the major influences on our Capital Strategy.
- 2.2 For a number of years there have been stringent reductions in revenue and capital grant funding for public services, with a strong drive towards austerity and value for money. Local authorities are facing rising demand and expectations for Council services. The Council is seeking creative new ways of providing services which may require capital investment to deliver best value for our communities and taxpayers.
- 2.3 The success of any Capital Programme is delivery to anticipated timescales and budgets. Failure to achieve either results in increases in capital costs and additional revenue pressures.
- In a challenging financial environment, effective procurement, robust contract management and constant oversight are essential to manage costs and ensure all spend delivers the intended outcomes.
- 2.4 Formation and delivery of asset management plans are vital to the implementation of the Capital Strategy and to the delivery of the Capital Programme. The Council's primary asset management plan is supplemented by its:
- Transport Asset Management Plan, and
  - Children's Services Capital Priorities Group assessment of growth pressures.
- 2.5 In order to minimise the impact of additional borrowing on future revenue budgets, and to reduce the cost of maintaining under-used or inefficient properties, the Council has a programme of asset disposals. The asset rationalisation and disposals policy is now a key element of delivering capital funding and for reducing property related costs.
- 2.5 The relationship between the asset management plan and the capital programme is shown below:

## The fit between the Capital Programme and the Asset Management Strategy



### 3 Capital Expenditure

3.1 Capital expenditure and investment is vital for a number of reasons:

- As a key component in the transformation of service delivery and flexible ways of working
- A catalyst for economic growth
- To maintain or increase the life of existing assets
- To address the issues resulting from increasing numbers of service users
- As a lever to generate further government or regional capital investment in Norfolk

3.2 With a challenging financial environment for the foreseeable future that is influenced by a variety of external factors, there will only ever be a limited amount of capital resources available. Therefore, it is vital that we target limited resources to maximum effect with a new focus on our strategic and financial priorities.

3.3 Capital funding is limited. External capital grants can only be spent on capital. Projects funded from revenue, revenue reserves or borrowing all affect revenue budgets. Borrowing in particular has long term revenue consequences. Two costs are incurred when a capital scheme is funded from borrowing:

- A Minimum Revenue Provision (MRP) – the amount we have to set aside each year to repay the loan and this is determined by the life of the asset associated with the capital expenditure; and
- Interest costs for the period of the actual loan.

3.4 On present long term borrowing interest rates every £1 million of prudential borrowing costs as much as £0.080m pa in ongoing revenue financing costs for an asset with an assumed life of 25 years, or up to £0.230m pa for an asset with a 5 year life. This is in addition to any ongoing maintenance and running costs associated with the investment.

3.5 The MRP policy which defines the method used each year to calculate MRP are set annually as part of the budget process.

3.6 Given the revenue cost pressures shown in the Council's Medium Term Financial Strategy the scope for unsupported capital expenditure (capital expenditure that generates net revenue costs in the short or medium term) may be limited.

3.7 The budget planning process is designed to reflect both capital and revenue proposals such that the revenue consequence of capital decisions, particularly as a result of increased borrowing, are reflected in future revenue budgets such that any capital investments are prudent, affordable and sustainable for the Council.

## **4 Capital project prioritisation**

4.1 The Council has to manage demands for investment within the financial constraints which result from:

- The limited availability of capital grants
- The potential impact on revenue budgets of additional borrowing and
- The level of capital receipts generated.

As a result, prioritisation criteria have been developed to assess any capital bids that ensure the Programme is targeted to Council priorities.

The criteria are initially applied by a group of officers representing major service areas and appropriate support skills such as property management and finance. Results are moderated by Chief Officers before the capital programme is proposed through the Policy and Resources Committee to County Council.

4.2 All capital bids that require support must be supported by a Business Case that demonstrates

- Purpose and Nature of scheme
- Contribution to Council's priorities & service objectives
- Other corporate/political/legal issues
- Options for addressing the problem/need
- Risks, risk mitigation, uncertainties & sensitivities
- Financial summary including amounts, funding and timing

4.3 The prioritisation criteria are reviewed annually to ensure they continue to reflect the changing needs and priorities of the Council.

### **4.4 Development of the prioritisation model**

The corporate capital prioritisation model is based on the model first used for the 2015-18 capital programme.

The financial measure used in the model has been updated to be able to add weight to schemes which reduce immediate pressure on the Council's revenue budget.

This model operates at a corporate level which looks at capital programmes rather than individual schemes, except where schemes are not externally funded. Most schemes are prioritised within the two major capital programme areas of transport and schools.

Schemes are considered by the appropriate team to ensure that the capital programme integrates with business and service planning, with revenue implications taken into account. Highways schemes are prioritised within ETD and presented in detail to the EDT committee. Schools schemes are prioritised through the Children's Services Capital Priorities Group. Non-school property schemes are presented through the Council's Corporate Property team. Other schemes not covered by the major headings above are developed by the relevant chief officer, and where corporate funding is required are considered by the Executive Director of Finance and Commercial Services, who considers the overall affordability of the programme.

The Council's three year capital programme is formed by bringing the various capital programmes together, and ensuring that sufficient funding is available before seeking Council approval.



#### 4.5 Funding and the scoring threshold

Irrespective of scores, schemes can only be included in the County Council approved capital budget up to the point that funding is available taking into account limitations associated with different funding sources.

For schemes with no funding source, a benchmark of 35 has been applied, being the score for a dummy project of simply re-paying debt. For funded schemes, this also provides a useful benchmark against which to ask the question as to whether the Council should be undertaking projects which do not, for example, fulfil the Council's objectives.

Although the prioritisation model has been broadly applied, it is primarily applicable to new projects and projects requiring the use of borrowing and/or capital receipts to provide funding.

### 5 Capital Programme overview

5.1 The Capital Programme should support the overall objectives of the Council and act as an enabler for transformation in order to address its priorities.

5.2 Over the last three years Norfolk County Council's capital expenditure has been as follows:

Financial year	2014-15	2015-16	2016-17
	£m	£m	£m
Capital expenditure	140.9	129.1	205.2

The Council's 2016-17 capital programme was split by funding type as follows:

Funding type	£m	%
Capital grants and contributions	171	83%
Revenue and reserves	4	2%
Capital receipts (applied to the direct repayment of debt in 2016-17)	0	0%
Borrowing	30	15%
<b>Total</b>	<b>205</b>	<b>100%</b>

### 6 Capital expenditure

6.1 Capital expenditure is defined under the Financial Reporting Standard (FRS) 15 as expenditure which falls into one of two categories

- The acquisition, creation or installation of a new tangible or intangible asset.
- Increasing the service potential of an asset for at least one year by:
  - Lengthening substantially its life and/or market value or
  - Increasing substantially either the extent to which an asset can be used or the quality of its output.

A de-minimis level is applied when accounting for a new asset as capital – for Norfolk County Council this is £40,000, although capital funding can be applied to assets with lower value.

## **7 Capital Funding Sources**

7.1 There are a variety of different sources of capital funding, each having different advantages, opportunity costs and risks attached.

### **Borrowing**

7.2 The Prudential Capital Finance system allows local authorities to borrow for capital expenditure without Government consent, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.

7.3 As a guide, borrowing incurs a revenue cost of approximately 7% of the loan each year for an asset with a life of 25 years, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual future revenue cost.

7.4 Local Authorities have to earmark sufficient revenue budget each year as provision for repaying debts incurred on capital projects, in accordance with the relevant MRP policy.

### **Grants**

7.5 The challenging financial environment means that national government grants are reducing, or changing in nature. A large proportion of this funding is currently un-ringfenced which means it is not tied to particular projects. However, capital grants are allocated by Government departments which clearly intend that the grants should be certain area such as education or highways. So although technically the grants are un-ringfenced, the political reality is not as clear cut.

7.6 Sometimes grant funding is not sufficient to meet legislative obligations and other sources of funding will be sought to fund the gap.

### **Capital Receipts**

7.7 Capital receipts are estimated and are based upon the likely sales of assets as identified under the developing Asset Management Plan. These include development sites, former school sites and other properties and land no longer needed for operational purposes. Receipts are critical to delivering our revenue budgets through the direct repayment of debt and potentially the flexible use of capital receipts. Receipts not used for that purpose can be used to reduce the level of borrowing required.

### **Revenue / Other Contributions**

7.8 The Prudential Code allows for the use of additional revenue resources within agreed parameters. Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools and by developers.

## 8 Capital Programme Management

8.1 The Capital Programme is kept under continual review during the year.

Each scheme is allocated a project officer whose responsibility is to ensure the project is delivered on time, within budget and achieves the desired outcomes.

8.2 Capital finance monitoring reports are prepared monthly, and Service Committees receive financial reports relevant to their area. The Policy and Resources Committee takes an overview of the overall capital programme. This includes recommendations to change the Programme to reflect movements in resources and variations from planned spending on schemes, and to introduce new schemes not anticipated at the time of setting the annual programme.

8.3 Various Capital Working Groups oversee the co-ordination and management of the Capital Programmes. These groups include:

Group / Programme	Role
The Children's Services Capital Priorities Group	A member and officer group which oversees the development and delivery of the Schools capital programme.
EDT Committee	The Environment, Development and Transport Committee has responsibility for maintaining and developing the highway network, as well as other responsibilities including Waste Management and Recycling.
Business and Property Committee	The Business and Property Committee has responsibility for developing and monitoring property and asset management, including responsibility for the oversight and development of County Farms.
The Council's Corporate Property Team	Responsible for managing the Council's property portfolio and to maximise Capital Receipts from the sale of surplus property assets. Roles include <ul style="list-style-type: none"><li>- reviewing policies relating to property.</li><li>- co-ordinating the Council's asset management plan</li><li>- corporate property scheme prioritisation</li></ul>



Service Area	Title	2018-19 £m	2019-20 £m	2020-21 £m	Additional information
<b>ASC</b>	Community Equipment and Assistive Technology Capitalisation	<b>3.188</b>	<b>3.251</b>	<b>3.317</b>	Capitalisation to the extent that community equipment and assistive technology form a class of "non-current assets" with a life of more than one year
<b>Children's Services</b>	Sewell Barn Theatre – costs tbc				External works to car park to an NCC-retained property adjacent to a school.
	Various capital projects to be funded from prudential borrowing	2.200			An amount of £2.2m funding has been or is likely to be received from revenue sources currently or previously applied to capital purposes. This proposal is to replace the revenue funding with prudential borrowing, such that the funding can be re-allocated back to revenue, and can therefore be used as a one-off source to support the 2017-18 Children's Services revenue budget.
	<b>Total Children's Services</b>	<b>2.200</b>			
<b>CES</b>	<b>Highways Capitalisation</b>				
	Increase Area Staff time capital recharges	0.050	0.050	0.050	Locality designer, ex-street works staff, inspectors etc.
	Increase in ITS staff capital recharges	0.020	0.020	0.020	
	Area staff mileage recharge to capital	0.005	0.005	0.005	
	Capitalisation of activities related to local member schemes	0.025	0.025	0.025	
	Further capitalisation of staff time	0.015	0.015	0.015	
	Asset condition surveys - capital	0.150	0.150	0.150	
	Capital programme team - further capitalisation of staff time	0.050	0.050	0.050	
	Capitalisation of Road markings and Stud work	0.500	0.500	0.500	
	Design Fees	0.250	0.250	0.250	Increase in design fees capitalisation to deliver revenue saving
	<b>Subtotal Highways capitalisation</b>	<b>1.065</b>	<b>1.065</b>	<b>1.065</b>	
	<b>Fire</b>				
	Fire Purchase new ICT equipment	0.480			Current lease arrangements due to end
	Fire Mobile Data Terminal replacement	0.250			
	Fire Scottow Live Training upgrades	0.470			
	Fire Retained Alter replacement	0.140			
	Fire Hydrant/ Asset management system	0.100			Is there a possible link up with Highways systems
	Fire Red Fleet replacement	1.000	1.250	2.000	£1m is in addition to the existing £950k currently in the programme. Are there revenue savings in relation to lease costs?
	Fire Critical Equipment replacements			0.150	Extension to existing programme

Service Area	Title	2018-19 £m	2019-20 £m	2020-21 £m	Additional information
	Fire North Earlham princess trust	0.035			
	<b>Total Fire requirement</b>	<b>2.475</b>	<b>1.250</b>	<b>2.150</b>	
	<b>CES - other</b>				
	Better Broadband for Norfolk capitalisation	0.250	0.250	0.250	Capitalisation of project management (previously charged to revenue)
	On-street parking scheme development costs	0.100	0.100		Development of schemes including staff time and development of TRO's.
	GRT – site Improvements	0.100			
	Museums access improvements	0.050			To develop new entrance for immediate use for wedding parties at the Castle. This will address some accessibility issues and support the generation of income.
	New Green infrastructure – development of the network	0.350			Potential to draw down external funding with income generating opportunities
	Street Lighting LED	0.197	0.372		Subject to availability of PFI sinking fund
	Closed Landfill Sites – leachate treatment pilot plant	0.425	0.075		Long term revenue budget savings are estimated at £100k. Leachate treatment should be expected for at least another 30 years.
	On street parking – costs tbc				
	<b>Total CES other</b>	<b>1.472</b>	<b>0.797</b>	<b>0.250</b>	
	<b>Total CES Capital Requirement</b>	<b>5.012</b>	<b>3.112</b>	<b>3.465</b>	
<b>Finance and Comm Servs</b>	<b>ICT</b>				
	Servers and devices	4.230	5.630	3.130	Inc Servers – hardware and licences Devices - rolling replacement including tablets & smartphones Licences – Skype & Microsoft
	Data Centres	1.503			New Comms Room at CH / DR at Millenium Library
	Network	1.400			LAN & Wifi refresh, Security tools
	Information management	0.555	0.555	0.555	Portal structure, GRID development
	Travel & Transport - ITS move	1.000			Networking costs in addition to property costs (see below)
	Less existing capital budget	-1.902			
	<b>Total ICT</b>	<b>6.786</b>	<b>6.185</b>	<b>3.685</b>	
	<b>Property</b>				

Service Area	Title	2018-19 £m	2019-20 £m	2020-21 £m	Additional information
	Hethersett Fire Station Remodelling	0.550	6.323		Changes and adaptations to two existing County Council owned fire stations (Wymondham and Hethersett) to enable offices, workshops and ancillary buildings to be vacated and exploited.
	County Hall North Wing Car Park	0.410			Creation of approx. 112-125 additional spaces on site around County Hall North Wing and Annexe
	Overhang, First Floor, County Hall	0.450			Works to fix composite insulation panels to improve working environment and improve energy efficiency
	County Hall Refurbishment Phase 2				Refurbishment of Basement and Lower Ground floors including fire compliance, North Wing leaking roof, new central storage facility, improving data centre resilience. Works will enable release of off-site office space and potentially enable third party use/income.
	Vauxhall Centre Underground Car Park	0.230			Norfolk County Council acquired the freehold to the Vauxhall Centre Underground Car Park in April 2016. The site offers 80 parking spaces in a busy City centre location with a potential of generating income between £0.080m to £0.100m per annum
	Accommodation Rationalisation	0.025	0.025	0.025	Fund to facilitate staff relocation where leases/licences are coming to an end
	Intelligent Transport System relocation	0.705	0.493	0.493	As a result of the North Wing refurbishment I.T.S are required to relocate all Office, Server Room and Control Room equipment.
	Fire Property Maintenance	1.053			
	Jubilee Centre Norwich	0.200			Refurbishment of Jubilee Centre
	Total Property	3.623	6.841	0.518	
	<b>Total proposed new bids</b>	<b>20.809</b>	<b>19.389</b>	<b>10.985</b>	

In addition to the schemes listed, one of the priorities for the administration was a commitment to invest an extra £20 million in Norfolk's roads. Further details of the specific allocations and anticipated profile will be recommended to members in January as part of the Highway capital programme.

## Children's Services capital priorities for 2018-19

The following list was reported to 14 November 2017 Children's Services Committee as part of the Schools' Capital Programme 2017-2020 report

Project	Description	Project Delivery *
<b>Priorities for the expenditure of EFSA capital grant (Basic Need and Capital Maintenance)</b>		
SEN Inclusion Strategy delivery	Priorities emerging from draft SEN Strategy	2017-2020
Gt Yarmouth Non-mainstream school places	Re-use of Alderman Swindell site for children who cannot be education in mainstream schools	2020
Angel Road Infant/Junior School	Long term solution needed to manage pressure from Anglia Square redevelopment and rationalise site and buildings	2021
Admission pressures 2018/19	Works to address pressures identified via the Admissions round	2017-2019
Temporary Classrooms 2018/19	Placement of modular temporary accommodation at school sites experiencing either a bulge year of entry or the first year/continuing years of sustained pupil number growth. Pupil numbers are not yet known. Dependent on closure of admissions round.	Target delivery by Sept 2018 / 2019
Land costs for new schools	Part funding required for land available through housing developments.	All years
(i) Capital Maintenance and (ii) Academy condition on conversion	(i) Projects of approximately £500,000 not covered by schools' devolved formula capital based on assessment by NPS surveyors.  (ii) Liabilities for NCC properties on conversion to academies, case by case, each subject to CPG approval	2018/19
<b>Bids for corporate capital funding as outside scope of EFSA schools capital grant</b>		
Sewell Barn Theatre	External works to car park to an NCC-retained property adjacent to a school. Costs to be determined.	2018/19



## Norfolk County Council

**Capital Annex 3: Norwich Northern Distributor Road update****1. Introduction**

- 1.1. A report on the NDR was provided to EDT Committee in June 2017. A further update on the progress of the NDR project and the potential to open sections of the road in stages was presented to EDT Committee in September 2017. Since then, on 11 November 2017, the first section of the NDR was opened to traffic. This section was from the A1067 Fakenham Road to the A140 Cromer Road. The next opening is anticipated just before or just after the forthcoming Christmas period. This would see the road opened from the A140 Cromer Road to the A1151 Wroxham Road. Finally, by the end of March 2018, it is expected that the full scheme will be completed and opened up to the Postwick Hub A47 junction.
- 1.2. The construction of the NDR is administered under an amended 3rd edition of the New Engineering Contract (NEC3), Engineering Construction Contract (ECC). It uses Option C, which is a 'target cost' contract, where financial risks are shared between the County Council and the Contractor. As such, it is not a fixed price contract but is subject to a range of price variations depending upon issues faced during construction.
- 1.3. It is important to note that the 'target cost' and 'completion date' may be varied during the construction phase via agreed 'compensation events'. These compensation events are events which are not the fault of the contractor and they define the change in the cost of the work, or the time allowed for in the programme to complete it. They are intended to be agreed between the Contractor and the County Council as the works progress and there is significant contract administration to manage this.
- 1.4. In addition to the risk sharing arrangement set out above, the contract also includes further mechanisms to incentivise the Contractor. The contract included a bonus for early completion of the works and a bonus should the out-turn cost for the entire project be less than the NDR agreed total budget of £178.95m. The total bonus available to the Contractor was capped at £7.914m. However, as part of the negotiation with the contractor (see section 3 below), it has been agreed that no early completion bonus will be paid.
- 1.5. This Annex updates committee on the anticipated cost of the NDR as a basis for asking this committee to allocate the necessary funding to meet the Council's financial commitments.

## 2. Commercial Position

- 2.1. EDT Committee received a confidential report in June that set out the budget position for the project and the significant financial pressure that was projected at that time. This latest update report now provides further details following negotiations with the contractor, Balfour Beatty. The summary position is that the project will be over the original budget – which was agreed by Full Council as £178.95m. The current forecast is that the overall project cost as per the contract price (in paragraph 1.2) will be approximately £204.542m, an increase of £25.592m. This is an increase in overall budget of 14.3%. However, as the project is still to be completed, there remain some risks that may still impact on the final cost.
- 2.2. The projected financial position can be summarised below. The forecast figures are reliant on the Contractor's forecast cost, which has been scrutinised and agreed as a robust cost forecast, based also on an evaluation of cost records to date.
- 2.3. Table 1 – Cost Changes

Cost element	Value (November 2017 - £m)	Comment
Rackheath Rail Bridge	£2.764	Delays in getting approval from Network Rail and then change in construction approach.
Land Costs	£1.506	Final position will depend on outcome of negotiations with various land agents.
Earthworks balance	£2.018	Redesign of the earthworks delivery logistics, maximising site won materials.
Unseasonal rainfall	£1.195	NCC share of weather impacts
Utility diversions	£6.151	Scope of forecast outturn cost and impact to main works being assessed.
Managing project change	£1.639	Direct cost to NCC of detailed design and construction changes
Ground stability	£3.859	The need to change design to stabilise embankments for structures.
General construction	£5.274	A range of environmental, drainage, fencing, traffic management and safety issues.
Changes to bridges	£1.821	Detail design changes, construction sequencing and changes to reinforcement across all the bridges.
Landscaping	-£0.635	Balance of saving through direct appointment of GYB Services.
<b>Total</b>	<b>£25.592</b>	

### **3. Contract Negotiations**

3.1. The size and complexity of the project, in conjunction with delays encountered in the completion of utility diversion, created a detailed and contentious commercial environment. It was highly probable that the commercial issues encountered on the project would escalate, resulting in protracted resolution, adjudications and legal/specialist input which would only serve to prolong agreement of the final account and introduce uncertainty as to the final outturn cost. As a consequence, we have sought to close out numerous compensation events, contractual disputes and to realise phased openings, thus realising the benefit of opening much of the project to the public early.

#### **3.2. Compensation Events**

938 compensation events have been agreed as part of the over-arching agreement, which is inclusive of all changes and delays encountered up to and including 30 September 2017. Compensation event provisions within the Contract have been simplified such that the revised 'target price' can only be changed for a reduced set of events.

Making these changes to the Contract effectively transfers risk to the Contractor and will also reduce the number of compensation events to be dealt with during the remaining duration, thus reducing the potential for disputes. However, risks remain on the project that could trigger compensation events. The key risks that could impact on the project are:

- Weather conditions (primarily the risk of extreme/prolonged winter weather),
- Land costs that are still to be resolved through negotiation, and
- Assessing and concluding compensation events to deal with project changes from October 2017 to the end of construction.

#### **3.3. Fees, Working Area Overheads and Levies**

The Fee and Working Areas Overhead percentage required to recover specific costs have been omitted in favour of the Contractor charging actual cost to the project. Making these changes closes out disputes relating to the inclusion and what the percentages should be applied to.

#### **3.4. Contractor Incentives**

As part of the agreement, with the exception of the share arrangements, all bonus mechanisms have been omitted from the Contract, including omission of the Early Completion Bonus. To incentivise the Contractor to complete the works by the agreed dates, Delay Damages have been incorporated into the Contract.

The share arrangements have been amended such that the Contractor's maximum share is capped to £2m, a reduction of £5.914m. Conversely, the Contractor's exposure to pain has been limited to £0.750m. The amendments to the contract do not fundamentally change the basis of the contract.

### 3.5. Benefits

There are a range of benefits that an agreement with the Contractor provides. These are:

- The project outturn cost is reduced whilst still delivering the works in accordance with the Works Information and without compromising quality.
- Early Section Completions are realised without the project incurring additional costs.
- Residual risks are jointly managed and mitigated to ensure the effects are minimised if a risk event occurs.
- Minimises commercial, contractual and legal input in the best interests of the project and parties, avoiding potentially significant additional costs.

## 4. **Financial Update**

- 4.1. Full Council in November 2015 agreed a budget for the NDR of £178.95m. An additional £6.8m was approved by Full Council in February 2017 which gives an overall NDR budget of £185.75m.
- 4.2. Following negotiations and the agreement reached with Balfour Beatty, the current forecast for the overall project cost is £204.542m. To allow for any potential remaining client risks and contingencies it is recommended that provision is made for £205m, leaving a funding gap of £19.25m.
- 4.3. The Council has previously allocated £8.3m in the Capital Programme for investment by Norfolk Energy Futures Ltd. Following the decision by the Policy and Resources Committee on 3 July 2017 to liquidate the company, there remains £7.250m in the 2017-18 Capital Programme that has not been utilised and can be used for other purposes. It is recommended that the funding of £7.250m is transferred to the NDR budget to meet part of the funding shortfall.
- 4.4. On the assumption that the Policy and Resources Committee approves this virement, there remains a funding gap of £12m. In the short term it is recommended that this is met from internal borrowing by using cash balances and that officers develop and propose a permanent funding solution for consideration at the 29 January 2018 Policy and Resources Committee meeting when it can be considered in the context of the 2018/19 Capital Programme and the Council's Medium Term Financial Strategy.

- 4.5. The following would then represent the full range of funding sources. The NCC element is a mixture of capital receipts, reserves, DfT block grant and borrowing.

<b>Funding Sources for the NDR</b>	<b>£m</b>
DfT specific grant for the NDR and Postwick Hub	96.49
Government Growth Point	1.71
New Anglia Local Enterprise Partnership	10.00
Greater Norwich Growth Board Community Infrastructure Levy	40.00
Norfolk County Council	56.80
<b>Total</b>	<b>205.00</b>

# Policy and Resources Committee

Item No 9

<b>Report title:</b>	<b>Delivering Financial Savings 2017-18</b>
<b>Date of meeting:</b>	<b>27 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Simon George – Executive Director of Finance and Commercial Services</b>
<b>Strategic impact</b>  This report to Policy and Resources Committee provides details of the forecast delivery of the 2017-18 savings agreed by the County Council at its meeting 20 February 2017.	

## Executive summary

County Council agreed savings of £47.774m for the year as part of the 2017-18 budget setting process. This report provides details of the forecast delivery of these savings as at period six (September 2017).

The report comments on the exceptions to successful delivery, in particular those items rated RED.

### Members are recommended to consider:

- a) the forecast shortfall of savings delivery of £5.056m, which amounts to 11% of total savings for 2017-18;
- b) the budgeted value of 2017-18 savings projects rated as RED of £7.378m, of which £2.880m are forecast to be delivered;
- c) the budgeted value of 2017-18 savings projects rated as AMBER of £1.214m, of which £0.656m are forecast to be delivered;
- d) the budgeted value of 2017-18 savings projects rated as GREEN or BLUE of £39.182m, of which £39.182m are forecast to be delivered; and
- e) the forecast position of savings delivery for 2018-19 (£5.263m shortfall) and 2019-20 (£0.100m shortfall).

## 1. Savings overview

- 1.1. The County Council, as part of setting its budget for 2017-18, agreed net savings of £47.774m, which include one-off use of reserves relating to savings plans totalling £7.663m as set out in Appendix 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 Appendix 1.

## 2. RAG ratings

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

**Table 1: RAG ratings**

Level	Descriptor
<b>Red</b>	<b>Significant concern</b> that the saving may not be delivered, or there may be a large variance in the saving (50% and above)
<b>Amber</b>	<b>Some concern</b> that the saving may not be delivered or there may be a variance in the saving (up to 50%)
<b>Green</b>	<b>Confident</b> that the saving will be delivered (100% forecast)
<b>Blue</b>	Saving already <b>delivered</b> and reversal of previous year savings

2.2. This report starts with the overall RAG position, as set out at Table 2. The information in the report is derived from the detail at Appendix 3 which is informed by monitoring reports to Service Committees. The decision to rate a project as RED is based on the criteria shown above. This ensures that a common standard is maintained in the monitoring for Policy and Resources Committee.

2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 2 and Appendix 3 have been applied. A number of 2017-18 savings have been categorised as BLUE where the actions are certain to be delivered. These include items such as agreed contributions from reserves, the implementation of the Council's MRP policy changes, and the reversal of one-off changes relating to the previous year.

**Table 2: 2017-18 savings by RAG status**

RAG Status	Budgeted value of savings 2017-18 (a)	Previous forecast savings 2017-18 (Period 5) (b)	Savings Forecast 2017-18 (Period 6) (c)	Change in savings forecast (b)-(c)	Savings shortfall 2017-18 (a)-(c)
	£m	£m	£m	£m	£m
Red	-7.378	-2.960	-2.880	-0.080	-4.498
Amber	-1.214	-0.859	-0.656	-0.203	-0.558
Green	-23.231	-23.231	-23.231	0.000	0.000
Blue	-15.951	-15.951	-15.951	0.000	0.000
<b>Total</b>	<b>-47.774</b>	<b>-43.001</b>	<b>-42.718</b>	<b>-0.283</b>	<b>-5.056</b>

2.4. Five savings projects have been rated as RED, representing a budgeted total savings value of £7.378m. £2.880m of these savings are forecast to be delivered as set out in the Table 2. This represents a shortfall of £4.498m (9.4% of total budgeted savings), which relates to RED rated projects.

2.5. Two savings projects have been rated as AMBER, representing a budgeted total savings value of £1.214m. £0.656m of these savings are forecast to be delivered. This represents a shortfall of £0.558m (1.2% of total budgeted savings), which relates to AMBER rated projects. No over-delivery of savings has been identified. This results in a total **forecast shortfall of £5.056m**.

**Table 3: Committee analysis of 2017-18 savings by RAG status**

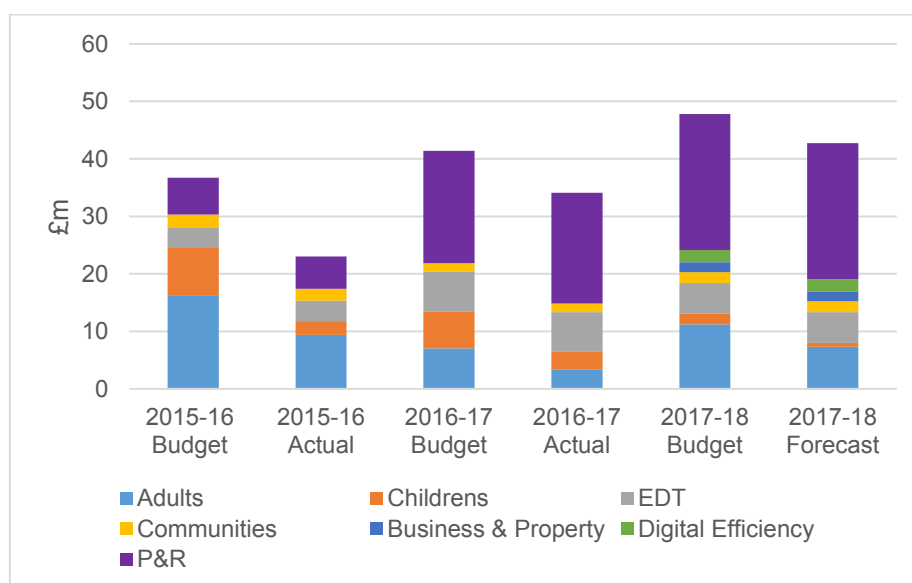
Note: This report reflects the savings attributable to the Business and Property, and Digital Innovation and Efficiency Committees, established during the year, as shown below.

RAG status	Latest forecast savings 2017-18 (c) analysed by Committee							
	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Red	-2.312	-0.568	0.000	0.000	0.000	0.000	0.000	<b>-2.880</b>
Amber	-0.656	0.000	0.000	0.000	0.000	0.000	0.000	<b>-0.656</b>
Green	-3.981	-2.639	-5.340	-2.811	-1.710	0.006	-6.756	<b>-23.231</b>
Blue	-0.390	2.535	0.000	0.905	0.000	-2.111	-16.890	<b>-15.951</b>
<b>Total</b>	<b>-7.339</b>	<b>-0.672</b>	<b>-5.340</b>	<b>-1.906</b>	<b>-1.710</b>	<b>-2.105</b>	<b>-23.646</b>	<b>-42.718</b>
Forecast (shortfall) / over delivery	-3.874	-1.182	0.000	0.000	0.000	0.000	0.000	<b>-5.056</b>
<b>Total</b>	<b>-11.213</b>	<b>-1.854</b>	<b>-5.340</b>	<b>-1.906</b>	<b>-1.710</b>	<b>-2.105</b>	<b>-23.646</b>	<b>-47.774</b>

2.6. The graph below shows the forecast delivery of savings against budget by Committee, with comparative data for 2015-16 and 2016-17.



**Figure 1: Savings targets – by Committee**



2.7. Table 5 below sets out the categorisation of 2017-18 savings expected at year end based on the updated RAG rating assessment and the latest forecast variance position.

2.8. The 2017-18 budget monitoring report elsewhere on this agenda sets out details of the overall forecast outturn position for the year. Actions will be required within Service budgets including seeking offsetting savings where required to mitigate any non-delivery of savings forecast in this report. The non-delivery of savings in previous years, and a detailed review of the deliverability of planned savings, was taken into account during the preparation of the 2017-18 Budget, with the result that a number of savings were removed or delayed at budget-setting as shown in the 2017-18 Budget report to County Council. There remains a need for both Service Committees and Executive Directors to maintain the focus on the effective delivery of both the previous years' agreed savings and future planned savings. Achievement of the planned savings helps to minimise risks to the Council's overall financial position and the development of the 2018-19 Budget.

2.9. Wider actions that have been taken within each Committee to deliver savings will be reported to Policy and Resources Committee through the year.

### 3. Delivery of savings

3.1. Savings have been categorised in the 2017-18 budget process under the definitions shown in the table below. Planned savings for 2017-18 have also been analysed to provide the split between back office savings and those with an impact on front line services.

**Table 4: Definition of saving categories 2017-18**

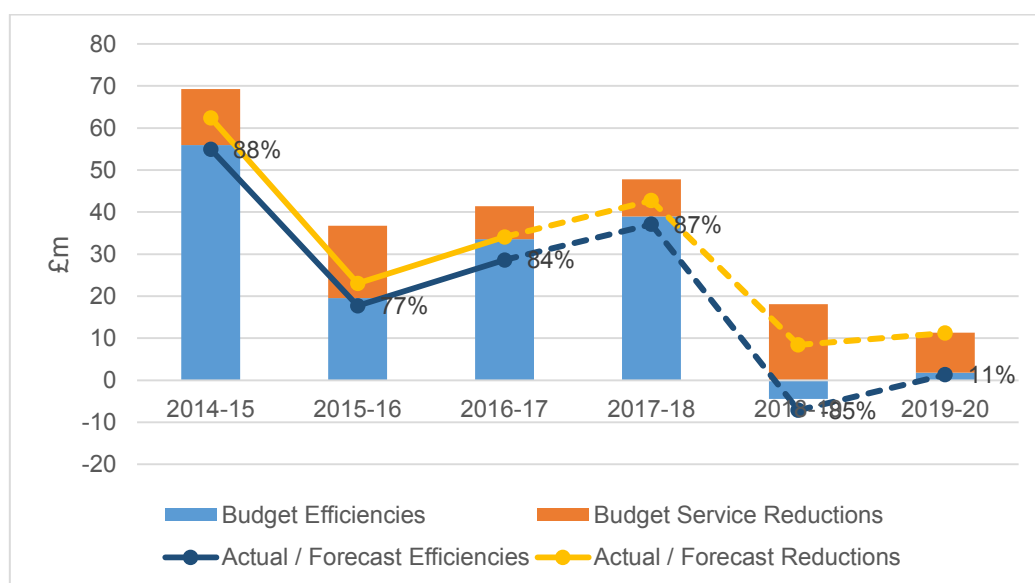
	Definition	Description
A.	Cutting costs through efficiencies	Savings which arise from reducing costs by delivering the same or more with less resources, including: <ul style="list-style-type: none"> <li>• changes in staffing;</li> <li>• changes in systems; and</li> <li>• developing improved and more cost effective ways of working.</li> </ul>
B.	Better value for money through procurement and contract management	Savings delivered through procuring more cost effective agreements with suppliers, and ensuring that existing contracts are managed to deliver maximum value for money.
C.	Service Redesign: Early help and prevention, working locally	Savings achieved by developing new and better ways of working including sharing services with partner organisations, working with voluntary groups, early intervention to reduce costs elsewhere in the system, and working on a locality basis.
D.	Raising Revenue; commercial activities	Savings from generating additional revenue from existing processes and operating in a more business like way, including through income generation, reducing borrowing costs, and maximising the return on our investments.
E.	Maximising property and other assets	Savings delivered through rationalising property, and ensuring we make best use of our assets in the most efficient way.
i.	Back-office	Efficiency savings
ii.	Front-line	Reducing service standards
iii.	Front-line	Ceasing a service
iv.	Front-line	Providing statutory services differently

**Table 5: Forecast delivery of savings by categorisation (as agreed at County Council February 2017)**

<b>Categorisation of saving</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2017-20</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>A) Cutting costs through efficiencies</b>	<b>-32.272</b>	<b>11.802</b>	<b>0.055</b>	<b>-20.415</b>
(i) Efficiency savings	-31.990	12.189	0.290	-19.511
(ii) Reducing service standards	-0.282	-0.387	-0.235	-0.904
<b>B) Better value for money through procurement and contract management</b>	<b>-0.978</b>	<b>-0.794</b>	<b>0.000</b>	<b>-1.772</b>
(i) Efficiency savings	-0.978	-0.794	0.000	-1.772
<b>C) Service Redesign: Early help and prevention, working locally</b>	<b>-4.991</b>	<b>-16.111</b>	<b>-10.200</b>	<b>-31.302</b>
(i) Efficiency savings	0.379	-0.950	-0.500	-1.071
(ii) Reducing service standards	-1.170	-4.899	-1.000	-7.069
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-3.850	-10.262	-8.700	-22.812
<b>D) Raising Revenue; commercial activities</b>	<b>-2.714</b>	<b>-1.683</b>	<b>0.000</b>	<b>-4.397</b>
(i) Efficiency savings	-2.704	-1.683	0.000	-4.387
(ii) Reducing service standards	-0.010	0.000	0.000	-0.010
<b>E) Maximising property and other assets</b>	<b>-1.763</b>	<b>-1.610</b>	<b>-1.059</b>	<b>-4.432</b>
(i) Efficiency savings	-1.763	-1.610	-1.059	-4.432
Forecast (shortfall) / over delivery	-5.056	-5.263	-0.100	-10.419
<b>Total</b>	<b>-47.774</b>	<b>-13.659</b>	<b>-11.304</b>	<b>-72.737</b>
(i) Efficiency savings	-37.056	7.152	-1.269	-31.173
(ii) Reducing service standards	-1.462	-5.286	-1.235	-7.983
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-3.850	-10.262	-8.700	-22.812
Forecast (shortfall) / over delivery	-5.056	-5.263	-0.100	-10.419
<b>Total</b>	<b>-47.774</b>	<b>-13.659</b>	<b>-11.304</b>	<b>-72.737</b>

3.2. The graph shows the share of savings delivered from support services compared to the front line, with comparative information since 2014-15. In 2017-18, 81% of savings are budgeted to be achieved through efficiencies.

**Figure 2: Savings – support services compared to front line**



3.3. The breakdown of savings by Committee for 2017-18, is shown in Table 6 below. The position for all three years is set out at Appendix 2. The position shown in Appendix 2 reflects risks to previously agreed future year savings identified as part of early 2018-19 budget planning work which have been incorporated in the Strategic and Financial Planning report to the October Policy and Resources Committee.

**Table 6: Savings by Committee and categorisation 2017-18**

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>2017-18</b>								
<b>A) Cutting costs through efficiencies</b>	<b>-2.334</b>	<b>-0.230</b>	<b>-4.222</b>	<b>-1.493</b>	<b>-0.020</b>	<b>-1.063</b>	<b>-22.910</b>	<b>-32.272</b>
(i) Efficiency savings	-2.334	-0.230	-4.122	-1.311	-0.020	-1.063	-22.910	<b>-31.990</b>
(ii) Reducing service standards	0.000	0.000	-0.100	-0.182	0.000	0.000	0.000	<b>-0.282</b>
<b>B) Better value for money through procurement and contract management</b>	<b>-0.125</b>	<b>-0.238</b>	<b>-0.080</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.500</b>	<b>-0.035</b>	<b>-0.978</b>
(i) Efficiency savings	-0.125	-0.238	-0.080	0.000	0.000	-0.500	-0.035	<b>-0.978</b>
<b>C) Service Redesign: Early help and prevention, working locally</b>	<b>-3.700</b>	<b>0.101</b>	<b>-1.038</b>	<b>-0.354</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-4.991</b>
(i) Efficiency savings	-0.250	1.867	-1.038	-0.200	0.000	0.000	0.000	<b>0.379</b>
(ii) Reducing service standards	0.900	-1.916	0.000	-0.154	0.000	0.000	0.000	<b>-1.170</b>
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	<b>-0.350</b>
(iv) Providing statutory services differently	-3.850	0.000	0.000	0.000	0.000	0.000	0.000	<b>-3.850</b>
<b>D) Raising Revenue; commercial activities</b>	<b>-1.180</b>	<b>-0.305</b>	<b>0.000</b>	<b>0.031</b>	<b>-0.260</b>	<b>-0.299</b>	<b>-0.701</b>	<b>-2.714</b>
(i) Efficiency savings	-1.180	-0.305	0.000	0.031	-0.250	-0.299	-0.701	<b>-2.704</b>
(ii) Reducing service standards	0.000	0.000	0.000	0.000	-0.010	0.000	0.000	<b>-0.010</b>
<b>E) Maximising property and other assets</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.090</b>	<b>-1.430</b>	<b>-0.243</b>	<b>0.000</b>	<b>-1.763</b>
(i) Efficiency savings	0.000	0.000	0.000	-0.090	-1.430	-0.243	0.000	<b>-1.763</b>
Forecast (shortfall) / over delivery	-3.874	-1.182	0.000	0.000	0.000	0.000	0.000	<b>-5.056</b>
<b>Total</b>	<b>-11.213</b>	<b>-1.854</b>	<b>-5.340</b>	<b>-1.906</b>	<b>-1.710</b>	<b>-2.105</b>	<b>-23.646</b>	<b>-47.774</b>
(i) Efficiency savings	-3.889	1.094	-5.240	-1.570	-1.700	-2.105	-23.646	<b>-37.056</b>
(ii) Reducing service standards	0.900	-1.916	-0.100	-0.336	-0.010	0.000	0.000	<b>-1.462</b>
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	<b>-0.350</b>
(iv) Providing statutory services differently	-3.850	0.000	0.000	0.000	0.000	0.000	0.000	<b>-3.850</b>
Forecast (shortfall) / over delivery	-3.874	-1.182	0.000	0.000	0.000	0.000	0.000	<b>-5.056</b>
<b>Total</b>	<b>-11.213</b>	<b>-1.854</b>	<b>-5.340</b>	<b>-1.906</b>	<b>-1.710</b>	<b>-2.105</b>	<b>-23.646</b>	<b>-47.774</b>

## 4. Commentary on savings rated RED

4.1. Five savings have been rated as RED in respect of 2017-18, representing a savings shortfall of £4.498m within RED rated projects. Commentary on the RED rated savings is provided below.

### Adults

- ASC024 Home care commissioning – an improved framework for procuring home care services in Norfolk – shortfall £0.183m: A new framework is in place for the Northern, Central and Southern areas and work is being finalised regarding fee structures. The framework is expected to improve stability in this market but is not forecast to achieve immediate savings. The new framework encourages provider collaboration to improve efficiency of home support rounds, which will improve the financial sustainability and support more cost effective commissioning of wider services.
- ASC006 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 – shortfall £2.399m: This initial forecast is based on evidence of the actual impact from reviews completed earlier in the year. However, this is a difficult saving to accurately evidence and savings could still be achieved through other demand management interventions that will enable savings to be achieved across the workstream. Recruitment for additional social workers is underway and the Living Well programme has been launched, which will support approaches that will deliver increased independence for individuals.
- ASC013 Radical review of daycare services – shortfall £0.734m: The service is working closely with Independence Matters to reshape the contract and service model to enable long term savings to be delivered, however, part of the savings will require reduction in demand for day services and alternative approaches.

4.2. The Adults period 6 monitoring position as a whole is forecasting a balanced budget position for 2017-18. This is due to underspends in other areas around vacancies due to difficulty in recruiting and better than expected income recovery.

4.3. It should be noted that the presentation of Adults savings reported to the Adult Social Care Committee has been revised to reflect a new analysis of the savings as described in Appendix D of the Adult Social Care Finance Monitoring Report. Monitoring to Policy and Resources Committee continues

to reflect the savings as agreed by Full Council in February 2017 as set out in Appendix 3 to this report. The total value and forecast shortfall in savings is consistent across both Committee papers.

### Children's

- CHL039 Refocus Education Service in light of Education White Paper – shortfall £0.837m: Delivery of savings from changes in the Education Service were delayed due to the extended general election purdah period. Investigation is being undertaken by officers with respect to options to utilise one-off monies to offset these in-year costs, and a proposal will be brought to future Committee meetings.
- CHL027 Increase 'Troubled Families' income – shortfall £0.345m: The Troubled Families grant from Government is forecast to be lower than originally expected. Investigation is being undertaken by officers with respect to options to utilise one-off monies to offset these in-year costs, and a proposal will be brought to future Committee meetings. A pressure in relation to the reduced grant income has been recognised in budget planning for 2018-19.

## 5. Commentary on savings rated AMBER

5.1. Two savings have been rated as AMBER in respect of 2017-18, representing a savings shortfall of £0.558m within AMBER rated projects. Commentary on the AMBER rated savings is provided below.

### Adults

- ASC026 Review of various commissioning arrangements to identify more cost effective ways of providing services – shortfall £0.541m: Planned reduction and decommissioning of some contracts has not been achieved. This has been mitigated through revised usage of contracts to improve value for money.
- ASC023 A consistent approach to specific laundry needs – shortfall £0.017m: The final net saving from reviewing these services is £0.038m. The pressure of £0.017m will be managed within the Norwich purchase of care budget.

## 6. Commentary on overachieved savings

6.1. At this stage in the year, no 2017-18 savings are forecast to be overachieved.

## 7. 2018-19 and 2019-20 savings

7.1. Budget setting in 2017-18 saw the approval of £13.659m savings for 2018-19 and £11.304m savings for 2019-20. Budget planning work for 2018-19 has identified risks totalling **£5.263m for 2018-19** and **£0.100m for 2019-20** in relation to the following savings which are reflected in the forecast position for the future years. These are as follows:

- ASC021 (£0.250m 2018-19) – **removal** of saving relating to recommissioning of information advice and advocacy services.
- ASC003 & COM040 (£2.300m shortfall 2018-19, £0.200m additional 2019-20 savings) – **removal and delay** of Adults Transport savings. Adults Committee agreed to amend the transport savings figures over the next two years, alternative savings have been proposed in the 2018-19 budget to meet the difference.
- CHL017 (£0.450m 2018-19 and £0.535m 2019-20) **removal** of saving relating to reducing the number of social workers we use who work for employment agencies.
- EDT032 – (£1.850m 2018-19) **delay** of saving relating to a new waste strategy focussed on waste reduction and minimisation which is considered no longer achievable in 2018-19 and has been delayed in budget planning until 2021-22.
- CMM022 – (£0.235m 2018-19) **delay** of saving related to the library service to 2019-20. The original self-service saving is now expected to be delivered through a range of different proposals within the library service. These have been presented to Communities Committee.
- P&R050, P&R063 and P&R064 (£0.300m 2018-19) – **removal** of part of the savings which have been consolidated (original planned total saving was £0.738m). The new approach to central and strategic services has created an operating model which recognises the key areas of focus and prioritises activity to make the most difference. This offers opportunities to make savings by investing in technological solutions to deliver routine activities and support self-sufficiency through simpler and more streamlined central processes.
- P&R066 (-£0.122m 2018-19) – **additional** saving relating to revised second homes estimates.

## 8. Summary

8.1. The forecast position indicates 2017-18 shortfalls of £1.182m and £3.874m expected to arise respectively within Children's Services and Adult Social Care Committee budgets. Service Committees maintaining a strong focus on



the delivery of savings in 2017-18 will be critical to supporting the achievement of the Council's budget plans for future years.

- 8.2. The proposed removal of savings in the 2018-19 budget process will ensure that the shortfalls identified in section 7 above do not ultimately arise in future years.

## Background Papers

Norfolk County Council Revenue and Capital Budget 2017-20 (Item 4, County Council 20 February 2017)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/444/Committee/2/SelectedTab/Documents/Default.aspx>

## Officer Contact

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

**Officer Name:**

Simon George  
Titus Adam

**Tel No:**

01603 222400  
01603 222806

**Email Address:**

simon.george@norfolk.gov.uk  
titus.adam@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

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

### One-off savings in the 2017-18 budget round

	2017-18	2018-19
	£m	£m
Insurance Fund (P&R076)	-1.350	1.350
Use of reserves to be identified (P&R081) (see revenue monitoring report elsewhere on agenda)	-5.813	5.813
Better Broadband Reserve (EDT048)	-0.500	0.500
<b>Total use of reserves and one-off items relating to savings plans 2017-18</b>	<b>-7.663</b>	<b>7.663</b>

### Categorisation of Budget Savings 2017-20 budget round

Categorisation of saving	2017-18	2018-19	2019-20	2017-20
	£m	£m	£m	£m
<b>A) Cutting costs through efficiencies</b>	<b>-32.813</b>	<b>8.967</b>	<b>-0.245</b>	<b>-24.091</b>
(i) Efficiency savings	-32.531	9.589	-0.245	-23.187
(ii) Reducing service standards	-0.282	-0.622	0.000	-0.904
<b>B) Better value for money through procurement and contract management</b>	<b>-1.161</b>	<b>-1.044</b>	<b>0.000</b>	<b>-2.205</b>
(i) Efficiency savings	-1.161	-1.044	0.000	-2.205
<b>C) Service Redesign: Early help and prevention, working locally</b>	<b>-8.978</b>	<b>-18.411</b>	<b>-10.000</b>	<b>-37.389</b>
(i) Efficiency savings	-0.458	-0.950	-0.500	-1.908
(ii) Reducing service standards	-1.170	-7.199	-0.800	-9.169
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-7.000	-10.262	-8.700	-25.962
<b>D) Raising Revenue; commercial activities</b>	<b>-3.059</b>	<b>-1.561</b>	<b>0.000</b>	<b>-4.620</b>
(i) Efficiency savings	-3.049	-1.561	0.000	-4.610
(ii) Reducing service standards	-0.010	0.000	0.000	-0.010
<b>E) Maximising property and other assets</b>	<b>-1.763</b>	<b>-1.610</b>	<b>-1.059</b>	<b>-4.432</b>
(i) Efficiency savings	-1.763	-1.610	-1.059	-4.432
<b>Total</b>	<b>-47.774</b>	<b>-13.659</b>	<b>-11.304</b>	<b>-72.737</b>
(i) Efficiency savings	-38.962	4.424	-1.804	-36.342
(ii) Reducing service standards	-1.462	-7.821	-0.800	-10.083
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-7.000	-10.262	-8.700	-25.962
<b>Total</b>	<b>-47.774</b>	<b>-13.659</b>	<b>-11.304</b>	<b>-72.737</b>

## APPENDIX 2

### Forecast savings by Committee and categorisation 2017-20 budget round

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>2017-18</b>								
<b>A) Cutting costs through efficiencies</b>	<b>-2.334</b>	<b>-0.230</b>	<b>-4.222</b>	<b>-1.493</b>	<b>-0.020</b>	<b>-1.063</b>	<b>-22.910</b>	<b>-32.272</b>
(i) Efficiency savings	-2.334	-0.230	-4.122	-1.311	-0.020	-1.063	-22.910	<b>-31.990</b>
(ii) Reducing service standards	0.000	0.000	-0.100	-0.182	0.000	0.000	0.000	<b>-0.282</b>
<b>B) Better value for money through procurement and contract management</b>	<b>-0.125</b>	<b>-0.238</b>	<b>-0.080</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.500</b>	<b>-0.035</b>	<b>-0.978</b>
(i) Efficiency savings	-0.125	-0.238	-0.080	0.000	0.000	-0.500	-0.035	<b>-0.978</b>
<b>C) Service Redesign: Early help and prevention, working locally</b>	<b>-3.700</b>	<b>0.101</b>	<b>-1.038</b>	<b>-0.354</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-4.991</b>
(i) Efficiency savings	-0.250	1.867	-1.038	-0.200	0.000	0.000	0.000	<b>0.379</b>
(ii) Reducing service standards	0.900	-1.916	0.000	-0.154	0.000	0.000	0.000	<b>-1.170</b>
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	<b>-0.350</b>
(iv) Providing statutory services differently	-3.850	0.000	0.000	0.000	0.000	0.000	0.000	<b>-3.850</b>
<b>D) Raising Revenue; commercial activities</b>	<b>-1.180</b>	<b>-0.305</b>	<b>0.000</b>	<b>0.031</b>	<b>-0.260</b>	<b>-0.299</b>	<b>-0.701</b>	<b>-2.714</b>
(i) Efficiency savings	-1.180	-0.305	0.000	0.031	-0.250	-0.299	-0.701	<b>-2.704</b>
(ii) Reducing service standards	0.000	0.000	0.000	0.000	-0.010	0.000	0.000	<b>-0.010</b>
<b>E) Maximising property and other assets</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.090</b>	<b>-1.430</b>	<b>-0.243</b>	<b>0.000</b>	<b>-1.763</b>
(i) Efficiency savings	0.000	0.000	0.000	-0.090	-1.430	-0.243	0.000	<b>-1.763</b>
Forecast (shortfall) / over delivery	-3.874	-1.182	0.000	0.000	0.000	0.000	0.000	<b>-5.056</b>
<b>Total</b>	<b>-11.213</b>	<b>-1.854</b>	<b>-5.340</b>	<b>-1.906</b>	<b>-1.710</b>	<b>-2.105</b>	<b>-23.646</b>	<b>-47.774</b>
(i) Efficiency savings	-3.889	1.094	-5.240	-1.570	-1.700	-2.105	-23.646	<b>-37.056</b>
(ii) Reducing service standards	0.900	-1.916	-0.100	-0.336	-0.010	0.000	0.000	<b>-1.462</b>
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	<b>-0.350</b>
(iv) Providing statutory services differently	-3.850	0.000	0.000	0.000	0.000	0.000	0.000	<b>-3.850</b>
Forecast (shortfall) / over delivery	-3.874	-1.182	0.000	0.000	0.000	0.000	0.000	<b>-5.056</b>
<b>Total</b>	<b>-11.213</b>	<b>-1.854</b>	<b>-5.340</b>	<b>-1.906</b>	<b>-1.710</b>	<b>-2.105</b>	<b>-23.646</b>	<b>-47.774</b>

## APPENDIX 2

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>2018-19</b>								
<b>A) Cutting costs through efficiencies</b>	<b>0.000</b>	<b>-0.100</b>	<b>1.415</b>	<b>0.613</b>	<b>0.000</b>	<b>-0.263</b>	<b>10.137</b>	<b>11.802</b>
(i) Efficiency savings	0.000	-0.100	1.415	1.000	0.000	-0.263	10.137	<b>12.189</b>
(ii) Reducing service standards	0.000	0.000	0.000	-0.387	0.000	0.000	0.000	<b>-0.387</b>
<b>B) Better value for money through procurement and contract management</b>	<b>-0.824</b>	<b>0.000</b>	<b>0.030</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.794</b>
(i) Efficiency savings	-0.824	0.000	0.030	0.000	0.000	0.000	0.000	<b>-0.794</b>
<b>C) Service Redesign: Early help and prevention, working locally</b>	<b>-15.112</b>	<b>-0.309</b>	<b>-0.200</b>	<b>-0.490</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-16.111</b>
(i) Efficiency savings	-0.750	0.000	-0.200	0.000	0.000	0.000	0.000	<b>-0.950</b>
(ii) Reducing service standards	-4.100	-0.309	0.000	-0.490	0.000	0.000	0.000	<b>-4.899</b>
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
(iv) Providing statutory services differently	-10.262	0.000	0.000	0.000	0.000	0.000	0.000	<b>-10.262</b>
<b>D) Raising Revenue; commercial activities</b>	<b>-0.230</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.080</b>	<b>-0.051</b>	<b>-0.302</b>	<b>-1.020</b>	<b>-1.683</b>
(i) Efficiency savings	-0.230	0.000	0.000	-0.080	-0.051	-0.302	-1.020	<b>-1.683</b>
(ii) Reducing service standards	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>E) Maximising property and other assets</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.090</b>	<b>-1.700</b>	<b>0.000</b>	<b>0.000</b>	<b>-1.610</b>
(i) Efficiency savings	0.000	0.000	0.000	0.090	-1.700	0.000	0.000	<b>-1.610</b>
Forecast (shortfall) / over delivery	-2.550	-0.450	-1.850	-0.235	0.000	-0.161	-0.017	<b>-5.263</b>
<b>Total</b>	<b>-18.716</b>	<b>-0.859</b>	<b>-0.605</b>	<b>-0.102</b>	<b>-1.751</b>	<b>-0.726</b>	<b>9.100</b>	<b>-13.659</b>
(i) Efficiency savings	-1.804	-0.100	1.245	1.010	-1.751	-0.565	9.117	<b>7.152</b>
(ii) Reducing service standards	-4.100	-0.309	0.000	-0.877	0.000	0.000	0.000	<b>-5.286</b>
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
(iv) Providing statutory services differently	-10.262	0.000	0.000	0.000	0.000	0.000	0.000	<b>-10.262</b>
Forecast (shortfall) / over delivery	-2.550	-0.450	-1.850	-0.235	0.000	-0.161	-0.017	<b>-5.263</b>
<b>Total</b>	<b>-18.716</b>	<b>-0.859</b>	<b>-0.605</b>	<b>-0.102</b>	<b>-1.751</b>	<b>-0.726</b>	<b>9.100</b>	<b>-13.659</b>

## APPENDIX 2

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>2019-20</b>								
<b>A) Cutting costs through efficiencies</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.235</b>	<b>0.000</b>	<b>0.000</b>	<b>0.290</b>	<b>0.055</b>
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.290	<b>0.290</b>
(ii) Reducing service standards	0.000	0.000	0.000	-0.235	0.000	0.000	0.000	<b>-0.235</b>
<b>B) Better value for money through procurement and contract management</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>C) Service Redesign: Early help and prevention, working locally</b>	<b>-10.200</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-10.200</b>
(i) Efficiency savings	-0.500	0.000	0.000	0.000	0.000	0.000	0.000	<b>-0.500</b>
(ii) Reducing service standards	-1.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>-1.000</b>
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
(iv) Providing statutory services differently	-8.700	0.000	0.000	0.000	0.000	0.000	0.000	<b>-8.700</b>
<b>D) Raising Revenue; commercial activities</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
(ii) Reducing service standards	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>E) Maximising property and other assets</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-1.000</b>	<b>-0.059</b>	<b>0.000</b>	<b>-1.059</b>
(i) Efficiency savings	0.000	0.000	0.000	0.000	-1.000	-0.059	0.000	<b>-1.059</b>
Forecast (shortfall) / over delivery	0.200	-0.535	0.000	0.235	0.000	0.000	0.000	<b>-0.100</b>
<b>Total</b>	<b>-10.000</b>	<b>-0.535</b>	<b>0.000</b>	<b>0.000</b>	<b>-1.000</b>	<b>-0.059</b>	<b>0.290</b>	<b>-11.304</b>
(i) Efficiency savings	-0.500	0.000	0.000	0.000	-1.000	-0.059	0.290	<b>-1.269</b>
(ii) Reducing service standards	-1.000	0.000	0.000	-0.235	0.000	0.000	0.000	<b>-1.235</b>
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
(iv) Providing statutory services differently	-8.700	0.000	0.000	0.000	0.000	0.000	0.000	<b>-8.700</b>
Forecast (shortfall) / over delivery	0.200	-0.535	0.000	0.235	0.000	0.000	0.000	<b>-0.100</b>
<b>Total</b>	<b>-10.000</b>	<b>-0.535</b>	<b>0.000</b>	<b>0.000</b>	<b>-1.000</b>	<b>-0.059</b>	<b>0.290</b>	<b>-11.304</b>

## APPENDIX 3

### 2017-18 savings and RAG status detail (2017-20 budget round)

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		<b>Adult Social Care</b>						
		<b>A - Cutting costs through efficiencies</b>						
A(i)	ASC010	Reduce Training & Development spend following implementation of Promoting Independence	-0.200			-0.200	0.000	BLUE
A(i)	ASC022	Review of commissioning structure and wider opportunities to realign staffing structures in localities	-0.155			-0.155	0.000	GREEN
A(i)	ASC026	Review of various commissioning arrangements to identify more cost effective ways of providing services	-1.159			-0.618	-0.541	AMBER
A(i)	ASC027	Multiple small efficiencies within Service Level Agreements	-0.190			-0.190	0.000	BLUE
A(i)	ASC028	Maximise use of apprenticeships	-0.020			-0.020	0.000	GREEN
A(i)	ASC030	Rationalise mobile phones	-0.010			-0.010	0.000	GREEN
A(i)	ASC031	Revised use of Care Act and other funding not previously used for recurrent expenditure	-1.141			-1.141	0.000	GREEN
		<b>B - Better value for money through procurement and contract management</b>						
B(i)	ASC020	Remodel contracts for support to mental health recovery	-0.125	-0.275		-0.125	0.000	GREEN

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
B(i)	ASC021	Recommissioning of information advice and advocacy services		-0.250			0.000	RED
B(i)	ASC024	Home care commissioning - an improved framework for procuring home care services in Norfolk	-0.183	-0.549		0.000	-0.183	RED
		<b>C - Service Redesign: Early help and prevention, working locally</b>						
C(i)	ASC008	Promoting Independence - Housing with Care - develop non-residential community based care solutions		-0.500	-0.500		0.000	GREEN
C(i)	ASC009	Promoting Independence - Integrated Community Equipment Service - expand service so through increased availability and access to equipment care costs will be reduced	-0.250	-0.250		-0.250	0.000	GREEN
C(ii)	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council	0.900	-0.900	-0.800	0.900	0.000	GREEN
C(ii)	ASC016-019	Building resilient lives: reshaping our work with people of all ages requiring housing related support to keep them independent	-2.100	-3.400		-2.100	0.000	GREEN

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(ii)	COM040	Delay to 14-15, 15-16 and 16-17 saving: Reduce the number of service users we provide transport for	2.100	-2.100		2.100	0.000	GREEN
C(iii)	COM033	Reducing funding within personal budgets to focus on eligible unmet needs	-0.500			-0.500	0.000	GREEN
C(iv)	ASC006	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	-4.445	-3.628	-7.538	-2.046	-2.399	RED
C(iv)	ASC007	Promoting Independence - Reablement - net reduction - expand Reablement Service to deal with 100% of demand and develop service for working age adults	-1.500	-0.500		-1.500	0.000	GREEN
C(iv)	ASC011	Move service mix to average of comparator family group or target - all specialisms		-1.444	-0.962		0.000	GREEN
C(iv)	ASC013	Radical review of daycare services	-1.000	-2.500		-0.266	-0.734	RED
C(iv)	ASC015	Move service mix to lowest of comparator family group - all specialisms		-2.190	-0.200		0.000	GREEN
C(iv)	ASC023	A consistent approach to specific laundry needs	-0.055			-0.038	-0.017	AMBER



## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		<b>D - Raising Revenue; commercial activities</b>						
D(i)	ASC029	Align charging policy to more closely reflect actual disability related expenditure incurred by service users	-1.180	-0.230		-1.180	0.000	GREEN
		<b>Adult Social Care net total</b>	<b>-11.213</b>	<b>-18.716</b>	<b>-10.000</b>	<b>7.339</b>	<b>-3.874</b>	
		<u><b>Children's Services</b></u>						
		<b>REMOVAL OF PRIOR YEAR SAVINGS</b>						
		<b>A - Cutting costs through efficiencies</b>						
A(i)	CHI012	Removal of 2016-17 saving: Reduce the cost of transport for children with Special Educational Needs	0.500			0.500	0.000	BLUE
		<b>C - Service Redesign: Early help and prevention, working locally</b>						
C(i)	CHI001-4	Removal of 2016-17 saving: Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of LAC	3.000			3.000	0.000	BLUE

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(iii)	CHI015	Reverse reduced funding for school crossing patrols as recommended by Committee 24-01-17	0.150			0.150	0.000	BLUE
		<b>Subtotal Children's Services reversals</b>	<b>3.650</b>	<b>0.000</b>	<b>0.000</b>	<b>3.650</b>	<b>0.000</b>	
		<b>SAVINGS</b>						
		<b>A - Cutting costs through efficiencies</b>						
A(i)	CHL013	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	-0.050	-0.100		-0.050	0.000	GREEN

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	CHL017	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		-0.450	-0.535		0.000	RED
A(i)	CHL029	Early Years Funding Panel – deliver greater efficiency in allocations	-0.100			-0.100	0.000	GREEN
A(i)	CHL034	Children's Legal Costs – review opportunities to reduce expenditure.	-0.050			-0.050	0.000	GREEN
A(i)	CHL035	Performance and Challenge staff budgets – review current establishment	-0.120			-0.120	0.000	GREEN
A(i)	CHL036	Children with Disabilities Short Breaks – return budget to previous level	-0.100			-0.100	0.000	BLUE
A(i)	CHL037	Early Years Settings Panel – achieve saving through prioritisation and targeting of resources	-0.250			-0.250	0.000	GREEN

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	CHL038	Norfolk Institute for Practice Excellence (NIPE) – reduce agency spend by moving NIPE trainees into posts one month earlier, reducing agency spend	-0.060			-0.060	0.000	GREEN
		<b>B - Better value for money through procurement and contract management</b>						
B(i)	CHL009	End Children's Services funding for Homestart - this is a charity who supports families with young children who are struggling to cope	-0.158			-0.158	0.000	BLUE
B(i)	CHL030	East Coast Community Healthcare Speech and Language Contract increased income	-0.050			-0.050	0.000	BLUE
B(i)	CHL033	Service Level Agreement efficiencies – based on current levels of expenditure	-0.030			-0.030	0.000	BLUE
		<b>C - Service Redesign: Early help and prevention, working locally</b>						
C(i)	CHL019	Review of educational services	-0.350			-0.350	0.000	BLUE
C(i)	CHL032	Children's Homes – increase occupancy through review of placements and improving staff to child ratios	-0.100			-0.100	0.000	GREEN
C(i)	CHL039	Refocus Education Service in light of Education White Paper	-1.250			-0.413	-0.837	RED
C(i)	CHL040	Review Early Help Services	-0.270			-0.270	0.000	GREEN

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(ii)	CHL010	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	-0.427			-0.427	0.000	BLUE
C(ii)	CHL012	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	-0.580			-0.580	0.000	GREEN
C(ii)	CHL026	Keep all children's centres open and focus their work on supporting the families that need them most	-0.909	-0.309		-0.909	0.000	GREEN
		<b>D - Raising Revenue; commercial activities</b>						
D(i)	CHL027	Increase 'Troubled Families' income. There may be changes nationally which could reduce our ability to generate this extra income	-0.500			-0.155	-0.345	RED

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	CHL028	Education Psychology Service – increase traded income, based on charging more and taking on a greater workload.	-0.050			-0.050	0.000	GREEN
D(i)	CHL031	Woodside Norwich Early Years Hub - increase the income budget to reflect current forecasts	-0.100			-0.100	0.000	GREEN
		<b>Subtotal Children's Services savings</b>	<b>-5.504</b>	<b>-0.859</b>	<b>-0.535</b>	<b>-4.322</b>	<b>-1.182</b>	
		<b>Children's Services net total</b>	<b>-1.854</b>	<b>-0.859</b>	<b>-0.535</b>	<b>-0.672</b>	<b>-1.182</b>	
		<b><u>Environment, Development and Transport</u></b>						
		<b>A - Cutting costs through efficiencies</b>						
A(i)	EDT028	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	-0.383	-0.085		-0.383	0.000	GREEN

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	EDT032	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	-0.150	-1.850		-0.150	0.000	GREEN
A(i)	EDT037	Vacancy management and deletion of vacant posts	-0.488			-0.488	0.000	GREEN
A(i)	EDT038	Further reductions in back office spend	-0.128			-0.128	0.000	GREEN
A(i)	EDT042	Rationalise our highway depot provision and change inspection frequency for main roads	-0.473			-0.473	0.000	GREEN
A(i)	EDT044	Further capitalisation of highways maintenance activities to release a revenue saving	-1.000			-1.000	0.000	GREEN
A(i)	EDT045	One off saving - Further capitalisation of highways maintenance activities in 2016-17, to release a revenue saving to carry forward to 2017-18	-1.500	1.500		-1.500	0.000	GREEN
A(ii)	EDT043	Implement new national guidance for winter maintenance	-0.100			-0.100	0.000	GREEN
		<b>B - Better value for money through procurement and contract management</b>						
B(i)	EDT040	Waste – efficiency savings through robust management of costs through open-book accounting	-0.080	0.030		-0.080	0.000	GREEN

# APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		<b>C - Service Redesign: Early help and prevention, working locally</b>						
C(i)	EDT027	Environment service - redesign the environment service so that it operates at 75% of current budget and increases use of volunteers and interns		-0.200			0.000	GREEN
C(i)	EDT036	Service re-design - introduce a locality based structure for the Community and Environmental Services directorate	-1.038			-1.038	0.000	GREEN
		<b>Environment, Development and Transport net total</b>	<b>-5.340</b>	<b>-0.605</b>	<b>0.000</b>	<b>-5.340</b>	<b>0.000</b>	
		<u><b>Communities</b></u>						
		<b>REMOVAL OF PRIOR YEAR SAVINGS</b>						
		<b>A - Cutting costs through efficiencies</b>						
A(i)	RES082	Efficiency savings arising from utilising Public Health skills and resources to remove duplication – removal due to reduced Public Health Grant	0.805			0.805	0.000	BLUE
		<b>Subtotal Communities reversals</b>	<b>0.805</b>	<b>0.000</b>	<b>0.000</b>	<b>0.805</b>	<b>0.000</b>	



## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		<b>A - Cutting costs through efficiencies</b>						
A(i)	CMM013	Healthwatch – reduce the Healthwatch grant	-0.150			-0.150	0.000	GREEN
A(i)	CMM033	Cross-cutting savings – Allocation of Public Health Grant to other services delivering Public Health outcomes	-0.250			-0.250	0.000	GREEN
A(i)	CMM034	Vacancy management and deletion of vacant posts	-0.021			-0.021	0.000	GREEN
A(i)	CMM035	Further reductions in back office spend	-0.015			-0.015	0.000	GREEN
A(i)	CMM040	Capitalisation of library books 16-17 resulting in a one-off saving	-1.000	1.000		-1.000	0.000	GREEN
A(i)	CMM041	Capitalisation of library books 17-18 – ongoing revenue saving	-0.680			-0.680	0.000	GREEN
A(ii)	CMM016	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	-0.138			-0.138	0.000	GREEN
A(ii)	CMM022	Libraries self-service - introduce technology (Open Plus) to enable libraries to open with self-service machines		-0.622			0.000	AMBER
A(ii)	CMM026	Special service mobile library service - change the mobile library service for people in residential care, by	-0.044			-0.044	0.000	GREEN

# APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		encouraging care homes to pay for the service or using volunteers to provide books for individual people						
		<b>C - Service Redesign: Early help and prevention, working locally</b>						
C(i)	CMM018	Customer Service delivery re-design - further re-shaping and re-design of some customer service teams	-0.200			-0.200	0.000	GREEN
C(ii)	CMM023	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	-0.110	-0.490		-0.110	0.000	GREEN
C(ii)	CMM027	Public mobile libraries - reduce the public mobile library mobile fleet from 9 to 8 vehicles, reduce the frequency of some visits and stop Saturday routes	-0.044			-0.044	0.000	GREEN
		<b>D - Raising Revenue; commercial activities</b>						
D(i)	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history	0.100			0.100	0.000	BLUE

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	CMM036	Registration service income generation - develop business opportunities within the service to generate additional income		-0.080			0.000	GREEN
D(i)	CMM037	Additional income generation (Museums, Records Office, Trading Standards)	-0.054			-0.054	0.000	GREEN
D(i)	CMM046	Additional income generation (Museums, Records Office, Arts Service)	-0.015			-0.015	0.000	GREEN
		<b>E - Maximising property and other assets</b>						
E(i)	CMM039	One-off saving through re-setting budgets for leased equipment	-0.090	0.090		-0.090	0.000	GREEN
		<b>Subtotal Communities savings</b>	<b>-2.711</b>	<b>-0.102</b>	<b>0.000</b>	<b>-2.711</b>	<b>0.000</b>	
		<b>Communities net total</b>	<b>-1.906</b>	<b>-0.102</b>	<b>0.000</b>	<b>-1.906</b>	<b>0.000</b>	
		<b><u>Business and Property</u></b>						
		<b>A - Cutting costs through efficiencies</b>						
A(i)	EDT038	Further reductions in back office spend	-0.020			-0.020	0.000	GREEN
		<b>D - Raising Revenue; commercial activities</b>						
D(i)	P&R030	Corporate Property Team approach to sponsorship & advertising	-0.100			-0.100	0.000	GREEN
D(i)	EDT019	Economic development sector grants funding - Cease the direct funding to support economic development	-0.050			-0.050	0.000	GREEN

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		projects, and work with others to identify alternative ways to secure funding						
D(i)	EDT020	Economic development match funding - cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities		-0.051			0.000	GREEN
D(ii)	EDT039	Reduction in Economic Development project fund	-0.010			-0.010	0.000	GREEN
D(i)	EDT047	Additional income generation Scottow Enterprise Park	-0.100			-0.100	0.000	GREEN
		<b>E - Maximising property and other assets</b>						
E(i)	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.430	-1.000	-1.000	-1.430	0.000	GREEN
E(i)	P&R058	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		-0.500			0.000	GREEN
E(i)	P&R060	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		-0.200			0.000	GREEN

# APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		<b>Business and Property net total</b>	<b>-1.710</b>	<b>-1.751</b>	<b>-1.000</b>	<b>-1.710</b>	<b>0.000</b>	
		<b><u>Digital Innovation and Efficiency</u></b>						
		<b>A - Cutting costs through efficiencies</b>						
A(i)	P&R050	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	0.006	-0.339		0.006	0.000	GREEN
A(i)	P&R063	Cutting costs through efficiencies by menu based pricing - the services provided by (former) Resources Department 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	-0.269	-0.264		-0.269	0.000	BLUE
A(i)	P&R064	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		-0.321			0.000	AMBER

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	EDT048	Use of Better Broadband Reserves	-0.500	0.500		-0.500	0.000	BLUE
A(i)	P&R080	Capitalisation of ICT costs	-0.300			-0.300	0.000	BLUE
		<b>B - Better value for money through procurement and contract management</b>						
B(i)	P&R072	Opportunity to deliver parts of the remaining DNA project more cost effectively - primarily around in-house data storage	-0.220			-0.220	0.000	BLUE
B(i)	P&R073	Change the IT equipment model - renewal and upgrade of server infrastructure	-0.280			-0.280	0.000	BLUE
		<b>D - Raising Revenue; commercial activities</b>						
D(i)	P&R062	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	-0.299	-0.302		-0.299	0.000	BLUE
		<b>E - Maximising property and other assets</b>						
E(i)	P&R082	Release ICT lease budget no longer required	-0.243		-0.059	-0.243	0.000	BLUE
		<b>Digital Innovation and Efficiency net total</b>	<b>-2.105</b>	<b>-0.726</b>	<b>-0.059</b>	<b>-2.105</b>	<b>0.000</b>	
		<u><b>Policy and Resources</b></u>						
		<b>REMOVAL OF PRIOR YEAR SAVINGS</b>						

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		<b>D - Raising Revenue; commercial activities</b>						
D(i)	P&R023	Remove 2015-16 saving: Optimise car leasing and reduced mileage	0.300			0.300	0.000	BLUE
D(i)	P&R029	Remove 2015-16 saving: Increased income from advertising	0.050			0.050	0.000	BLUE
		<b>Subtotal Policy and Resources reversals</b>	<b>0.350</b>	<b>0.000</b>	<b>0.000</b>	<b>0.350</b>	<b>0.000</b>	
		<b>SAVINGS</b>						
		<b>A - Cutting costs through efficiencies</b>						
A(i)	P&R049	Review of accounting treatment for notional debt repayment (MRP)	-5.216			-5.216	0.000	BLUE
A(i)	P&R050	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	-0.006	-0.286		-0.006	0.000	GREEN

### APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R052	Cutting costs through efficiencies: staffing - the proposal is to work across Teams to deliver reductions in cost and headcount over two years via various work streams - layering, 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, and introduce automation wherever possible	-0.500	-0.500		-0.500	0.000	BLUE
A(i)	P&R063	Cutting costs through efficiencies by menu based pricing - the services provided by (former) Resources Department 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	-0.231	-0.236		-0.231	0.000	BLUE



# APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R064	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		-0.279			0.000	AMBER
A(i)	P&R068	Insurance Fund saving (reversal of 2016-17 one-off saving)	2.000			2.000	0.000	BLUE
A(i)	P&R069	Use of Organisational Change Reserve to fund Social Care system in 2016-17 (reversal of 2016-17 one-off saving)	0.478			0.478	0.000	BLUE
A(i)	P&R070	Use of Business Risk Reserve to fund reprofiling of COM033 Adults saving in 2016-17 (reversal of 2016-17 one-off saving)	0.500			0.500	0.000	BLUE
A(i)	P&R071	Use of Organisational Change Reserve in 2016-17 (reversal of 2016-17 one-off saving)	0.132			0.132	0.000	BLUE
A(i)	P&R076	Insurance Fund contribution	-1.350	1.350		-1.350	0.000	BLUE
A(i)	P&R077	Implementation of Minimum Revenue Provision policy	-6.904	0.136	0.290	-6.904	0.000	BLUE
A(i)	P&R078	Use of capital receipts in 17-18 to fund MRP	-6.000	4.000		-6.000	0.000	GREEN

## APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R081	One-off use of reserves to be identified in June 2017 (to support 2017-18 investment in Children's Services)	-5.813	5.813		-5.813	0.000	BLUE
		<b>B - Better value for money through procurement and contract management</b>						
B(i)	P&R025	Corporate Banking project - move to Barclays	-0.035			-0.035	0.000	BLUE
		<b>D - Raising Revenue; commercial activities</b>						
D(i)	P&R051	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	-0.100	-0.100		-0.100	0.000	BLUE

# APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	P&R053	Raising revenue: a business strategy treasury management - our average return on investments is currently 0.75%, a modest increase in risk, e.g. 0.25% on £100m of cash, 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	-0.500			-0.500	0.000	GREEN
D(i)	P&R059	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	-0.050			-0.050	0.000	GREEN
D(i)	P&R062	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	-0.201	-0.198		-0.201	0.000	BLUE
D(i)	P&R066	Second Homes income		-0.600			0.000	GREEN
D(i)	P&R074	Nplaw income growth - establishment of the Alternative Business Structure	-0.100			-0.100	0.000	GREEN

# APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	P&R075	Early payment rebate project	-0.100			-0.100	0.000	GREEN
		<b>Subtotal Policy and Resources savings</b>	<b>-23.996</b>	<b>9.100</b>	<b>0.290</b>	<b>-23.996</b>	<b>0.000</b>	
		<b>Policy and Resources net total</b>	<b>-23.646</b>	<b>9.100</b>	<b>0.290</b>	<b>-23.646</b>	<b>0.000</b>	
		<b>Total Norfolk County Council net savings</b>	<b>-47.774</b>	<b>-13.659</b>	<b>-11.304</b>	<b>-42.718</b>	<b>-5.056</b>	

# Policy and Resources Committee

Item  
No 10

<b>Report title:</b>	<b>Mid-Year Treasury Management Monitoring Report 2017-18</b>
<b>Date of meeting:</b>	<b>27 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance and Commercial Services</b>
<b>Strategic impact</b>  This Mid-Year Treasury Management Monitoring Report forms an important part of the overall management of the Council's financial affairs. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activity. This report provides details on the Treasury Management activities of the County Council for the period 1 April 2017 to 30 September 2017.	

## **Executive summary**

The regulatory framework for treasury management requires full Council to receive a mid-year monitoring report on treasury activities.

This report provides information on the treasury management activities of the County Council for the period 1 April 2017 to 30 September 2017.

The Bank of England base rate remained at 0.25% throughout this period, prior to the recent rise in November 2017.

At 30 September 2017, the Council's external debt was £519m and its investments totalled £145m.

### **Members are asked to:**

- **endorse and recommend to County Council, the Mid Year Treasury Management Monitoring Report 2017-18.**

## **1. Introduction**

- 1.1 The County Council is required by regulation issued under the Local Government Act 2003 to produce a mid-year report on its treasury management activities.
- 1.2 The annex to this report sets out the treasury management activities of the County Council for the six month period from 1 April 2017 to 30 September 2017.

## **2. Evidence**

- 2.1 All treasury management operations detailed in the attached annex have been carried out in accordance with recognised best practice and in compliance with legislative and regulatory requirements.
- 2.2 The annex summarises:
  - Cash Balances and Cash Flow Management
  - Investment Performance
  - Counterparty Maintenance
  - Long Term Borrowing and Debt Management Activity
  - Treasury Management Prudential Indicators.

## **3. Financial Implications**

This report brings together information on the treasury management activities of the County Council for the six month period 1 April 2017 to 30 September 2017. Regular treasury management monitoring reports have been produced during this period and any financial implications have been incorporated within the financial monitoring reports to Policy and Resources Committee. Therefore there are no additional financial implications to consider in this report.

## **4. Issues, risks and innovation**

### **Risk implications**

- 4.1 The County Council's treasury management activities provide for 'the effective management of risk while pursuing optimum performance consistent with those risks.' The Mid Year Treasury Management Report provides information on the County Council's treasury management activities operating within the approved risk management framework. Operationally, a risk register is maintained to monitor risks and control measures.

## **5. Background**

- 5.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector (the Code) defines treasury management as:

"the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of

the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 5.2 The County Council recognises the importance of monitoring treasury management activities, with regular reports being presented to the Treasury Management Panel and Policy and Resources Committee throughout the year.

## Officer Contact

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

Name	Telephone Number	Email address
Simon George	01603 222400	<a href="mailto:simon.george@norfolk.gov.uk">simon.george@norfolk.gov.uk</a>
Howard Jones	01603 222832	<a href="mailto:howard.jones@norfolk.gov.uk">howard.jones@norfolk.gov.uk</a>



If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 18001 0344 800 8020 (textphone) and we will do our best to help.

## Mid Year Treasury Management Monitoring Report 2017-18

### 1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector (the Code), requires that the County Council receives a mid-year review of treasury activities in addition to the forward looking annual investment and treasury strategy and backward looking annual treasury report. The Annual Investment and Treasury Strategy for the current year (2017-18) was approved by County Council on 20 February 2017.
- 1.3 The County Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.
- 1.4 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.4 As a consequence treasury management is defined as:  
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.5 The County Council recognises the importance of monitoring treasury management activities, with regular reports being presented to the Treasury Management Panel and Policy and Resources Committee throughout the year.
- 1.6 This mid-year review provides commentary on economic conditions produced by Capita Asset Services (the Council's external treasury advisors) and details treasury activities for the period 1 April 2017 to 30 September 2017 including; cash balances and cash flow management, investment performance, counterparty management, long term borrowing/debt management and prudential indicators.



## **2. Link Asset Services (formally Capita) Economic Overview - October 2017 (summarised, with minor update for November MPC rate rise)**

### **2.1 Economic update - UK UK**

- 2.1.1 After the UK economy surprised on the upside with strong growth in 2016, growth in 2017 has been disappointingly weak; quarter 1 came in at only +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. . The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole.
- 2.1.2 The Monetary Policy Committee (MPC) meeting of 14 September 2017 surprised markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate would need to rise. The Bank of England Inflation Reports during 2017 have clearly flagged up that they expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. Inflation actually came in at 2.9% in August, (this data was released on 12 September), and so the Bank revised its forecast for the peak to over 3% at the 14 September meeting MPC. This marginal revision can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment falling to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. This effectively means that the UK labour faces competition from overseas labour e.g. in outsourcing work to third world countries, and this therefore depresses the negotiating power of UK labour. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.
- 2.1.3 Following the MPC Bank Rate increase to 0.5% in November the big question will be whether this will be a one off increase or the start of a slow, but regular, increase in Bank Rate. As at the start of October, short sterling rates are indicating that financial markets do not expect a second increase until May 2018 with a third increase in November 2019. However, some forecasters are flagging up that they expect growth to improve significantly in 2017 and into 2018, as the fall in inflation will bring to an end the negative impact on consumer spending power while a strong export performance will compensate for weak services sector growth. If this scenario were to materialise, then the MPC would have added reason to embark on a series of slow but gradual increases in Bank Rate during 2018. While there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two years will pan out.

## **USA**

- 2.1.4 Growth in the American economy has been volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1%, resulting in an overall annualised figure of 2.1% for the first half year. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.4%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with three increases since December 2016; and there could be one more rate rise in 2017 which would then lift the central rate to 1.25 – 1.50%. There could then be another four more increases in 2018. At its June meeting, the Fed strongly hinted that it would soon begin to unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

## **Eurozone**

- 2.1.5 Economic growth in the EU, (the UK's biggest trading partner), has been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and now looks to have gathered ongoing substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y) and 0.6% in quarter 2 (2.3% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in August inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019.

## **Other**

- 2.1.6 Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.
- 2.1.7 Japan is struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

## **2.2 Capita Interest Rate Forecast**

- 2.2.1 As stated above, following the MPC Bank Rate increase to 0.5% in November the big question will be whether this will be a one off increase or the start of a slow, but regular, increase in Bank Rate.
- 2.2.2 The overall balance of risks to economic recovery in the UK is currently to the downside but huge variables over the coming few years include just what final form Brexit will take, when finally agreed with the EU, and when.
- 2.2.3 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:
- UK economic growth and increases in inflation are weaker than we currently anticipate.
  - Weak growth or recession in the UK's main trading partners - the EU and US.

- Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.
- Monetary policy action failing to stimulate sustainable growth and to get inflation up consistently to around monetary policy target levels.

2.2.4 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The pace and timing of increases in the Fed. Funds Rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

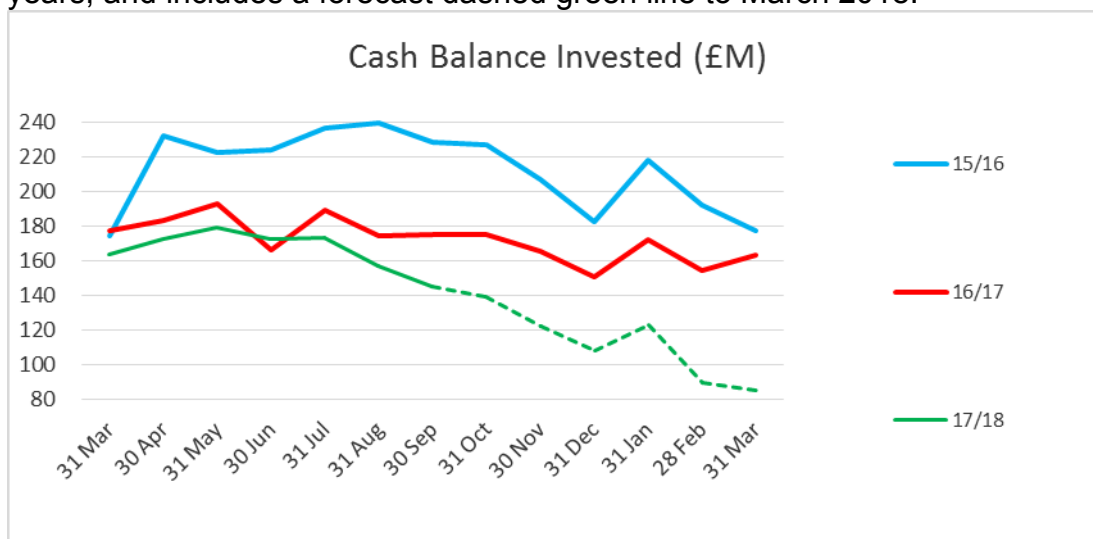
2.2.5 Link (formerly Capita) Asset Services, has provided the following forecast as at 7 November 2017 (following the November MPC rate rise).

	NOW	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.25	1.25	1.25
3 month LIBID	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.70	0.90	0.90	1.00	1.20	1.20	1.20
6 month LIBID	0.45	0.50	0.50	0.50	0.60	0.80	0.80	0.80	0.90	1.00	1.00	1.10	1.30	1.30	1.40
12 month LIBID	0.65	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.10	1.30	1.30	1.40	1.50	1.50	1.60
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	2.30
10 yr PWLB	2.10	2.10	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70	2.80	2.90	2.90	3.00
25 yr PWLB	2.70	2.80	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40	3.50	3.50	3.60	3.60
50 yr PWLB	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40	3.40

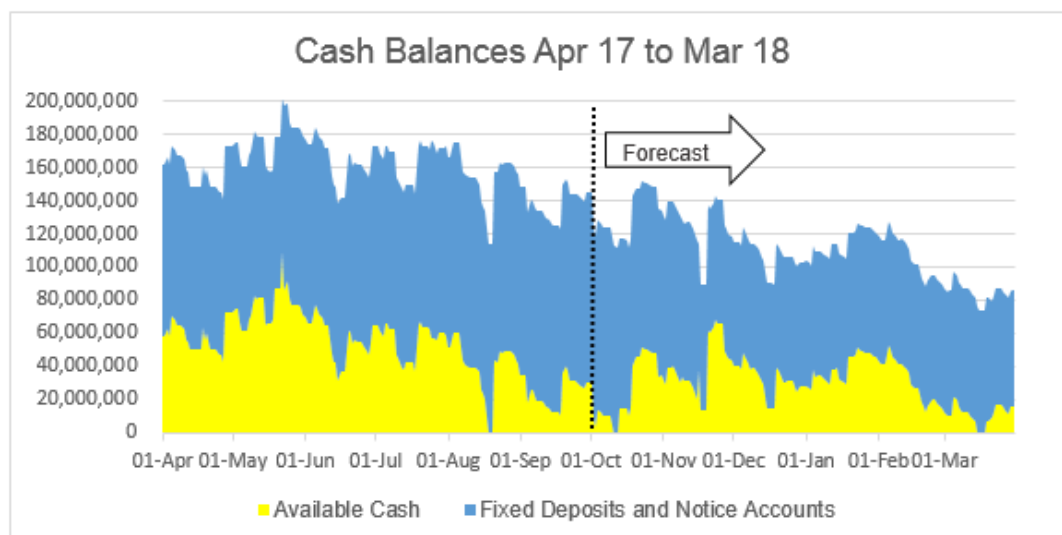
### 3. Cash Balances and Cash Flow Management

- 3.1 The Council's cash balances comprise of revenue and capital resources, such as general balances, provisions and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of County Council services and its capital programme. The average level of cash balances year to date has been £159m, reducing from £163m at 1 April 2017 to £145m at the 30 September 2017.
- 3.2 Cash balances are managed internally and have been invested in accordance with the Council's approved Authorised Lending List.
- 3.3 A key objective of cash flow management is to minimise balances held in the Council's bank accounts at zero or very low interest rates.
- 3.4 Of the 400 bank accounts administered by the County Council, only 3 are principal accounts (one for each of income collection, general expenditure and salary payments). The remaining bank accounts are service specific, for example schools locally managing their devolved budgets. The corporate treasury management function ensures the efficient management of cash balances across all bank accounts by aggregating and investing surplus cash balances on a daily basis.
- 3.5 Year to date, income turnover amounts to £763m, while payments (including debt repayment) total £781m, resulting in a net decrease in cash balances of £18m.

The table below shows the level of cash balances over the last two and a half years, and includes a forecast dashed green line to March 2018.



- 3.6 Long term cash planning means that a large proportion of the Council's cash balances are invested in medium and longer term deposits. As a result, short term (overnight) borrowing may be necessary from time to time. The costs of temporary borrowing are currently absorbed because interest rates are currently significantly lower than medium/longer term deposit rates. During the year to September the County Council did not borrow short term although a small amount has been borrowed in October.
- 3.7 Details of daily liquidity are provided in the graph below. The bottom yellow segment of the graph shows the actual daily liquidity (the amount of cash on instant access deposit) compared with cash invested for longer fixed periods (top blue segment of the graph). The forecast average daily liquidity level, assuming no new long term fixed deposits, is around £41m.



#### 4. Investment Performance

4.1 The key objective of the Council's investment strategy is to ensure security and liquidity and obtain an appropriate level of return consistent with the Council's approved Annual Investment and Treasury Strategy. With bank base rates at historic lows it is a very difficult investment environment in terms of generating significant investment returns.

4.2 At 30 September 2017, the Council held £145m of investments. The profile of these investments is shown in the table below.

Institutional Sector	Liquid £M	Upto 3 Months £M	Upto 6 Months £M	Upto 9 Months £M	Upto 12 Months £M	Over 12 Months £M
Part Nationalised Banks	0	0	0	0	0	0
UK Banks	0	35	5	20	20	30
Non-UK Banks	0	0	0	0	0	0
Building Societies	0	0	0	0	0	0
Other	30.4	4.5	0	0	0	0
<b>Total</b>	<b>30.4</b>	<b>39.5</b>	<b>5</b>	<b>20</b>	<b>20</b>	<b>30</b>

4.3 A more detailed investment profile at 30 September 2017 is shown at Appendix 1.

4.4 The average interest rate earned year to date is 0.95% (comparative period in 2016 1.03%). This compares favourably with the average London Interbank Bid Rate (LIBID) – outperforming the current 12 month LIBID deposit rate. The rate earned is less than last year's comparative figure due to the low interest rates which have been further suppressed following legislative changes to banking capital requirements. The table below gives a monthly cumulative year-to-date comparison against the LIBID benchmarks for 7 day, 3 month, 6 month and 12 month.

2017/18	<b>Interest Earned Year to Date (%)</b>	7 day LIBID Year to Date (%)	3 Month LIBID Year to Date (%)	6 Month LIBID Year to Date (%)	12 Month LIBID Year to Date (%)
Apr 17	<b>0.95</b>	0.11	0.21	0.36	0.57
May 17	<b>0.91</b>	0.11	0.20	0.34	0.55
Jun 17	<b>0.91</b>	0.11	0.19	0.33	0.54
Jul 17	<b>0.92</b>	0.11	0.18	0.33	0.54
Aug 17	<b>0.93</b>	0.11	0.18	0.32	0.52
Sep 17	<b>0.95</b>	0.11	0.18	0.32	0.53

4.5 Gross interest earned for the period 1 April 2017 to 30 September 2017 is £0.756m (comparative period in 2016: £0.926m).

4.6 In addition, the County Council has undertaken daily treasury management activities on behalf of the Norfolk Pension Fund, Norse Commercial Services Ltd,

Norse Care Ltd, NPS Property Consultants Ltd and Independence Matters. Average cash balances managed on behalf of these other bodies totalled £21m, earning interest of £0.028m in the six months to 30 September 2017.

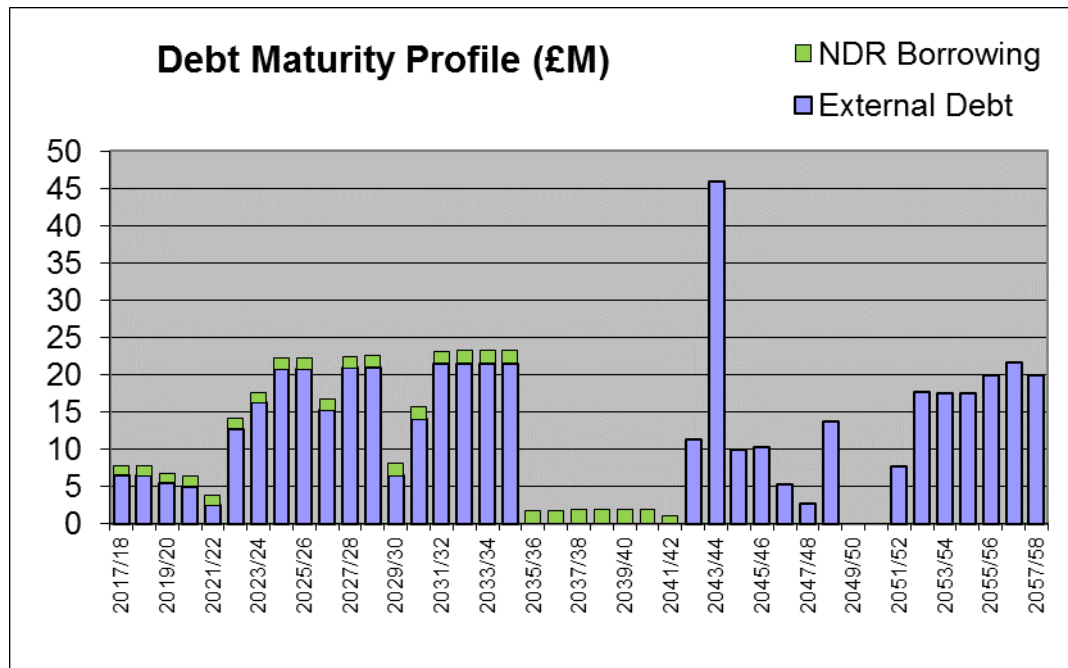
## **5. Counterparty Maintenance**

- 5.1 The Executive Director of Finance and Commercial Services is responsible for maintaining an Approved Counterparty List in accordance with the criteria as set out in the approved Annual Investment and Treasury Strategy 2017-18. Credit rating information is supplied by our treasury advisors on all active counterparties. Any rating changes, rating watches (notification of a likely change) and rating outlooks (notification of a possible longer term change) are provided by our treasury advisors immediately they occur. A wide range of market information such as Credit Default Swap prices and share price is also taken into account. The Approved Counterparty List is therefore actively managed on a day-to-day basis and when an institution no longer meets the Council approved counterparty criteria, it is immediately removed.
- 5.2 There have been no credit rating downgrades during the period 1 April 2017 to 30 September 2017 that have resulted in counterparties being removed from the approved counterparty list.

## **6. Long Term Borrowing/Debt Management**

- 6.1 The County Council undertakes capital expenditure on long-term assets. This activity gives rise to the need to borrow. Part of the Council's treasury management activity is to address this borrowing need, either through long term borrowing from external bodies (PWLB or commercial banks) or utilising temporary cash resources within the County Council pending long term borrowing.
- 6.2 In accordance with the approved 2017-18 Investment and Treasury 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.
- 6.3 On behalf of the Greater Norwich Growth Board, the County Council borrowed £40m for the Northern Distributor Road (NDR) project during 2016-17. No further borrowing has been undertaken in the six months to 30 September 2017.

- 6.4 At 30 September 2017, the Council's external borrowing (debt outstanding) totalled £519m. The re-payment profile for debt is shown below.



- 6.5 Appendix 2 shows debt maturities for maturity loans during the last 2 years, including the amount of debt repaid, the rate of interest and interest savings.
- 6.6 The Council's overall borrowing requirement in 2017-18 is approx. £180m. This represents past capital expenditure for which the approved borrowing has not yet been drawn down. The Executive Director of Finance and Commercial Services, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks identified in the economic forecast (Section 2). Prior to any borrowing, the additional pressure on current and future revenue interest payables budgets will be fully taken into account.
- 6.7 The PWLB provides a facility to restructure debt, including early repayment of loans and encourages local authorities to do so when circumstances permit. This can result in net savings in overall interest charges. Prevailing PWLB interest rates continue to be monitored on a regular basis in order to identify possible repayment opportunities.
- 6.8 The Council continues to maintain its total gross borrowing level within its Authorised Limit of £861m for 2017-18. The Authorised Limit being the 'affordable borrowing limit' required by section 3 of the Local Government Act 2003.

## 7. Treasury Management Prudential Indicators

- 7.1 There are four treasury related indicators intended to restrict the activity of the treasury function to certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. The indicators are; variable interest rate exposure, fixed interest rate exposure, maturity profile of debt and investments greater than 364 days. Council approved the indicators as part of the Annual Investment and Treasury Strategy Report in February 2017.

- 7.2 The Prudential Code requires regular monitoring to be undertaken in-year against all key indicators. Monitoring is reported to Policy and Resources Committee on an 'exception basis'. The £40m borrowed from the PWLB on behalf of the Greater Norwich Growth Board to support the construction of the NDR resulted in an effective increase of £40m to the operational limit. Other than this change, monitoring of the 2017-18 treasury management approved indicators has highlighted no significant deviation from expectations as at 30 September 2017.



# Outstanding Deposit Profile @ 30th September 2017

## Appendix 1

Counterparty Name	Deal Date	Maturity Date	Interest Rate %	Principal £M
Close Brothers Limited				
Close Brothers Limited	19-Apr-16	19-Apr-18	1.55	10
Close Brothers Limited	24-Aug-16	24-Aug-18	1.25	10
				20
Goldman Sachs Intl Bank				
Goldman Sachs 370 Day Notice	Not yet called		1.11	10
Goldman Sachs 370 Day Notice	Not yet called		0.99	20
				30
Lloyds Banking Group				
Lloyds TSB	13-Apr-16	13-Oct-17	1.30	10
Lloyds TSB	13-Apr-16	13-Apr-18	1.40	10
Lloyds TSB	09-May-16	09-Nov-17	1.30	5
Lloyds TSB	16-May-16	16-Nov-17	1.28	20
				45
Norse Group				
NPS Property Consultants Ltd	19-Sep-17	03-Oct-17	2.85	1
NPS Property Consultants Ltd	19-Sep-17	05-Oct-17	2.85	1
NPS Property Consultants Ltd	29-Sep-17	13-Oct-17	2.85	1
NPS Property Consultants Ltd	29-Sep-17	16-Oct-17	2.85	1
NPS Property Consultants Ltd	29-Sep-17	17-Oct-17	2.85	0.5
				4.5
Santander UK				
Santander UK 365 Day Notice	Called	21-Mar-18	0.70	5
Santander UK	25-Jul-17	25-Jul-18	0.85	10
				15
Standard Life				
Standard Life Money Market Fund	Instant Liquidity		0.21	30.4
				30.4
Total Deposits				144.9

\* Latest rates as at 30th September 2017

In addition deposits of £18.496m were held on behalf of other bodies:

Norfolk Pension Fund, Norse Commercial Services Ltd, Norse Care Ltd, NPS Property Consultants Ltd and Independence Matters.

## Appendix 2

Debt Maturities 2016/17 to 2017/18			
Maturity Date	Amount Repaid	Rate	Full Year Interest Saving
11/04/2016	£1,000,000	4.625%	£46,250
15/06/2016	£500,000	9.250%	£46,250
30/09/2016	£2,000,000	5.125%	£102,500
11/10/2016	£500,000	4.625%	£23,125
15/12/2016	£500,000	9.500%	£47,500
31/03/2017	£1,000,000	5.000%	£50,000
31/03/2017	£500,000	9.375%	£46,875
2016/17	£6,000,000		£362,500
11/04/2017	£1,000,000	4.625%	£46,250
15/06/2017	£500,000	9.375%	£46,875
30/09/2017	£1,500,000	5.125%	£76,875
11/10/2017	£500,000	4.625%	£23,125
11/10/2017	£500,000	9.750%	£48,750
15/12/2017	£1,525,000	6.500%	£99,125
31/03/2018	£1,000,000	5.000%	£50,000
2017/18	£6,525,000		£391,000
Apr 16 to Mar 18	£12,525,000		£753,500

# Policy and Resources Committee

Item No 11

<b>Report title:</b>	<b>Health, Safety and Well-being Mid-Year Report</b>
<b>Date of meeting:</b>	<b>27 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Fiona McDiarmid, Strategy Director</b>

## **Strategic impact**

As an employer Norfolk County Council (NCC) is required to have in place a management system to ensure the health and safety of our employees and others affected by our business undertaking; including anyone we provide services to (either directly or through a 3<sup>rd</sup> party) such as school pupils, commissioned services clients, contractors and members.

Health and safety legislation is criminal law which means there are criminal sanctions in place when the law is not adhered to. In addition civil law requirements mean we also owe a 'duty of care' to those affected by our business. The law allows us consider risk versus cost when making judgements on what measures are 'reasonably practicable'.

The Health, Safety and Well-Being (HSW) Service provides the authority with expert support and advice on the law and its limits, managing and maintaining a framework for a sensible approach to health and safety. This enables everyone in the authority to carry out their legal responsibilities, making proportionate decisions that support us to meet our key organisational and service priorities without exposing the authority, our employees or others to unnecessary risks.

The HSW service is a strong performer supporting organisational goals and reducing cost through its traded activity. A recent audit of the Health, Safety and Well-being service confirms that 'corporate health and safety systems are in place to ensure that NCC has adequate provisions to reinforce, maintain and develop its ability to reduce risks to the fullest extent and to ensure the continued effectiveness of its health and safety management arrangements.' As a result the audit cycle for the service has been extended from 2 to 3 yearly. The service also continues to operate in a cost effective manner through trading services to schools and other public sector organisations. Current purchases to date amount to an income of £243,000 for 17/18.

As part of the NCC health and safety management system the Health, Safety and Well-Being Manager (HSWM) is required to report to the County Leadership Team and the Policy and Resources Committee (P&R) annually on the health, safety and well-being performance of NCC and progress on key priorities.

The main purpose of this report is to provide an in year update regarding progress with the 2017-2020 plan agreed at July P&R ensuring that members have the information necessary to satisfy themselves of the effectiveness of the NCC health and safety management system.

The overall performance picture is a positive one, incident occurrences compare well nationally (reportable incidents to employees for 2016/17 was 1.25 compared to the national figure of 2.93), the use of Norfolk Support Line remains high and the usage of the musculoskeletal service to prevent absence is positive. However the report does identify a number of contrasting indicators of performance; for example although the number of employees still working at the time of referral to the musculoskeletal scheme has increased the actual numbers of referrals has decreased and although the number of reportable incidents to staff have decreased, the number involving members of the public has increased.

A government commissioned report on mental health 'Thriving at work' was recently published. The review centres on how employers can better support the mental health of all people currently in employment to remain in and thrive at work. We have taken the

opportunity in this report to provide members with an overview of NCCs current position regarding the recommendations made as a result of the review.

This report does not cover or include the work of the Health and Well-Being Board or the Public Health responsibilities of NCC.

#### **Recommendations and decisions:**

##### **Members are asked to:**

- **Consider and comment on the mid-year performance position**
- **Consider and comment on the progress made against the 2017-20 plan to date**
- **Consider and comment on the assessment of NCCs position against the recommendations of 'Thriving at work'**

## **1. Financial Implications**

There are no specific financial implications to bring to the attention of members, although reference should be made to section 2, Issues, risks and innovation.

## **2. Issues, risks and innovation**

### **Section 17 – Crime and Disorder Act**

Some violent incidents reported to NCC are also classified as crime and disorder incidents and as such anonymised statistical information is provided to Norfolk Police in relation to these incidents.

### **Risk Implications/Assessment**

If the Authority does not have a robust and proactive health and safety management system there are legal, reputational and financial risk implications, for example, there is a risk that the Authority will be exposed to enforcement action and ultimately prosecution. There is also a risk of an increase in successful civil claims made against the authority. It should be noted that as the legal employer in NCC schools this risk also applies to schools, unless their status means we are not the employer e.g. academies. The indicators of health and safety performance are generally positive so far this year with an overall reduction in incidents both reportable and non-reportable compared to last year and an improvement in some of the well-being indicators, however there are some areas that require improvement highlighted in the report. The future priorities and plan outlined in section 5 of the main report will support improvement in NCC performance.

### **Background Papers**

[Health, Safety and Well-being Annual Report 2016-17](#)

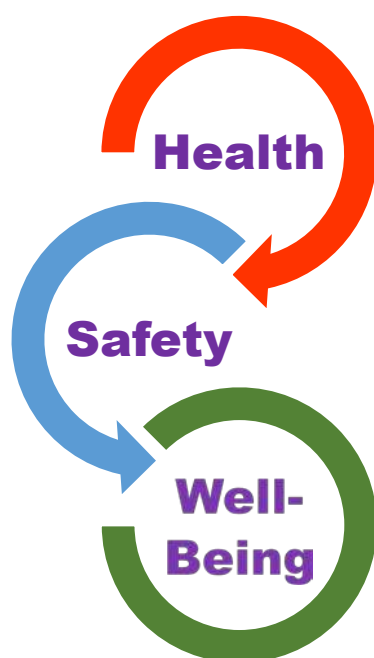
### **Officer Contact**

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

**Officer Name:** Derryth Wright, Health, Safety and Well-being Manager  
**Tel No:** 01603 222912  
**Email address:** [Derryth.wright@norfolk.gov.uk](mailto:Derryth.wright@norfolk.gov.uk)



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.



# Mid-year report 2017/18

*Tel: 01603 223989*

*[Healthandsafety@norfolk.gov.uk](mailto:Healthandsafety@norfolk.gov.uk)*

*[Well-being@norfolk.gov.uk](mailto:Well-being@norfolk.gov.uk)*



## Table of Contents

<b>1.0</b>	<b>Executive summary.....</b>	<b>3</b>
<b>2.0</b>	<b>Overview of the Health, Safety and Well-being Service.....</b>	<b>4</b>
<b>3.0</b>	<b>NCC mid-year performance summary.....</b>	<b>5</b>
3.1	Occupational safety and health performance.....	5
3.2	Well-being performance.....	6
<b>4.0</b>	<b>Thriving at work, the Stevenson/Farmer review.....</b>	<b>7</b>
4.1	Overview of the report.....	7
4.2	Analysis of NCCs position against the recommendations.....	7
<b>5.0</b>	<b>Priorities and plan progress.....</b>	<b>8</b>
<b>5.0</b>	<b>Glossary and definitions.....</b>	<b>17</b>

## 1.0 Executive summary

This report primarily provides an in year performance position for Health, Safety and Well-being (HSW) for Norfolk County Council (NCC) as an employer and an update on progress with the 2017-20 plan approved at July committee.

It also provides a final position on the 2016/17 'reportable' incidents against the national figures for the year that are published by the Health and Safety Executive (HSE) in October (see Key Outcome 2).

The mid year performance summary in 3.0 is a mixed picture.

There are many positive indicators:

- Reportable incidents to staff in the main have stayed the same or reduced compared to the same period last year (0.67 per 1000 f.t.e. compared to 0.77 for 16/17)
- Number of non reportable incidents per 1000 f.t.e. have also reduced (40.09 per 1000 f.t.e. compared to 44.86 for 16/17). This has had a direct impact on the number of incidents in the top 5 causes of incidents
- The useage of Norfolk Support Line remains high at 5% (although lower than the end of year position for 16/17 of 6%)
- The number of employees still working at the time of referral to the musculoskeletal scheme has increased slightly from 88% to 90%
- NCC Services well-being assessment scores have improved with 52% considered low risk compared to the end of year figure for 16/17 of 40%

However there are also some areas that remain static or where performance has dipped:

- The number of reportable incidents involving members of the public has increased from 1 to 5.
- The premises/team risk rating scores haven't changed from the end of year position for 16/17.
- There has been a decrease in attendance at tutor led training from 13.48 to 10.04 per 1000 f.t.e.
- The number of referrals to the musculoskeletal scheme has reduced from 73 to 64 per 1000 f.t.e.
- Individual support for work related stress has increased from 31% to 39%
- A number of significant heart health indicators remain a concern in people attending NHS Health Checks such as 76% (25) of NCC services staff reciving a check were considered to be overweight or obese. Although the number of employees that receive a check are low this is above the all Norfolk average of 62%.

Good progress has been made with the 2017-2020 plan (5.0), the work in this plan should help to improve NCC performance in the areas indicated above.

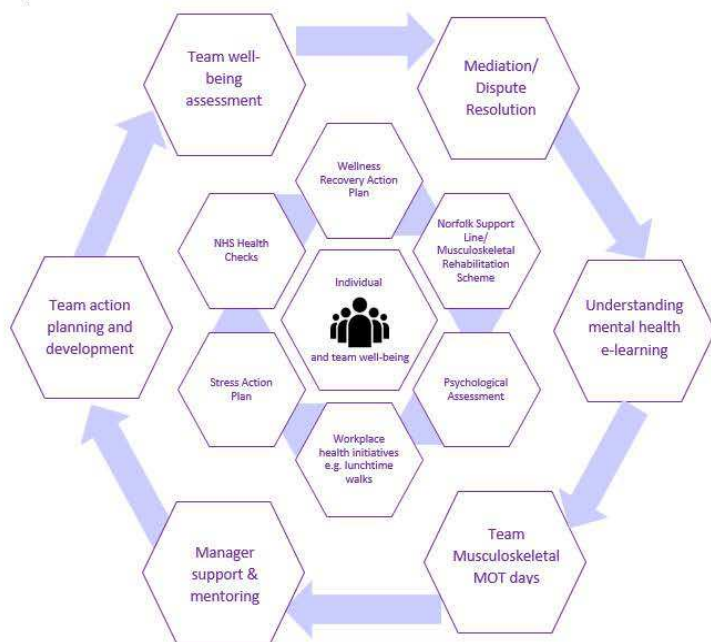
Section 4 provides an overview of the NCC position against the recommendations of the recently published Stevenson/Farmer report 'Thriving at work'

## 2.0 Overview of the Health, Safety and Well-being Service (HSW)

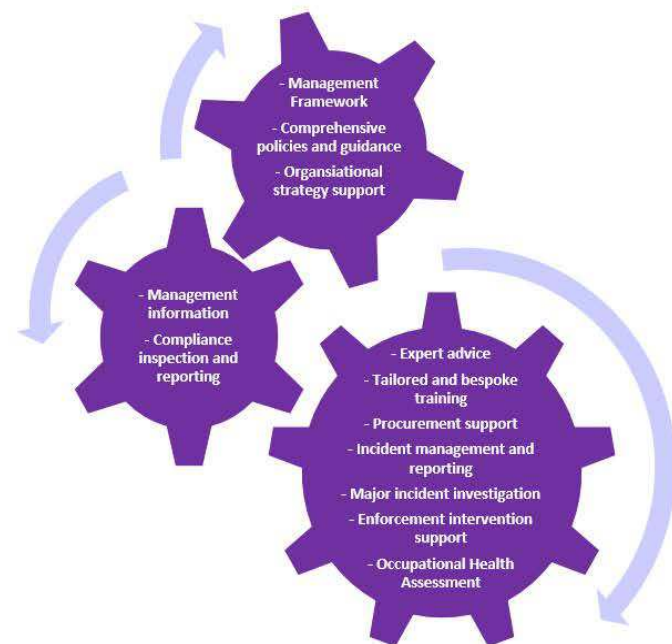
The HSW service provides the strategic framework for NCC to deliver its statutory HSW responsibilities. We provide professional advice and support to services, teams and individuals across NCC to ensure effective and proportionate management of risks and organisational resilience.

The services provided by the team to deliver this are represented in the diagrams below:

Well-being Service



Occupational Safety and Health Service



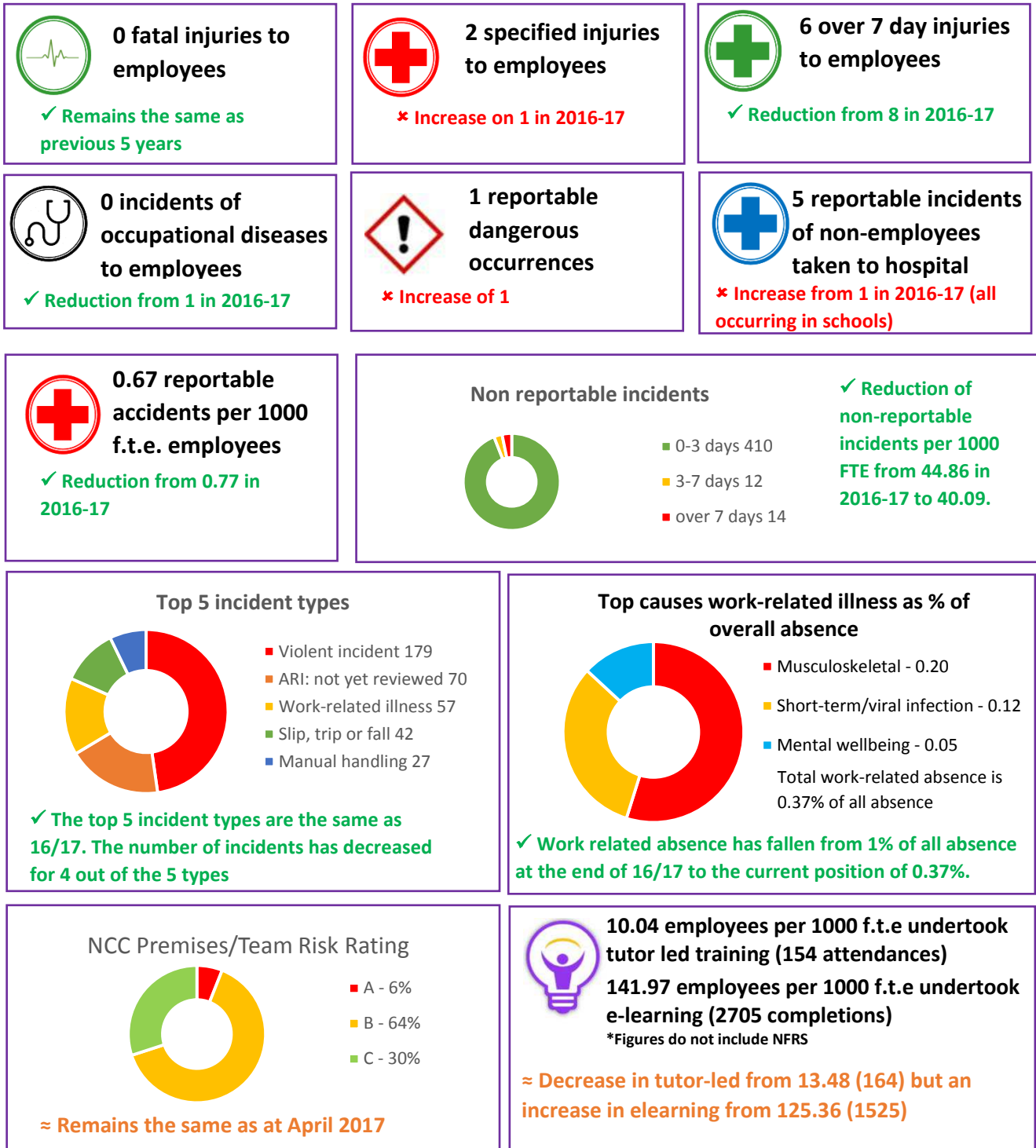
The core occupational safety and health services are provided to service departments and schools where NCC maintain employer liabilities. The team has also developed a traded service offer providing cost effective service options through delivery of similar products as outlined above for other local authorities, public sector organisations and non-local authority schools (the well-being service is also provided on a traded basis to local authority schools). This approach has successfully enabled the service to NCC to remain resilient whilst reducing the overall cost to the authority.





## 3.0 NCC mid year performance summary

### 3.1 Occupational Safety and Health Performance



The overall performance at the mid year point can be described as good. Although some reportable incident types have increased the majority of indicators are an improvement on last year or remain the same.

\* All comparisons are to the mid point of 16/17 unless otherwise stated

A - 6% B - 64% C - 30%

## 3.2 Well-being Performance



### NSL 5% usage

≈ Less than 2016/17 end of year figure. Above the national average of 4%

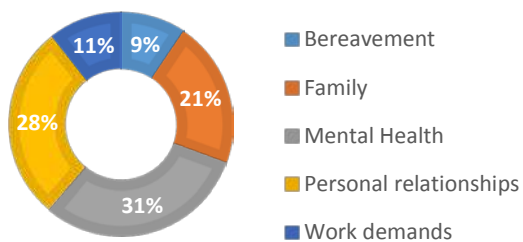


### 64 MIRS referrals per 1000 f.t.e

(NCC Services figure only)

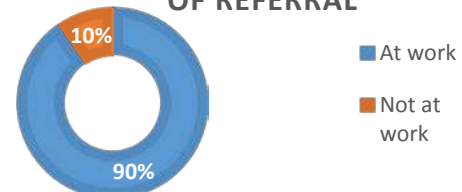
✖ 80 referrals per 100 f.t.e is considered good. 2016/17 figure was 73

### TOP 5 REASONS FOR CALLING NSL



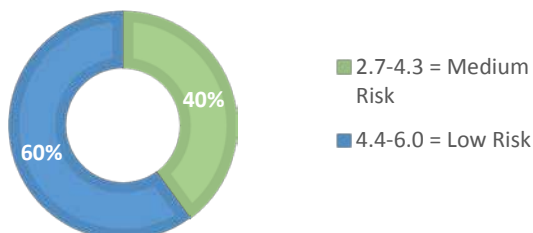
✓ Only 1 work related issue in top 5 compared to 2 in 2016/17 at this point

### MIRS EMPLOYEE STATUS AT POINT OF REFERRAL



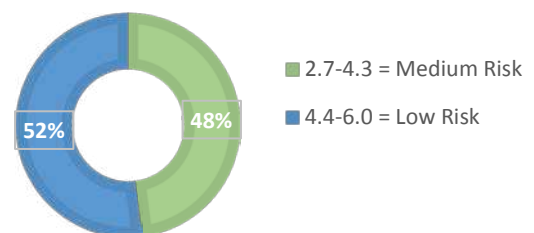
✓ Increase on 2016/17 (88% at work). Highest level for any organisation using this service

### SCHOOLS WELL-BEING ASSESSMENT



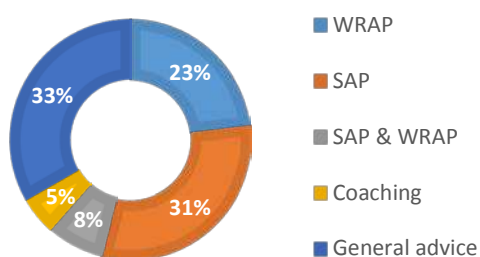
≈ % of teams that are medium risk are similar to 2016/17 (42%)

### NCC SERVICES WELLBEING ASSESSMENT



✓ % of teams that are medium risk has reduced compared to 2016/17 (60%)

### INDIVIDUAL WELL-BEING SUPPORT



≈ Support relating to work related stress has increased as a % compared to 16/17 (from 31% to 39%) but there have been no cases of bullying and suspension support required



### NHS Health Checks results:

✓ 96% non-schools staff low risk of CVD  
✓ 95% schools staff low risk of CVD  
(All Norfolk 68%)

✖ 76% non-schools staff BMI overweight or obese

≈ 56% schools staff BMI overweight or obese

(All Norfolk 62%)

✓ 64% low risk of diabetes in non-schools

✓ 68% low risk of diabetes in schools

\*% scores are of those employees that have received a health check

The overall performance at the mid year point can be described as a mixed picture. Some indicators are positive such as, non schools well-being assessments and employee status at the time of referral to the MIRS scheme, however there are also some areas where there is no improvement in the picture or a downward trend.

\* All comparisons are to the mid point of 16/17 unless otherwise stated

## 4.0 Thriving at Work, the Stevenson/Farmer review

### 4.1 Overview of the report

In January 2017 the Prime Minister asked for an independent review into how employers could better support the mental health of all people currently in employment. The scope of the review looked at mental health in its widest sense whether it was related to work or not. The report was published in October 2017 and provided 40 recommendations to achieve the ten year vision:

- Employees in all types of employment will have ‘good work’, which contributes positively to their mental health, our society and our economy.
- Everyone will have the knowledge, tools and confidence, to understand and look after our own mental health and the mental health of others around us.
- All organisations, whatever the size will be:
  - equipped with the awareness and tools to not only address but prevent mental ill health caused or worsened by work;
  - Equipped to support individuals with a mental health condition to thrive, from recruitment and throughout the organisation
  - Aware of how to get access to timely help to reduce sickness absence caused by mental ill health
- We dramatically reduce the proportion of people with a long term mental health condition who leave employment each year and ensure that all, who can, benefit from the positive impacts of good work

### 4.2 Analysis of NCCs position against the recommendations

NCC has a good history of addressing and supporting mental health well-being for our employees. A commitment to staff well-being is incorporated into the overarching Health, Safety and Well-being commitments document, which is signed by the Managing Director and Leader of the Council. Underpinning this commitment are a number of support tools and services made available to staff including:

- Team well-being assessments
- Norfolk Support Line
- Understanding mental health e-learning
- Wellness Recovery Action Plans
- Stress Action Plans
- Mediation services
- Psychological assessments
- Critical incident support
- Well-being officer support

Analysis of our approach against the recommendations made in the report shows that NCC already has in place a significant number of the actions identified. It is however important that we have confidence that these tools are fully utilised to support our employees mental health. Performance indicators relating to well-being of staff are included in this report and the HSW team will continue to work with CLT to ensure the support is well promoted and use is actively encouraged.



## 5.0 Priorities and plan progress 2017-2020

The below priorities have been developed in order to deliver the health, safety and well-being strategic framework and to support improvements in the organisations health, safety and well-being performance. These span across 3 years to enable longer term activities to have the desired impact. Currently there are limited targets set as a number of the measures are new, 2017 will be used to develop benchmarks and set improvement targets for the following two years.

Key Outcome 1: Develop a sustainable positive Health, Safety and Well-being culture (awareness/buy-in) in NCC		
What good would look like	Measures and targets	Current Status
<ul style="list-style-type: none"> <li>The HSW implications of plans and activities are discussed at the 'top table' (CLT, CLG, SMT's, Member meetings) in a timely way</li> <li>The top table review and manage HSW performance</li> <li>The HSW team are invited to proactively advise on and influence organisational developments and plans</li> </ul>	<ul style="list-style-type: none"> <li>Count of top table items where HSW had to raise concerns retrospectively (low is good)</li> <li>% of services with an up to date risk profile (high is good). <i>Target 100% by 2018/19</i></li> <li>Risk range on service risk profiles reduces over time (low is good)</li> </ul>	<p><b>0 Green</b></p> <p><b>0 Amber</b></p> <p><b>N/A Currently</b></p>
	<ul style="list-style-type: none"> <li>Count of times HSW escalated issues to SMTs (low is good)</li> <li>Count of projects/cases where HSW had to request involvement post initiation (low is good)</li> </ul>	<p><b>1 Green</b></p> <p><b>1 Green</b></p>
	<ul style="list-style-type: none"> <li>Count of proactive contact for health and well-being support/service provision e.g. prior to absence (high is good)</li> <li>Count of incidents not reported/retrospectively discovered by HSW (low is good)</li> </ul>	<p><b>Not currently available</b></p> <p><b>4 (currently only captured from 1 source) Green</b></p>

<ul style="list-style-type: none"> <li>NCC Services have an up to date risk profile</li> <li>NCC have a collaborative relationship with unions to improve HSW management</li> </ul>	<ul style="list-style-type: none"> <li>% of confidence in management score on NCC services monitoring visits that are 3 or lower (high is good) <i>Target 100% by 2018/19</i></li> <li>Count reportable and non-reportable incidents per 1000 f.t.e (low is good) <i>Reportable target 1, Non-reportable target 95 by 2018/19</i></li> <li>Count of Union issues requiring HSW intervention (low is good)</li> </ul>	<p><b>96% Amber</b></p> <p><b>Reportable: 0.67</b> <b>Non-reportable: 40.09 Green</b></p> <p><b>7 Amber</b></p>
<ul style="list-style-type: none"> <li>NCC employees are involved in improving services HSW performance</li> <li>Employee health and well-being is supported through positive management behaviour and actions</li> <li>Managers and employees are proactively contacting HSW to engage in our services</li> </ul>	<ul style="list-style-type: none"> <li>Count of joint union/HSW activity (high is good)</li> <li>Count of well-being facilitators across NCC services (high is good). <i>Target 250 by 2019/20</i></li> <li>Departmental well-being scores are improving (low is good) <i>Target 0% high risk score, 55% medium risk score, 45% low risk score by 2018/19</i></li> <li>HSW Norfolk Audit Service audit reports as adequate or better</li> </ul>	<p><b>2 Amber</b></p> <p><b>228 Green</b></p> <p><b>High 0%, Medium 52%, Low 48% Green</b></p> <p><b>Green</b></p>
<b>SUMMARY OF HSW ACTIVITY IN 2017/18 TO SUPPORT THE OUTCOME AND DETAIL RELATING TO STATUS ANALYSIS:</b>		
<ul style="list-style-type: none"> <li>Management information provided to SMTs has been reviewed. Annual and half yearly performance data will now be provided and presented to SMTs in line with the information provided in the annual and mid-year report but at a directorate level. Annual performance reports have been delivered for 2016/17</li> <li>All SMTs have been offered support to develop their risk profile, this is in progress for 3/5 directorates</li> <li>HSW became involved in a office move in a partner premises after complaints regarding the environment from staff.</li> <li>Audit of HSW function and management systems concluded that corporate health and safety systems are in place to ensure that NCC has adequate provisions to reinforce, maintain and develop its ability to reduce risks to the fullest extent and to ensure the continued effectiveness of its health and safety management arrangements. The audit rating 'was acceptable' (possible ratings are 'acceptable' or 'key issues to be addressed').</li> <li>A review on the level of well-being facilitator engagement in the programme has been initiated, the results of this will be available by the end of 2017/18 to enable a programme of further work to be developed. Alongside this we are now able to track whether the newsletter sent to facilitators has been read and which articles create the highest interest.</li> </ul>		

**Outstanding Activity:**

- Deliver HSW leadership refresher training to CLG
- Reinvigorate the well-being facilitator programme to strengthen well-being work at a team level across NCC
- Work with Unison to identify joint initiatives and areas of activity
- Invite stewards to shadow team activity to improve their understanding of the work of the team and improve working relationships
- Develop a means of risk scoring well-being management in teams that do not participate in the well-being programme
- Target HSW training to services and areas of highest risk/non-compliance

**ISSUES, DEPENDENCIES AND ACTIONS:**

- Incident figures and absence figures include NFRS which are managed separately to other NCC services
- Incident figures and absence figures include NCC schools which have more devolved management

Key Outcome 2: Improve the standard of HSW management (results) in NCC so that employees are at work, well and productive		
What good would look like	Measures and targets	Current Status
<ul style="list-style-type: none"> <li>•Risk profile of NCC has gone down</li> <li>•Managers and Employees are managing HSW issues proactively together</li> <li>•HSW activity focuses on the right things (complex, high risk activities)</li> </ul>	<ul style="list-style-type: none"> <li>• Premise/team risk score profile decreases (low is good) <i>Target 5% A, 58% B, 37% C by 2018/19</i></li> </ul>	6% A, 64% B, 30% C Amber
	<ul style="list-style-type: none"> <li>• % of confidence in management score on NCC services and schools monitoring visits that are 3 or lower (high is good) <i>Target 100% by 2018/19</i></li> </ul>	96% Amber
	<ul style="list-style-type: none"> <li>•Number of inspection revisits needed decreases (low is good) <i>Target &lt;10% by 2019/20</i></li> </ul>	Not currently available
	<ul style="list-style-type: none"> <li>•Count of lone working compliance issues identified during NCC services monitoring visits (low is good)</li> </ul>	51% Red
	<ul style="list-style-type: none"> <li>•Lone working device usage reports are positive (high is good)</li> </ul>	Not currently Available
	<ul style="list-style-type: none"> <li>• Departmental well-being scores are improving (low is good) <i>Target 0% high risk score, 55% medium risk score, 45% low risk score by 2018/19</i></li> </ul>	High 0%, Medium 52%, Low 48% Green
<ul style="list-style-type: none"> <li>•HSW interventions improve standards 1<sup>st</sup> time</li> </ul>	<ul style="list-style-type: none"> <li>• Reportable incident rates remains below national average (2.93 for 2016/17)</li> </ul>	1.25 for 2016/17 Green
<ul style="list-style-type: none"> <li>•We utilise partnerships to improve HSW to the full</li> </ul>	<ul style="list-style-type: none"> <li>•Count reportable and non-reportable incidents per 1000 f.t.e (low is good) <i>Reportable target 1, Non-reportable target 95 by 2018/19</i></li> </ul>	Reportable: 0.67 Non-reportable: 40.09 Green

<ul style="list-style-type: none"> <li>•Health support e.g. Occ Health and MIRS are used proactively</li> <li>•Lone working equipment is available to the staff that need it and it is used</li> <li>•Managers and employees are competent in their role</li> </ul>	<ul style="list-style-type: none"> <li>•MSD and MH absence per 1000 f.t.e reducing (low is good) <i>MSD target 1200, MH target 1500, by 2019/20</i></li> <li>•Use of MIRS and NSL increasing (high is good) <i>MIRS target 500 NCC staff, 350 school staff; NSL target 7% by 2019/20</i></li> <li>•% of work related NSL calls reducing (low is good) <i>Target 25% by 2019/20</i></li> <li>•% of staff referred to OH and MIRS whilst still at work (high is good) <i>MIRS target 90% by 2018/19</i></li> <li>•Ratio of OH appointments to number of individuals referred (low is good) <i>Target 1.35 by 2018/19</i></li> <li>•100% of mediation agreements remain in place after 6 months and 1 year</li> <li>•Count of formal grievances concerning working relationship issues (low is good) <i>Target &lt;4 by 2018/19</i></li> <li>•Count of public health campaigns in the workplace (high is good) <i>Target 5 by 2018/19</i></li> </ul>	<p><b>MSD 381.28 MH: 744.21 Amber</b></p> <p><b>MIRS 202 NCC staff, 141 schools staff; NSL usage 5% Amber</b></p> <p><b>21% Green</b></p> <p><b>MIRS 90% Green</b></p> <p><b>No in year data available</b></p> <p><b>No in year data available</b></p> <p><b>3 Amber</b></p> <p><b>2 Amber</b></p>
---	---	--



	<ul style="list-style-type: none"> <li>•Count of employees completing HSW training per 1000 f.t.e. (high is good) <i>Target 0.05 per fte for tutor led by 2018/19 2 per fte for e-learning by 2018/19</i></li> <li>•% of employees completing training following the need being identified through HSW visits (high is good)</li> <li>•Count of low level queries (guidance readily available) received by HSW (low is good)</li> <li>•Count of enforcement agency interventions <i>Target 0</i></li> </ul>	<p><b>0.01 for Tutor Led 0.14 for e-learning Red</b></p> <p><b>Not currently available</b></p> <p><b>53 Amber</b></p> <p><b>0 Green</b></p>
<b>SUMMARY OF HSW ACTIVITY TO SUPPORT THE OUTCOME AND DETAIL RELATING TO STATUS ANALYSIS:</b>		
<ul style="list-style-type: none"> <li>• High hazard teams have been identified and monitoring activity has commenced</li> <li>• Focused high school visits regarding asbestos objects has commenced</li> <li>• A desktop review of accommodation related commissioned and contracted services has commenced</li> <li>• The team continue to deliver NHS Health Checks in support of this Public Health priority. We also worked with Public Health on promoting World Mental Health Day, providing information to the well-being facilitators, as well as delivering promotional events at County Hall including a midfulness taster session which was attended by 45 people.</li> <li>• Schools PeopleNet has been replaced by HR Infospace. The process to transfer information across has been time consuming and has meant some information has not been as readily available as it should be. This has impacted on the number of low level queries recived by the team.</li> <li>• There have been a number of enquiries from the HSE about incidents but these have not resulted in formal intervention.</li> </ul> <p><b>Outstanding activity</b></p> <ul style="list-style-type: none"> <li>• HSW proactive monitoring activity for 2017-20 to focus on: <ul style="list-style-type: none"> <li>○ Construction</li> <li>○ Legionella</li> <li>○ Personal Safety</li> <li>○ Team based visits</li> <li>○ Focused high school visits e.g. Science, D&amp;T</li> <li>○ Commisioned and contracted services</li> </ul> </li> <li>• Develop and publish a well-being calendar of promotional events for each year</li> <li>• Investigate a means of identifying new managers in NCC services for targeted HSW support</li> <li>• Improve the training available to managers on managing mental well-being and work related stress</li> </ul>		

**ISSUES, DEPENDENCIES AND ACTIONS:**

- Incident figures and absence figures include NFRS which are managed separately to other NCC services
  - Incident figures and absence figures include NCC schools which have more devolved management
- Referrals for mediations and impact on grievance cases depends on good partnership working with other areas of the HR service

Key Outcome 3: HSW have a successful strategic approach to trading and cost recovery		Current Status
What good would look like	Measures and targets	
<ul style="list-style-type: none"> <li>• HSW are academies preferred providers</li> <li>• We are clear of our true costs and our income potential</li> <li>• Pricing model truly reflects cost recovery</li> <li>• Income targets for all traded services are achieved</li> <li>• The traded offer increases the number of schools purchasing and the average value of the purchases</li> <li>• Partnerships with NCC services are fully utilised to support the trading model e.g. EdSol, Legal, Finance</li> <li>• The HSW team have the skills and aptitudes to be successful</li> <li>• The resilience of the HSW service to NCC is supported by the traded model</li> </ul>	<ul style="list-style-type: none"> <li>• % of our market share supports income potential</li> </ul>	End of year measurement
	<ul style="list-style-type: none"> <li>• % decrease in HSW allocated budget <i>Target 19% decrease from 2015/16 budget by 2019/20</i></li> </ul>	Green
	<ul style="list-style-type: none"> <li>• Average value of service per school increases</li> </ul>	End of year measurement
	<ul style="list-style-type: none"> <li>• Team L&amp;D plan developed and delivered by 2018/19</li> </ul>	Green
	<ul style="list-style-type: none"> <li>• NCC culture and management delivery targets are achieved</li> </ul>	Amber
SUMMARY OF HSW ACTIVITY IN 2017/18 TO SUPPORT THE OUTCOME AND DETAIL RELATING TO STATUS ANALYSIS:		
<ul style="list-style-type: none"> <li>• Team job descriptions have been reviewed and revised to cover all traded service requirements and set expectations</li> <li>• Team learning and development plan produced and training in marketing skills/identifying marketing improvement requirements has been delivered</li> <li>• Progress has been made on a marketing approach to maximise sales</li> <li>• A ready reckoner is now being used to understand income position and purchasing trends to support the marketing approach</li> <li>• Additional contracts have been appropriately resourced with fixed term contract staff</li> <li>• Current purchases to date amount to an income of £230,000 for 17/18</li> </ul> <p><b>Outstanding Activity:</b></p> <ul style="list-style-type: none"> <li>• Develop relationships with other NCC services that are trading to maximise our impact</li> <li>• Develop a mechanism for regular customer feedback to ensure satisfaction is maintained and provide testimonials</li> </ul>		
New business is appropriately resourced		Green

<b>ISSUES, DEPENDENCIES AND ACTIONS:</b>
Threats: <ul style="list-style-type: none"><li>• Academy chains become too large to buy in (employee in-house resource)</li><li>• Academy chains that already have in house resource increase their market share</li><li>• Change in government policy reduces the number of academies</li><li>• Results are partially dependent on the success of Educator Solutions</li></ul>



## 6.0 Glossary and definitions (grouped by related areas)

### **Reportable incidents (RIDDORs)**

Employers are required to report certain serious workplace accidents, occupational diseases and dangerous occurrences to the Health and Safety Executive. These are defined in law and it is an offence not to report them within the specified time period. These include:

#### **Fatalities**

Accidents that result in the death of an employee or non-employee that arise from a work related accident

#### **Specified injuries to employees**

Examples of specified injuries that are reportable include: injuries requiring hospital admission for more than 24 hours, fractures, amputations, serious burns, loss of sight, significant head injuries

#### **Over 7 day injuries to employees**

Work related accidents that result in an employee being unable to undertake their normal duties for more than 7 consecutive days (including weekends)

#### **Occupational Diseases to employees**

Examples of occupational diseases that are reportable where diagnosed by a medical practitioner are: carpal tunnel syndrome, occupational dermatitis, severe cramp of the hand or forearm, occupational cancer, tendonitis of the hand or forearm

#### **Dangerous Occurrences**

These are serious incidents that may not have caused any injury but had the potential to do so. Examples include: the accidental release of a substance that could cause harm to health such as asbestos, fire caused by electrical short circuit that results in the stoppage of the plant involved for more than 24 hours, equipment coming into contact with overhead power lines

#### **Injuries to non-workers**

Where a non-employee e.g. a member of the public, a pupil or a service user has an accident on our premises and are taken to hospital from the scene for treatment

#### **Rate per 1000 fte**

= total number of the item being measured/number of full time equivalent employees x 1000

This is a useful figure for comparison against national figures or previous years as it takes into account size of organisation

#### **National Comparator**

Rate of reportable accidents to employees per 1000 employees. This figure is released every October so only 2015/16 are currently available

#### **ARI: Not yet reviewed**

Incidents that are reported on our online system need to be assigned an injury category. As anyone can report an incident the assigned manager then needs to confirm the injury type. Until they do this the category is assigned as ARI: Not yet reviewed

#### **Work Related Absence**

Absence declared by the employee as relating to work. This may be caused or exacerbated by work.

### **Risk Profile**

In order to help prioritise the work of the HSW team and to provide an objective measurement of compliance all teams/premises are risk rated following a monitoring inspection. The risk rating score considers the types of activities, equipment and people on site; the systems that are in place to manage these and how well any risks are being controlled. Consideration is also given to the experience and competence of people with a key role in managing health and safety. The total score is converted into a risk category which determines the frequency of visit required and can be used to provide a risk profile for NCC.

### **Musculoskeletal Injury Rehabilitation Scheme (MIRS)**

MIRS is a fast track physiotherapy treatment service that helps staff with a musculoskeletal injury (back pain, muscle strain, overuse injuries, frozen shoulder, whiplash, ligament damage, tendonitis, sciatica, etc.) in managing or reducing the impact of their injury on work. People who are referred to the service consistently report the treatment either helped them return to work earlier, or prevented them taking sickness absence.

The service includes:

- An initial telephone assessment with a physiotherapist within 24 hours of being referred to establish the best course of treatment, and where required an initial treatment session is usually offered within 3 working days.
- An assessment report for the line manager outlining the problem and recommended treatment.
- A discharge report for the manager reiterating the information in the assessment report and providing an assessment of the outcome of any treatment given.
- FCEs for staff who are reporting that their health conditions are limiting their capacity to undertake their duties.
- Workstation, workplace and vehicle assessments for staff who are reporting these are having an impact on their health condition.

### **Non Reportable (RIDDOR) Incidents**

Incidents that result in injury that are not classed as reportable. These do not include any incident that did not result in an injury e.g. near miss incidents, damage to property or dangerous occurrences.

### **Monitoring Inspection**

These are visits undertaken by professional health and safety staff to determine the level of compliance with standards and policies to manage risks. Managers receive a report following the visit that identifies areas of good practice, matters requiring attention and best practice recommendations. The team/premise are risk rated as a result of these visits.

### **Musculoskeletal Health**

The musculoskeletal system is the system of muscles, tendons and ligament, bones and joints, and associated tissues that move the body and help us to maintain our structure and form. The health of the musculoskeletal system can be impacted by many factors both work and non-work related. Examples of work activities that can impact on this include tasks involving repetitive movement or physically demanding tasks.

### **Functional Capacity Evaluations (FCEs)**

An FCE tests an individual's ability to perform a series of tasks, which simulate the activities they usually undertake within their job role. This will determine the extent to which an individual is able to perform these tasks on a regular basis. The goal of an FCE is to enable the employee and manager to make decisions regarding work and musculoskeletal health based on objective information.

### **Wellness Recovery Action Plan (WRAP)**

A way for employees to understand and manage a chronic health condition, particularly in relation to its impact on work. Although it is usually used for psychological health conditions (Stress, anxiety depression) it is also effective for physical conditions (e.g. diabetes, arthritis).

### **Norfolk Support Line (NSL)**

A well-established independent, confidential and professional advice and counselling service for employees; available 24 hours per day, 7 days a week, 365 days a year, on matters such as:

- money management
- substance misuse
- legal queries
- phobias
- consumer advice information
- trauma
- stress
- bereavement
- domestic matters
- emotional problems
- anxiety/depression

### **Stress Action Plan (SAP)**

A way to enable employees and managers to understand why stress is perceived as work related. The employee will identify the behaviours in the workplace that they believe are causing them stress, and cite specific examples of when the behaviours occurred. The employee will also identify measures they believe will reduce the stress. This enable the manager to understand an employee's perceptions, and work cooperatively to address or explain the behaviours.

### **NHS Health Checks**

The health checks provide employees with a picture of their general health through an assessment of:

- blood pressure
- weight
- BMI
- pulse rhythm
- physical activity levels
- alcohol usage
- blood cholesterol levels
- blood sugar levels (if appropriate)
- risk related to family history

The results and implications will be conveyed to the employee in a practical way to help them make changes to reduce their risk of cardiovascular disease (CVD) and diabetes.

# Policy and Resources Committee

Item No 12

<b>Report title:</b>	<b>Recommendations from the Constitution Advisory Group meeting held on 8<sup>th</sup> November 2017</b>
<b>Date of meeting:</b>	<b>27 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Managing Director</b>
<b>Strategic impact</b>  Article 13 of the Constitution provides that changes to the Constitution may only be made by full Council following consideration of the proposal by the Constitution Advisory Group (CAG) who will make recommendations to this Committee. The Group met on 8 <sup>th</sup> November 2017 and made recommendations to the Policy and Resources Committee which are set out in this report.	

## Executive summary

This report sets out recommendations made by the Constitution Advisory Group at its meeting held on 8<sup>th</sup> November 2017.

The **recommendations** from CAG are as follows:

**(a) Media Protocol (report to CAG attached at Appendix A)**

To endorse and recommend to Policy and Resources Committee the Media Protocol subject to adding at the end of 3a "The Communications Team will use its best endeavours to supply press releases as early as possible to opposition spokespersons".

**(b) Review of Financial Standing Orders (FSOs) and Consequential Amendments to the Constitution (report to CAG attached at Appendix B)**

1. To endorse and recommend to Policy and Resources Committee the Financial Regulations as set out in Appendix 1 of the report to CAG
2. To agree the proposed anti-money laundering policy and supporting guidance referred to in section 4.6 of the Financial Regulations for recommendation to Policy and Resources Committee (Appendices 3 and 4 to the report to CAG);
3. To agree and recommend to Policy and Resources Committee the consequential changes to the Constitution arising from past changes to the Financial Regulations and the establishment of the Corporate Property Team as set out in Appendix 5 to the report to CAG.



- (c) **Proposed changes to the Scheme of Delegation to better reflect the statutory functions of the County Council as Lead Local Flood Authority (report to CAG attached at Appendix C)**

To endorse and recommend to Policy and Resources Committee that an amendment is made (as set out in 1.2 of the report to CAG) to Section B, Part 6.2 of the Norfolk County Council Constitution to better reflect the carrying out of statutory functions under the Flood and Water Management Act 2010 and The Town and Country Planning (Development Management Procedure) (England) Order 2010.

- (d) **Changes to Scheme of Planning Delegations (report to CAG attached at Appendix D)**

To endorse and recommend to Policy and Resources Committee that the changes to the constitution are adopted.

- (e) **Access Joint Committee – Changes to the Constitution (report to CAG attached at Appendix E)**

To note the changes which will be reported to Full Council.

- (f) **Norfolk Health & Wellbeing Board - Review of Governance Arrangements (report to CAG attached at Appendix F)**

To endorse and recommend to Policy and Resources Committee that the Council's Constitution be amended to reflect the Health & Wellbeing Board's updated terms of reference (Appendix A of the report to CAG)

- (g) **Public Questions**

To endorse and recommend to Policy and Resources Committee that the following be inserted at the end of 5.1 "Eligibility to ask questions does not extend to County Council employees asking questions relating to their employment."

## **2. Financial Implications**

These are dealt with in the reports to CAG which are attached.

## **3. Issues, risks and innovation**

3.1 There are no other relevant implications to be considered by members.

**Background Papers** – There are no background papers relevant to the preparation of this report.

## 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:

**Officer Name:**

**Tel No:**

**Email address:**

Chris Walton

01603 222620

chris.walton@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.

## MEDIA PROTOCOL

## 1. Introduction

Norfolk County Council is committed to effective communications so that residents are well informed about its services. The communications team works to promote and protect the Council's reputation, providing accurate and balanced media coverage of its work and activities.

The team operates within the terms and spirit of a legal framework which states that:-

*"A local authority shall not publish any material which in whole, or in part, appears to be designed to affect public support for a political party".*

This covers *"any communication, in whatever form, addressed to the public at large or to a section of the public"*.

Publicity issued by local authorities must be lawful, cost effective, objective, even-handed, appropriate, have regard to equality and diversity and be issued with care during periods of heightened sensitivity e.g. during a pre-election "purdah" period.

## 2. Principles

Underpinning the work of the communications team is a number of fundamental principles.

**Members actively involved.** The content of all principal news releases should be shared and developed in draft stages with the lead Member for the relevant service (usually the Committee Chair). Members whose contact details are included in press releases should be alerted to releases before they are sent to the media so that they have time to digest the issue prior to any media enquiry. They should not hear first from the media.

**Staff informed.** Media releases will be agreed with the principal officers and distributed to them prior to release. They will also be posted on the Council website on the day of publication.

**Honest.** The media team never knowingly misleads the media on a story or issue. Staff are in a long-term relationship with the local media in particular and trust in our approach is critical.

**Accessible and timely.** Staff are polite but firm in dealings with the media, always ensuring contact numbers are accurate and returning calls efficiently to recognise competing pressures on deadlines. The timeliness of the response rate to media enquiries is recorded and a media officer is available to the media on a 24-hour basis, seven days a week.

**Fair.** The media team does not routinely favour one media source over another. Where appropriate, staff will identify the relative importance of media sources and be able to clearly justify any strategy that promotes one over another.

### **3. Protocol**

#### **a) Clearance of media releases, statements and interviews:**

Media activity on behalf of the Council – statements, press releases and interviews – should be cleared by the following: i) the communications team; ii) relevant Committee Chairs or, in their absence, Vice-chairs; iii) relevant officers. This is to ensure “no surprises”, factual accuracy and consistency of Council messaging. (The only exceptions are the Museums and Libraries Services where releases that do not relate to policy or controversial matters may be released by the Services provided that they are simultaneously sent to the communications team).

#### **b) Interviews by politicians:**

The communications team is available to broker interviews with and offer advice to Committee Chairs and the Leader (unless pre-election purdah restrictions are in place). This enables the team to brief interviewees, to improve their chances of success and also to ensure that we can log the resultant coverage. To assist this process, we would encourage politicians to let us know if they are approached by the media. However, the team recognises that politicians are free to make their own arrangements with the media, especially on party political matters.

#### **c) Interviews by officers:**

No officer should speak to the media about Council issues without the prior approval of the communications team. This is to ensure “no surprises”, factual accuracy and consistency of Council messaging. It also ensures that the officer can be briefed and prepped by the communications team, which reduces the risk of an unsuccessful interview. Ideally, officers who take part in interviews should have had media training.

#### **d) Political releases and statements:**

Political groups are responsible for producing releases and statements relating to their group and party political issues. Political Assistants will pass these to the communications team shortly after issue and the communications team will share them with the relevant Committee Chairs, Group Leaders and Chief Officers. The communications team cannot be involved in this work, under the Government’s code of practice.

#### **e) Members quoted in Council press releases:**

Committee Chairs and/or the Leader should be quoted in Council releases relating to their service area, unless the Council is in a pre-election purdah period, in which case, officers should be quoted.

**f) Circulation to local Members:**

Press releases and statements relating to specific parts of the county should be shared with the relevant local Members before they are issued to the media, for their information. The local Member's contact details will be included on the release and local Members will be invited to quote in press releases where a quote is appropriate. The local Member will sign off the quote and is responsible for responding in a timely way.

**g) Circulation to Group Leaders:**

Group Leaders and Members whose contact details are included on press releases should be alerted to press releases before they are issued to the media, for information.

**h) Publication of press releases on the Council's website:**

The communications team will publish general press releases and statements – in other words, those issued to all media – on its website and may share them on social media. It will not publish statements provided to specific media outlets or resulting from specific media enquiries but will keep a record of them on its internal system.

**i) Publication of Committee and full Council agenda papers:**

Papers are published, where possible, five clear days before a Council or Committee meeting takes place. The Council generally issues a press release about certain items on the agenda at the same time the agenda is published. Group Leaders will be given copies of such releases and the reports to which they relate in advance of publication so they have time to digest the issue prior to any media enquiry.

**j) Motions and questions:**

Motions and questions from individual members shown on an agenda will not be publicised by the Council as a matter of fairness.

**k) Pre-election purdah period:**

Pre-election restrictions stop the Council from launching and publicising any new initiatives. Publicity must be restricted during this period to "business as usual" activity that pre-dates the calling of the election. It must not involve Members.

**l) Press releases:**

The communications team will email press releases to all Members as a matter of course and to all relevant local, regional and national media contacts and will update our distribution list, when we become aware of new outlets or journalists. We will also post releases online and, where appropriate Tweet links to them and post them on Facebook, if that is judged to be the best way to reach a particular audience.

**m) Council meetings:**

Council meetings are recorded as a matter of course and the media and public are free to film, record or photograph Council meetings provided they notify the Chairman of the Council and do not disrupt proceedings. We encourage broadcasters, as a courtesy, to inform the communications team in advance of any meetings they intend to record or film, due to the size of their equipment, so that we can suggest which part of the room they can film from.

**n) Public Information Notices**

Public Information Notices will give factual information and always provide the relevant departmental contact number. They will be distributed to all appropriate local media. Local Members will receive the notice by email where it relates to a particular divisional issue that may prompt constituent concern or query.

A copy will be emailed to the named officer contacts and appropriate Chief Officer for information.

**o) News Statements**

News statements will be issued by the communications team where necessary and appropriate in response to a particular request for comment. They will be printed on news release paper, clearly headed 'statement' and issued on request.

**p) Attributing comments and quotes**

Quotes and comments will normally be attributed to a named person, Member or Officer as appropriate, so that people know who to get in touch with in the event of further interest. This means that the communications team actively request the media to attribute quotes as opposed to the 'a council spokesman said' approach.

**q) Use of Embargoes**

Embargoes should only be used sparingly. This would most typically be when a news release is linked to a launch event, when an issue of confidentiality requires it, or when a third party requires it (e.g. announcement of award or additional funding). Embargoes are not legally enforceable and are adhered to by general local agreement.

**r) News Releases on Partnership issues or Projects**

Where we are either issuing or participating in the release of news on a partnership matter, the communications team will ensure that the Council's role or contribution is identified appropriately and the release includes quotes from named Members or Officers and that the Council logo is included with others on the release paper.

**s) Norwich Highways Agency Committee**

Where the Joint Highways Agency Committee (NHAC) is concerned, agreed communication protocols are already in place between NCC and Norwich City Council governing the production and publication of all media and PR materials.

Both communication units will ensure a timely response to requests for comment and approval to ensure that essential deadlines are met.

**t) Communications Support for Schools**

Practical support for schools is offered in times of particular difficulties or success. This is a paid for service and can be in the form of general advice and guidance, media releases, fielding media calls, media briefings/news conferences.

In general terms:-

The content of all media releases will be cleared in advance with the Head teacher and, if possible, the Chair of Governors.

Any media release will make it clear it is being issued on behalf of the school concerned and headed with the name of the school governing body as appropriate.

Relevant school contact names and numbers will be included on any release except where prior agreement has been reached that communications team staff should field all calls in the first instance.

The Councillor with responsibility for schools will be kept fully informed on media issues affecting schools in line with the 'no surprises' principle.

**u) Letters for Publication**

The communications team will, in consultation with appropriate Committee Chairs consider the need to reply to letters and articles about the Council or its services that appear in the press and help draw up letters for publication, if appropriate. In such cases, the Committee Chair concerned will sign the letter or agree who else is best to respond having seen and approved the text prior to it being submitted. A copy of the letter will be sent to the Leader and Deputy Leader at the time it is submitted for publication. If the issue requiring a response is general in nature, the response may come from the Leader of the Council.

Where letters raise issues of a party political nature, Group Leaders, aided by their Political Assistants, will consider and deal with any required response as considered necessary and appropriate.

**v) Dealing with Confidential Items**

The Council has some discretion over enquiries from journalists about the result of items discussed as an exempt item ("below the line").

The communications team will always seek to give the outcome of an issue taken 'below the line' – unless there are over-riding reasons not to do so, such as the handling of personal and sensitive issues affecting staff or clients, or financial and commercial issues.

Members of the communications team should consider each case individually, striking a balance between what is reasonable for an Authority to release, while taking into account any effects on individual service users that publicity may bring.

In these circumstances, officers should liaise with the department concerned before deciding the best course of action to follow.

#### **w) Social Media**

The Council will use social media, including Twitter and Facebook, to promote its news, in addition to conventional media. The communications unit is responsible for the Council's main channels and has the discretion to write and post material without clearance, provided it is in line with the social media protocol and the Council's key messages.

Members and staff who use social media are reminded that reporters and the public can view their posts and use them in stories. Social media activity should not be used to damage the reputation of the Council.



# Constitution Advisory Group Appendix B

<b>Report title:</b>	<b>Review of Financial Standing Orders (FSOs) and consequential changes to constitution</b>
<b>Date of meeting:</b>	<b>8 November 2017</b>
<b>Strategic impact</b>  <p>It is best practice to undertake an annual review of Financial Regulations. This review is required to ensure that Regulations continue to comply with legislation, meet the Council's needs, and accurately reflect the environment in which the Council operates. Without a regular review of Financial Regulations, there is a risk that the regulations will become out of date, leading to weaker financial control.</p>	

## Executive summary

Updates to Financial Regulations have already been made during 2017 as a result of the establishment of the Business and Property Committee. This report represents the outcome of the regular annual review and recommends further updates to the Financial Regulations of the County Council. These updated Regulations include the consequential changes made to reflect the establishment of a new Digital Innovation and Efficiency Committee following the decisions made by County Council 24 July 2017 and other minor changes to the constitution.

### Recommendations:

#### Constitution Advisory Group is asked to:

1. consider the changes to the Financial Regulations as set out in Appendix 1 of this report and propose any further amendments required prior to consideration by Policy and Resources Committee;
2. agree the proposed anti-money laundering policy and supporting guidance referred to in section 4.6 of the Financial Regulations for recommendation to Policy and Resources Committee (Appendices 3 and 4 to this report);
3. consider the consequential changes to the Constitution arising from past changes to the Financial Regulations and the establishment of the Corporate Property Team as set out in Appendix 5 to this report;
4. note the timetable set out in paragraph 1.3 for Financial Regulations and supporting documents to be considered by the Constitution Advisory Group, Policy and Resources Committee, and County Council.

## 1. Changes to Financial Regulations and Constitution

- 1.1 The draft Financial Regulations are set out as Appendix 2 to this report. Within the appendix, all changes (with the exception of minor formatting changes and other housekeeping updates such as numbering and links to other documents) are shown as tracked changes. Details of key changes in the Regulations are set out in paragraph 1.4 below, and a table of all changes is set out at Appendix 1. A second table in Appendix 1 then sets out a number of updates to the Financial

Regulations which are required to align them more closely with the Constitution as it currently stands.

1.2 A number of minor consequential changes to the Constitution arise from previous and proposed amendments to the financial regulations and also arising from the establishment of the Corporate Property Team. These are detailed in Appendix 5 to this report.

1.3 The anticipated timetable for consideration of Financial Regulations by members is as follows:

- Constitution Advisory Group (CAG) 08/11/2017;
- Policy and Resources Committee 27/11/2017, and
- County Council 11/12/2017.

1.4 Any changes to the draft Financial Regulations recommended by Constitution Advisory Group will be incorporated into the version presented to the Policy and Resources Committee.

1.5 The following key changes to the County Council's Financial Regulations are proposed:

- **Background** paragraph F has been amended to clarify the various ways that the Executive Director of Finance and Commercial Services is referred to within the Financial Regulations – tracked change.
- **Service Committees** paragraph 2.3.7 has been added to reflect the consequential changes arising from the establishment of the Digital Innovation and Efficiency Committee – tracked change.
- **The Money Laundering Reporting Officer** paragraph 2.5, the Chief Legal Officer remains the Money Laundering Reporting Officer, the Deputy Money Laundering Reporting Officer is now the Practice Director, nplaw – tracked change.
- **Executive Director of Finance** paragraphs 2.6.5, 2.6.6 and 2.6.9 have been amended to clarify the role of Finance Business Partners and to set out that the Assistant Director Finance is the Deputy Section 151 Officer – tracked change. Paragraph 2.6.8 has been amended and **Annex B** added to set out the process to be followed in the event of a report being issued under section 114 of the Local Government Finance Act 1988 – tracked change.
- **Revenue Budget** paragraph 3.2.1 has been amended to include cross-reference to provisions relating to Budget Monitoring and Control – tracked change.
- **Medium Term Planning and Budget Preparation** paragraph 3.4.5 has been amended to clarify that proposed budget amendments will be published (to formalise existing procedures) – tracked change.
- **Decisions** paragraph added at 3.6.2 to set out the arrangements for key decisions to be reserved to Policy and Resources Committee (in line with changes made elsewhere in the Constitution) – tracked change.
- **Maintenance of Reserves** paragraphs added at 3.10.2 and 3.10.3 to clarify the extent of approval given by Full Council for the use of reserves in setting the annual budget, and to set out the process by which approval is to be obtained for the use of reserves for purposes other than that for which they have been originally earmarked – tracked change.

- **Norfolk Pension Fund** paragraphs 4.8.6 and 4.8.9 have been amended to reflect changes arising from the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 – tracked change.
- **Schemes of Authorisation and Financial Responsibility** paragraph 5.4.1 has been amended to set out how the scheme of authorisation and financial responsibility is implemented using the Budget Manager system, and paragraph 5.4.2 has been amended to clarify the status of the Council's *Debt Recovery Policy and Framework* as part of the Financial Procedures – tracked change.
- **Companies, Trusts and Charities** section 5.10 has been amended to clarify that the provisions in the Financial Regulations also apply to charities – tracked change.
- **Early payments and loans to suppliers and service providers** section 5.11 has been added to set out the Council's processes for making early payments or loans to suppliers and service providers. The Regulations set out that these will be made entirely at the discretion of the County Council and on a case by case basis following appropriate due diligence work – tracked change.
- **Assets** section 5.13 includes a number of minor amendments to provide greater clarity in the Financial Regulations, these are shown as tracked changes. In particular:
  - The disposal table at 5.13.6 has been amended to clarify that property disposals between £0.025m and £0.500m are the responsibility of Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, and Chair of Business and Property Committee – tracked change.
  - The disposal table at 5.13.6 has been amended to provide additional clarity regarding Farm Business Tenancies (consistent with thresholds relating to other leases) and Other Property Transactions – tracked change.
  - The acquisition table at 5.13.7 has been amended to clarify that property acquisitions between £0.025m and £0.250m are the responsibility of Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, and Chair of Business and Property Committee – tracked change.
  - The acquisition table at 5.13.7 has been amended to provide additional clarity regarding lease acquisitions relating to statutory obligations and Other Property Transactions – tracked change.
- **Annex B** has been added to set out the process that would be applied in the event of a report being issued under section 114 of the Local Government Finance Act 1988 – tracked change.

1.6 Throughout the Financial Regulations references to the "Executive Director of Finance" and the "Head of Law" have been replaced with "Executive Director of Finance and Commercial Services" and "Chief Legal Officer" respectively. References to "Chief Officer(s)" have been replaced with "Executive Director(s)".

## 2. Other documents supporting the Financial Regulations

### Anti-Money Laundering Policy

1.7 The Financial Regulations make reference to the Council's Anti-Money Laundering Policy (paragraph 4.6). This policy and the associated guidance notes have been

reviewed and updated for 2017 and are included as Appendices 3 and 4 for review. These are recommended to members for approval alongside the Financial Regulations.

### **3. Rationale**

- 3.1. The adoption of updated Financial Regulations is essential to ensure that the Council continues to operate in line with statutory requirements. In practice, the County Council has already been meeting the requirements of these new regulations; adoption of the draft regulations will consolidate existing best practice.

### **4. Financial Implications**

- 4.1. There are no direct financial implications of the proposed amendments to Financial Regulations for the Annual Budget. There are however potential financial implications of not updating the Financial Regulations, in that a failure to reflect best practice and the current operating environment may lead to a weakening of financial control in some areas.
- 4.2. Similarly, there are no direct resource implications from this report. However, updating the Financial Regulations helps ensure that standards for financial management reflect best practice and supports our service objective to safeguard and make the most economical use of resources and assets.

### **5. Issues, risks and innovation**

#### **Legal Implications**

- 5.1. Adoption of these updated Financial Regulations will help the Council to achieve good corporate governance. This, in turn, will help the Council to prevent crime under Section 17 of the Crime and Disorder Act.

#### **Risks**

- 5.2. Financial Regulations are part of the arrangements for ensuring good corporate governance and financial control.
- 5.3. Without a regular review of Financial Regulations, there is a risk that the regulations will become out of date, leading to weaker financial control in some areas.
- 5.4. The risk of a weakening of financial control due to the regulations becoming out of date is currently considered to be low as the Council is already meeting the requirements of the draft regulations. However, this risk would increase if Financial Regulations were not reviewed regularly.

### **6. Background**

- 6.1. As part of the constitutional review in 2014, the Council's Financial Regulations were updated, and were adopted by Full Council on 28 April 2014.

6.2. Financial Regulations were last updated in 2016. Changes were recommended to Policy and Resources Committee on 21 March, and they were agreed by County Council on 11 April 2016.

### **Background Papers**

Norfolk County Council Financial Regulations

<https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/corporate/constitution/part-7-7-financial-regulations.pdf>

### **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:

<b>Officer Name:</b>	<b>Tel No:</b>	<b>Email address:</b>
Titus Adam	01603 222806	titus.adam@norfolk.gov.uk



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**

The key changes proposed to the Financial Regulations are set out in the table below. Please note the table does not reflect formatting changes, updates to job titles, and other similar minor amendments.

<b>Proposed Financial Regulations Changes</b>		
<b>Change</b>	<b>Original (Issue 6)</b>	<b>Proposed</b>
<b>Background</b> paragraph F has been amended to clarify the various ways that the Executive Director of Finance and Commercial Services is referred to within the Financial Regulations – tracked change.	The Executive Director of Finance and Commercial Services is responsible for the proper administration of the County Council's financial affairs and for setting and monitoring compliance with agreed standards of financial administration and management, including advice on the County Council's corporate financial position. The Executive Director of Finance and Commercial Services is also the "head of profession" for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development.	The Executive Director of Finance and Commercial Services is responsible for the proper administration of the County Council's financial affairs and for setting and monitoring compliance with agreed standards of financial administration and management, including advice on the County Council's corporate financial position. The Executive Director of Finance and Commercial Services is also the "head of profession" for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. <u>Within these Financial Regulations, the terms Statutory Finance Officer, Chief Finance Officer, and Section 151 Officer all refer to the Executive Director of Finance and Commercial Services.</u>
<b>Service Committees</b> paragraph 2.3.1 reference to ICT has been deleted within the Policy and Resources Committee responsibilities due to the transfer to the Digital Innovation and Efficiency Committee.	2.3.1 Policy and Resources Committee  The Policy and Resources Committee has two main areas of responsibility: leading the process for developing the County Council Plan and the Medium Term Financial Plan, and coordinating all other service committees. It monitors performance, budget monitoring and risk. In addition the Committee has responsibility for developing	2.3.1 Policy and Resources Committee  The Policy and Resources Committee has two main areas of responsibility: leading the process for developing the County Council Plan and the Medium Term Financial Plan, and coordinating all other service committees. It monitors performance, budget monitoring and risk. In addition the Committee has responsibility for developing and monitoring

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
	and monitoring corporate services including: ICT, finance and risk management, human resources and organisational development, legal, governance, communications and public affairs, and business continuity.	corporate services including: <del>ICT</del> , finance and risk management, human resources and organisational development, legal, governance, communications and public affairs, and business continuity.
<b>Service Committees</b> paragraph 2.3.6 has been amended to include reference to preparing the asset management plan as one of the functions of the Business and Property Committee.	<p>Its specific functions are:</p> <p>Promoting economic growth and enterprise  Removing barriers to growth  Inward investment  Supporting the Council's role on the Local Enterprise Partnership (NALEP)  Unemployment issues  Oversight of Norfolk Infrastructure Fund and Norfolk Development Company  Promoting the rural economy  Oversight and development of County Farms  Property and asset management</p>	<p>Its specific functions are:</p> <p>Promoting economic growth and enterprise  Removing barriers to growth  Inward investment  Supporting the Council's role on the Local Enterprise Partnership (NALEP)  Unemployment issues  Oversight of Norfolk Infrastructure Fund and Norfolk Development Company  Promoting the rural economy  Oversight and development of County Farms  Property and asset management  <u>Preparing the asset management plan</u></p>
<b>Service Committees</b> paragraph 2.3.7 has been added to reflect the consequential changes arising from the establishment of the Digital Innovation and Efficiency Committee – tracked change.	n/a	<p><u>2.3.7 Digital Innovation and Efficiency Committee</u></p> <p><u>The Digital Innovation and Efficiency Committee is responsible for ICT management and for delivering the Council's commitment to exploit digital technologies for the benefit of the County of Norfolk and all its residents.</u></p> <p><u>Its specific functions are:</u></p> <p><u>Political ownership of the Better Broadband for</u></p>

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
		<p><u>Norfolk project</u>  <u>Progression of a technologically driven customer services strategy across the Council's services, enabling personalisation, better access, channel shift and digital delivery models</u>  <u>Driving Norfolk's ambition to accelerate digital and mobile connectivity and lobby Government and commercial providers for 100% access to high speed broadband and 5G mobile phone coverage in Norfolk</u>  <u>Providing the political leadership for the reliable delivery of technology-driven efficiencies in the Council's operations and activities, i.e. mobile working</u></p>
<p><b>The Money Laundering Reporting Officer</b> paragraph 2.5, the Chief Legal Officer remains the Money Laundering Reporting Officer, the Deputy Money Laundering Reporting Officer is now the Practice Director, nplaw – tracked change.</p>	<p>The Chief Legal Officer is appointed as the Money Laundering Reporting Officer and the Team Leader, Public Law and Standards, nplaw as the Deputy Money Laundering Reporting Officer. The Council has an Anti-Money Laundering Policy and Procedures in place. The Money Laundering Reporting Officer is the officer responsible for reporting disclosures to the National Crime Agency.</p>	<p>The Chief Legal Officer is appointed as the Money Laundering Reporting Officer and the <u>Practice Director</u>, nplaw as the Deputy Money Laundering Reporting Officer. The Council has an Anti-Money Laundering Policy and Procedures in place. The Money Laundering Reporting Officer is the officer responsible for reporting disclosures to the National Crime Agency.</p>
<p><b>Executive Director of Finance</b> paragraphs 2.6.5, 2.6.6 and 2.6.9 have been amended to clarify the role of Finance Business Partners and to set out that the Assistant Director Finance is the Deputy Section 151 Officer – tracked change.  Paragraph 2.6.8 has been amended and</p>	<p>2.6.5 The Executive Director of Finance and Commercial Services has the Head of Profession role for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. This includes ensuring that procedures are in place to</p>	<p>2.6.5 The Executive Director of Finance and Commercial Services has the Head of Profession role for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. This includes ensuring that procedures are in place to enable <u>Finance</u></p>



Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
<b>Annex B</b> added to set out the process to be followed in the event of a report being issued under section 114 of the Local Government Finance Act 1988 – tracked change.	enable lead finance managers for each service to report concurrently to the Executive Director of Finance and Commercial Services and their Service Executive Director on key financial matters.	<u>Business Partners</u> for each service to <u>concurrently support</u> the Executive Director of Finance and Commercial Services and their Service Executive Director on key financial matters. <u>Finance Business Partners report to the Assistant Director Finance.</u>
	2.6.6 The Head of Profession role of the Executive Director of Finance and Commercial Services carries the statutory responsibility laid down by <b>Section 151 of the Local Government Act 1972</b> to “make arrangements for the proper administration of the County Council’s financial affairs.”	2.6.6 The Head of Profession role of the Executive Director of Finance and Commercial Services carries the statutory responsibility laid down by <b>Section 151 of the Local Government Act 1972</b> to “make arrangements for the proper administration of the County Council’s financial affairs.” <u>The Assistant Director Finance performs the role of the Deputy Section 151 Officer.</u>
	2.6.8 Section 114 of the 1988 Act also requires: <ul style="list-style-type: none"> <li>the Executive Director of Finance and Commercial Services to nominate a properly qualified member of staff to deputise if he or she is unable to perform personally, the duties under section 114.</li> </ul>	2.6.8 <u>Details of the process which would be followed in the event of a report being issued under section 114 of the Local Government Finance Act 1988 are set out in Annex B.</u> Section 114 of the 1988 Act also requires: <ul style="list-style-type: none"> <li>the Executive Director of Finance and Commercial Services to nominate a properly qualified member of staff to deputise if he or she is unable to perform personally, the duties under section 114. <u>The Assistant Director Finance is nominated to deputise for the Executive Director of Finance and Commercial Services.</u></li> </ul>
	2.6.9 The Executive Director of Finance and	2.6.9 The Executive Director of Finance and

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
	Commercial Services is responsible for ensuring that all services are appropriately supported by skilled finance professionals.	Commercial Services is responsible for ensuring that all services are appropriately supported by skilled finance professionals. <u>The Executive Director of Finance and Commercial Services is assisted in providing strategic financial support to services by Finance Business Partners.</u>
<b>Revenue Budget</b> paragraph 3.2.1 has been amended to include cross-reference to provisions relating to Budget Monitoring and Control – tracked change.	3.2.1 The revenue budget is proposed by the Policy and Resources Committee, taking into account Service Committees' recommendations to Policy and Resources, and approved by the County Council. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and to proposed council tax levels. Once the overall budget has been approved by County Council, it cannot be increased by a committee.	3.2.1 The <u>consolidated</u> revenue budget is proposed by the Policy and Resources Committee, taking into account Service Committees' recommendations to Policy and Resources, and approved by the County Council. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and to proposed council tax levels. Once the overall budget has been approved by County Council, it cannot be increased by a committee, <u>subject to the arrangements set out in paragraph 3.7.5 below.</u>
<b>Capital</b> paragraph 3.3.1 has been amended to include reference to Policy and Resources Committee having reference to Service Committee recommendations – tracked change.	3.3.1 The capital budget is proposed by the Policy and Resources Committee and approved by the County Council. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and how the programme is to be funded and any impact on the revenue budget.	3.3.1 The capital budget is proposed by the Policy and Resources Committee and approved by the County Council <u>taking into account Service Committees' recommendations.</u> The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and how the programme is to be funded and any impact on the revenue budget.
<b>Medium Term Planning and Budget</b>	3.4.1 The County Council is responsible for	3.4.1 The County Council is responsible for

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
<b>Preparation</b> paragraph 3.4.1 has been amended to clarify terminology (remove references to “Medium Term Financial Plan”) – tracked change.	agreeing the Council’s priorities. This sets the overall strategic framework for the County Council’s services. The Medium Term Financial Strategy and Medium Term Financial Plan set out the approach and financial context for the County Council. The Financial Plan gives further detail as to how the County Council will deliver plans and resource services over three years. The County Council is responsible for agreeing a rolling three year balanced budget and agreeing the council tax precept [...]	agreeing the Council’s priorities. This sets the overall strategic framework for the County Council’s services. The Medium Term Financial Strategy sets out the approach and financial context for the County Council. The <u>Medium Term Financial Strategy also</u> gives further detail as to how the County Council will deliver plans and resource services over three years. The County Council is responsible for agreeing a rolling three year balanced budget and agreeing the <u>council tax</u> precept [...]
<b>Medium Term Planning and Budget Preparation</b> paragraph 3.4.5 has been amended to clarify that proposed budget amendments will be published (to formalise existing procedures) – tracked change.	3.4.5 The Executive Director of Finance and Commercial Services is responsible for ensuring that proposals demonstrate adherence to the guidance and members should ensure that any proposed budget amendments are made available to the Executive Director of Finance and Commercial Services at least five working days before the County Council budget meeting. Members’ proposed budget amendments must be finalised two working days before the County Council budget meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments.	3.4.5 The Executive Director of Finance and Commercial Services is responsible for ensuring that proposals demonstrate adherence to the guidance and members should ensure that any proposed budget amendments are made available to the Executive Director of Finance and Commercial Services at least five working days before the County Council budget meeting. Members’ proposed budget amendments must be finalised two working days before the County Council budget meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. <u>In accordance with established culture and practice, proposed budget amendments received in accordance with Financial Regulations will be published in advance of the County Council meeting at</u>

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
		<u>which they are to be discussed.</u>
<b>Asset Management Plan</b> paragraph 3.5.1 has been amended to reflect that responsibility lies with the Head of Property – tracked change.	3.5.1 The Executive Director of Finance and Commercial Services is responsible for ensuring an Asset Management Plan is prepared on an annual basis for consideration by the Business and Property Committee before submission to County Council.	3.5.1 The <u>Head of Property</u> is responsible for ensuring an Asset Management Plan is prepared / <u>updated</u> / <u>reviewed</u> on an annual basis for consideration by the Business and Property Committee before submission to County Council.
<b>Decisions</b> paragraph added at 3.6.2 to set out the arrangements for key decisions to be reserved to Policy and Resources Committee (in line with changes made elsewhere in the Constitution) – tracked change.	n/a	<u>3.6.2 The Terms of Reference of Committees set out within the Constitution (Part 4.1) confirm that Policy and Resources Committee is responsible for taking key decisions which incur significant expenditure or make significant savings, and decisions which have an impact on a significant proportion of Norfolk's residents. The Managing Director in consultation with the Chairman of the Policy and Resources Committee shall determine, in relation to any decision to be taken by another service committee under delegated authority, if that is a decision which may incur significant expenditure or make significant savings or may affect a significant proportion of Norfolk's residents and in such a case the decision shall be made by the Policy and Resources Committee in place of any other service committee.</u>
<b>Budget Monitoring and Control</b> paragraph 3.7.6 has been amended to include reference to Executive Director of Finance and Commercial Services – tracked change.	3.7.6 Any variation or variations to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be	3.7.6 Any variation or variations to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
	subject to the prior approval of the Chief Legal Officer and the Head of Procurement.	subject to the prior approval of the Chief Legal Officer and the Head of Procurement <u>in consultation with the Executive Director of Finance and Commercial Services.</u>
<b>Treatment of Year-End Balances</b> paragraph 3.9.1 has been amended to reflect that Policy and Resources takes into account the recommendations of Service Committees when reporting to County Council on year-end balances – tracked change.	3.9.1 Service Committees are required to report any under and overspendings to Policy and Resources Committee as part of year-end reporting. Policy and Resources Committee is responsible for reporting the overall under and overspendings to County Council and making recommendations as to how they are utilised or managed.	3.9.1 Service Committees are required to report any under and overspendings to Policy and Resources Committee as part of year-end reporting. Policy and Resources Committee is responsible for reporting the overall under and overspendings to County Council and making recommendations as to how they are utilised or managed <u>taking into account the recommendations from Service Committees.</u>
<b>Maintenance of Reserves</b> paragraphs added at 3.10.2 and 3.10.3 to clarify the extent of approval given by Full Council for the use of reserves in setting the annual budget, and to set out the process by which approval is to be obtained for the use of reserves for purposes other than that for which they have been originally earmarked – tracked change.	n/a	<p><u>3.10.2 The annual revenue budget sets out details of the purpose for which earmarked reserves are held and high level forecasts for the use of such reserves. The timing of the use of reserves may however be uncertain and the annual budget setting process therefore provides the framework in which the use of reserves is agreed. In agreeing the annual revenue budget, the Council is approving the use of reserves for the purposes for which they have been earmarked, and it is recognised that the timing of this use will be dependent on operational requirements and other factors.</u></p> <p><u>3.10.3 Where it is proposed that reserves are to be used for a purpose other than that for which they have been earmarked, this will be subject to approval by Policy and Resources</u></p>

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
		<u>Committee in-year, based on the advice of the Executive Director of Finance and Commercial Services, with reference to a recommendation from the relevant Service Committee as appropriate in respect of service reserves. There is a general presumption that Policy and Resources Committee will normally approve recommendations for the use of earmarked reserves which are made by Service Committees, except where there are wider implications for financial control across the County Council, or delivery of the Council's budget plans. In the event that the Executive Director of Finance and Commercial Services advises that a decision about the use of reserves may have such broader implications, Policy and Resources Committee will recommend a course of action but refer the matter to be decided by the County Council.</u>
<b>Governance</b> paragraph 4.1.2 has been amended to include reference to the Constitution Advisory Group – tracked change.	4.1.2 Other member-led bodies that also have a role in governance and internal control include the County Council, and, with respect to members, the Standards Committee.	4.1.2 Other member-led bodies that also have a role in governance and internal control include the County Council, <u>the Constitution Advisory Group</u> , and, with respect to members, the Standards Committee.
<b>Risk Management</b> paragraph 4.3.3 has been amended to clarify how Service Committees manage risks – tracked change.	4.3.3 The Executive Director of Finance and Commercial Services is responsible for informing the preparation of the County Council's risk management Policy and Framework, for promoting it throughout the County Council and for advising the Policy and Resources Committee on proper	4.3.3 The Executive Director of Finance and Commercial Services is responsible for informing the preparation of the County Council's risk management Policy and Framework, for promoting it throughout the County Council and for advising the Policy and Resources Committee on proper insurance

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
	insurance cover where appropriate. The Executive Director of Finance and Commercial Services will also report on the Corporate Risk Register to each meeting of the Audit Committee, and ensure that Departments report their departmental risk register at least twice per annum to their respective Service Committee.	cover where appropriate. The Executive Director of Finance and Commercial Services will also report on the Corporate Risk Register to each meeting of the Audit Committee, and ensure that Departments report their departmental risk register at least twice per annum to their respective Service Committee. <u>In this way, Service Committees own and manage their service-specific risks.</u>
<b>External Audit</b> paragraph 4.4.1 has been amended to reflect statutory changes – tracked change.	4.4.1 Public Sector Audit Appointments Limited (replacing the Audit Commission with effect from 1 April 2015) is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by section 5 of the Audit Commission Act 1998.	4.4.1 Public Sector Audit Appointments Limited (which replaced the Audit Commission with effect from 1 April 2015) is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by <u>the Local Audit and Accountability Act.</u>
<b>Norfolk Pension Fund</b> paragraphs 4.8.6 and 4.8.9 have been amended to reflect changes arising from the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 – tracked change.	4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as Amended).	4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the <u>Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The 2016 Regulations introduced the requirement for LGPS funds to pool investment assets from the 1st April 2018.</u>
	4.8.9 The Norfolk Pension Fund has adopted a Statement of Investment Principles in relation to the investment of the assets. This Statement includes details of compliance	4.8.9 The Norfolk Pension Fund has adopted <u>an Investment Strategy Statement (formerly the Statement of Investment Principles)</u> in relation to the investment of the assets. This Statement

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
	with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the Statement of Investment.	includes details of compliance with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the <u>Investment Strategy Statement</u> .
<b>Schemes of Authorisation and Financial Responsibility</b> paragraph 5.4.1 has been amended to set out how the scheme of authorisation and financial responsibility is implemented using the Budget Manager system, and paragraph 5.4.2 has been amended to clarify the status of the Council's <i>Debt Recovery Policy and Framework</i> as part of the Financial Procedures – tracked change.	5.4.1 It is the responsibility of Executive Directors to ensure that a proper scheme of authorisation has been established within their area and is operating effectively. The scheme of authorisation should identify staff authorised to act on the Executive Director's behalf, or on behalf of the Council, in respect of payments, income collection and procurement (including ordering), together with the limits of their authority. Procurement authorisations shall be made in accordance with the requirements of Contract Standing Orders. For clarity, staff identified to act in this way will be required to formally accept their responsibilities under the scheme of authorisation	5.4.1 It is the responsibility of Executive Directors to ensure that the <u>scheme of authorisation and financial responsibility is implemented using Budget Manager</u> and is operating effectively. The scheme of authorisation <u>and financial responsibility identifies</u> staff authorised to act on the Executive Director's behalf, or on behalf of the Council, in respect of payments, income collection and procurement (including ordering). Procurement authorisations shall be made in accordance with the requirements of Contract Standing Orders. For clarity, staff identified to act in this way will be required to formally accept their responsibilities under the scheme of authorisation <u>and financial responsibility</u> .
	5.4.2 Policy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.	5.4.2 Policy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. <u>The Debt Recovery Policy and Framework forms part of the Financial Procedures and is required to be followed by all parties involved in the recovery of monies owed to the Council.</u>
<b>Monitoring Reporting</b> paragraph 5.9.2 has been amended to include reference to	5.9.2 Any variation, or variations, to a contract which in aggregate result in	5.9.2 Any variation, or variations, to a contract which in aggregate result in additional costs



<b>Proposed Financial Regulations Changes</b>		
<b>Change</b>	<b>Original (Issue 6)</b>	<b>Proposed</b>
Executive Director of Finance and Commercial Services – tracked change.	additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Chief Legal Officer and the Head of Procurement.	exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Chief Legal Officer and the Head of Procurement <u>in consultation with the Executive Director of Finance and Commercial Services.</u>
<b>Companies / Trusts and Charities</b> section 5.10 has been amended to clarify that the provisions in the Financial Regulations also apply to charities – tracked change.		See tracked changes in Appendix 2. Reference to “trusts <u>and charities</u> ” added throughout section 5.10.
<b>Early payments and loans to suppliers and service providers</b> section 5.11 has been added to set out the Council’s processes for making early payments or loans to suppliers and service providers. The Regulations set out that these will be made entirely at the discretion of the County Council and on a case by case basis following appropriate due diligence work – tracked change.	n/a	<p><b>5.11 Early payments and loans to suppliers and service providers</b></p> <p>5.11.1 In the normal course of business the County Council may on occasion make <b>early payments</b> (in advance of contractual payment terms) to support suppliers or service providers experiencing cash flow difficulties. Early payments will be made on a case by case basis, entirely at the discretion of the County Council, and taking into account the overall value of the contract and the implications of any failure of service provision. Payments in these circumstances will be agreed by the relevant Finance Business Partner for the service area, with notification provided to the Executive Director of Finance and Commercial Services and / or Assistant Director of Finance. In marginal cases, or where there is doubt about the ongoing viability of a supplier, it may be appropriate to undertake a Financial</p>

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
		<p>Assessment of the supplier before any early payment is agreed. Early payments will normally be recovered through an adjustment to subsequent contractual payments, and the arrangements for repayment terms must be agreed before any early payment is made.</p> <p>5.11.2 <b>Loans</b> may be made in exceptional circumstances outside of contractual agreements or where no contract or payment relationship exists. This has the potential to arise (for example) in the context of a third party organisation experiencing financial difficulty, where the failure of the third party would significantly impact upon services the Council provides or is responsible for. Loans will be considered on a case by case basis, entirely at the discretion of the County Council, and taking into account the overall level of the loan and the implications of any failure of service provision. Loans in this context would be intended generally for short term cash flow purposes and to ensure the continuity of a service, or to avoid additional costs arising from any provider failure, although it is recognised that other circumstances necessitating a loan may also arise and this list is not comprehensive.</p> <p>5.11.3 The Executive Director of Finance and Commercial Services has discretion to consider making a short term loan in the above</p>

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
		<p>circumstances, whilst also considering:</p> <ul style="list-style-type: none"> <li>the ability of the loan recipient to repay and the provision of a robust plan to demonstrate how the situation which gave rise to the need for a loan will be resolved (it is also likely that a Financial Assessment of the recipient will be required);</li> <li>any potential state aid issues, particularly in respect of determining an appropriate interest rate for the loan, which should be set with reference to the published margin <a href="#">tables</a>; and</li> <li>the duration and value of the loan sought.</li> </ul> <p>5.11.4 Loans will be requested through the relevant Finance Business Partner for the service area, in consultation with the Executive Director for the service. Loans will not be made until they have been approved by the Executive Director of Finance and Commercial Services, or the Assistant Director of Finance, following consultation with the Leader and / or Deputy Leader in the case of a loan over £50,000 and / or for a loan period in excess of six months.</p> <p>5.11.5 Loans may be repaid either by instalment or as a lump-sum. The terms of the loan, including arrangements for repayment, must be agreed and a loan agreement signed by both parties before any loan can be made.</p>

Proposed Financial Regulations Changes		
Change	Original (Issue 6)	Proposed
		The service area initiating the loan will be required to identify a cost centre which will bear the cost of the loan in the event of a failure by the loan recipient to make repayments as agreed. The Executive Director for the service should consider the need to make the relevant Committee Chair aware of this potential cost to the Committee budget.
<b>Assets</b> section 5.13 includes a number of minor amendments to provide greater clarity in the Financial Regulations, these are shown as tracked changes.	<p>5.13.2 In making disposals officers will have due regard to the provisions of the Local Government Act 1972 (section 123) concerning best consideration, subject to the discretion afforded to authorities by virtue of the General Disposal Consent (England) 2003 (see DCLG Circular 06/2003). All decisions to dispose at less than best consideration will be referred to Policy and Resources Committee for determination.</p> <p>5.13.3 Disposal must be made by competitive tender or public auction unless the Executive Director of Finance and Commercial Services authorises otherwise. The appointment of agents to handle disposals is subject to the normal provisions of Council Standing Orders.</p> <p>5.13.4 All disposals, acquisitions and other property transactions are to be made only by the Council's Corporate Property Officer.</p>	<p>5.13.2 In making disposals officers will have due regard to the provisions of the Local Government Act 1972 (section 123) concerning best consideration, subject to the discretion afforded to authorities by virtue of the General Disposal Consent (England) 2003 (see DCLG Circular 06/2003). All decisions to dispose at less than best consideration will be referred to <u>Business and Property Committee</u> for determination.</p> <p>5.13.3 Disposal must be made by competitive <u>process</u> unless the Executive Director of Finance and Commercial Services authorises otherwise. The appointment of agents to handle disposals is subject to the normal provisions of Council Standing Orders.</p> <p>5.13.4 All <u>property disposals (including lease surrenders)</u>, acquisitions and other property transactions <u>(such as granting / taking licences, granting of easements and wayleaves to statutory undertakers etc., granting tenancies at</u></p>

Proposed Financial Regulations Changes				
Change	Original (Issue 6)		Proposed	
			<u>will</u> ) are to be made only by the Council's Corporate Property Officer.	
<p><b>Assets</b> section 5.13 includes a number of minor amendments to provide greater clarity in the Financial Regulations, these are shown as tracked changes. In particular:</p> <ul style="list-style-type: none"> <li>The disposal table at 5.13.6 has been amended to clarify that property disposals between £0.025m and £0.500m are the responsibility of Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, and Chair of Business and Property Committee – tracked change.</li> <li>The disposal table at 5.13.6 has been amended to provide additional clarity regarding Farm Business Tenancies (consistent with thresholds relating to other leases) and Other Property Transactions – tracked change.</li> </ul>	<b>Disposal value*</b> £m	<b>Responsibility and authorisation</b>	<b>Disposal value*</b> £m	<b>Responsibility and authorisation</b>
	Between £0.025m to £0.500m	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, Managing Director and Chair of Business and Property Committee	£0.025m <u>up to and including</u> £0.500m	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, <del>Managing Director</del> and Chair of Business and Property Committee
	n/a		<b><u>Farm Business Tenancies</u></b>	
			<u>Farm business tenancies or renewals at a rent of £50,000 or more per annum, or the term is for 10 years or more</u>	<u>Business and Property Committee</u>
			<u>Farm business tenancies or renewals at a rent below £50,000 per annum, and the term</u>	<u>Corporate Property Officer in consultation with the Executive Director of Finance and</u>

Proposed Financial Regulations Changes				
Change	Original (Issue 6)		Proposed	
			<u>is for less than 10 years</u>	<u>Commercial Services and Chair of Business and Property Committee</u>
			<b><u>Other Property Transactions</u></b>	
			<u>Granting of all licenses, easements and wayleaves to statutory undertakers, tenancies at will</u>	<u>Corporate Property Officer</u>
<b>Assets</b> section 5.13 includes a number of minor amendments to provide greater clarity in the Financial Regulations, these are shown as tracked changes. In particular: <ul style="list-style-type: none"> <li>The acquisition table at 5.13.7 has been amended to clarify that property acquisitions between £0.025m and £0.250m are the responsibility of Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, and Chair of Business and Property Committee – tracked change.</li> <li>The acquisition table at 5.13.7 has been amended to provide additional clarity regarding lease acquisitions relating to statutory obligations and Other Property Transactions – tracked change.</li> </ul>				
	<b>Acquisition value £m</b>	<b>Responsibility and authorisation</b>	<b>Acquisition value £m</b>	<b>Responsibility and authorisation</b>
	Between £0.025m to £0.250m	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, Managing Director, and Chair of Business and Property Committee	£0.025m <u>up to and including</u> £0.250m	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, <del>Managing Director</del> , and Chair of Business and Property Committee
	n/a		<u>Lease acquisitions,</u>	<u>Corporate Property</u>

Proposed Financial Regulations Changes			
Change	Original (Issue 6)	Proposed	
		<u>lease renewals and wayleaves where they apply to standard statutory obligations / undertakings for the installation of plant and equipment by statutory undertakers</u>	<u>Officer</u>
		<b><u>Other Property Transactions</u></b>	
		<u>Acquiring licenses not exceeding one year</u>	<u>Corporate Property Officer</u>
<b>Annex B</b> has been added to set out the process that would be applied in the event of a report being issued under section 114 of the Local Government Finance Act 1988 – tracked change.	n/a	See tracked changes in Appendix 2. New Annex B added.	

The following table sets out additional minor changes required to align the Financial Regulations more closely with existing provisions within the County Council's Constitution.

Change	Original	Proposed
Article 11 of the Constitution sets out that decisions committing the Council to spending over £100m are reserved to Full Council. Currently this is not explicitly stated within the Financial Regulations.	3.6.1 All decisions must be undertaken in accordance with the decision-making and reporting framework set out in the Constitution of the County Council and must comply with the County Council's Financial Regulations and Financial Procedures. Details of financial implications must be provided before any financial decision can be taken.	3.6.1 All decisions must be undertaken in accordance with the decision-making and reporting framework set out in the Constitution of the County Council and must comply with the County Council's Financial Regulations and Financial Procedures. Details of financial implications must be provided before any financial decision can be taken. <u>Decisions which commit the County Council to spending over £100m must be referred to Full Council.</u>
Article 12 of the Constitution sets out finance, contracts and legal matters and confirms requirements relating to contracts over £30,000 which are not currently explicitly referenced in the Financial Regulations.	n/a	5.12.3 <u>Any contract with a value exceeding £30,000 entered into on behalf of the Council must be made in writing. Such contracts must either be signed by at least two authorised officers of the Council or made under the common seal of the Council attested by at least one authorised officer.</u>



## PART 7.7

### FINANCIAL REGULATIONS

#### Background

- A. The County Council's governance structure is laid down in its [Constitution](#), which sets how the County Council operates; how decisions are made; and how procedures are followed.
- B. The County Council has adopted a Committee form of governance.
- C. Elected members are responsible for "ownership" of the County Council's financial management. Responsible Budget Officers (RBOs) act on behalf of the County Council in exercising that responsibility and in securing compliance with the County Council's Financial Regulations.
- D. The County Council's Head of Paid Service, the Managing Director at Norfolk County Council, is responsible for the corporate and strategic management of the County Council. The Managing Director must report to, and provide information for, the County Council and its committees. Furthermore, the Managing Director is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Managing Director is also responsible, together with the monitoring officer, for the system of record keeping in relation to all the County Council's decisions.
- E. The Statutory Finance Officer, the Executive Director of Finance and Commercial Services at Norfolk County Council, has statutory duties in relation to the administration and stewardship of the County Council's financial affairs. This statutory responsibility cannot be overridden. The statutory duties arise from:
- Section 151 of the Local Government Act 1972
  - The Local Government Finance Act 1988
  - The Local Government and Housing Act 1989
  - The Accounts and Audit (England) Regulations ~~2011~~2015
  - The Local Government Acts 2000 and 2003
  - The Localism Act 2011
- F. The Executive Director of Finance and Commercial Services is responsible for the proper administration of the County Council's financial affairs and for setting and monitoring compliance with agreed standards of financial administration and management, including advice on the County Council's corporate financial position. The Executive Director of Finance and Commercial Services is also the "head of profession" for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. Within these Financial Regulations, the terms Statutory Finance Officer, Chief Finance Officer, and Section 151 Officer all refer to the Executive Director of Finance and Commercial Services.

## Contents

<b>1. Status of Financial Regulations</b>	<b>4</b>
1.1 Purpose and Scope	4
1.2 Key Roles and Responsibilities	4
<b>2. Financial Management</b>	<b>6</b>
2.1 Introduction	6
2.2 The Council	6
2.3 Service Committees	6
2.4 Statutory Officers	8
2.4.1 The Head of Paid Service (Managing Director)	8
2.4.2 The Monitoring Officer (Chief Legal Officer)	9
2.4.3 The Chief Finance Officer (Executive Director of Finance and Commercial Services)	9
2.5 The Money Laundering Reporting Officer	9
2.6 Executive Director of Finance and Commercial Services	9
2.7 County Leadership Team	11
2.8 Executive Directors	12
2.9 Other Financial Accountabilities	12
2.9.1 Accounting Policies	12
2.9.2 Accounting Records and Returns	12
2.9.3 Annual Statement of Accounts	12
<b>3. Financial Planning</b>	<b>14</b>
3.1 Introduction	14
3.2 Revenue Budget	14
3.3 Capital Budget	14
3.4 Medium Term Planning and Budget Preparation	14
3.5 Asset Management Plan	16
3.6 Decisions	16
3.7 Budget Monitoring and Control	16
3.8 Virement	17
3.9 Treatment of Year-End Balances	18
3.10 Maintenance of Reserves	18
<b>4. Governance, Risk Management and Internal Control</b>	<b>20</b>
4.1 Governance	20
4.2 Internal Control and Internal Audit	20
4.3 Risk Management	20
4.4 External Audit	21
4.5 Anti-Fraud and Corruption	21
4.6 Money Laundering and Proceeds of Crime	22
4.7 Treasury Management	22
4.8 Norfolk Pension Fund	23
<b>5. Assets, Systems, Processes and Records</b>	<b>25</b>
5.1 Introduction	25
5.2 Data Management	25
5.3 Financial Processes and Data Protection	25
5.4 Schemes of Authorisation and Financial Responsibility	26
5.5 Income	26
5.6 Payments to Employees, Third Parties and Members	26

5.7 Taxation .....	26
5.8 Trading Accounts .....	26
5.9 Monitoring Reporting.....	27
5.10 Companies, Trusts and Charities .....	27
5.11 Early payments and loans to suppliers and service providers.....	28
5.12 Contract Standing Orders .....	29
5.13 Assets .....	29
5.14 Retention of Financial Records .....	36
<b>6. External Arrangements.....</b>	<b>37</b>
6.1 Introduction .....	37
6.2 Partnerships.....	37
6.3 External Funding.....	37
6.4 Financial Guarantees.....	37
6.5 Work for Third Parties .....	38
6.6 State Aid and Competition .....	38
6.7 Private Finance 2 (PF2) .....	38
<b>Annex A.....</b>	<b>41</b>
Revenue.....	41
Capital.....	42
<b>Annex B .....</b>	<b>43</b>
Section 114 Process .....	44

# **1. Status of Financial Regulations**

## **1.1 Purpose and Scope**

- 1.1.1 These Financial Regulations provide the basis for managing the County Council's financial affairs. They provide a framework for decision-making, which sets how specific statutory powers and duties are complied with, as well as reflecting best professional practices. This document also acts as a reference point to other documents which include the detailed policies and procedures behind these Financial Regulations.
- 1.1.2 The Financial Regulations apply to every elected member and officer of the County Council and, when stated, to third parties acting specifically on its behalf. The Regulations apply to all Norfolk County Council's financial arrangements, including joint committees, save where there is express agreement to the contrary.

## **1.2 Key Roles and Responsibilities**

- 1.2.1 The Regulations identify the financial responsibilities of the County Council, its Committees, the Audit Committee, the Executive Director of Finance and Commercial Services and other ~~Chief Officers~~Executive Directors.
- 1.2.2 All elected members and staff have a general responsibility for taking reasonable action to provide for the security of the County Council's assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides value for money.
- 1.2.3 The Executive Director of Finance and Commercial Services is responsible for maintaining a continuous review of the Financial Regulations and for submitting any additions or changes necessary to County Council for approval and at a minimum annually. Elected members are responsible for considering and approving the County Council's Financial Regulations and for satisfying themselves that they are sufficient to ensure sound financial management of the County Council's resources.
- 1.2.4 The Executive Director of Finance and Commercial Services is responsible for reporting, where appropriate, breaches of the Financial Regulations to the County Council, its Committees and the Audit Committee.
- 1.2.5 The Executive Director of Finance and Commercial Services is responsible for issuing advice and guidance on the operation of the Financial Regulations. The County Council's detailed 'Financial Procedures', which support these Regulations, are determined by the Executive Director of Finance and Commercial Services and set out how the Regulations will be implemented. Financial Procedures are described in separate guidance and have the same status as the Financial Regulations.
- 1.2.6 Executive Directors are responsible for ensuring that all staff in their departments are aware of the existence and content of the County Council's Financial Regulations, Financial Procedures and other internal regulatory documents and that they comply with them at all times. They must ensure that all staff have access to, or the opportunity

to access, these Regulations, Procedures and other regulatory documents published on the County Council's internet and intranet ([iNetiNet](#)) pages.

1.2.7 The Executive Director of Finance and Commercial Services is responsible for ensuring that both elected members and officers are sufficiently competent, trained and informed with regard to the financial affairs of the Council.

---

## **2. Financial Management**

### **2.1 Introduction**

2.1.1 Financial management covers all financial activities in relation to the running of the County Council, including the policy, framework and budget. In overall terms, elected members are responsible for agreeing the financial policy framework and officers are responsible for advising members, and for the operational delivery of financial processes in line with the agreed policy. The financial management responsibilities for particular members' groups and individual post-holders are detailed in this section.

### **2.2 The Council**

2.2.1 The Council is responsible for adopting and changing the principles of governance and for approving or adopting the policy framework and budget within which the Committees operate.

2.2.2 The principles of decision making and the roles of the Leader and Committee Chairs are set out in Articles 5, 7 and 11 of the Norfolk County Council Constitution.

### **2.3 Service Committees**

#### **2.3.1 Policy and Resources Committee**

The Policy and Resources Committee has two main areas of responsibility: leading the process for developing the County Council Plan and the Medium Term Financial Plan, and coordinating all other service committees. It monitors performance, budget monitoring and risk. In addition the Committee has responsibility for developing and monitoring corporate services including: ~~ICT~~, finance and risk management, human resources and organisational development, legal, governance, communications and public affairs, and business continuity.

#### **2.3.2 Adult Social Care Committee**

The Adult Social Care Committee is responsible for the commissioning and quality standards of adult social care services for people in Norfolk. It incorporates all those services, from protection to residential care, that help people live fulfilling lives and stay as independent as possible. It oversees the protection of vulnerable adults. The specific functions are:

Adult Social Care  
Support for Carers  
Protection for Vulnerable Adults  
Supporting People  
Drug and Alcohol Commissioning

#### **2.3.3 Children's Services Committee**

The Children's Services Committee is responsible for services which help keep

children and young people safe and fulfill their potential. It incorporates schools and social care for children and families. It has a particular focus on those children who are in care, and for whom the Council has corporate parenting responsibility. The specific functions are:

- Early Years and Child Care
- School Improvement
- Additional Educational Needs
- Child Protection
- Children and Young People in Care
- Fostering and Adoption
- Youth Offending

#### 2.3.4 Environment, Development and Transport Committee

The Environment, Development and Transport Committee is responsible for protecting and enhancing the environment. It also incorporates travel and transport services to help keep the county moving, and maintains and develops the highway network. The specific functions are:

- Climate Change Mitigation and Adaptation
- Flood and Water Management (including statutory scrutiny of flood risk management)
- Ecology and Arboriculture
- Countryside Access
- Archaeology, Heritage and Landscape
- Waste Management and Recycling
- Transport Strategy / Highways Network / Passenger Transport
- Planning and Development Strategy and Management

#### 2.3.5 Communities Committee

The Communities Committee is responsible for those services which help build resilience in our communities and keep people safe. It focuses on how we engage with the public and how we make our services as customer friendly as possible. The specific functions are:

- Cultural Services (including Libraries, Museums, Adult Education, Norfolk Records Service, Arts and Events)
- Archive Centre
- Norfolk Community Learning Service
- Trading Standards
- Public Health
- Fire and Rescue
- Emergency Planning and Community Resilience
- Customer Services
- Community Relations and Engagement
- Active Norfolk
- Registration Service

### 2.3.6 Business and Property Committee

The Business and Property Committee is responsible for promoting economic development and regeneration and associated activities. It incorporates focus on four broad areas: infrastructure, enterprise, skills and securing/managing external funds. It also has responsibility for the oversight and development of County Farms, a recognition of their importance in the rural economy. In addition, the Committee has responsibility for developing and monitoring property and asset management.

Its specific functions are:

- Promoting economic growth and enterprise
- Removing barriers to growth
- Inward investment
- Supporting the Council's role on the Local Enterprise Partnership (NALEP)
- Unemployment issues
- Oversight of Norfolk Infrastructure Fund and Norfolk Development Company
- Promoting the rural economy
- Oversight and development of County Farms
- Property and asset management
- Preparing the asset management plan

### 2.3.7 Digital Innovation and Efficiency Committee

The Digital Innovation and Efficiency Committee is responsible for ICT management and for delivering the Council's commitment to exploit digital technologies for the benefit of the County of Norfolk and all its residents.

Its specific functions are:

- Political ownership of the Better Broadband for Norfolk project
- Progression of a technologically driven customer services strategy across the Council's services, enabling personalisation, better access, channel shift and digital delivery models
- Driving Norfolk's ambition to accelerate digital and mobile connectivity and lobby Government and commercial providers for 100% access to high speed broadband and 5G mobile phone coverage in Norfolk
- Providing the political leadership for the reliable delivery of technology-driven efficiencies in the Council's operations and activities, i.e. mobile working

## 2.4 Statutory Officers

### 2.4.1 The Head of Paid Service (Managing Director)

The Head of Paid Service is the Managing Director. The Managing Director is accountable to the Council and Service Committees for the manner in which the discharge of the Council's functions is coordinated.



#### 2.4.2 The Monitoring Officer (~~Head of Law~~Chief Legal Officer)

The Monitoring Officer is responsible for maintaining an up-to-date version of the Constitution and contributing to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee. He/she is also responsible, in conjunction with the Managing Director and the Executive Director of Finance and Commercial Services, for reporting to the Council or Service Committee if he/she considers that any proposal, decision or omission would give, is likely to give, or has given, rise to a contravention of any enactment or rule of law, or any maladministration ~~of or~~ injustice. Such a report has the effect of stopping the proposal or decision being implemented until the report has been considered. The Monitoring Officer will also provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all members.

#### 2.4.3 The Chief Finance Officer (Executive Director of Finance and Commercial Services)

The Council has designated the Executive Director of Finance and Commercial Services as the Chief Finance Officer. The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Section 151, Local Government Act 1972
- The Local Authorities Goods and Services Act 1970 and 1988
- Section 114, Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Local Government Acts 2000 and 2003
- The Accounts and Audit (England) Regulations ~~2011~~2015
- The Local Government Pension Scheme Regulations 1974 and 1997
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 1998
- The Localism Act 2011

There are other Statutory Officers's roles as set out within the Constitution, these include: Executive Director of Children's Services, Executive Director of Adult Social Services, Chief Fire Officer and Director of Public Health.

#### 2.5 The Money Laundering Reporting Officer

The Chief Legal Officer is appointed as the Money Laundering Reporting Officer and the ~~Team Leader, Public Law and Standards~~Practice Director, nplaw as the Deputy Money Laundering Reporting Officer. The Council has an Anti-Money Laundering Policy and Procedures in place. The Money Laundering Reporting Officer is the officer responsible for reporting disclosures to the National Crime Agency.

#### 2.6 Executive Director of Finance and Commercial Services

##### 2.6.1 The Executive Director of Finance and Commercial Services has statutory duties in

relation to the financial administration and stewardship of the County Council. This statutory responsibility cannot be overridden.

2.6.2 The Executive Director of Finance and Commercial Services is also subject to compliance with Statements of Professional Practice issued from time to time.

2.6.3 The role of Executive Director of Finance and Commercial Services complies with the principles in the CIPFA best practice statement on the “Role of the Chief Financial Officer in Local Government.” This statement confirms that the Executive Director of Finance and Commercial Services is not only a servant of the Council, but also has a fiduciary responsibility to local taxpayers as a trustee of public monies.

2.6.4 The Executive Director of Finance and Commercial Services is responsible for:

- the proper administration of the County Council’s financial affairs
- ensuring adherence to accounting standards
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management, including the level of balances, closure of accounts and statement of accounts
- setting the framework for reporting financial implications to each Service Committee
- providing financial information on the corporate position of the County Council
- providing financial advice and information on all of the County Council’s services
- preparing the overall revenue budget and capital programme, including the three year rolling medium term financial strategy
- preparing the asset management plan
- reporting on the robustness of the estimates made for the purposes of budget calculations, and the adequacy of proposed financial reserves
- effective administration of the treasury management function and aspects of pension fund administration and investment
- preparing the prudential indicators and ensuring adherence to the authorised limits set by Council
- defining standards of financial administration and management throughout the County Council
- defining the competencies of finance employees and for the delivery of effective and appropriate training and development opportunities to those employees
- advising on the adequacy and effectiveness of internal systems of control and internal audit
- delivering appropriate financial training to members and non-financial staff

2.6.5 The Executive Director of Finance and Commercial Services has the Head of Profession role for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. This includes ensuring that procedures are in place to enable ~~lead finance managers~~Finance Business Partners for each service to ~~report~~ concurrently ~~to support~~ the Executive Director of Finance and Commercial Services and their Service Executive Director on key financial matters. Finance Business Partners report to the Assistant Director

## Finance.

- 2.6.6 The Head of Profession role of the Executive Director of Finance and Commercial Services carries the statutory responsibility laid down by **Section 151 of the Local Government Act 1972** to “make arrangements for the proper administration of the County Council’s financial affairs.” The Assistant Director Finance performs the role of the Deputy Section 151 Officer.
- 2.6.7 **Section 114 of the Local Government Finance Act 1988** requires the Executive Director of Finance and Commercial Services to report to each member of the Council, and the External Auditor, if the County Council, a committee, or a joint committee on which the County Council is represented, or one of its officers:
- has made, or is about to make, a decision which involves the County Council incurring unlawful expenditure
  - has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the County Council
  - is about to make an unlawful entry in the County Council’s accounts.
- 2.6.8 Details of the process which would be followed in the event of a report being issued under section 114 of the Local Government Finance Act 1988 are set out in Annex B. Section 114 of the 1988 Act also requires:
- the Executive Director of Finance and Commercial Services to nominate a properly qualified member of staff to deputise if he or she is unable to perform personally, the duties under section 114. The Assistant Director Finance is nominated to deputise for the Executive Director of Finance and Commercial Services.
  - the Authority to provide the Executive Director of Finance and Commercial Services with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.
- 2.6.9 The Executive Director of Finance and Commercial Services is responsible for ensuring that all services are appropriately supported by skilled finance professionals. The Executive Director of Finance and Commercial Services is assisted in providing strategic financial support to services by Finance Business Partners.

## 2.7 County Leadership Team

In addition to individual responsibilities the Managing Director and Executive Directors form the County Leadership Team, which, acting together and corporately is responsible for:

- Advising on draft financial policies for consideration by relevant Committees.
- Working closely with the relevant Committees in developing financial policies.
- Being the primary mechanism for collectively ensuring the delivery of the Council’s corporate financial policies.

## 2.8 Executive Directors

### 2.8.1 Executive Directors are responsible:

- for ensuring that the Council is advised of the financial implications of all proposals relating to their respective services and for ensuring that the financial implications have been agreed by the Executive Director of Finance and Commercial Services;
- for consulting with the Executive Director of Finance and Commercial Services and seeking approval on any matter liable to materially affect the County Council's finances before any commitments are entered into or incurred. This includes notification to the Executive Director of Finance and Commercial Services as soon as possible in the event of identification of overspending or of a shortfall in income against the budget approved by the Council; and
- for ensuring that budget monitoring is undertaken on a monthly basis, and that costs are contained within budget. In the event of identification of overspending or a shortfall in income against the budget, Executive Directors are responsible for ensuring that corrective action is managed in a rigorous manner.

2.8.2 ~~Chief Officer~~Executive Directors should maintain a written record where decision-making has been delegated to members of their staff, including seconded staff.

2.8.3 ~~Chief Officers~~Executive Directors' role includes working with outside bodies and accessing additional funds and resources in order to support the Council's programme of work.

## 2.9 Other Financial Accountabilities

### 2.9.1 Accounting Policies

The Executive Director of Finance and Commercial Services is responsible for ensuring appropriate accounting policies are in place and that they are applied consistently across the County Council.

### 2.9.2 Accounting Records and Returns

The Executive Director of Finance and Commercial Services is responsible for the accounting procedures and records for the County Council and must ensure that the financial accounts and financial records of the County Council comply with all accounting policies and standards where applicable and that these standards are applied consistently across the County Council.

### 2.9.3 Annual Statement of Accounts

The Executive Director of Finance and Commercial Services is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with proper practices as required by the Accounts and Audit Regulations ~~2014~~2015. Proper practices include the Code of Practice on Local Authority Accounting in the United Kingdom (the code) and relevant statutory provisions. Council has delegated

responsibility for approving the annual Statement of Accounts to the Audit Committee.

### 3. Financial Planning

#### 3.1 Introduction

- 3.1.1 The Executive Director of Finance and Commercial Services, in accordance with the strategies, policies and priorities of the County Council, is to be responsible for the proper administration of the financial affairs of the County Council, including multi-year financial planning and control.

#### 3.2 Revenue Budget

- 3.2.1 The consolidated revenue budget is proposed by the Policy and Resources Committee, taking into account Service Committees' recommendations to Policy and Resources, and approved by the County Council. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and to proposed council tax levels. Once the overall budget has been approved by County Council, it cannot be increased by a committee, subject to the arrangements set out in paragraph 3.7.5 below.

#### 3.3 Capital Budget

- 3.3.1 The capital budget is proposed by the Policy and Resources Committee and approved by the County Council taking into account Service Committees' recommendations. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and how the programme is to be funded and any impact on the revenue budget.

#### 3.4 Medium Term Planning and Budget Preparation

- 3.4.1 The County Council is responsible for agreeing the Council's priorities. This sets the overall strategic framework for the County Council's services. The Medium Term Financial Strategy ~~and Medium Term Financial Plan sets~~ out the approach and financial context for the County Council. The ~~Financial Plan~~ Medium Term Financial Strategy also gives further detail as to how the County Council will deliver plans and resource services over three years. The County Council is responsible for agreeing a rolling three year balanced budget and agreeing the council tax precept for the following financial year at the February County Council meeting. Executive Directors are collectively responsible for developing a framework and timetable to deliver medium term planning requirements. This framework will include: review of the planning context and the forward budget planning forecast; service priorities and costs; and provide a structure incorporating the development of medium term service options including efficiencies, financial implications, risk impact and likelihood assessment; member engagement, public and stakeholder consultation and the decision-making process.
- 3.4.2 Policy and Resources Committee is responsible for providing guidance to Service Committees on the preparation of the budget in consultation with the Executive Director of Finance and Commercial Services. The guidelines will take account of:

- legal requirements
- medium-term planning prospects
- the County Council's core roles
- all available resources including external funding and income
- ~~increases~~ fluctuations in demand, and inflation
- ~~reductions due to~~ changes in grant funding ~~and cuts~~
- best value
- ~~Government~~ government guidelines
- accounting standards
- the Prudential Code
- The County Council Plan
- Asset Management Plan
- Reserves, general and earmarked
- Arms' length bodies

It will also set out the minimum requirements for preparation of budget proposals including:

- option appraisal and use of whole life costing, comparing the relative costs of the options, over the life of the project. For example, whether to lease, purchase or new build;
- risk assessment and owner;
- ~~single equality and rural~~ impact assessment, ~~a Norfolk County Council tool~~ to ensure all of the necessary key cross cutting issues are considered, including equality and sustainability; and
- Budget proposals pro-forma template to ensure that budget proposals are developed on a consistent basis by service committees.

3.4.3 The Executive Director of Finance and Commercial Services is responsible for ensuring that rolling three-year revenue and capital budget proposals are prepared on an annual basis for consideration by the Policy and Resources Committee. The Policy and Resources Committee is responsible for ensuring that the three year revenue and capital budget proposals are robust and underpinned by an adequate level of reserves before submission to the County Council. The Policy and Resources Committee will publish to all County Council members each autumn the financial context for forward financial service planning, a review of the issues relating to the budget for the following financial year and a timetable for the preparation and approval of the budget. This timetable will take account of the need for discussion and review of the proposals by Service Committees and of the need for statutory and other consultation on the budget proposals.

3.4.4 It is the responsibility of Executive Directors to ensure that proposals are prepared in accordance with the guidance, to ensure that budgets are set on a sound financial basis and in accordance with best practice including ensuring that they have been risk assessed.

3.4.5 The Executive Director of Finance and Commercial Services is responsible for ensuring that proposals demonstrate adherence to the guidance and members should



ensure that any proposed budget amendments are made available to the Executive Director of Finance and Commercial Services at least five working days before the County Council budget meeting. Members' proposed budget amendments must be finalised two working days before the County Council budget meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. In accordance with established culture and practice, proposed budget amendments received in accordance with Financial Regulations will be published in advance of the County Council meeting at which they are to be discussed.

- 3.4.6 The County Council will consider the budget proposals and may adopt them, amend them or substitute its own proposals in their place prior to March 1<sup>st</sup>. The County Council will agree at least a three year balanced budget and agree the precept for the following year.

### 3.5 Asset Management Plan

- 3.5.1 The ~~Executive Director of Finance and Commercial Services~~Corporate Property Officer (the Head of Property) is responsible for ensuring an Asset Management Plan is prepared / updated / reviewed on an annual basis for consideration by the Business and Property Committee before submission to County Council.

### 3.6 Decisions

- 3.6.1 All decisions must be undertaken in accordance with the decision-making and reporting framework set out in the Constitution of the County Council and must comply with the County Council's Financial Regulations and Financial Procedures. Details of financial implications must be provided before any financial decision can be taken. Decisions which commit the County Council to spending over £100m must be referred to Full Council.

- ~~3.6.13~~3.6.2 The Terms of Reference of Committees set out within the Constitution (Part 4.1) confirm that Policy and Resources Committee is responsible for taking key decisions which incur significant expenditure or make significant savings, and decisions which have an impact on a significant proportion of Norfolk's residents. The Managing Director in consultation with the Chairman of the Policy and Resources Committee shall determine, in relation to any decision to be taken by another service committee under delegated authority, if that is a decision which may incur significant expenditure or make significant savings or may affect a significant proportion of Norfolk's residents and in such a case the decision shall be made by the Policy and Resources Committee in place of any other service committee.

### 3.7 Budget Monitoring and Control

- 3.7.1 The Executive Director of Finance and Commercial Services is responsible for monitoring income and expenditure against approved revenue and capital budget allocations and for reporting to the Policy and Resources Committee on the overall position on a monthly basis and to the other Service Committees on their budgets on a monthly basis.



- 3.7.2 The Executive Director of Finance and Commercial Services is responsible for monitoring the prudential indicators and reporting to the Policy and Resources Committee on the overall position on a monthly basis.
- 3.7.3 The Executive Director of Finance and Commercial Services is responsible for monitoring the cash flow of the County Council and ensuring this is used to inform borrowing and investment decisions.
- 3.7.4 It is the responsibility of Executive Directors to control income and expenditure within their area in accordance with the approved budget and to monitor performance, taking account of financial information provided by the Executive Director of Finance and Commercial Services. Executive Directors are responsible for alerting the Executive Director of Finance and Commercial Services and the relevant Chair of the Service Committee or Chair of Policy and Resources Committee, to any overspendings or shortfalls in income and for identifying strategies and options for containing spend within the budget approved by the Council. If the overspending or shortfall in income cannot be accommodated within the service's budget this shall be reported to the Policy and Resources Committee.
- 3.7.5 Any policy proposal, which would have the effect of increasing a Service Committee's budget, must be supported by a funding proposal setting out how it can be accommodated within the Service Committee's existing budget. Such proposals must be made available to the Executive Director of Finance and Commercial Services at least five working days before the meeting at which they are to be proposed and must be finalised two working days before the meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. In the event that the proposal falls outside the scope of the Policy Framework as set out in part 3.1 of the Constitution, it must be referred to Full Council for consideration.
- 3.7.6 Any variation or variations to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Chief Legal Officer and the Head of Procurement in consultation with the Executive Director of Finance and Commercial Services.

### 3.8 Virement

- 3.8.1 Virement is the process of transferring the budget expenditure or income, whether revenue or capital, from one approved budget head to another. The County Council is responsible for agreeing the overall procedures for the virement of budget and the approval of virements between committees. Executive Directors are responsible for agreeing in-year virements within delegated limits, in consultation with the Executive Director of Finance and Commercial Services where required. (The current approved procedures are shown in Annex A).
- 3.8.2 Schools are free to vire between budget heads in the expenditure of their budget shares but Governors are advised to establish criteria for virements and financial limits above which the approval of the Governors is required.

### 3.9 Treatment of Year-End Balances

- 3.9.1 Service Committees are required to report any under and overspendings to Policy and Resources Committee as part of year-end reporting. Policy and Resources Committee is responsible for reporting the overall under and overspendings to County Council and making recommendations as to how they are utilised or managed taking into account the recommendations from Service Committees.
- 3.9.2 The Executive Director of Finance and Commercial Services is responsible for putting in place controls to ensure that carry-forward of revenue budget, revenue reserves and revenue grants above agreed limits are documented and reported to all Executive Directors and totals agreed by Service Committees.
- 3.9.3 The Executive Director of Finance and Commercial Services is responsible for putting in place controls to ensure that carry-forward of capital budget, capital reserves and capital grants above agreed limits are documented and reported to all Executive Directors and totals agreed by Service Committees. Any slippage on the capital programme will be carried forward to the next financial year and reported to Service Committees.

### 3.10 Maintenance of Reserves

3.10.1 It is the responsibility of the Executive Director of Finance and Commercial Services to review the Council's financial risks and planning assumptions and advise the Policy and Resources Committee and the County Council on prudent levels of reserves and of general balances as part of setting the budget. This advice needs to take account of relevant accounting standards and professional best practice as part of the Council's budget planning process and regular budget monitoring.

3.10.2 The annual revenue budget sets out details of the purpose for which earmarked reserves are held and high level forecasts for the use of such reserves. The timing of the use of reserves may however be uncertain and the annual budget setting process therefore provides the framework in which the use of reserves is agreed. In agreeing the annual revenue budget, the Council is approving the use of reserves for the purposes for which they have been earmarked, and it is recognised that the timing of this use will be dependent on operational requirements and other factors.

3.10.13.10.3 Where it is proposed that reserves are to be used for a purpose other than that for which they have been earmarked, this will be subject to approval by Policy and Resources Committee in-year, based on the advice of the Executive Director of Finance and Commercial Services, with reference to a recommendation from the relevant Service Committee as appropriate in respect of service reserves. There is a general presumption that Policy and Resources Committee will normally approve recommendations for the use of earmarked reserves which are made by Service Committees, except where there are wider implications for financial control across the County Council, or delivery of the Council's budget plans. In the event that the Executive Director of Finance and Commercial Services advises that a decision about the use of reserves may have such broader implications, Policy and Resources

Committee will recommend a course of action but refer the matter to be decided by the County Council.

---

## **4. Governance, Risk Management and Internal Control**

### **4.1 Governance**

4.1.1 The Audit Committee is primarily responsible for Governance, Risk Management and Internal Control throughout the County Council. Its Terms of Reference are reviewed annually, changes approved by the County Council and published as Appendix 2 to the Constitution. The composition is politically balanced and is reviewed at each appointment to the Committee.

4.1.2 Other member-led bodies that also have a role in governance and internal control include the County Council, the Constitution Advisory Group, and, with respect to members, the Standards Committee.

### **4.2 Internal Control and Internal Audit**

4.2.1 Internal control refers to the systems of management and other controls put in place to ensure that the County Council's objectives are achieved in a manner which promotes economic, efficient and effective use of resources and in a way which ensures that the County Council's assets and interests are safeguarded.

4.2.2 The Executive Director of Finance and Commercial Services is responsible for advising on adequate and effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant best practice.

4.2.3 It is the responsibility of Executive Directors, having regard to advice from the Executive Director of Finance and Commercial Services, to establish sound arrangements for internal control including planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and in order to achieve their targets.

4.2.4 The Accounts and Audit Regulations 2014-2015 require the County Council to:

- undertake an adequate and effective internal audit;
- review the effectiveness of its internal audit, at least annually; and
- ensure the Audit Committee considers the findings of that review as part of its consideration of the system of internal control for the County Council.

4.2.5 The Leader of the Council and the Managing Director are responsible for signing the Annual Governance Statement that should be produced following an annual review of systems of internal control. The Annual Governance Statement is published with the annual Statement of Accounts.

### **4.3 Risk Management**

4.3.1 The County Council, through the Policy and Resources Committee, is responsible for approving the County Council's Risk Management Policy and Framework, and ensuring that proper insurance exists where appropriate.

4.3.2 The Audit Committee is responsible for reviewing the effectiveness of the County Council's risk management arrangements. It will receive risk management reports at least four times a year and take appropriate action to ensure that corporate business risks are being actively and appropriately managed. Annually, it will report on risk management to the County Council.

4.3.3 The Executive Director of Finance and Commercial Services is responsible for informing the preparation of the County Council's risk management Policy and Framework, for promoting it throughout the County Council and for advising the Policy and Resources Committee on proper insurance cover where appropriate. The Executive Director of Finance and Commercial Services will also report on the Corporate Risk Register to each meeting of the Audit Committee, and ensure that Departments report their departmental risk register at least twice per annum to their respective Service Committee. In this way, Service Committees own and manage their service-specific risks.

#### 4.4 External Audit

4.4.1 Public Sector Audit Appointments Limited (~~which replacing~~ replaced the Audit Commission with effect from 1 April 2015) is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by the Local Audit and Accountability Act 2014~~section 5 of the Audit Commission Act 1998.~~

4.4.2 The County Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

4.4.3 External auditors have a responsibility to satisfy themselves that the County Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This judgement is based on criteria specified by the National Audit Office. The Executive Director of Finance and Commercial Services, in conjunction with Executive Directors, must ensure that the organisation makes best use of resources and that taxpayers and / or service users receive value for money.

#### 4.5 ~~Anti-Fraud~~Anti-Fraud and Corruption

4.5.1 In managing its responsibilities the County Council is determined to protect itself against fraud and corruption both from within the County Council and from outside. The County Council is committed to maintaining a strong anti-fraud and corruption culture through its Anti-Fraud and Corruption Strategy. This is designed to:

- Encourage prevention;
- Promote detection;
- Identify a clear pathway for investigation; and
- Fulfil the requirements of Section 17 of the Crime and Disorder Act 1998

4.5.2 The County Council expects members and staff at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices and

internal controls including internal checks.

- 4.5.3 Executive Directors are responsible for ensuring that internal controls are such that fraud or corruption will be prevented, where possible, and the measures in the Anti-Fraud and Corruption Strategy are promoted.
- 4.5.4 Under the Anti-Fraud and Corruption Strategy, an Executive Director is required to immediately inform the Executive Director of Finance and Commercial Services of any financial irregularity or suspected financial irregularity.
- 4.5.5 The County Council expects that all who have dealings with it have a similar anti-fraud and corruption ethos and that they have no intent or actions with respect to fraud and corruption. (The County Council has issued guidance in “How to do business with Norfolk County Council” including whistleblowing, to support this).

#### 4.6 Money Laundering and Proceeds of Crime

- 4.6.1 The County Council has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 and ~~fuller~~ details can be found ~~in a procedures document~~ on the Norfolk Public Law (nplaw) pages of the County Council’s Intranet site.
- 4.6.2 The County Council has nominated the Chief Legal Officer to perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.
- 4.6.3 Executive Directors are responsible for ensuring that:
- all staff most likely to be exposed to, or suspicious of, money laundering situations are made aware of the requirements and obligations placed on the County Council and themselves by legislation;
  - those staff considered most likely to encounter money laundering are given appropriate training (nplaw can provide relevant in-house training);
  - departmental procedures are established to help forestall and prevent money laundering, including making arrangements for reporting concerns about money laundering to the MLRO; and
  - periodic and regular assessments are undertaken of the risks of money laundering that may exist in their Departments.

#### 4.7 Treasury Management

- 4.7.1 The County Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services and complies with the CIPFA Prudential Code when carrying out borrowing and investment activities under Part 1 of the Local Government Act 2003.
- 4.7.2 The County Council is responsible for the setting and revising of prudential indicators

and for the approval of the Annual Investment and Treasury Strategy.

4.7.3 The County Council has delegated responsibility to the Executive Director of Finance and Commercial Services for the execution and administration of treasury management decisions, including decisions on borrowing, investment, financing (including leasing) and maintenance of the counter party list. The counter party list contains details of those banks, building societies and other bodies that meet the County Council's criteria for investment. The Executive Director of Finance and Commercial Services has delegated authority to effect movement between the separately agreed limits for borrowing and other long term liabilities reflected in the Prudential Code's operational and authorised limits. The Executive Director of Finance and Commercial Services is required to act in accordance with the County Council's Treasury Management Policy Statement and Treasury Management Practices and CIPFA's Standards of Professional Practice on Treasury Management in accordance with external advice.

4.7.4 The Executive Director of Finance and Commercial Services will prepare for County Council an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close. In addition, the Executive Director of Finance and Commercial Services will regularly report to the Treasury Management Panel and the Policy and Resources Committee on treasury management policies, practices, activities and performance monitoring information.

4.7.5 The Executive Director of Finance and Commercial Services is responsible for:

- monitoring performance against prudential indicators, including reporting significant deviations to the Policy and Resources Committee and County Council as appropriate.
- ensuring all borrowing and investment decisions, both long and short term, are based on cash flow monitoring and projections.
- ensuring that any leasing financing decisions are based on full options appraisal and represent best value for the County Council, in accordance with the County Council's leasing guidance.
- the provision and management of all banking services and facilities to the County Council.

#### **4.8 Norfolk Pension Fund**

4.8.1 The Local Government Pension Scheme (LGPS) is a national pension scheme, with its own regulator (the Department of Communities and Local Government), which is administered locally.

4.8.2 The County Council is the Administering Authority of the Norfolk Pension Fund, and administers the LGPS on behalf of all the participating employers and scheme members. Norfolk County Council is also an employer within the scheme.

4.8.3 Norfolk County Council delegates all its responsibilities as Administrator of the scheme to the Pensions Committee, including admitted bodies which acts as quasi-trustee of the Fund.



- 4.8.4 All Pension Fund assets are separate from the County Council, and all costs and income are accounted for separately. The Fund has a separate bank account.
- 4.8.5 The Pensions Committee is responsible for all aspects of the administration of the scheme. This includes responsibility for deciding upon the best way in which the Pension Fund is to be invested with appropriate regard to its fiduciary responsibilities.
- 4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The 2016 Regulations introduced the requirement for LGPS funds to pool investment assets from the 1<sup>st</sup> April 2018. ~~Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as Amended).~~
- 4.8.7 The Pensions Committee is also responsible for the appointment and monitoring of Investment Managers, Custodian and other related service providers to the Fund.
- 4.8.8 The Executive Director of Finance and Commercial Services is responsible for the administration and financial accounting of the Norfolk Pension Fund. The Executive Director of Finance and Commercial Services is responsible for the preparation of the Pension Fund annual report and the statement of accounts. The County Council delegates responsibility for the approval of the annual accounts to the Audit Committee.
- 4.8.9 The Norfolk Pension Fund has adopted an Investment Strategy Statement (formerly the Statement of Investment Principles) in relation to the investment of the assets. This Statement includes details of compliance with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the ~~Statement of Investment Principles~~ Strategy Statement.
- 4.8.10 The Executive Director of Finance and Commercial Services is custodian of the Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions Committee. The Executive Director of Finance and Commercial Services is also the custodian of the Fund's Communication Strategy, which details the communication needs of its stakeholders.
- 4.8.11 The Executive Director of Finance and Commercial Services ensures compliance with relevant regulatory and legislative guidelines and for keeping records of all scheme members, calculation and payment of benefits, transfers between schemes and the collection of contributions from participating employers.



## **5. Assets, Systems, Processes and Records**

### **5.1 Introduction**

5.1.1 Robust systems and procedures are essential to an effective framework of accountability and control.

### **5.2 Data Management**

5.2.1 The County Leadership Team is responsible for ensuring that policies and procedures are in place to enable management of data to support effective decision-making.

5.2.2 It is the responsibility of the Executive Director to ensure data management policies are understood and used effectively within their services.

### **5.3 Financial Processes and Data Protection**

5.3.1 The Executive Director of Finance and Commercial Services is responsible for the determination and operation of the County Council's accounting processes, for the form of accounts and for the supporting financial records. The Executive Director of Finance and Commercial Services must approve any changes made by Executive Directors to the financial processes or the establishment of new processes, including IT systems.

5.3.2 Executive Directors must ensure that any processing (computerised or manual) that involves personal information is registered in accordance with the Data Protection Act 1998 and that all staff are aware of their responsibilities under the Act and advice from the Information Commissioner.

5.3.3 Executive Directors must ensure that all staff are aware of their responsibilities under Freedom of Information legislation, and that procedures are in place to ensure compliance.

5.3.4 Executive Directors must ensure that all staff are aware of their responsibilities under the Code of recommended practice for local authorities on data transparency. These include:

- The requirement to maintain an inventory of data sets.
- The general requirement that, where data is published, it should be in a non-proprietary format and published in a timely fashion.
- The requirement to publish certain, specified data sets.

5.3.5 To ensure that open data which is published corporately is accurate and complete, Executive Directors must ensure that:

- All contracts over £50,000 are registered on the corporate contracts register maintained by the procurement team.
- All goods and services are ordered via one of the council's electronic ordering

- systems (for general purposes, Oracle iProcurement).
- All goods and services are ordered in advance and purchase order descriptions are accurate and complete.
- All changes of structure are notified to HR.

#### 5.4 **Schemes of Authorisation and Financial Responsibility**

**5.4.1** It is the responsibility of Executive Directors to ensure that ~~a the proper~~ scheme of authorisation and financial responsibility is implemented using Budget Manager and is has been established within their area and is operating effectively. The scheme of ~~authorisation~~authorisation and financial responsibility should identify identifies staff authorised to act on the Executive Director's behalf, or on behalf of the Council, in respect of payments, income collection and procurement (including ordering), ~~together with the limits of their authority~~. Procurement authorisations shall be made in accordance with the requirements of Contract Standing Orders. For clarity, staff identified to act in this way will be required to formally accept their responsibilities under the scheme of ~~authorisation~~authorisation and financial responsibility.

~~5.4.15.4.2~~ **5.4.2** Policy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. The Debt Recovery Policy and Framework forms part of the Financial Procedures and is required to be followed by all parties involved in the recovery of monies owed to the Council.

#### 5.5 **Income**

5.5.1 The Executive Director of Finance and Commercial Services is responsible for the provision and management of all income collection arrangements for the County Council.

#### 5.6 **Payments to Employees, Third Parties and Members**

5.6.1 Except for schools, the Executive Director of Finance and Commercial Services is responsible for all payments of salaries and wages to all staff, including payments for overtime, goods and services provided, and for the payment of allowances to elected members. Schools have delegated responsibility under the LMS scheme.

#### 5.7 **Taxation**

5.7.1 The Executive Director of Finance and Commercial Services is responsible for advising Executive Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues, including VAT, that affect the County Council.

5.7.2 The Executive Director of Finance and Commercial Services is responsible for maintaining the County Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

#### 5.8 **Trading Accounts**

5.8.1 Policy and Resources Committee must approve the establishment of all Trading Accounts. Trading Accounts are required for all services that provide goods or services to a third party on a traded basis or where the organisation has identified that a service should operate as a separate trading unit.

5.8.2 The Executive Director of Finance and Commercial Services is responsible for the form of the trading accounts included in the Trading Framework document. Executive Directors are responsible for reporting on the activities of any trading organisation within their respective areas of service, taking account of current accounting standards and best practice in reporting.

## 5.9 Monitoring Reporting

5.9.1 Executive Directors are responsible for ensuring that monthly budget monitoring reports for both revenue and capital expenditure and income are produced for their respective areas of service. The Executive Director of Finance and Commercial Services is responsible for regularly reporting the details (including compliance with the Prudential Code) to Policy and Resources Committee.

5.9.2 Any variation, or variations, to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Chief Legal Officer and the Head of Procurement in consultation with the Executive Director of Finance and Commercial Services.

## 5.10 Companies, Trusts and Charities

5.10.1 Policy and Resources Committee is responsible for:

- Approving the establishment and viability (including the business case) of all new companies, trusts and charities.
- Approving investments in other companies, trusts and charities, in which the County Council has a financial interest except where the investment is within criteria Policy and Resources Committee has previously delegated to an Executive Director.
- Taking decisions as shareholder and sole trustee where appropriate.
- Monitoring and receiving reports on the County Council's companies.

5.10.2 Executive Directors are responsible for informing the Chief Legal Officer and Executive Director of Finance and Commercial Services of any new proposals, to ensure that legal and financial considerations are properly considered before any arrangements with an outside body or creation of a new company, trust or charity are considered.

5.10.3 Executive Directors are also responsible for ensuring tight controls are in place for the financial management of loan and guarantor arrangements with Norfolk County Council owned companies. This includes ensuring the Executive Director of Finance and Commercial Services is presented with robust business cases and signed loan agreements.

- 5.10.4 The Executive Director of Finance and Commercial Services is responsible for reviewing the ongoing viability of such entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.
- 5.10.5 All relevant companies must have their accounts incorporated and consolidated within the County Council's financial accounts in accordance with proper accounting standards and best financial practice. The Executive Director of Finance and Commercial Services is responsible for ensuring the proper financial accounting treatment and compliance with current legislation.
- 5.10.6 The appointment of directors to companies, trusts and charities in which the County Council has an interest must be made by County Council, having regard to the advice of the Executive Director of Finance and Commercial Services. The directors will then have a statutory duty to the company, trust or charity and must therefore act in accordance with the Companies and / or Charities Act where applicable.
- 5.10.7 The Executive Director of Finance and Commercial Services and Chief Legal Officer should be contacted for assistance at an early stage to discuss the proposals.

#### **5.11 Early payments and loans to suppliers and service providers**

**5.11.1** In the normal course of business the County Council may on occasion make **early payments** (in advance of contractual payment terms) to support suppliers or service providers experiencing cash flow difficulties. Early payments will be made on a case by case basis, entirely at the discretion of the County Council, and taking into account the overall value of the contract and the implications of any failure of service provision. Payments in these circumstances will be agreed by the relevant Finance Business Partner for the service area, with notification provided to the Executive Director of Finance and Commercial Services and / or Assistant Director of Finance. In marginal cases, or where there is doubt about the ongoing viability of a supplier, it may be appropriate to undertake a Financial Assessment of the supplier before any early payment is agreed. Early payments will normally be recovered through an adjustment to subsequent contractual payments, and the arrangements for repayment terms **must** be agreed before any early payment is made.

**5.11.2** **Loans** may be made in exceptional circumstances outside of contractual agreements or where no contract or payment relationship exists. This has the potential to arise (for example) in the context of a third party organisation experiencing financial difficulty, where the failure of the third party would significantly impact upon services the Council provides or is responsible for. Loans will be considered on a case by case basis, entirely at the discretion of the County Council, and taking into account the overall level of the loan and the implications of any failure of service provision. Loans in this context would be intended generally for short term cash flow purposes and to ensure the continuity of a service, or to avoid additional costs arising from any provider failure, although it is recognised that other circumstances necessitating a loan may also arise and this list is not comprehensive.

5.11.3 The Executive Director of Finance and Commercial Services has discretion to consider making a short term loan in the above circumstances, whilst also considering:

- the ability of the loan recipient to repay and the provision of a robust plan to demonstrate how the situation which gave rise to the need for a loan will be resolved (it is also likely that a Financial Assessment of the recipient will be required);
- any potential state aid issues, particularly in respect of determining an appropriate interest rate for the loan, which should be set with reference to the published margin tables; and
- the duration and value of the loan sought.

5.11.4 Loans will be requested through the relevant Finance Business Partner for the service area, in consultation with the Executive Director for the service. Loans will not be made until they have been approved by the Executive Director of Finance and Commercial Services, or the Assistant Director of Finance, following consultation with the Leader and / or Deputy Leader in the case of a loan over £50,000 and / or for a loan period in excess of six months.

5.11.5 Loans may be repaid either by instalment or as a lump-sum. The terms of the loan, including arrangements for repayment, must be agreed and a loan agreement signed by both parties before any loan can be made. The service area initiating the loan will be required to identify a cost centre which will bear the cost of the loan in the event of a failure by the loan recipient to make repayments as agreed. The Executive Director for the service should consider the need to make the relevant Committee Chair aware of this potential cost to the Committee budget.

## 5.11.5.12 **Contract Standing Orders**

5.11.15.12.1 Executive Directors are responsible for ensuring that the procurement of all goods, works and services is undertaken in accordance with the Council's Contract Standing Orders.

5.11.25.12.2 Contract Standing Orders form part of the County Council's Constitution and are the rules that govern how procurement will be undertaken by the Council, and what processes must be followed.

5.11.35.12.3 Any contract with a value exceeding £30,000 entered into on behalf of the Council must be made in writing. Such contracts must either be signed by at least two authorised officers of the Council or made under the common seal of the Council attested by at least one authorised officer.

## 5.12.5.13 **Assets**

5.12.15.13.1 Executive Directors should ensure that records of assets are properly maintained and securely held (in practice property asset records are kept by the Corporate Property Team on behalf of Executive Directors). Executive Directors should also ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.

~~5.12.25.13.2~~ In making disposals officers will have due regard to the provisions of the Local Government Act 1972 (section 123) concerning best consideration, subject to the discretion afforded to authorities by virtue of the General Disposal Consent (England) 2003 (see DCLG Circular 06/2003). All decisions to dispose at less than best consideration will be referred to ~~Policy and Resources~~Business and Property Committee for determination.

~~5.12.35.13.3~~ Disposal must be made by competitive ~~tender or public auction~~process unless the Executive Director of Finance and Commercial Services authorises otherwise. The appointment of agents to handle disposals is subject to the normal provisions of Council Standing Orders.

~~5.12.45.13.4~~ All property disposals (including lease surrenders), acquisitions and other property transactions (such as granting / taking licences, granting of easements and wayleaves to statutory undertakers etc., granting tenancies at will) are to be made only by the Council's Corporate Property Officer. In reaching decisions on the disposal of land and property, the County Council should give due consideration to the advice of the Corporate Property Officer. The Council's named and designated Corporate Property Officer (the Head of ~~Corporate~~ Property) may, in accordance with arrangements approved by the Executive Director of Finance and Commercial Services, dispose of property assets, acquire property assets and approve of property transactions as set out in the tables at ~~5.13.65.12.6~~ and ~~5.13.75.12.7~~ below. Proposals for disposals, acquisitions and other property transactions must involve the Local Member as set out within the Local Member Protocol in the Constitution (Annex to Part 6.2 of the Constitution).

~~5.12.55.13.5~~ Land and buildings declared surplus by a service will be reviewed by the Corporate Property Strategy Group and where there is no alternative beneficial use such property will be reported to the Business and Property Committee to confirm its status as a surplus asset to be disposed of.

~~5.12.65.13.6~~ The disposal of surplus assets will be undertaken as follows:

Property		Other Assets	
Disposal value* £m	Responsibility and authorisation	Disposal value* £m	Responsibility and authorisation
<u>Above</u> £0.500m <del>±</del> (unless disposal specifically agreed within the annual budget-setting process)	Business and Property Committee	<u>Above</u> £0.500m <del>±</del>	Business and Property Committee
<del>Between</del> £0.025m <u>up to and including</u> £0.500m	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, <del>Managing Director</del> and Chair of Business and Property Committee	£0.250m <u>up to</u> <u>and including</u> £0.500m	Executive Director in consultation with Executive Director of Finance and Commercial Services
Up to £0.025m	Corporate Property Officer	Up to £0.250m	Executive Director
All disposals at less than best consideration (irrespective of value)	Business and Property Committee	All disposals at less than best consideration (irrespective of value)	Business and Property Committee
Leases**			
Operational properties – lease out or lease out renewals at a rent of £25,000 or more per annum, or the term is for 10 years or more	Business and Property Committee		
Operational properties – lease out or lease out renewals at a rent below £25,000 per annum, and the term is for less than 10 years	Corporate Property Officer		
Commercial properties – lease out or lease out	Business and Property Committee		



renewals at a rent of £50,000 or more per annum, or the term is for 10 years or more			
Commercial properties – lease out or lease out renewals at a rent below £50,000 per annum, and the term is for less than 10 years	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services		
<b>Farm Business Tenancies</b>			
<u>Farm business tenancies or renewals at a rent of £50,000 or more per annum, or the term is for 10 years or more</u>	<u>Business and Property Committee</u>		
<u>Farm business tenancies or renewals at a rent below £50,000 per annum, and the term is for less than 10 years</u>	<u>Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services and Chair of Business and Property Committee</u>		
<b>Other Property Transactions</b>			
<u>Granting of all licenses, easements and wayleaves to statutory undertakers, tenancies at will</u>	<u>Corporate Property Officer</u>		

\* Disposal value in this table refers to the valuation of the asset, irrespective of the consideration to be received.

\*\* For the purposes of leases, a distinction is made between the Operational Property Estate and the Commercial Property Estate as follows:

Operational Estate:

The operational estate relates to those property assets used principally for service delivery. At times parts of the operational estate may temporarily not be required for service delivery but are retained where there will be a future use. An example could be an office building. In addition, parts of the estate are let out to support service



delivery by a third party on the council's behalf, for example a depot. In these instances the asset would be let to derive an income.

#### Commercial Estate:

The council holds some assets for economic development reasons (investment properties), which are let out to businesses to support the policies and aims of economic development as well as deriving a rental income. In this situation, the ebb and flow of leases requires commercial agility to be able to react to market demands. To support this requires the Corporate Property Officer to be able to agree terms of a lease quickly as circumstances dictate.

~~5.12.75.13.7~~ Acquisitions of assets will be undertaken as follows:

Property		Other Assets	
Acquisition value £m	Responsibility and authorisation	Acquisition value £m	Responsibility and authorisation
<u>Above</u> £0.250m <del>±</del>	Business and Property Committee	<u>Above</u> £0.250m <del>±</del>	Business and Property Committee
<del>Between</del> £0.025m <u>up to and</u> <u>including</u> £0.250m	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, <del>Managing Director</del> and Chair of Business and Property Committee	Below £0.250m	Executive Director
Below £0.025m	Corporate Property Officer		
Leases			
Lease acquisitions and renewals where the proposed rental is £25,000 or more per annum, or the term of the lease or renewal is for ten or more years	Business and Property Committee		
Lease acquisitions and renewals where the proposed rental is below £25,000 per annum, and the term of the lease or renewal is for less than ten years	Corporate Property Officer		
<u>Lease acquisitions, lease renewals and wayleaves where they apply to standard statutory obligations / undertakings for the installation of plant</u>	<u>Corporate Property Officer</u>		

<u>and equipment by statutory undertakers</u>			
<b><u>Other Property Transactions</u></b>			
<u>Acquiring licenses not exceeding one year</u>	<u>Corporate Property Officer</u>		

**5.12.85.13.8** The government has consulted on regulations (the proposed Local Authorities (Functions and Responsibilities) (England) Regulations 2015) which would require any decision to dispose of land and buildings with a value above £500,000 to be agreed by the Full Council. The regulations above show the responsibility is with Business and Property Committee pending the outcome of the consultation. As at August 2017 these have not yet been enacted. If enacted, the following thresholds would apply:

<b>Disposal value</b>	<b>Responsibility and authorisation for land and buildings</b>
Up to £0.025m	Corporate Property Officer
<u>Between</u> £0.025m <u>up to– but not including</u> 0.500m	Corporate Property Officer in consultation with the Executive Director of Finance and Commercial Services, <del>Managing-Director</del> and Chair of Business and Property Committee.
£0.500m <u>or above</u> + and all disposals at less than best consideration (irrespective of value)	Full Council

**5.12.95.13.9** The County Council has an aspiration to at least maintain the size of its current County Farms estate, under the County Farms policy agreed by the County Council in October 2014. To that end any capital receipts from the sale of County Farm land will be treated in the following way:

For all County Farms land that is sold:

- If it is sold as **agricultural land**, 100% of the capital receipt will be hypothecated towards further acquisitions of County Farm land / capital improvements to the County Farm estate that produce a revenue uplift.
- If it is sold as **residential/development** land:
  - A valuation will be undertaken to establish the value of the land, should it have been sold without planning permission. That value will then be hypothecated towards further County Farm acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
  - The balance of the sale value will be split:
    - 65% towards general capital receipts to be utilised by the Council for any purpose.

- 35% will be put into a reserve for the use of County Farms for further acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
  - If this reserve reaches £3m in value then any additional receipts will be made available for general Council use for any purpose.

#### 5.13.15.14 **Retention of Financial Records**

5.13.15.14.1 The County Council has a specific policy in place on the minimum retention periods for financial records and these periods are set out in the corporate records retention and disposal scheme. Executive Directors should ensure records are maintained and held securely for the correct period, after which they should be disposed of in accordance with the procedures.

---

## **6. External Arrangements**

### **6.1 Introduction**

- 6.1.1 Where the County Council operates in a devolved environment or through a partnership or other arrangements, the Executive Director of Finance and Commercial Services must ensure that the roles and responsibilities for each of the activities and tasks in maintaining financial administration and stewardship are clearly defined, allocated and operated effectively.

### **6.2 Partnerships**

- 6.2.1 The County Council has formal representation on many external boards ~~such as: the Police and Crime Panel, the Local Enterprise Partnership Board, and the Greater Norwich Growth Board.~~
- 6.2.2 Separate governance arrangements will exist for external boards / partnerships / joint ventures and decisions taken by Council members at these boards that affect Norfolk County Council will still be subject to the Norfolk County Council Constitution.
- 6.2.3 The Executive Director of Finance and Commercial Services must ensure that the accounting and reporting arrangements to be adopted relating to partnerships and joint ventures, as defined within Financial Procedures, are satisfactory. The Executive Director of Finance and Commercial Services and Chief Legal Officer must consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must also ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 6.2.4 Executive Directors are responsible, in consultation with the Executive Director of Finance and Commercial Services and Chief Legal Officer, for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. They should also ensure that the risks identified above are mitigated where possible.

### **6.3 External Funding**

- 6.3.1 The Executive Director of Finance and Commercial Services is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the County Council's accounts. Executive Directors are responsible for ensuring that the Executive Director of Finance and Commercial Services is notified of external funding bids at an early stage.

### **6.4 Financial Guarantees**

- 6.4.1 Executive Directors must inform the Executive Director of Finance and Commercial Services of all proposals that may require a financial guarantee prior to implementation.
- 6.4.2 The Executive Director of Finance and Commercial Services is responsible for

ensuring that any proposed financial guarantee requirement is within the powers of the County Council and shall consult with the Chief Legal Officer as appropriate.

- 6.4.3 Requirements for suppliers to provide the County Council with either bonds or guarantees shall be agreed with the Corporate Property Officer (for property contracts) or the Head of Procurement (for other contracts)

## **6.5 Work for Third Parties**

- 6.5.1 The Policy and Resources Committee is responsible for approving the contractual arrangements for any work for third parties or external bodies, not already covered by the Scheme of Authorisation to Executive Directors.

## **6.6 State Aid and Competition**

- 6.6.1 Executive Directors are responsible for ensuring that any payments made by their department do not constitute State Aid or breach rules on competition. State Aid (which is governed by EU regulations) is the illegal subsidy of commercial activity from public funds, and could arise, for example, from the following:

- Cheap loans
- Grant funding
- Sharing staff, equipment or accommodation (particularly with wholly owned companies)
- Waiver of deductions due on contracts.

- 6.6.2 If an Executive Director is unsure as to whether a payment would constitute State Aid or anticompetitive practice, the advice of the Executive Director of Finance and Commercial Services should be sought in consultation with the Chief Legal Officer where appropriate.

## **6.7 Private Finance 2 (PF2)**

- 6.7.1 Executive Directors considering PF2 projects should consult with the Executive Director of Finance and Commercial Services during the preparation of the business case for submission to the Council or Service Committee (Service Committee if less than £100m).

- 6.7.2 Council / Committee is responsible for approving PF2 projects at all key stages. The Executive Director is responsible for ensuring that such approvals are sought and obtained from Council / Committee in a timely manner following recommendation by the Project Board, in accordance with the approved PF2 process.

- 6.7.3 The Executive Director of Finance and Commercial Services is responsible for:

- ensuring that the project has the necessary support from appropriately skilled financial and procurement specialists at all stages of its procurement, as well as during the operational stage
- ensuring that the necessary banking arrangements are available in time for the

- project to commence
- endorsing the outline business case, including underlying financial assumptions, value for money, and ability to deliver
- ensuring that the financial implications of all PF2 projects are incorporated in financial planning.

#### 6.7.4 Executive Directors are responsible for:

- preparing a business case for submission to Council / Committee prior to commencing the procurement process
- ensuring that the project has the necessary support from appropriately skilled legal and procurement specialists at all stages of its procurement, as well as during the operational stage
- compliance with Contract Standing Orders
- ensuring that, at all stages, cost estimates for both the capital and revenue expenditure are carefully made and reviewed to ensure that they are robust before seeking formal approval from Council / Committee
- ensuring that procedures are in place to limit, as far as reasonably possible, the likelihood of the County Council failing to pay the contractor on time, or otherwise defaulting or making an overpayment
- informing the Executive Director of Finance and Commercial Services of any matter that may lead to termination under the contract. Policy and Resources Committee is required to approve termination of a contract by use of the Authority Default provisions
- fully considering the risks associated with undertaking a PF2 project and reporting them to Policy and Resources Committee when they are considering the approval of a PF2 project
- ensuring that any dedicated bank accounts necessary to enable their projects to function efficiently are set up and properly operated

6.7.5 Executive Directors are responsible for ensuring that deductions required to the unitary payment for the unavailability of the contracted service or a performance shortfall are made in full in a timely manner. If another service or asset is proposed in exchange for foregoing such deductions, the Executive Director of Finance and Commercial Services is responsible for ensuring that the alternative proposal has a value equal to the foregone deductions.

6.7.6 Where the County Council has the right to make a deduction under the contract, any waiver of the deduction shall be treated as a write-off of debt, and shall be covered by the Council's Debt Recovery procedure. When considering the thresholds for approval of the write off, all deductions due in a financial year should be aggregated together.

6.7.7 Private Finance transactions contain complex financial arrangements including (usually) a Funder's Direct Agreement that can obligate the County Council to take over the responsibility for the Contractor's debt in the event of Authority or Contractor default. It is the responsibility of the Executive Director to ensure that the Executive Director of Finance and Commercial Services has all the relevant information regarding these arrangements and of any material financial matters. It is the

responsibility of the Executive Director of Finance and Commercial Services to account for the arrangements in accordance with the relevant regulations and proper accounting practice.



## Norfolk County Council's Scheme of Virement

### Background

1. The scheme of virement is intended to enable Committees, Executive Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the County Council, and therefore to optimise the use of resources.
2. The scheme is administered by the Executive Director of Finance and Commercial Services within guidelines set by the County Council. Any variation from this scheme requires the approval of the County Council.
3. The overall budget is approved by the County Council. Executive Directors and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure – both revenue and capital. For the purposes of this scheme, a budget head is considered to be the subdivision of service budgets as reported in the service commentaries within the medium term financial plan. Virement does not include the switching of resources between revenue and capital.
4. Virement does not create additional overall budget liability. Executive Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full- year effects of decisions made part way through a year, for which they have not identified future resources. Executive Directors must plan to fund such commitments from within their own budgets.
5. The capital and revenue budgets may contain block allocations of funding for specific purposes. The movement of resources from a block allocation to a specific identified scheme does not constitute a virement provided that the expenditure being incurred is in accordance with the original policy decision agreed by the County Council. If an Executive Director wishes to transfer funding from a block allocation and use it for a different purpose, for example, the transfer of purchase of care from one client group to a different client group, the rules below will apply.

### Revenue

6. County Council is responsible for agreeing virement between services (as shown in the budget report to County Council in February each year), and where the virement has a value in excess of £200,000.
7. Policy and Resources Committee is responsible for agreeing virement between services where the virement has a value of up to £200,000, subject to the prior agreement of the virement by the service committee(s) concerned.

8. County Council is also responsible for agreeing virements between budget heads defined in 3 above – within services, where the virement has a value in excess of 1% of the net budget of the service (as shown in the budget report to County Council in February) or £100,000 – whichever is the higher. For Children’s Services, net budget is calculated exclusive of amounts delegated to schools.
9. All other virements are the responsibility of Executive Directors, subject to consultation with the Chair of the appropriate Committee and the agreement of the Executive Director of Finance and Commercial Services.
10. Executive Directors may delegate authority to make virements to other officers, consistent with the above and in accordance with formally agreed departmental arrangements.

### **Capital**

11. County Council is responsible for agreeing virements between services and schemes (as shown in the Capital Budget document produced by the Executive Director of Finance and Commercial Services).
  12. County Council is also responsible for agreeing virements greater than £250,000 within services or schemes (as defined above).
  13. All other virements are the responsibility of Executive Directors, subject to consultation with the appropriate Committee Chair and the agreement of the Executive Director of Finance and Commercial Services and subject to the service’s overall financial provision for capital spending not being exceeded in the current and future years.
-

**Norfolk County Council process for the issue of a report under  
Section 114 of the Local Government Finance Act 1988**

**Background**

1. Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the Section 151 Officer (Executive Director of Finance and Commercial Services) in consultation with the Monitoring Officer (Chief Legal Officer) if there is, or is likely to be, unlawful expenditure or an unbalanced budget. Making a report under section 114 is likely to have serious implications and this Annex therefore sets out the process and controls which will be adopted prior to such a report being made. It should be noted that the objective of these Financial Regulations and, more broadly, the Council's effective financial management and reporting procedures, is to minimize the prospect of the Executive Director of Finance and Commercial Services being required to make such a report, and such an eventuality is to be avoided if at all possible.
2. The Executive Director of Finance and Commercial Services has a duty to report to the authority if they believe:
  - that a decision involves, or would involve, unlawful expenditure (114 (2) (a));
  - a course of action is unlawful and is likely to cause a loss or deficiency (114 (2) (b));
  - an entry of account is unlawful (114 (2) (c)).
3. In such circumstances, the Executive Director of Finance and Commercial Services is required to make a report to the authority and send a copy to every member and the external auditor. The full council must consider the report within 21 days and the action to which the report relates must not be pursued until this has taken place. Full council must decide whether it agrees or disagrees with the report and determine the action it proposes to take.
4. The Executive Director of Finance and Commercial Services is also required to inform the authority in the event they believe that expenditure is likely to exceed available resources (114 (3)). The authority then may not enter into agreements incurring expenditure until the report has been considered by the full council.
5. Information leading to the preparation of a section 114 report might arise from a council officer (including a member of the Finance and Commercial Services department), a member of the council, the public, or from the authority's auditors. Members and officers should note that it is the Executive Director of Finance and Commercial Services' duty to investigate possible issues which might lead to a formal report. The statutory duty to make a report rests with the Executive Director of Finance and Commercial Services.
6. A report made under section 114 (2) requires the Executive Director of Finance and Commercial Services to make a judgement that a decision or course of action is

unlawful. Such a decision will only be made after consultation with the Chief Legal Officer (Monitoring Officer). A report made under section 114 (3) relates to a financial judgement which may be reached by the Executive Director of Finance and Commercial Services alone, although consultation with the Managing Director (Head of Paid Service) and Chief Legal Officer (Monitoring Officer) is still required in case other corporate and legal issues arise as a result of the report.

7. These Financial Regulations adopt the recommendations of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, where further information about the issuing of a section 114 report can be found.

### **Section 114 Process**

8. The process for the issuing of a report under section 114 (2) in relation to an unlawful decision or course of action (either retrospective or potential) is as follows:

Executive Director of Finance and Commercial Services consults with Chief Legal Officer (Monitoring Officer) to determine whether an action or proposed action was or will be unlawful



Consult with Managing Director (Head of Paid Service)



In the event of disagreement or doubt, Chief Legal Officer to seek opinion of counsel



Following confirmation that an action would be unlawful, a prospective **action may be halted** at this stage through management action. In such an event, no further action or report would be required



In the case of an **event which has already occurred, or where it is not possible to stop** the course of action, the Executive Director of Finance and Commercial Services will **draft a report** under Part VIII of the Local Government Finance Act 1988



Report agreed with Managing Director and Chief Legal Officer (consultation with counsel if required)



Executive Director of Finance and Commercial Services **signs report** - sent to every member of the council and the external auditor as soon as practical. The report should normally be sent with the summons to the Full Council meeting which will consider it. Proof of sending should be retained

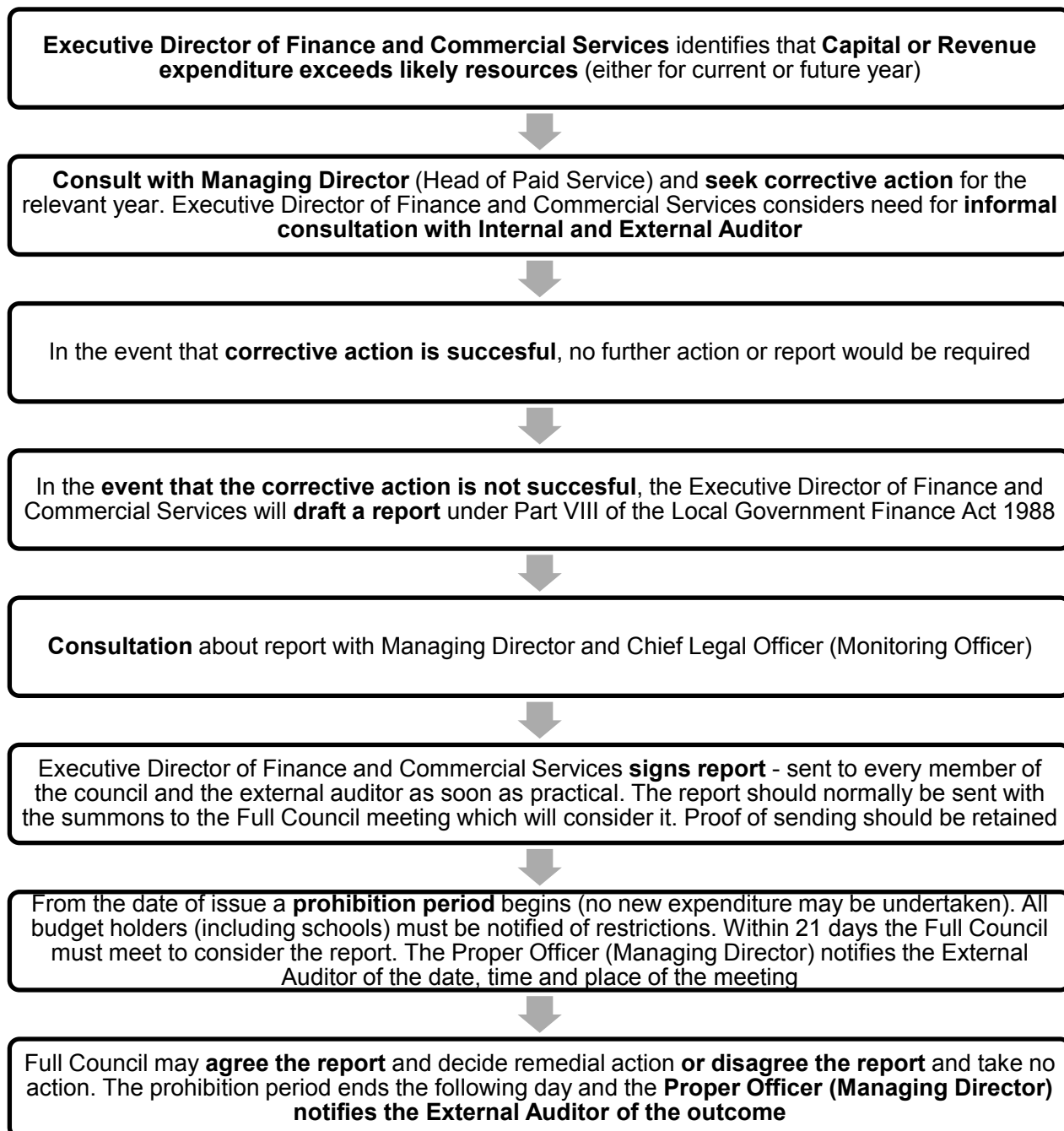


From the date of issue a **prohibition period** begins (the action may not be progressed). Within 21 days the Full Council must meet to consider the report. The Proper Officer (Managing Director) notifies the External Auditor of the date, time and place of the meeting



Full Council may **agree the report** and decide remedial action **or disagree the report** and take no action. The prohibition period ends the following day and the **Proper Officer (Managing Director) notifies the External Auditor of the outcome**

9. The process for the issuing of a report under section 114 (3) in relation to an unbalanced budget position is as follows:



## **Exceptions and other considerations**

10. There are a number of circumstances which would not necessarily result in the preparation of a section 114 report. These include:
- Emerging matters or a developing situation. This would include occasions where a view is requested on a proposal which may be under consideration but which if pursued could result in a reportable matter. A simple preliminary request would not give rise to a need to report, although any further developments would need to be monitored.
  - Items of trivial expenditure or loss of income.
  - Cases of discovered fraud (which may in any case lead to criminal prosecution) would not normally result in a requirement for a section 114 report, but will be dealt with under the Council's existing Anti-Fraud and Corruption Strategy, as referenced elsewhere within the Financial Regulations.
  - A committee overspend in and of itself is unlikely to give rise to a section 114 report, which would only be required where the Council's total resources are likely to fall short of expenditure and the Executive Director of Finance and Commercial Services judges that there is no reasonable prospect of the position being resolved or mitigated.
11. The above list is not exhaustive. In these and similar circumstances, the Executive Director of Finance will give consideration to the need for a report under section 114, in consultation with other officers as required.
12. In the case of a developing situation, careful consideration will need to be given to the timing of any report, in particular to distinguish between an emerging situation and an actual one. Every reasonable action will be taken to avoid the need for a section 114 report by providing timely financial advice including alternative options to avoid an emerging reportable situation from ultimately arising.

## **Further action**

13. The Executive Director of Finance and Commercial Services' statutory duties under section 114 are discharged once a report has been issued to Full Council. In the event that Full Council does not agree with a report issued under section 114, it is likely that any further formal action would be taken by the External Auditor through the issue of an advisory notice under section 29 (schedule 8) of the Local Audit and Accountability Act 2014 or by applying to the court for a declaration under section 31 of the above Act.

## **ANTI MONEY LAUNDERING POLICY 2017**

This document sets out the Norfolk County Council's policy in relation to combatting money laundering and playing its part in the fight against criminal and terrorist financing.

### **1. Introduction**

- a. The Proceeds of Crime Act 2002 (POCA) and the Money Laundering Regulations 2007 ('the Regulations') create a regime aimed at preventing the use of proceeds of crime.
- b. The Proceeds of Crime Act potentially applies to areas of work carried out by the County Council and to all individual staff. Consequently it cannot be stressed too strongly that in addition to the County Council's role it is every member of staff's responsibility to be vigilant.
- c. The Money Laundering Regulations apply to activities carried on by "relevant persons". While these may be subject to revision from time to time local authorities are not generally subject to those provisions of the Proceeds of Crime Act and the Regulations that apply solely to the regulated sector or relevant persons but there may be specific areas of work where the Regulations do apply.
- d. However it is also appropriate that all public service organisations such as the County Council should embrace the underlying principles behind the money laundering legislation and regulations and put in place anti-money laundering policies, procedures and reporting arrangements, appropriate and proportionate to their activities.

### **2. Policy**

- a. The County Council will monitor and review the scope and application of the relevant law and adopt standards of best practice, in particular to:
  - i. Make all those staff most likely to be exposed to or suspicious of money laundering situations aware of the requirements and obligations placed on the County Council and themselves as individuals by the legislation;
  - ii. Give targeted training to those considered to be most likely to encounter money laundering;
  - iii. Make arrangements to receive and manage the concerns of staff about money laundering and their suspicions of it, to make internal enquiries and to make reports, where necessary, to the NCA National Crime Agency ("NCA"); and
  - iv. Establish internal procedures to help forestall and prevent money laundering.

Part 7 of POCA deals with both the **money laundering offences** and those offences resulting from a **failure to act on a suspicion of money laundering**.

The Money Laundering Regulations 2007 (MLRs) provide the administrative and regulatory requirements for firms within the regulated sector.



### 3. Money Laundering Offences

There are three money laundering offences in POCA relating to the direct handling of the proceeds of crime. These can be committed by any person. It is an offence to:

- Conceal, disguise, convert or transfer the proceeds of crime, or to remove the proceeds of crime from the jurisdiction of England and Wales. This is the basic money laundering offence (section 327).
- Enter into, or become concerned in an arrangement, in which a person knows or suspects the retention, use or control of the proceeds of crime. This is the aiding and abetting offence (section 328).
- Acquire, use or possess the proceeds of crime. This is known as the handling stolen goods offence (section 329).

All three offences require either a knowledge or suspicion of money laundering.

### 4. Offences Relating to Failure to Report Money Laundering

These offences are concerned with a person's action or inaction upon discovering potential money laundering. There are four offences:

- **Failure to disclose.** A person working in a business in the regulated sector knows or suspects, or has reasonable grounds for knowing or suspecting, that another person is engaged in an offence under sections 327 to 329 of POCA but fails to disclose that knowledge or suspicion to a relevant officer (section 330). For more information, see Practice note, Money Laundering - the s330 offence.
- **Failure to disclose (nominated officers).** A person nominated to receive disclosures under section 330 working in the regulated sector (the MLRO) knows or suspects, or has reasonable grounds to know or suspect, money laundering, as a consequence of his role of person nominated to receive disclosures under section 330, and fails to make the necessary disclosure under section 338 as soon as practical after the information comes to him (section 331). It is a defence for the MLRO if he has a reasonable excuse for not disclosing the information. For more information, see Practice note, Money laundering: offence under section 331 of the Proceeds of Crime Act 2002.
- **Tipping off.** A person working in a business in the regulated sector knows or suspects that another person's suspected involvement with money laundering is under investigation or in contemplation of investigation, and regardless makes a disclosure to any person likely to prejudice any investigation (section 333A).
- **Prejudicing the investigation.** A person knows or suspects that a money laundering investigation has or is about to be commenced in respect of another and he makes a material disclosure to any other person which is likely to prejudice the investigation, or interferes with relevant material (section 342). This offence can be committed by both regulated and non-regulated individuals.

These failure to disclose offences can only be committed by a person in the regulated sector. In practice, the simple rule exists that a regulated person can avoid committing

a "failure to report" offence by informing their MLRO of their suspicion and not telling anyone else about it.

## **5. Suspicious Activity reports**

A suspicious activity report (SAR) is the formal mechanism for making an authorised disclosure under section 338 of POCA. A report is made to the National Crime Agency (NCA) who can consider the information provided and either give or refuse consent to complete the transaction. If consent is given, the transaction can be completed without any risk of committing a proceeds of crime offence. If consent is refused, the transaction cannot be completed and the MLRO still has to take appropriate steps to avoid committing an offence of tipping off.

## **6. What are the role and responsibilities of the MLRO?**

In addition to the duties and liabilities imposed by POCA, additional responsibilities are imposed on the MLRO by regulation 20 of the MLRs.

The MLRO's criminal liability emerges from both the offences under POCA and regulation 45 of the MLRs. Under regulation 45, the MLRO can be subject to criminal sanctions for failing to put in place the following relevant regulations prescribed by the MLRs:

- Customer due diligence measures (regulation 7(1), (2) or (3)).
- Ongoing monitoring of business relationships (regulation 8(1) or (3)).
- Verifying the identity of a customer before conducting a transaction (regulation 9(2)).
- Failing to cease transactions where customer due diligence measures cannot be undertaken (regulation 11(1)(a), (b) or (c)).
- Carrying out enhanced due diligence measures (where appropriate) (regulation 14(1)).
- Keeping relevant transactional records (regulation 19(1), (4), (5) or (6)).
- Putting in place adequate policies and procedures, including anti-money laundering procedures (regulation 20(1), (4) or (5)).
- Ensuring that employees receive appropriate anti-money laundering training (regulation 21).
- Failing to follow a direction made under regulation 18 (made by HM Treasury).

## **7. What defences are available to failure to report charges?**

A person in the regulated sector can avoid committing a money laundering offence by disclosing any information that gives rise to knowledge or suspicion of a money laundering offence to the relevant officer (section 330) and subsequently keeping that disclosure confidential (section 333A).

## **8. Problem areas for the County Council**

Within the County Council it is anticipated that the most likely scenario in which a money laundering issue may arise is where officers unwittingly become concerned or

involved in an arrangement which we know or suspect enables criminal property to be retained or acquired by a third party.

Should an officer enter into or become 'concerned' in an arrangement known or suspected to facilitate the acquisition, retention, use or control of criminal property, an offence will have been committed. However it is a defence for the officer concerned to make a disclosure to a 'nominated officer' who will then be duty bound to review the facts and if appropriate make a report to NCA.

Any officer of Norfolk County Council should be aware in their dealings that they could come into contact with money laundering. In the event of any concerns, they should contact the MLRO, the [Chief Legal Officer and Monitoring Officer](#), or the Deputy MLRO, the [Practice Director](#) at nplaw for advice. **NB: An officer should not take any unilateral action of any kind without first seeking advice.**

## **ANTI MONEY LAUNDERING GUIDANCE NOTES 2017**

### **1. What is money laundering?**

Money laundering is the process by which proceeds of crime or terrorism funds are legitimised. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods.

Increased awareness has resulted in greater responsibilities for organisations and employees to address risk and combat attempts at money laundering.

The County Council might be viewed as having limited exposure to the problem but is certainly not immune and on a “best practice” basis we are required to take proportionate measures.

There are serious penalties for those who are convicted of breaking the law.

**Norfolk County Council’s policy on money laundering is to:**

- Embrace the underlying principles behind money laundering related legislation to help forestall and prevent money laundering
- Make staff aware of the requirements placed on them and assist with any concerns
- Give targeted training to those at risk
- Provide for the reporting of actual or suspected cases of money

We have nominated the [Chief Legal Officer and Monitoring Officer](#) to be the Council’s **Money Laundering Reporting Officer** (MLRO), and the [Practice Director](#) at nplaw as the Deputy MLRO.

### **2. What are the main offences?**

There are three principal offences:

- **concealing;**
- **arranging;** and
- the **acquisition, use or possession**

...of criminal property.

There are also two ‘third party’ offences:

- **failure to disclose** one of the three principle offences named above; and
- **tipping off** – informing people who are suspected of being involved in money laundering, so that the likelihood of them being investigated is reduced or an investigation already commenced is prejudiced.

### **3. How is it likely to affect me?**

It is unlikely that a member or officer would commit one of the three principal criminal offences. However, there could be occasions where there might be a suspicion of money laundering activities. For example:

- a social worker assists a client to apply for grants in the knowledge that proceeds of crime are being concealed.
- an officer involved in a property transaction has suspicions that the property is being bought using the proceeds of crime.
- a tender for a County Council contract is suspiciously low.

In all cases by becoming “concerned” in a transaction known, or suspected of facilitating the acquisition, retention, use or control of criminal property, an offence will have been committed. However it would be a defence of the person concerned to make a disclosure to the Council’s MLRO.

### **4. Cash Payments**

High value payments to the Council in cash (including notes, coins or travellers’ cheques in any currency) over £2,000 should be carefully scrutinised. In the event of any proposal to make payment in cash which arouses concerns, the advice of the MLRO should be sought. In all cases, attention should also be paid to the Council’s insurance limits for holding cash. These are currently £600 for a locked receptacle and £15,000 for a safe.

### **5. Customer Due Diligence**

Where the Council is carrying out certain ‘regulated activities’ then extra care needs to be taken to check the identity of the customer or client – known as carrying out customer due diligence.

The Regulations regarding customer due diligence are detailed and complex, but there are some simple questions that will help you decide if it is necessary:

- Is the service a regulated activity as defined by the Regulations (i.e. the provision of advice on tax affairs, accounting services, treasury management, investment or other financial services, audit services, estate functions, company/trust formation, dealing in goods involving cash payment of €15,000)?
- Is the Council charging for the service i.e. is it ‘by way of business’?
- Is the service being provided to a customer other than a UK public authority?

If the answer to any of these questions is **no** then you do not need to carry out customer due diligence. Alternatively you are required to carry out customer due diligence before any business is undertaken for that client. If unsure, you should contact the MLRO.

If, at any time, it is suspected that a client or customer for whom the Council is currently, or is planning to carry out, a regulated activity is carrying out money laundering or terrorist financing, or has lied about their identity then this must be reported to the MLRO.

## 6. What should I do if I suspect money laundering?

If you have any suspicion of money laundering activities you **should promptly report it to the Money Laundering Reporting Officer**. Even if it is just a small amount of money it is important to report it. The Money Laundering Reporting Officer will then decide whether the transaction is suspicious and whether to make a report to the National Crime Agency (NCA).

If you work in an area where we think you might find suspicious situations, your manager will talk to you about it, and offer you training where it is needed.

## 7. Possible signs of money laundering

It is impossible to give a definitive list of ways in which to spot money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

### Generally:

- *A new client;*
- *A secretive client: e.g. refuses to provide requested information without a reasonable explanation;*
- *Concerns about the honesty, integrity, identity or location of a client;*
- *Illogical third party transactions: unnecessary routing or receipt of funds from third parties or through third party accounts;*
- *Involvement of an unconnected third party without logical reason or explanation;*
- *Payment of a substantial sum in cash (over £2,000);*
- *Overpayments by a client;*
- *Absence of an obvious legitimate source of the funds;*
- *Movement of funds overseas, particularly to a higher risk country or tax haven;*
- *Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a client) is out of line with normal expectations;*
- *A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;*
- *The cancellation or reversal of an earlier transaction;*
- *Requests for release of client account details other than in the normal course of business;*
- *Companies and trusts: extensive use of corporate structures and trusts in circumstances where the client's needs are inconsistent with the use of such structures;*
- *Poor business records or internal accounting controls;*

- *A previous transaction for the same client which has been, or should have been, reported to the MLRO.*

**Property Matters:**

- *Unusual property investment transactions if there is no apparent investment purpose or rationale;*
- *Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);*
- *Re property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination.*

Facts which tend to suggest that something odd is happening may be sufficient for a reasonable suspicion of money laundering to arise.

If you become aware that your involvement in a matter may amount to money laundering then you must discuss it with the MLRO and not take any further action until you have received, through the MLRO, the consent of National Crime Agency (NCA).

**8. What further help and guidance is available?**

Please contact David Johnson at nplaw on 01603 223247 for further advice and assistance.

<b>Proposed Consequential Changes to the Constitution</b>		
<b>Change</b>	<b>Original section of Constitution</b>	<b>Proposed</b>
Delegations for the Managing Director to be amended to remove the current points 5 to 10 as the Council set up in 2015 the Corporate Property Team and there is now in place a substantive Head of Property and these activities are core business for the team. Furthermore the Council established the Business and Property Committee earlier in 2017.	<p><u>Part 6.2, page 5</u></p> <p><b>SCHEME OF DELEGATED POWERS TO OFFICERS</b></p> <p><b>B. OFFICERS' SCHEME OF DELEGATED POWERS</b></p> <p>The following summaries of Chief Officers' delegations detail further exceptions and provide appropriate clarification:-</p> <p><b>MANAGING DIRECTOR</b></p> <p>In accordance with the strategies, policies and priorities of the Council and the general conditions set out in Section A of this Scheme:-</p> <ol style="list-style-type: none"> <li>1. To do, or authorise to be done, any act or thing necessary to effect any decision of the Council.</li> <li>2. To exercise any powers where necessary in the event of a civil emergency.</li> <li>3. To determine the list of politically restricted posts within the Council and to issue certificates under Section 3 of the Local Government and Housing Act 1989.</li> </ol>	<p><b>SCHEME OF DELEGATED POWERS TO OFFICERS</b></p> <p><b>B. OFFICERS' SCHEME OF DELEGATED POWERS</b></p> <p>The following summaries of Chief Officers' delegations detail further exceptions and provide appropriate clarification:-</p> <p><b>MANAGING DIRECTOR</b></p> <p>In accordance with the strategies, policies and priorities of the Council and the general conditions set out in Section A of this Scheme:-</p> <ol style="list-style-type: none"> <li>1. To do, or authorise to be done, any act or thing necessary to effect any decision of the Council.</li> <li>2. To exercise any powers where necessary in the event of a civil emergency.</li> <li>3. To determine the list of politically restricted posts within the Council and to issue certificates under Section 3 of the Local Government and Housing Act 1989.</li> <li>4. To give permission for the use of the County Council's Coat of Arms.</li> </ol>



<b>Proposed Consequential Changes to the Constitution</b>		
<b>Change</b>	<b>Original section of Constitution</b>	<b>Proposed</b>
	<ol style="list-style-type: none"> <li>4. To give permission for the use of the County Council's Coat of Arms.</li> <li>5. To exercise the Council's functions relating to county farms, subject to taking professional advice before exercising such powers.</li> <li>6. To decide on proposals for putting to a new use any land or building, which is no longer required for the purpose for which it has hitherto been used, where re-use by others or disposal is not practical, or where the net disposal value is less than £100,000.</li> <li>7. To approve applications for direct use by a particular service of capital receipts arising from the realisation of surplus property assets of that service subject to a maximum not exceeding £100,000.</li> <li>8. To approve the allocation and rearrangement of office space and ancillary accommodation at County Hall and other general purpose buildings at a cost not exceeding £100,000.</li> <li>9. To negotiate and agree with the District Valuer and other interested parties the rating valuation of Council properties.</li> </ol>	<ol style="list-style-type: none"> <li>5. To divide electoral divisions into polling districts at local government elections.</li> <li>6. To make appointments to Committees in consultation with the relevant Group Leader.</li> <li>7. To take minor and urgent decisions within the terms of reference of the Personnel Committee having first consulted with the Group Leaders.</li> </ol>

<b>Proposed Consequential Changes to the Constitution</b>		
<b>Change</b>	<b>Original section of Constitution</b>	<b>Proposed</b>
	<p>10. Subject to any financial limitations on this power laid down by the Council or Committee in respect of land and buildings and other property interests, to agree terms for the acquisition by purchase, lease or exchange, lease renewals, lettings and disposals.</p> <p>11. To divide electoral divisions into polling districts at local government elections.</p> <p>12. To make appointments to Committees in consultation with the relevant Group Leader.</p> <p>13. To take minor and urgent decisions within the terms of reference of the Personnel Committee having first consulted with the Group Leaders.</p>	
Delete this delegation as the Council set up in 2015 the Corporate Property Team and there is now in place a substantive Head of Property and these activities are core business for the team. Furthermore the Council established the Business and Property Committee earlier in 2017.	<p><u>Section 6.2 page 14</u></p> <p><b>SCHEDULE OF DELEGATIONS OF CHIEF OFFICERS' POWERS</b></p> <p><b>MANAGING DIRECTOR</b></p> <p><b>SECTION B – SPECIFIC DELEGATION</b></p> <p>5. To exercise the Council's functions relating to County Farms, subject to taking professional advice before</p>	Delete. Proposed changes to the financial regulations cover these points.

<b>Proposed Consequential Changes to the Constitution</b>		
<b>Change</b>	<b>Original section of Constitution</b>	<b>Proposed</b>
	<p>exercising such powers.</p> <p>Under this area of delegation the following sub-delegation is made:-</p> <p>“To review 1954 Act Leases on similar terms and on the best rent reasonably obtainable, to grant and renew Farm Business Tenancy Agreements pursuant to the Agricultural Tenancies Act 1995 at the best rent reasonably obtainable, to accept surrenders of leases on the best terms reasonably obtainable, to grant wayleaves and easements to statutory undertakers and for other such services on the best terms reasonably obtainable and to grant tenancies at will.”</p>	
Amend part of the Member protocol as the Council set up in 2015 the Corporate Property Team and there is now in place a substantive Head of Property and these activities are core business for the team.	<p><u>Section 6.2 page 32</u></p> <p><b><u>CONSTITUTION</u></b></p> <p><b><u>ANNEX TO PART 6.2</u></b></p> <p><b><u>LOCAL MEMBER PROTOCOL</u></b></p> <p><b><u>PROTOCOL FOR INFORMING MEMBERS OF ISSUES RELATING TO THEIR ELECTORAL DIVISION</u></b></p>	

<b>Proposed Consequential Changes to the Constitution</b>		
<b>Change</b>	<b>Original section of Constitution</b>	<b>Proposed</b>
	<u>NPS LTD</u> <ul style="list-style-type: none"> <li>• Property sale particulars.</li> <li>• Property disposals, when not on the open market.</li> <li>• Planning applications on surplus property or for County Council developments.</li> <li>• Property acquisitions by lease or purchase.</li> <li>• Property reviews.</li> <li>• Partnership projects.</li> <li>• Planned maintenance programme for local properties.</li> </ul>	<u>Corporate Property Team</u> (or agents on instruction): <ul style="list-style-type: none"> <li>• Property reviews</li> <li>• Property sale particulars.</li> <li>• Property disposals (freehold/leases over 7 years)</li> <li>• Planning applications on surplus property or for County Council developments.</li> <li>• Property acquisitions by lease or purchase.</li> <li>• Partnership projects.</li> <li>• Planned maintenance programmes for local properties.</li> </ul>
Remove reference to Hierarchy of Decision Making which is no longer noted in constitution (used to be in section 7.7 in previous iterations of constitution).	<u>Section 7.8 page 5</u> <b>Contract and Standing Orders</b> 3.4 Relevant Contracts do not include: a) agreements regarding the acquisition, disposal, or transfer of land, pre-existing property leases, and licenses – the rules governing these are outlined in the Hierarchy of Decision Making on Property Matters Under The Constitution of Norfolk County Council.	<b>Contract and Standing Orders</b> 3.4 Relevant Contracts do not include: a) agreements regarding the acquisition, disposal, or transfer of land, pre-existing property leases, and licenses – the rules governing these are outlined in the Financial Regulations.

# Constitutional Advisory Group

## APPENDIX C

<b>Report title:</b>	<b>Proposed changes to the Scheme of Delegation to better reflect the statutory functions of the County Council as Lead Local Flood Authority</b>
<b>Date of meeting:</b>	<b>8 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe</b>
<b>Strategic impact</b> To ensure greater efficiency in providing technical advice to planning authorities on drainage, the compilation of flood risk asset records and the publishing of flood investigations.	

### Executive summary

This report proposes to revise the existing scheme of delegation for Lead Local Flood Authority matters related to statutory consultations from planning authorities, record keeping on flood risk assets and the publication of flood investigations.

#### Recommendations:

It is recommended that an amendment is made (as set out in 1.2 of this report) to Section B, Part 6.2 of the Norfolk County Council Constitution to better reflect the carrying out of statutory functions under the Flood and Water Management Act 2010 and The Town and Country Planning (Development Management Procedure) (England) Order 2010.

## 1. Proposal (or options)

- 1.1. This proposal advocates a small number of changes to the specific delegations of the Executive Director of Community and Environmental Services. The changes proposed are;
  - To amend the text relating to the council functions regarding Sustainable Drainage Systems (“SuDS”). The current text requires updating due to legislative changes and to make the text more consistent with other areas of the scheme of delegation.
  - To make explicit the powers to compile and include records of flood risk assets under Section 21 of the Flood and Water Management Act 2010, and;
  - To make explicit the role the County Council has in publishing investigation reports into flooding of people property and infrastructure under Section 19 of the Flood and Water Management Act 2010.
- 1.2. To better reflect the bullet points set out above, amendments are proposed to Part 6.2, Section B of the Norfolk County Council Constitution. The first amendment relates to Paragraph 10 and is;
  - (10) Giving advice or recommendations to Local Planning Authorities on behalf of the County Council as Lead Local Flood Authority in line with requirements of the Town and Country Planning (Development

The second and third revisions would be to insert new entries (as Paragraph 13 and 14) under Part 6.2, Section B of the Norfolk County Council Constitution. These would be;

(13) To authorise the publication and maintenance of records associated with the register of flood risk structures or features under Section 21 of the Flood and Water Management Act 2010.

(14) Approving the publication of formal flood investigations undertaken under Section 19 of the Flood and Water Management Act 2010

- 1.3. These amendments are sought to ensure that the Councils Constitution is accurate and that it better reflects the Lead Local Flood Authority statutory duties and functions. The existing and proposed wording is summarised in Appendix A.

## **2. Financial Implications**

- 2.1. No direct financial implications

## **3. Issues, risks and innovation**

- 3.1. Failing to accurately reflect the requirements of statutory duties in the authority's specific delegations could impact on the legality of advice or records published in the public domain. This could also impact on the timeframes in which information is published.

## **4. Background**

- 4.1. From April 2010 to late 2014 it had been Government's intention to implement Schedule 3 of the Flood and Water Management Act 2010. Schedule 3 of the legislation would have placed Unitary Local Authorities and County Councils at the centre of a new process, separate from planning, for approving, adopting and maintaining SuDS on new major developments. In December 2014 Government resolved to deliver SuDS on new developments using the existing Town and County Planning process and set out changes to planning that sought to strengthen planning policy. These changes came into force from the 6 April 2015.
- 4.2. At the same time Government also set out new consultation arrangements for planning applications for major developments. These changes made upper tier local authorities statutory consultees to planning in their capacity as LLFAs. This statutory consultee role to planning is created by the Town and Country Planning (Development Management Procedure) (England) Order 2015. Schedule 4 of this statutory instrument sets out the consultations before the grant of permission and paragraph (ze) states that the LLFA should be consulted on "major development with surface water drainage". These changes came into force from the 15 April 2015. The LLFA role is broadly similar to that held by the Environment Agency (EA) prior to this date.

- 4.3. The current wording of Paragraph 10, Section B, Part 6.2 of the Norfolk County Council Constitution relates to the SAB role previously envisaged under Schedule 3 of the Flood and Water Management Act 2010. As such the proposal outlined in 1.2 is aimed at better reflecting the statutory consultee role to planning that has been conferred on the authority.
- 4.4. The duties surrounding the Section 19 flood investigations and Section 21 flood risk asset register as set out in the Flood and Water Management Act 2010 were the subject of a previous CAG report approved on the 22 October 2013 which provided a Chief Officers' delegation to the Executive Director of Community and Environmental Services "To exercise the Council's Functions as a Lead Local Flood Authority under the Flood and Water Management Act 2010." The proposal in this report relates to specific delegations that have been identified to better reflect the technical and unique nature of these duties.
- 4.5. Whilst we are seeking amendments to better reflect the functions under the Flood and Water Management Act 2010 it is worth noting that members are currently involved in the following processes and activities;
- Approving and endorsing protocols – Protocols have been produced to establish when County Council officers should exercise their flood risk powers and to set out the thresholds that are used trigger the need for involvement by the authority. These protocols cover;
    - Ordinary Watercourse Enforcement as set out in the NCC CES Enforcement Policy
    - Ordinary Watercourse Consenting
    - Flood Investigations
  - Scrutinising risk management authorities. – Currently the scrutiny of Risk Management Authorities as defined by the Localism Act 2011 is carried out by EDT Committee. Risk Management Authorities have to comply with a request by this committee.
  - Attendance at Regional Flood and Coastal Committees – there are three County Council members on two (Eastern and Central) Regional Flood and Coastal Committees (RFCCs). These seats are in recognition of the levy that is raised from the County Council and that is based on council tax base. For Norfolk this levy is over £800,000. The RFCCs meet quarterly and have a role in endorsing the regional programme of flood mitigation schemes.
  - Adoption of studies and strategies. Members have a role in scrutinising, endorsing and adopting both the Local Flood Risk Management Strategy as well as the evidence base that is developed to support it. This includes Surface Water Management Plans (SWMPs) that have been produced for the Norwich Urban Area, King's Lynn and West Norfolk Settlements and Great Yarmouth Borough.
  - Local members also have sight of draft flood investigation reports that are drafted in line with the requirements of Section 19 of the Flood and Water Management Act 2010 prior to their publication in the public domain.

## **Officer Contact**

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

**Officer name :** Paul Donnachie

**Tel No. :** 01603 223 097

**Email address :** paul.donnachie@norfolk.gov.uk

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 A – Existing and proposed wording

Change No.	Current Wording	Proposed wording	Reason
1	(10) To exercise the Council's Functions as a Sustainable Drainage Systems (SUDS) Approving Body (SAB) under the Flood and Water Management Act 2010.	<i>(10) Giving advice or recommendations to Local Planning Authorities on behalf of the County Council as Lead Local Flood Authority in line with the requirements of the Town and Country Planning (Development Management Procedure) (England) Order 2015.</i>	To reflect the nature of legislative changes on current statutory duties.
2	(Not currently contained within scheme)	<i>To authorise the publication and maintenance of records associated with the register of flood risk structures or features under Section 21 of the Flood and Water Management Act 2010.</i>	To make explicit the powers to compile and include records of flood risk assets under Section 21 of the Flood and Water Management Act 2010.
3	(Not currently contained within scheme)	<i>Approving the publication of formal flood investigations undertaken under Section 19 of the Flood and Water Management Act 2010</i>	To make explicit the role the County Council has in publishing investigation reports into flooding of people property and infrastructure.

# Constitutional Advisory Group

## APPENDIX D

<b>Report title:</b>	<b>Changes to Scheme of Delegation of Planning Services</b>
<b>Date of meeting:</b>	<b>8 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe</b>
<b>Strategic impact</b> To provide for greater efficiency in determining planning applications as advocate by the National Planning Practice Guidance	

### Executive summary

To revise the existing scheme of delegation in relation Town & Country Planning matters to provide greater clarity and to allow officers to refuse applications where there is insufficient information to advise Members as to whether or not the proposal accords with the development plan.

#### **Recommendations:**

That the Constitutional Advisory Group recommend to Full Council that the changes to the constitution are adopted.

## 1. Proposal (or options)

### 1.1. The changes proposed are to:

- Simplify the text surrounding the council functions as a minerals and waste planning authority and make the text more consistent with other areas of the scheme of delegation.
- Make more explicit the powers to refuse applications where they are accompanied by insufficient information to determine whether or not the proposal accords with the development plan; and
- Make explicit the role of the county council as a provider of technical advice to local planning authorities on minerals and waste planning matters.

### 1.2. This proposal advocates a small number of changes to powers specifically delegated to the Executive Director of Community and Environmental Services. The first is the inclusion of a specific delegation that would allow officers to refuse applications in circumstances where there is insufficient information to enable officers to determine whether or not the proposal accords with the development plan. Officers will always try to negotiate and achieve a solution where there is a possibility that a development proposal may be acceptable. However in some cases where, for whatever reason, the applicant is either unable or unwilling to provide the information required to assess an application it can be in the best interests of all parties to refuse the application. This can help move the application forward through the planning process, reduce potential anxiety in host communities caused by a long running application process involving numerous rounds of consultation and benefit the service by freeing up

officer and Member time.

- 1.3. In addition to determining applications the Authority also advises Local Planning Authorities on minerals and waste implications associated with their own plan making and on determining planning applications. Issues covered include safeguarding minerals resources from needless sterilization and protecting vital waste and minerals management facilities such as rail heads and sewage treatment works from inappropriate development. The current wording of the scheme refers to providing advice as a county planning authority and it is proposed to amend the delegation to make specific reference to the role of the county as a minerals and waste planning authority.
- 1.4. The scheme of delegation in relation to town and country planning functions currently makes reference to regulations. It is proposed to remove this reference and simply refer to town and county planning functions.
- 1.5. The table attached to this report details the specific changes recommended to part 6.2 of the constitution that details the functions delegated to the Executive Director of Community and Environmental Services. The commensurate changes that are required to the Schedule of delegation are not included.

## **2. Financial Implications**

- 2.1. Determination of applications under delegated powers and the avoidance of ineffectual rounds of consultations would reduce the time and costs involved with determining individual applications. However it is not envisaged that the total number of cases would be sufficient to justify a reduction in current planning resources.
- 2.2.

## **3. Background**

- 3.1. The exercise of the power to delegate planning functions is generally a matter for individual local planning authorities, having regard to practical considerations including the need for efficient decision-taking and local transparency. National Planning policy and guidance advocates that it is in the public interest for the local planning authority to have effective delegation arrangements in place to ensure that decisions on planning applications that raise no significant planning issues are made quickly and that resources are appropriately concentrated on the applications of greatest significance to the local area.
- 3.2. The general provisions applying to delegated powers allow for officers to approve and refuse permissions in accordance with the relevant policies of the County Council. In the context of the town and country planning development management function this permits officers to approve applications that accord with the development plan and similarly refuse applications that are contrary to the development plan. In this case the development plan means the Norfolk Minerals and Waste Development Framework plus the relevant district local plan.
- 3.3. The specific powers delegated to the Executive Director of Community and Environmental Services under part B of section 6.2 of the Council Constitution identify a number of circumstances where decisions that accord with the general provisions must nevertheless be made by members of the Planning (Regulatory) Committee, most significantly applications that are subject to the Environmental Impact Assessment Regulations 2017 and those that have received a number of objections.

## **Officer Contact**

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

**Officer name :** Nick Johnson

**Tel No. :** 228940

**Email address :** [Nick.Johnson@norfolk.gov.uk](mailto:Nick.Johnson@norfolk.gov.uk)



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.

Change No.	Current Wording	Proposed wording	Reason
1	(12) To exercise all functions of the Council relating to Town and Country Planning and Development control as specified in Schedule 1A paragraphs 7-7, 9-23 of the Regulations except for:	<i>(12) To exercise all the functions of the council relating to Town and Country Planning and Development Management except for;</i>	To simplify wording and avoid the need to cross reference to a separate set of regulations.
2	(Not currently contained within scheme)	<i>To refuse applications on the grounds that there is insufficient information to determine whether or not the application accords with the development plan.</i>	To allow for the efficient determination of applications where there is insufficient information to assess the proposal.
3	<i>(3) Giving Advice or making recommendations to local planning Authorities on behalf of the County council as local highway authority and county planning authority. -</i>	<i>Giving Advice or making recommendations to local planning Authorities on behalf of the County council as local highway authority, minerals and waste planning authority and county planning authority.</i>	To make explicit that the County council provides technical advice to local planning authority on minerals and waste management matters.
4	<i>12 (c) "... and the Director of Environment, Transport and Development..."</i>	<i>".. and the Executive Director of Community and Environmental Services..."</i>	To correct the title of the Executive Director.
5	<i>12 (d) approval of major departures from Development Plans arising from planning applications and proposals</i>	<i>Delete 12 (d)</i>	This is a <del>repletion</del> <a href="#">repetition</a> of the general provisions and therefore is not required

## CONSTITUTION ADVISORY GROUP

### Appendix E

<b>Report title:</b>	<b>Access Joint Committee – Changes to the Constitution</b>
<b>Date of meeting:</b>	<b>8 November 2017</b>
<b>Responsible Chief Officers:</b>	<b>Chief Legal Officer</b>
<b>Strategic impact</b> A Government initiative has required local authorities to come together to pool pensions' investments and administration with a view to saving costs while maintaining overall investment performance. Norfolk County Council has joined 10 other authorities from the South and East of the country to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Joint Committee.	

### Executive summary

At the Council meeting on 20 February 2017 authority was delegated to the Chief Legal officer to make consequential amendments to the County Council's Constitution to reflect the agreed approach of the creation of the Joint Committee and to report those changes to the County Council.

#### **Recommendations:**

That the Constitution Advisory Group notes the changes which will be reported to Full Council.

### Background

At a meeting on 20 February, 2017, the County Council reviewed a report from the Chairman of the Pensions Committee. That report set out the Government's timetable and agenda for the reform of the Local Government pension Scheme (LGPS).

The County Council agreed the recommendation of the Pensions Committee that Norfolk County Council enter into a Inter-Authority Agreement to support the pooling of investments.

Authority was delegated to the Chief Legal officer to make consequential amendments to the County Council's Constitution to reflect the agreed approach of the creation of the Joint Committee.

The consequential amendments are attached in the Annex to this report.

Recommendation: that the Constitution Advisory Group notes the changes which will be reported to Full Council.

## 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:

**Officer Name:**

Victoria McNeill

**Tel No:**

01603 223415

**Email address:**

[victoria.mcneill@norfolk.gov.uk](mailto:victoria.mcneill@norfolk.gov.uk)



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.

\\Norfolk.gov.uk\ncodfs1\Corporate\Property\Team Admin\Meetings\Members Work groups\Constitution Advisory Group\17.03.01\draft\17.00.00 P&R Committee Proposed Property and Business Committee (rfwb) draft 0.2.doc

## **ANNEX**

Changes to the Constitution to reflect the County Council's decision on 20 February 2017 to participate in a Joint Committee to exercise functions associated with the ACCESS pooling arrangements.

### **Article 10**

A new box will be added at the end of paragraph 6 of Article 10 as follows:

ACCESS Joint Committee	1 member of the Council, normally the Chair of the Pensions Committee	This Committee exercises a range of pensions' functions associated with the ACCESS Pooling Agreement
------------------------	---	--

### **Part 4.3**

To add an additional Joint Committee to the list in paragraph 1 as follows:

- The LGPS ACCESS Joint Committee

To add an additional paragraph 2(g) as follows:

(i) Membership

Norfolk County Council  
Cambridgeshire County Council  
East Sussex County Council  
Essex County Council  
Hampshire County Council  
Hertfordshire County Council  
Isle of Wight Council  
Kent County Council  
Northamptonshire County Council  
Suffolk County Council  
West Sussex County Council

Each Council should be represented by one member of the respective Council. In Norfolk's case this will normally be the Chair of the Pensions Committee.

(ii) Roles and Responsibilities

These are set out in the Joint Committee's terms of reference contained in the Inter-Authority Agreement. They include procuring and managing an operator, appointing professional advisors and making recommendations to the Councils concerning Pool Assets.

(iii) Administration

The Constitution of the Joint Committee is set out in the Inter-Authority Agreement entered into in July 2017.



# Constitution Advisory Group

## Appendix F

<b>Report title:</b>	<b>Norfolk Health &amp; Wellbeing Board - Review of Governance Arrangements</b>
<b>Date of meeting:</b>	<b>8 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Dr Louise Smith, Director of Public Health</b>
<b>Strategic impact</b> By keeping the governance arrangements for its committees up to date the Council ensures good governance and places the organisation in the best possible position to deliver its strategic priorities in the most effective and efficient way.	
<b>Executive summary</b> This report outlines the Health and Wellbeing Board's current governance arrangements in terms of its membership and terms of reference. It sets out a proposal for Constitution Advisory Group (CAG) to consider in relation to the Board's Terms of Reference with a view to making a recommendation to Policy and Resources Committee (P&R Committee).	
<b>Recommendation:</b>  <b>Constitution Advisory Group is asked to recommend to the P&amp;R Committee:</b>  1. That the Council's Constitution be amended to reflect the Health & Wellbeing Board's updated terms of reference (Appendix A)	

## 1. Introduction

- 1.1 Health & Wellbeing Boards (HWBs) were introduced as forums for collaboration to improve health and wellbeing outcomes for local people and communities. They are places where leaders from across the wider health and care system can collaborate to better understand their local community's needs, agree priorities and work in a more joined-up way.
- 1.2 HWBs can provide oversight and strategic leadership across many complex organisations and systems, and commissioning across the NHS, social care and public health. HWBs underpin the shared understanding and joint action that are needed to improve outcomes for their area.
- 1.3 The Norfolk HWB was established in 2013 and has been fully operational for over 4 years. In July 2018, the Board elected its new Chairman, following the formation of the new County Council in May 2017 and the annual appointments to the Council's Committees. It was considered timely for the Board to review its governance and ways of working to ensure that it was working efficiently and effectively, and continue to be well placed to pursue its strategic priorities whilst meeting the current challenges facing the health and wellbeing system.

## 2. HWB governance

- 2.1 At its meeting on 27 September 2018, the HWB considered the current governance arrangements and its ways of working. This included reviewing the Board's membership, terms of reference, sub-structures, appointments to other bodies and its relationship with other key partnership groups. Members also considered and reconfirmed their commitment to working as system leaders and agreed a Forward Plan, to help focus planning and ensure the Board's statutory responsibilities are met in a timely way. The full report to the HWB can be accessed here: [Governance and system leadership approach](#).
- 2.2 As part of this review, the HWB considered a revised Terms of Reference (ToR) which had been updated to reflect the current landscape in which the Board was working. No new responsibilities were introduced but the proposed changes bring the ToR up to date and strengthen the Board's governance overall. The updated draft ToR are at Appendix A. The key changes include:
1. A reference to the Norfolk & Waveney Sustainability & Transformation Plan (STP) – see point 7 of the draft ToR
  2. More detail about the Board's work in promoting the sharing of good practice and learning – see point 8 of the draft ToR
  3. A strengthening of the wording around the Board's role in relation to the CCGs planning and the need for it to take account of the Joint Health & Wellbeing Strategy –see point 9 of the draft ToR.

### 3. Financial Implications

- 4.1 There are no financial implications. The HWB review and subsequent proposal is developed on the basis of ensuring good governance and effective delivery, mindful of the need to contain costs.

### 4. Background

- 5.1 The report to the Norfolk Health & Wellbeing Board background documentation considered in conducting this review are as follows:
- Report to the HWB 27 September 2017 - [Governance and system leadership approach](#)

### Officer Contact

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

**Officer Name:**

Linda Bainton

**Tel No:**

01603 223024

**Email address:**

Email: [linda.bainton@norfolk.gov.uk](mailto:linda.bainton@norfolk.gov.uk)



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.

**Health and Wellbeing Board –Terms of Reference****Aim**

The Norfolk Health and Wellbeing Board will work to lead and advise on work to improve the health and wellbeing of the population of Norfolk by providing strategic system leadership of, and oversight for, the commissioning across the NHS, social care and public health.

**Purpose is to:**

1. Lead the development, with Norfolk County Council and Norfolk's Clinical Commissioning Groups, of the Joint Strategic Needs Assessment (JSNA)
2. Influence and support commissioners of health and wellbeing services to act in line with the evidence-based findings of the JSNA and to highlight where commissioning is out of step with best evidence
3. Lead the development, with Norfolk County Council and Norfolk's Clinical Commissioning Groups, of the Joint Health and Wellbeing Strategy (JH&WBS)
4. Undertake the Norfolk Pharmaceutical Needs Assessment (PNA)
5. Speak up for Norfolk, championing the health and wellbeing needs of the people of Norfolk at a local, sub-regional, regional and national level and challenging central government policy where it conflicts with locally identified priorities
6. Lead and encourage a broad base of partners outside of formal health, public health and social care settings to tackle the wider determinants of health and wellbeing including, for example, housing
7. Work as system leaders to drive the further integration of health and social care services, and other public services, and to ensure collaboration across the health and social care system, seeking assurance of the vision of the Norfolk and Waveney Sustainability & Transformation Plan (STP)
8. Promote the sharing of good practice and learning across the Norfolk health and wellbeing system, through workshops, training sessions, HWB events, good practice awards, etc
9. Seek assurance on whether the Clinical Commissioning Groups' (CCGs) commissioning plans take proper account of the JH&WBS, and provide a view to NHS England, as part of the annual performance assessment of CCGs, on the CCGs' contribution to the delivery of the JH&WBS.

# Policy & Resources Committee

Item No. 13

<b>Report title:</b>	<b>Annual review of the Enforcement Policy</b>
<b>Date of meeting:</b>	<b>27 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe - Executive Director, Community and Environmental Services</b>
<b>Strategic impact</b> The Enforcement Policy provides a framework to ensure that we work in an equitable, practical and consistent manner in the way we deliver regulatory activities and law enforcement. Norfolk County Council is committed to the principles of better regulation, reducing burdens on business with proportionate responses and ensuring we act to protect and support residents, businesses and the environment.	

## Executive summary

The Community and Environmental Services (CES) directorate is responsible for a range of regulatory functions, including Trading Standards, Planning enforcement (mineral and waste sites), Flood and Water (land drainage), Norfolk Fire and Rescue (fire safety) and Highways (networks, maintenance and blue badge enforcement). Each area of work uses different legislation to secure its aims and each has its own framework of regulations, codes of practice and guidance.

The current Enforcement Policy was originally developed in 2013 in conjunction with a range of stakeholders, including business representatives, and is subject to annual review by members. CES services have been asked to review the current policy and have proposed changes in some areas. A revised CES Enforcement Policy (appendix 1) has been produced to implement these changes.

All changes proposed this year are highlighted in yellow in appendix 1; with the key changes summarised below:

- Inclusion of provision for food seizure and detention by Trading Standards (page 11) and immediate action for failure of food safety requirements (page 9)
- Greater emphasis on Primary Authority Partnerships, insofar as these relate to enforcement policy (page 6)
- Clarification that court outcomes will be routinely publicised and that other practices/incidents may also be publicised, subject to legal considerations (page 5)
- Addition of 'other legislation' under the 'Taking animals into possession/banning orders' section, to allow for situations where we might need to consider this (page 12)
- Clarification that we may look to local authorities outside Norfolk to assist with conflict of interest matters (the Policy currently refers only to local authorities in Norfolk, which may be a constraint in certain situations) (page 14).
- Annex 4 has been added, which details the Highways Enforcement Protocol.

The policy and annexes were confirmed as meeting the requirements of EDT and Communities services at the EDT committee on 20 October 2017 and the Communities committee on 15 November 2017.

## Recommendation:

**To approve the attached CES Enforcement Policy (appendix 1) and its annex documents, and to agree to the ongoing review of the Policy on an annual basis.**

## **1. Proposal**

- 1.1. The current Enforcement Policy (the Policy) was first developed as a cross-departmental policy in 2013. The Policy covers a range of regulatory functions, including Trading Standards, Planning enforcement (mineral and waste sites), Flood and Water (land drainage), Norfolk Fire and Rescue (fire safety) and Highways (networks, maintenance and blue badge enforcement). It does not try to capture all of the detailed, complex and often changing background to enforcement, but instead seeks to summarise the overall approach to the use of enforcement powers; whether that is criminal prosecution at one end of the spectrum or informal warnings and advice at the other. The policy is supported by detailed procedures for officers within each service area and, where necessary, additional protocols can be appended to the main policy. There are now four areas of work which appear as annex documents to the main policy; these relate to minerals and waste planning, flood and water management, the Norfolk Fire and Rescue Service and Highways Enforcement- see annexes 1, 2, 3 and 4 to the main Policy.

The current Enforcement Policy has been reviewed by CES regulatory services in the context of current government and other guidance and seeks to ensure that the application of any enforcement is:

- proportionate to the offence and risks, and mindful of previous transgressions
- transparent - in that any person affected understands what is expected of them, what they should expect from the local authority and the reasons for the action
- consistent with the Equality Act 2010 and the Council's Equalities Policies
- consistent in approach, and appropriate.

A revised CES Enforcement Policy (appendix 1) has been produced to implement the proposed changes arising from this year's review. The main changes proposed this year are highlighted in appendix 1, and are now summarised here as follows:

- Inclusion of provision for food seizure and detention by Trading Standards (page 11) and immediate action for failure of food safety requirements (page 9)
- Greater emphasis on Primary Authority Partnerships, insofar as these relate to enforcement policy (page 6)
- Clarification that court outcomes will be routinely publicised and that other practices/incidents may also be publicised, subject to legal considerations (page 5)
- Addition of 'other legislation' under the 'Taking animals into possession/banning orders' section, to allow for situations where we might need to consider this (page 12)
- Clarification that we may look to local authorities outside Norfolk to assist with conflict of interest matters (the Policy currently refers only to local authorities in Norfolk, which may be a constraint in certain situations) (page 14).
- Annex 4 has been added, which details the Highways Enforcement Protocol.

## **2. Evidence**

- 2.1. A CES wide Enforcement Policy is considered to be the most effective way to demonstrate how CES intends to fulfil its regulatory/legal responsibilities. An alternative option would be for each service area within CES to produce its own

enforcement policy. However as above there is a need for consistency in overall approach; and (where necessary or appropriate to do so) the draft policy also provides for additional (detailed) protocols.

### **3. Financial Implications**

- 3.1. There are no immediate resource implications as a result of this proposal although there is the recognition in the policy that enforcement resources are not limitless and need to be targeted at areas where risk is highest. Higher performing, more compliant businesses require less resource, with regulators focusing their efforts on rogue and higher-risk businesses.

### **4. Issues, risks and innovation**

- 4.1. There is a legal context to the deployment of enforcement powers. In 1998 the Cabinet Office published the “Enforcement Concordat” to help promote consistency in the UK regulatory enforcement regime. The Enforcement Concordat set out principles of good enforcement policy and, although a voluntary code of practice, it was adopted by 96% of all central and local government bodies, including Norfolk County Council.

The Enforcement Concordat has since been supplemented by a statutory code of practice, the Regulators’ Code (the Code). The Council has a legal obligation to have regard to the Code, including ensuring a consistent approach to enforcement policy and in setting out service standards.

In certain instances officers may conclude that a provision in the Code is either not relevant or is outweighed by another provision. Officers will ensure that any decision to depart from the Code is properly reasoned, based on material evidence and documented. The Code requires the Council to publish its Enforcement Policy.

The Council must also have regard to The Code for Crown Prosecutors (CPS) guidance which requires extensive consideration of the evidence (for example is it admissible, substantial and reliable) before a decision is made to institute legal proceedings; with any decision also considering whether it is in the public interest to prosecute. This CES Enforcement Policy provides a clear framework and mitigates any risk of legal challenge regarding the delivery of the regulatory enforcement function within the directorate.

#### **Human Rights**

In carrying out its enforcement role, the directorate has regard to the Freedom of Information Act 2000, the Data Protection Act 1998, Regulation of Investigatory Powers Act 2000 and the Human Rights Act 1998 (e.g. in the latter context the right to a fair trial, right to respect for private and family life, prohibition of discrimination and protection of property).

#### **Equality Impact Assessment (EqIA)**

An Equality Impact Assessment (EqIA) for this Policy was carried out in late 2013, in conjunction with the Departmental Equality Lead Officer. Actions arising from the original EqIA were reviewed in 2014 and agreed as completed. This year’s review proposes no significant changes to the Policy which would require a new EqIA at this stage.

#### **Risks**

This policy provides a clear framework and mitigates any risk of legal challenge regarding the delivery of the regulatory enforcement function within CES.

## Health and Safety Implications

There are no health and safety implications of which to take account.

## Environmental Implications

There are no direct environmental implications to take into account as part of this report. However the Policy does provide for consideration of formal enforcement action where there is a significant risk to infrastructure or the environment. The Policy also includes a specific enforcement protocol for Flood and Water Management.

## Section 17 – Crime and Disorder Act

CES through its public protection and regulatory functions has an important role to play dealing with crime and disorder. This Policy will support the directorate in protecting the public and the environment in a consistent, fair and transparent way, in line with both local and national priorities and legal requirements.

## 5. Background

- 5.1. CES regulatory activities are aimed at protecting the economic wellbeing and safety of Norfolk's residents and businesses and protecting the environment. How we carry out regulatory activities is key to supporting this aim.
- 5.2. Experience in regulatory enforcement shows that, in most cases, businesses and individuals comply with the law. Failure to do so generally stems from ignorance or carelessness, but sometimes from wilfulness or malice. A range of enforcement options is available to the Council but there is a need to discharge these in a consistent, fair and transparent way, as well as ensuring that the public or environment is adequately protected.
- 5.3. This Policy, once adopted, will be published via the NCC web pages.

## Officer Contact

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

**Officer name :** Sophie Leney

**Tel No. :** 01603 224275

**Email address :** [sophie.leney@norfolk.gov.uk](mailto:sophie.leney@norfolk.gov.uk)



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.

# Enforcement Policy

Community and Environmental Services



If you need this document in large print, audio, Braille, alternative format or in a different language please contact Trading Standards on 0344 800 8020 or email [trading.standards@norfolk.gov.uk](mailto:trading.standards@norfolk.gov.uk) and we will do our best to help

October 2017



<b>Contents</b>	<b>Page</b>
Introduction	3
Principles of Inspection & Enforcement	4 - 6
Primary Authority Partnerships	7
Enforcement Actions	8 - 14
Complaints, Compliments and Comments	15
Conflict of Interest in Enforcement Matters	15
Where to get further information	15
Annexes	
Annex 1 – Local Monitoring and Enforcement Code	
Annex 2 – Flood and Water Management Enforcement Protocol	
Annex 3 – Norfolk Fire and Rescue Service Enforcement Policy Statement	
Annex 4 - Highways Enforcement Protocol	

# 1 Introduction

- 1.1 This document applies to the enforcement activities carried out by the Community and Environmental Services (CES) Directorate of Norfolk County Council (NCC); including Trading Standards, Highways, Planning and Norfolk Fire and Rescue Service (Fire Safety).
- 1.2 Where appropriate, additional enforcement protocols or policy may be developed to support this policy, for example where there are national requirements regarding a particular enforcement process. These will be appended to this policy as required. **When read in conjunction with Annex 1 this policy constitutes the Local Enforcement Plan for Planning as recommended by Paragraph 207 of the National Planning Policy Framework.**
- 1.3 The consolidated Enforcement Policy was originally developed in conjunction with a range of stakeholders, including business representatives in 2013. The policy forms part of the Council's policy framework and is subject to annual review and approval.
- 1.4 The purpose of this Enforcement Policy is to provide a framework to ensure that we work in an equitable, practical and consistent manner. NCC is committed to the principles of good enforcement, as set out in the Legislative and Regulatory Reform Act 2006, and we have had regard to the associated [Regulators' Code](#) (the Code) in the preparation of this policy. In certain instances we may conclude that a provision in the Code is either not relevant or is outweighed by another provision. We will ensure that any decision to depart from the Code will be properly reasoned, based on material evidence and documented.
- 1.5 Compliance with this Policy will ensure that we will strive to be fair, impartial, independent and objective. The Council is committed to ensuring that the decisions we take and the services we deliver take proper account of equality issues and, where necessary, put actions in place to address any barriers faced by protected groups.
- 1.6 Within the context of this Policy, 'enforcement' includes action carried out in the exercise of, or against the background of, statutory enforcement powers. This is not limited to formal enforcement action, such as prosecution or issue of notices, and so includes inspection to check compliance with legal or other requirements and the provision of advice to aid compliance.
- 1.7 For the purposes of this document 'formal action' means: Prosecution, Simple Caution, Enforcement Order, Issue of Notices, Monetary Penalties, Seizure, Suspension, Forfeiture, Revocation/Suspension of a licence, registration or approval, Works in Default or any other criminal or civil/injunctive proceedings or statutory sanctions, applied either separately or in any other combination.
- 1.8 Where appropriate the Council will seek to recover its enforcement costs, including making formal applications for costs through the Courts.

## **2 Principles of Inspection & Enforcement**

### **2.1 Proportionality**

- 2.1.1 We are committed to avoiding the imposition of unnecessary regulatory burdens and will endeavour to minimise the cost of compliance for business by ensuring that any action taken, or advice offered, is proportionate to the seriousness of the breach, as well as the risk to people, property, the community or the environment. In doing so we will choose approaches that are based on relevant factors including, for example, business size and capacity.
- 2.1.2 We will usually give notice of our intention to carry out routine inspection visits, unless we are required by law to visit unannounced, or we have a specific reason for not giving prior notice. For example this would include where the identity of the person or premises is unknown, or where it would defeat the objectives of the inspection visit to give such notice. Similarly, routine or reactive inspections of the highway are not normally subject to such notice.
- 2.1.3 As far as the law allows, we will take account of the circumstances of the case and attitude of the people involved when considering action. We will take particular care to work with businesses and individuals so that, where practicable, they can meet their legal obligations without unnecessary expense, to support and enable economic growth.
- 2.1.4 The most serious formal action, including prosecution, will be reserved for serious breaches of the law.

### **2.2 Accountability**

- 2.2.1 We will actively work with businesses and individuals to advise and to assist with compliance and requests for help. Contact points and telephone numbers will be provided for business and public use.
- 2.2.2 We will aim to carry out visits and inspections at a reasonable time and where appropriate to do so. Our staff will show their identification (and authority if requested) at the outset of every visit and explain the reason for the visit, unless the nature of any investigation requires otherwise.
- 2.2.3 Out of hours contact for services will be provided where there is a need for an immediate response/risk to public health, safety or damage to property, infrastructure or the environment.
- 2.2.4 The whole range of enforcement activities will be dealt with as promptly and efficiently as possible in order to minimise time delays.
- 2.2.5 Where appropriate, feedback questionnaires will be used to gather and act upon information about the services we provide.
- 2.2.6 We will include information to highlight new legal requirements on our website, with letters sent after an inspection or visit; and by providing or signposting advice and information to help businesses and individuals keep up to date.

## **2.3 Consistency**

- 2.3.1 All officers are required to act in accordance with this enforcement policy and our published service standards.
- 2.3.2 We will carry out our enforcement and advisory functions in an equitable, practical and consistent manner. We will adopt and adhere to relevant policy and guidance and will ensure that our officers are suitably trained, qualified and authorised to undertake their enforcement duties, and understand the principles of good regulation.
- 2.3.3 Where appropriate, we will publish clear service standards providing information on:
- a) How we communicate and how we can be contacted
  - b) Our approach to providing information, guidance and advice
  - c) Our risk assessment methodology used to determine inspection activity, clearly setting out what can be expected from us at the time of visit
  - d) Any applicable fees and charges; and
  - e) How to comment or complain about the service provided and the routes to appeal.

## **2.4 Transparency**

- 2.4.1 In most circumstances we will seek to ensure that people affected by formal action are informed of what is planned, and allow for discussion and time to respond before the action is taken. We will also give them a named officer's contact details. These arrangements must have regard to legal constraints and requirements.
- 2.4.2 When a notice is served it will say what needs to be done, why, and by when, and that in the officer's opinion a breach of the law has been committed and why the notice is necessary. We will also make a clear distinction between legal requirements and recommended works.
- 2.4.3 As part of our commitment to equality we will communicate in a clear, accessible, concise, format using media appropriate to the target audience, in plain language. Where businesses or the public do not have English as a first language we offer translations of correspondence on request.
- 2.4.4 This Enforcement Policy is published via the Norfolk County Council website, and we may publish further guidance about specific areas, such as the use of civil sanctions.
- 2.4.5 The publicity generated by legal proceedings acts as a deterrent to others, and reassures the general public that we take a serious view of illegal behaviour. We therefore publish the outcome of court proceedings, including undertakings; as part of this we include the name of the defendant(s), unless directed not to do so by the Courts.
- 2.4.6 Where we are aware of ongoing breaches of the law we may also use publicity in order to raise awareness, warn residents and increase compliance. This may involve publishing the name of an individual(s) and/or business suspected of breaching the law. In reaching a decision as to whether to publish such information, we will consider the following factors:

- The specific details of the offence committed or detrimental activity.
- The public interest in disclosing personal information e.g. the deterrent effect of the publication.
- Whether the publication would be proportionate.
- The personal circumstances of the offender.
- Community cohesion.

2.4.7 An example of the current published enforcement action is via the [Trading Standards web pages](#).

## 2.5 Targeted (Intelligence and Risk Led) Enforcement

2.5.1 Enforcement will be primarily targeted towards those situations that give rise to the most serious risks, and against deliberate/organised crime. Other determining factors will include local priorities, Government targets and priorities, new legislation, national campaigns and public concerns.

2.5.2 By having a coherent and robust intelligence system, effective strategies can be formed to enable and co-ordinate solutions to particular problems. This enables the identification of new, current and emerging issues, allowing provision of strategic and tactical direction on how the issues can best be tackled.

## 2.6 Supporting the local economy

2.6.1 We recognise that a key element of our activity will be to facilitate and encourage economic progress against a background of protection.

2.6.2 Wherever possible, we will work in partnership with businesses and individuals, and with parish councils, voluntary and community organisations, to assist them with meeting their legal obligations without unnecessary expense.

## 2.7 Reducing enforcement burdens

2.7.1 If there is a shared enforcement role with other agencies, e.g. the Police, Environment Agency or other local authorities, we will consider co-ordinating with these agencies to minimise unnecessary overlaps or time delays and to maximise our overall effectiveness. We will also liaise with the other regulators to ensure that any proceedings instituted are for the most appropriate offence.

2.7.2 We will follow the principle of “collect once, use many times” and share information that we collect with other local authority regulatory services to minimise business impact. Partner enforcement agencies routinely exchange information and in doing so we will ensure we follow the requirements of the Data Protection Act 1998 and other relevant legislation.

2.7.3 When conducting farm visits, we will have due regard to the [Farm Regulators' Charter](#), which makes sure visits are carried out consistently across regulators. The charter covers all inspection types and visits of agricultural and aquaculture activities carried out by Farm Regulators.

### 3 Primary Authority Partnerships

- 3.1 Primary Authority is a statutory scheme established by the Regulatory Enforcement and Sanctions Act 2009. It allows an eligible business to form a legally recognised partnership with a single local authority in relation to the provision of tailored advice, guidance and assistance relating to regulatory compliance. The single local authority (known as the “Primary Authority”) is registered with the Government’s Regulatory Delivery Directorate via the Primary Authority Register.
- 3.2 The Primary Authority then acts as the single point of contact between its partner business and the local authorities that regulate it. The Primary Authority can issue assured advice upon which the business can rely and can also, where appropriate, devise inspection plans for businesses. The inspection plan can place specific requirements on other local authorities and can require feedback on their checks to be given to the Primary Authority.
- 3.3 Where an enforcing local authority is considering enforcement action against a business that has a Primary Authority it is required to make a statutory notification to the Primary Authority. In most cases, this notification must be made before the action can be taken. However, in certain circumstances the notification can be retrospective. These currently include:
- abatement notices under section 80 of the Environmental Protection Act 1990
  - emergency prohibition notices under specified food hygiene legislation
  - prohibition notices under section 31(1) of the Regulatory Reform (Fire Safety) Order 2005
  - notices of emergency remedial action under section 40(7) of the Housing Act 2004
  - emergency prohibition orders under section 43 of the Housing Act 2004
  - enforcement action that is required urgently to avoid a significant risk of harm to human health, the environment or the financial interests of consumers; and
  - enforcement action where the ‘pre-notification’ requirements of the scheme would be wholly disproportionate.
- 3.4 If another local authority proposes enforcement action which the Primary Authority deems to be inconsistent with the assured advice, the Primary Authority may seek to block the enforcement action. Where this is the case but is disputed, or there is a need for further considerations, the matter would be referred to Regulatory Delivery for their consideration/determination.

## 4 Enforcement Actions

- 4.1 Nothing in this policy shall be taken to compel the Council to take enforcement action. In certain instances the Council may conclude that an enforcement response is not appropriate given the circumstances. Any decision to deploy enforcement powers will be taken in the context of operational priorities and this policy.
- 4.2 In deciding what enforcement action to take, we will have regard to the following aims:
- to change the behaviour of the offender
  - to eliminate financial gain or benefit from non-compliance
  - to be responsive and consider what is the most appropriate sanction for the particular offender and the regulatory issue concerned
  - to be proportionate to the nature of the offence and the harm/potential harm caused
  - to repair the harm caused to victims, where appropriate to do so
  - to deter future non-compliance.
- 4.3 Any decision to undertake formal enforcement action will be taken in the context of operational priorities, this policy and the [Council Constitution and scheme of delegations](#). Such decisions will include the use of risk based approaches and intelligence in determining the nature of any response, as well as being subject to ongoing monitoring and review.
- 4.4 Where a right of appeal against a formal action exists other than through the courts, advice on the appeal mechanism will be clearly set out in writing at the time the action is taken.
- 4.5 Where more formal enforcement action, such as a simple caution or prosecution, is taken, Norfolk County Council recognises that there is likely to be an ongoing need for compliance advice and support, to prevent further breaches.
- 4.6 Where it is necessary to carry out a full investigation, the case will be progressed without undue delay. All investigations into alleged breaches of legislation will be conducted in compliance with statutory powers, time limits and all other relevant legislation (and relevant Codes of Practice), including the requirements of:
- Police and Criminal Evidence Act 1984 (PACE)
  - Criminal Procedure and Investigations Act 1996 (CPIA)
  - Regulation of Investigatory Powers Act 2000 (RIPA)
  - the Criminal Justice and Police Act 2001 (CJPA)
  - Human Rights Act 1998 (HRA).
- 4.6.1 As part of any criminal investigation process, persons suspected of having committed a criminal offence will, wherever possible,
- be formally interviewed in accordance with PACE
  - be given the opportunity to demonstrate a statutory defence
  - have the opportunity to give an explanation or make any additional comments about the alleged breach



- be offered translation services where English is not their first language.
- 4.6.2 Some of our Officers have a wide variety of powers, including the power to enter premises and inspect goods, to require the production of documents or records and, when necessary, the power to seize and detain such material where they believe it may be required as evidence.
- 4.6.3 Officers may also take with them such other persons as may be necessary as part of their investigations, or when exercising their powers. This may include Police Officers where there is the possibility of an arrest. In certain cases, Officers may exercise an entry warrant issued by a Magistrate in order to gain access to premises.

Officers may also use investigation equipment as part of their duties, including hand held and Body-Worn Video (BWV) cameras. BWV devices are capable of recording both visual and audio information and can provide a number of benefits to enforcement agencies, including a deterrent to aggressive, verbal and physical abuse towards officers, and in providing additional evidence to support investigations. BWV will usually be deployed on an overt basis for a specific purpose, and where it is necessary and proportionate to do so. Any decision to deploy BWV on a covert basis will be made in accordance with the Regulation of Investigatory Powers Act (RIPA), related legislation, Codes of Practice and associated Council Policy.

#### **4.7 Immediate Formal Action**

- 4.7.1 Whilst recognising that most people want to comply with legal requirements, we also recognise that some will operate outside the law (both intentionally and unintentionally). A staged approach to enforcement will therefore be adopted, with advice and informal action fully explored to resolve the matter in the first instance, if appropriate. However the Council will consider taking immediate formal action for the most serious breaches, which may include any of the following circumstances:
- Where there is a significant risk to public health, safety or wellbeing, or damage to property, infrastructure or the environment.
  - Fraud or deceptive/misleading practices, including those seeking an unfair 'competitive advantage'.
  - For matters where there has been recklessness or negligence, causing or likely to cause significant loss or prejudice to others.
  - Illegal practices targeted at the young, the elderly or other vulnerable people.
  - A deliberate or persistent failure to comply with advice, warnings or legal requirements.
  - Where food fails food safety requirements.
  - Any act likely to affect animal health or welfare, disease prevention measures, or the integrity of the food chain.
  - Obstruction or assault (including verbal assault) of an officer in the execution of their duties.



#### **4.8 Advice, Guidance and Support**

- 4.8.1 Norfolk County Council is committed to using advice, guidance and support as a first response to the majority of breaches of legislation.
- 4.8.2 Any initial requests for advice from individuals or businesses on non-compliance will not in themselves directly trigger enforcement action. We will seek to assist in rectifying such breaches as quickly and efficiently as possible, where there is a clear willingness to resolve the matter, thus avoiding the need for further enforcement action.
- 4.8.3 Any correspondence will clearly differentiate between legal requirements and good practice, and indicate the regulations contravened and the measures which will enable compliance.
- 4.8.4 Follow up checks will be carried out on a risk and intelligence-led basis and where a similar breach is identified in the future, previous advice will be taken into account in considering the most appropriate enforcement action to take on that occasion.

#### **4.9 Verbal or written warning**

Compliance advice can be provided in the form of a verbal or written warning. In doing so we will clearly explain what should be done to rectify the problem, and how to prevent re-occurrence. Warnings cannot be cited in court as a previous conviction, but may be presented in evidence.

#### **4.10 Statutory (Legal) Notices**

- 4.10.1 Statutory Notices are used as appropriate in accordance with relevant legislation. Such notices are legally binding. Failure to comply with a statutory notice can be a criminal offence and may lead to prosecution and/or, where appropriate, the carrying out of work in default.
- 4.10.2 A statutory notice will clearly set out actions which must be taken and the timescale within which they must be taken. It is likely to require that any breach is rectified and/or prevented from recurring. It may also prohibit specified activities until the breach has been rectified and/or safeguards have been put in place to prevent future breaches. Where a statutory notice is issued, an explanation of the appeals process for such notices will be provided to the recipient.

#### **4.11 Monetary penalties**

- 4.11.1 Fixed or variable monetary penalties may be issued where there is a specific power or delegated authority to do so and under the following circumstances:
  - To provide an effective and visible way to respond to less serious crimes without going to court
  - As a response to genuine problems or as part of a wider enforcement strategy.

4.11.2 Specific guidance for legislation which includes the power to issue monetary penalties may be produced to support this policy. An example of this is guidance for the enforcement of the Single Use Carrier Bags Charges (England) Order 2015, which is available [here](#).

4.11.3 Where the offender fails to discharge their liability resulting from any monetary penalty issued, alternative enforcement action will automatically be considered under this policy (including prosecution of the initial offence). Where prosecution is brought; an assessment will be made of other offences that may also have been committed in order that those charges may be considered at the same time.

Consideration will be given to the adoption of alternative remedies to the issue of a monetary penalty, such as those involving dedicated advice and training sessions, which aim to change the behaviour of the offender, whilst remaining proportionate to the nature of the offence and the harm/potential harm caused.

#### **4.12 Licences, registrations and approvals**

Norfolk County Council has a role to play in ensuring that appropriate standards are met in relation to licences, registrations and approvals. We may seek to review, temporarily remove or revoke any licence, registration or approval if we are made aware that actions have been carried out which undermine scheme objectives and/or would be unlawful. This includes those issued by other agencies.

#### **4.13 Seizure**

4.13.1 Some legislation permits our Officers to seize **items such as** goods and documents that may be required as evidence. When we seize goods, we will give an appropriate receipt to the person from whom they are taken. On some occasions we may also ask a person to voluntarily surrender and transfer ownership of illegal goods to Norfolk County Council.

4.13.2 Where we seize food for failing food safety requirements, or animal feed for non-compliance with feed law, an application will be made to the Court for a condemnation order, for the illegal product to be destroyed. We will provide details of where and when this application will be made to allow interested parties to attend the hearing.

#### **4.14 Detention**

4.14.1 Where food is suspected of failing food safety requirements, or where animal feed does not comply with specified feed law, it may be detained to allow further investigation.

4.14.2 When food or animal feed is detained, a notice of detention will be provided, detailing the detention arrangements, including the location where the product(s) will be detained.

#### **4.15 Forfeiture**

Where an accused has not agreed to voluntarily surrender any infringing goods then, on successful conclusion of legal proceedings, forfeiture may be applied for. This does not preclude the Council from taking forfeiture proceedings in their own right in appropriate circumstances.

#### **4.16 Injunctive Actions, Enforcement Orders etc**

We will consider formal civil enforcement action in pursuance of breaches of law which have a detrimental impact on the collective interests of consumers or businesses.

4.16.1 When considering formal civil enforcement action, an Officer will, where appropriate, first discuss the circumstances with those suspected of a breach and, through consultation, attempt to resolve any issues. Alternatively we will look to redress detrimental practices via a range of enforcement actions. These include the following:

- informal and formal undertakings
- interim and other court orders
- contempt proceedings.

We may ask the Court to consider other remedies as part of any proceedings, including compensation for victims.

#### **4.17 Other Sanctions**

The Council will consider other sanctions where legally available and appropriate to do so, including criminal behaviour orders under the Anti-Social Behaviour, Crime and Policing Act 2014, injunctions under the Local Government Act 1972 or equivalent orders to disrupt and/or prevent activities that may contribute to crime or disorder.

#### **4.18 Taking animals into possession/banning orders**

Under the Animal Welfare Act 2006, if a veterinary surgeon certifies that 'protected animals' are suffering or are likely to suffer if their circumstances do not change, we will consider taking them into our possession and applying for Orders for re-imbusement of expenses incurred and subsequent disposal. We may also look to other legislation where appropriate to ensure that similar standards of care and/or control of animals is properly maintained. In some circumstances we will also consider applying to the Court to ban a person(s) from keeping animals.

#### **4.19 Simple Cautions**

4.19.1 In certain cases a simple caution may be offered as an alternative to a prosecution. The purpose of a simple caution is to deal quickly with less serious offences, to divert less serious offences away from the Courts, and to reduce the chances of repeat offences.

4.19.2 Officers will comply with the provisions of relevant Home Office Circulars. The following conditions must be fulfilled before a caution is administered:

- The offender has made a clear and reliable admission
- There is a realistic prospect of conviction
- It is in the public interest to offer a simple caution; and
- The offender is 18 years old or older at the time that the caution is to be administered.

4.19.3 A simple caution will appear on the offender's criminal record. It is likely to influence how Norfolk County Council and others deal with any similar breaches in the future, and may be cited in court if the offender is subsequently prosecuted for a similar offence. If a simple caution is issued to an individual (rather than a corporation) it may have consequences if that individual seeks certain types of employment. Simple cautions will be issued with regard to Home Office and other relevant guidance.

## 4.20 Prosecution

4.20.1 Norfolk County Council may prosecute in respect of serious or recurrent breaches, or where other enforcement actions, such as statutory notices have failed to secure compliance. The Council recognises that the decision to prosecute is significant and could have far reaching consequences on the offender.

4.20.2 Before a decision to prosecute is taken, the alleged offence(s) will be fully investigated, a report compiled by the Investigating Officer and the file independently reviewed by a Senior Manager. A prosecution will only be considered if the sufficiency of the evidence and the public interest falls within the guidelines as laid down by the Attorney General and Crown Prosecution Service [Code for Crown Prosecutors](#).

4.20.3 Before making a decision whether or not to prosecute, consideration will also be given to:

- How well the prosecution supports NCC aims and priorities
- The factors contained in paragraphs 4.2 and 4.7 of this policy
- Action taken by other enforcement agencies for the same facts
- The nature and extent of any harm or loss, including potential harm and loss, and any offer of redress made by the offender to victims
- The willingness of the alleged offender to prevent a recurrence of the infringement
- The likelihood of the alleged offender being able to establish a statutory defence
- The calibre and reliability of witnesses
- The probable public benefit of a prosecution and the importance of the case, e.g. the possibility of establishing legal precedent
- Cost effectiveness of a prosecution
- The scope for alternative routes for redress for 'victims' and their likelihood of success
- The impact of the intervention on small businesses in particular, to ensure action is proportionate.

A conviction will result in a criminal record and the court may impose a fine and, for particularly serious breaches, a prison sentence. The court may order the forfeiture and disposal of non-compliant goods and/or the confiscation of assets. Prosecution may also lead, in some circumstances, to the disqualification of individuals from acting as company directors (see 4.22 below).

#### **4.21 Proceeds of Crime Actions**

4.21.1 Where appropriate, we will seek to recover the benefit that the offender has obtained from their criminal conduct through financial investigation.

4.21.2 Financial investigations will be undertaken in accordance with the Proceeds of Crime Act 2002. Such investigations may include applications to the Court requiring financial information to be provided (production orders) or in serious cases applications to freeze and/or confiscate criminal assets (restraint and confiscation orders). Where appropriate, consideration will also be given to seek compensation for victim losses as part of financial investigations.

#### **4.22 Directors**

On the conviction of a Director connected with the management of a company the prosecutor will, in appropriate cases, draw to the Court's attention their powers to make a Disqualification Order under the Company Directors Disqualification Act 1986.

## 5 Complaints, Compliments and Comments

5.1 If you are unhappy with the service you have received, or we have failed to live up to our promises, managers are always willing to discuss with you the cause of your dissatisfaction, and will try to find a solution.

5.2 If you wish to make a complaint or send us a compliment or comment about our service please use our online procedure by going to:

[www.norfolk.gov.uk/compliments and complaints](http://www.norfolk.gov.uk/compliments and complaints)

5.3 If you are still not satisfied, and feel you have been caused injustice, our complaints process explains how the matter will be escalated, including how to complain to the Local Government Ombudsman.

If you wish to appeal against any enforcement action taken or have any other comments about this policy, you should write to the Executive Director - Community and Environmental Services, at the address shown at the bottom of this page.

## 6 Conflict of Interest in Enforcement Matters

6.1 Where a breach is detected in which the enforcing authority is itself the responsible operator, for example operating as a food business, the following protocol will be followed:

(a) Where a breach of law is sufficiently serious to warrant more than the provision of advice, information, assistance or a written warning, or where the response to remedy the breach is considered insufficient, an authorised officer from **another local authority** will be requested to assist in the decision making process as to the action required. The Managing Director of Norfolk County Council and the **Chief Legal Officer** will be informed of serious breaches without delay.

(b) The additional officer's role is to assist and challenge the decision making process to ensure that appropriate, proportionate and consistent action is taken to remedy the breach, prevent re-occurrence and to minimise the risk of 'conflict of interest' for the enforcing authority. An auditable record of the additional officer's involvement will also be kept.

## 7 Where to get further information

7.1 Copies of this document and other advisory leaflets are available from:

Norfolk County Council  
Trading Standards Service  
County Hall  
Martineau Lane  
Norwich. NR1 2SG.

7.2 We will make this policy available on tape, in Braille, large type, or in another language on request.



# **LOCAL MONITORING AND ENFORCEMENT PROTOCOL**

**For the Extraction and Processing of  
Minerals, Waste Management Facilities and  
for County Council Development under  
Regulation 3 of the Town and Country  
Planning General Regulations 1992**

**in**

**Norfolk**

**October 2017**

## **CONTENTS**

1.0	BACKGROUND.....	3
2.0	GENERAL STATEMENT.....	4
3.0	MONITORING INSPECTIONS.....	5
4.0	INVESTIGATION AND ENFORCEMENT.....	6
5.0	THE RELEVANT ENFORCEMENT AUTHORITY.....	7
6.0	GENERAL GUIDANCE.....	8
7.0	INVESTIGATION PRIORITIES.....	12
8.0	PROSECUTIONS.....	15
9.0	MONITORING OF REGULATION 3 DEVELOPMENT.....	16
10.0	MEMBER PROTOCOL.....	17



## **1.0 BACKGROUND**

- 1.1 This document provides supplemental guidance to the County Council's Enforcement Policy (Community and Environmental Services) and is provided in the context of specific requirements arising from planning legislation and the National Planning Policy Framework (NPPF).
- 1.2 The new National Planning Policy Framework, March 2012 (NPPF) replaces previous Planning Guidance from Central Government, including PPG18 on Planning Enforcement. Paragraph 207 of the NPPF states, 'Effective enforcement is important as a means of maintaining public confidence in the planning system. Enforcement action is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control. Local Planning Authorities should consider publishing a local enforcement plan to manage enforcement proactively, in a way that is appropriate to their area. This should set out how they will monitor the implementation of planning permissions, investigate alleged cases of unauthorised development and take action where it is appropriate to do so.' In conjunction with the overarching CES Enforcement Policy, this Annex represents Norfolk County Councils Local Enforcement Plan for planning.
- 1.3 Schedule 1 to The Town and Country Planning Act 1990 as amended sets down the responsibilities for Town Planning within a two tier Planning Authority in England and Wales. Regulation 3 of The Town and Country Planning General Regulation 1992 authorises an authority to determine (subject to regulation 4), an application for planning permission by an interested planning authority to develop any land of that authority, or for development of any land by an interested planning authority or by an interested planning authority jointly with any other person, unless the application is referred to the Secretary of State under section 77 of the 1990 Act for determination by him.
- 1.4 The Development Plan for the County comprises the Norfolk Core Strategy and Minerals and Waste Development Management Policies Development Plan Document (DPD) 2010 -2016 (Adopted 2011), Norfolk Waste Site Specific

Allocations DPD, Norfolk Minerals Site Specific Allocations DPD (both adopted in 2011) and the adopted Borough and District wide Local Plans, including Development Plan Documents and Area Action Plans. Adopted Neighbourhood Plans which have been developed by local communities, also form part of the Development Plan. The County Council maintains an up-to-date list of local planning authority policy documents and Neighbourhood Plans.

## **2.0 GENERAL STATEMENT**

- 2.1 Section 19 of The Waste (England and Wales) Regulations 2011 makes it a duty that where a Planning Authority has planning functions in relation to establishments or undertakings carrying on disposal or recovery of waste, the Planning Authority must ensure that appropriate periodic inspections of those establishments or undertakings are made.
- 2.2 There are two elements within this plan. The first being periodic inspections (Section 3.0), the second being the investigation and enforcement of planning breaches (Sections 4-8).
- 2.3 Planning breaches are normally not criminal offences and no sanction can usually be imposed. However, failure to comply with a formal notice is a criminal offence and making the person committing the breach liable to prosecution.
- 2.4 Where a planning breach occurs a Local Planning Authority (LPA - 'the Authority') is required to consider the expediency of formal enforcement action. Formal enforcement notices may be issued, including a Breach of Condition Notice, Enforcement Notice, Temporary Stop Notice, Stop Notice, Injunction, or Direct Action (following failure to comply with an Enforcement Notice). Enforcement action may result from any of the above or a combination of the above.
- 2.5 The Service of a Planning Contravention Notice constitutes formal action but does not in itself constitute enforcement. Rather it is a request for information relating to interests in the land and the nature of the alleged planning breach, although failure to comply with notice may lead to enforcement action as may the information contained in the response.

- 2.6 Similarly the serving of a notice requesting information on land ownership and occupation under Section 16 of Local Government (Miscellaneous Provisions) Act 1976 is not considered to be enforcement.
- 2.7 The taking of formal enforcement action is discretionary. The Authority may choose to take no action, but will need to justify any decision not to enforce, and equally, any decision to take proportionate enforcement action. Any decision will be taken in line with the County Council's Environment, Transport and Development policy on enforcement.

### **3.0 MONITORING INSPECTIONS**

- 3.1 To ensure confidence in the planning control system it is essential that the public and operators are conscious of a fair and effective system of monitoring all authorised and unauthorised development.
- 3.2 Monitoring of permitted sites is an essential tool of controlling development and preventing problems from developing. It is this 'pro-active' approach that often enables officers to anticipate likely breaches of planning control arising before they occur. It enables them to take immediate action to ensure that deterioration in the situation does not arise. A 'pro-active' approach can only be pursued with a structured monitoring regime, with sufficient staff and the technical equipment to carry out these duties.
- 3.3 There are currently 220 operational and active mineral and waste sites in Norfolk. As there are no reserves of hard rock in Norfolk recycling of concrete and other rubble is a significant source of sub-base and fill material. The scale of an operation being undertaken at a site is not an accurate yardstick for allocating resources; experience will often show that small recycling and waste transfer sites will give rise to more complaints and the need for more officer time, in comparison with large sites.
- 3.4 Following an inspection of the site and relevant planning permissions, a report

shall be prepared and copied to the operator/owner usually within two weeks of such inspection taking place. The report shall amongst other matters detail any breaches identified and specify timescales for compliance with conditions that have been breached.

- 3.5 The Monitoring and Control Team will be consulted on all proposals to permit development by the Development Control Team in particular they will be consulted on the planning conditions intended to be attached to the planning permission.

### **MONITORING FEES**

- 3.6 On 6 April 2006 The Town and Country Planning (Fees for Applications and Deemed Applications) (Amendment) (England) Regulations 2006 came into force. This amendment, together with subsequent updates, enables Mineral and Waste Planning Authorities (MWPAs) to charge operators, where sites have planning permissions for mineral extraction and/or waste landfill, for the re-imbursement of the average costs calculated over all MWPAs providing a monitoring service.
- 3.7 The Authority has agreed a guidance note with minerals and waste operators on the charging regime for minerals and waste site inspections. The guidance note sets out the categories of sites and associated fees, the methodology for agreeing the number of site visits and the monitoring regime.

## **4.0 INVESTIGATION AND ENFORCEMENT**

- 4.1 In seeking to secure the highest possible level of compliance with relevant legislation whilst conforming with The Human Rights Act 1998, The Police and Criminal Evidence Act 1984 (P.A.C.E.) the Enforcement Concordat, the Code for Crown Prosecutors and the Regulation of Investigatory Powers Act 2000 (R.I.P.A.), the principal enforcement activities of the Authority are directed towards avoidance of infringements. It is nevertheless inevitable that breaches and offences will occur and the purpose of this protocol is to ensure that they are resolved in a consistent, transparent, balanced and fair manner.
- 4.2 Similarly, where an operator carries out development without complying with the conditions attached to a planning permission and this gives rise to problems

leading to an unacceptable injury to amenity, the County Council's approach will be to seek to remedy the injury in the first instance by negotiation and persuasion.

- 4.3 All enforcement action, be it verbal warnings, the issue of written warnings, statutory notices, or prosecution, is primarily based upon assessment of risk to public health, public safety, harm to amenity, economic well being or the environment.
- 4.4 Where appropriate, this Authority will endeavour to recover money under the Proceeds of Crime Act 2002.
- 4.5 This Authority will ensure that all clients subject to any enforcement action are informed of what is expected and the procedures that will be followed. This is to aim to avoid any misunderstandings and ensure transparency of all enforcement action.
- 4.6 This Authority, in exercising its function of ensuring compliance with planning control will:
- where there is serious harm caused to the amenity, take immediate action against a breach of planning control to stop further damage;
  - in all other instances, seek to resolve any problems within a reasonable timescale by discussion and negotiation without the need to resort to legal action;
  - only take enforcement action where it is necessary to do so to protect the public interest or to protect the environment, people and transport systems and the amenity of the area in accordance with the provisions of the local development framework;
  - ensure that action is always commensurate with the breach of planning control;
  - Give due regard to current legislation, policy framework, instructions, appeal decisions and relevant judicial authority;
  - where appropriate take into account comments made by the general public and consultees;
  - enable acceptable development to take place, even though it may initially

have been unauthorised;

- maintain the integrity of sites having interests of acknowledged importance;
- where appropriate maintain liaison and contact with the general public, and mineral and waste operators.

## **5.0 THE RELEVANT ENFORCING AUTHORITY**

- 5.1 There is often an overlap of enforcement of activities involving waste disposal and recycling between the Authority, the District and Borough Councils' Environmental Health Departments (EHO) and the Environment Agency (EA). Where the unauthorised activity results in, or has the potential to result in, pollution, the EA will normally be the lead Authority. Where the activities involve a statutory nuisance the District Council EHO may be better placed to take action. In all cases that potentially involve the above bodies, consultations and discussions will take place to see which Authority is in the better position to lead the investigation and if necessary, take action.
- 5.2 The Authority will have regard to the fact that unauthorised development and some breaches of planning conditions involving wastes may be a criminal offence under legislation enforced by the EA and the Authority will liaise with the EA accordingly. The EA may be in a stronger position to ultimately remedy harm to amenity by way of prosecution and enforcing cessation of the harmful activities. In cases where unauthorised development causes or has the potential for serious harm to human health the Authority will have regard to the fact that it may be more appropriate for the HSE to be the lead Authority and will liaise with them accordingly.
- 5.3 Norfolk County Council is a two-tier Authority with seven District, Borough and City Councils; King's Lynn and West Norfolk Borough Council, Breckland District Council; North Norfolk District Council; South Norfolk District Council; Broadland District Council; Norwich City Council and Great Yarmouth Borough Council.
- 5.4 It is the intention of the County Council to work closely with other regulatory bodies when investigating and remedying an alleged breach of planning control. The County Council in dealing with all complaints concerning an alleged breach of planning control will identify the authority responsible for taking action and redirect

complaints to other regulating bodies where necessary.

## **6.0 GENERAL GUIDANCE**

6.1 The County Council will have regard to the provisions of the development framework and core strategies for Norfolk and any other material considerations in the enforcement of planning control.

6.2 This Authority remains committed to fostering business enterprise and prosperity, provided that the necessary development can take place without unacceptable harm to local amenity. The new regional 'Better Business for all' working group actively seeks to promote this aim. Whilst the Authority has a general discretion to take enforcement action when they regard it expedient, it does not condone wilful breaches of planning law. Moreover, in some cases effective enforcement action is likely to be the only appropriate remedy where a breach is causing unacceptable harm. The Authority will be guided by the following considerations:-

- (i) The Commissioner for Local Administration (the local ombudsman) has held, in a number of investigated cases, that there is "maladministration" if an Authority fails to take effective enforcement action which was plainly necessary or where an Authority fails to consider whether to take formal enforcement action or not and be able to show their reasoning for not initiating formal action, often resulting in an award of compensation payable to the complainant for the consequent injustice;
- (ii) The planning regulatory provisions are to ensure proper land use and to resolve breaches of planning control by removing unacceptable impacts on the environment and the amenity of the area. This ensures a 'level playing field' for legitimate businesses to develop and prosper.
- (iii) Enforcement action should always be commensurate with the breach of planning control to which it relates (for example, the Authority would usually consider it inappropriate to take formal enforcement action

against a trivial or technical breach of control which causes no harm to amenity in the locality of the site); and

- (iv) Where the Authority's initial attempt to persuade the owner or occupier of the site voluntarily to remedy the harmful effects of unauthorised development fails, negotiations will not be allowed to hamper or delay whatever formal enforcement action may be required to make the development acceptable on planning grounds, or to compel it to stop.

- 6.3 It is not an offence to carry out development without first obtaining planning permission for it. If the Authority's initial assessment indicates it is likely that unconditional planning permission would be granted for development which has already taken place, the person responsible will be asked to submit a retrospective planning application. However this initial assessment is not binding on the Authority's subsequent decision to grant or not grant planning permission.
- 6.4 While it is clearly unsatisfactory for anyone to carry out development without first obtaining the required planning permission, an enforcement notice will not normally be issued solely to "regularise" development which is acceptable on its planning merits, but for which permission has not been sought. This would only apply to development which would be granted without any planning conditions being attached to control the development.
- 6.5 The Authority will not normally invite an owner or operator to submit a planning application if the unauthorised development is contrary to development plan policies or if it appears that any actual or potential harm cannot be made acceptable by the imposition of planning conditions; however we cannot prevent a landowner who is determined to apply for permission retrospectively.
- 6.6 If an operator or owner submits a planning application that the Authority has requested, the Authority will not normally consider formal enforcement action whilst the application is being considered. If agreement can be reached between the operator and the Authority about the operation being reduced to an acceptable level (e.g. hours of operation, use of plant and equipment, routing of



vehicles etc) during any period between a planning application being submitted and its determination, and the person concerned honours the agreement, formal enforcement action may be avoided

- 6.7 Where the Authority considers that development has been carried out without the requisite planning permission, but the development could be made acceptable by the imposition of planning conditions the owner or occupier of the land will be invited to submit an application, and pay the appropriate application fee, voluntarily. However, if, after a formal invitation to do so, the owner or occupier of the land refuses or fails to submit a planning application in these circumstances within a reasonable timescale, the Authority will consider whether to take formal enforcement action.
- 6.8 Accordingly, where an owner or occupier of land refuses or fails to submit a planning application which would enable the LPA to grant conditional planning permission, the Authority will be justified in issuing an enforcement notice if, in their view, the unauthorised development has resulted in any harm, or has the potential to cause harm, which can only be satisfactorily removed or alleviated by imposing conditions on a grant of planning permission for the development.
- 6.9 If the location of the unauthorised development is unacceptable, but relocation is feasible, it is not the Authority's responsibility to seek out and suggest an alternative site to which the activity might be satisfactorily relocated. However, if an alternative site has been suggested, the Authority will make it clear to the owner or occupier of the site where unauthorised development has taken place that he is expected to relocate to the alternative site within a reasonable timescale. In such circumstances the Authority will usually agree a reasonable time-limit within which relocation should be completed.
- 6.10 What is reasonable will depend on the particular circumstances, including the nature and extent of the unauthorised development; the time needed to negotiate for, and secure an interest in, the alternative site; submit a planning application (if required) for the alternative site; consultation timescales; and the need to avoid unacceptable disruption during the relocation process. If the

owner or operator fails to provide justification for a suggested timescale, the Authority will set a timescale it considers reasonable. If a timetable for relocation is ignored, or it is evident that appropriate steps are not being taken to progress the relocation, the Authority will consider formal enforcement action. In that event, the compliance period in the notice will specify what the Authority regard as a reasonable period to complete the relocation.

- 6.11 Nevertheless if the unauthorised development is causing unacceptable harm to the environment or amenity, the Authority will consider issuing an Enforcement Notice and/or Stop Notice even if an alternative site has been identified and steps have been made towards relocation. The Authority considers that any difficulty or delay with relocation will not normally be a sufficient reason for delaying formal enforcement action to remedy unacceptable unauthorised development.
- 6.12 Where the Authority considers that unacceptable unauthorised development has been carried out, and there is no realistic prospect of its being relocated to a more suitable site, the owner or occupier of the land will be informed that the Authority is not prepared to allow the operation or activity to continue at its present level of activity, or (if this is the case) at all. If the development nevertheless provides valued local employment, the owner or occupier will be advised how long the Authority is prepared to allow before the operation or activity must stop, or be reduced to an acceptable level of intensity. If agreement can be reached between the operator and the Authority about the period to be allowed for the operation or activity to cease, or be reduced to an acceptable level, and the person concerned honours the agreement, formal enforcement action may be avoided. However the Authority will have regard to the possibility of intensification of the development after expiry of the statutory period for enforcement action. If no agreement can be reached, the issue of an enforcement notice will usually be justified, allowing a realistic compliance period for the unauthorised operation or activity to cease, or its scale to be acceptably reduced.

## **7.0 INVESTIGATION PRIORITIES**

- 7.1 It is recognised within the industry that the business of investigating and remedying alleged breaches of control is labour intensive and the quality of the service is directly proportional to the number of officers directly responsible for regulating planning control. The resources allocated both in terms of staff and equipment (including noise monitoring equipment, topographical survey systems, IT and GIS based recording systems) for this purpose will, therefore, need to be reviewed on a regular basis as local circumstances change to take account of a fluctuating workload, advances in technology etc.

### **COMPLAINTS**

- 7.2 A complaint/incident is an event or matter that is either brought to the Authority's attention or that monitoring and control officers may become aware of as part of their duty, and which may have a planning related impact. The type of complaints/incidents received by the Authority are split into 3 priorities:
- 7.3 Priority 1  
Immediate or irreparable harm to the environment or immediate and substantial harm to amenity. Harm would be assessed in relation to impact on the environment. E.g. the impact of mineral, waste and Regulation 3 development would often be greater in an area close to residential amenities than it would be in the open countryside. The Authority will respond to the complainant within 24 hours and investigate the complaint within 3 working days.
- 7.4 Priority 2  
On-going low-level harm to amenity or moderate and reparable impact on the environment. E.g. HGV's occasionally going in the wrong direction, and causing the road verge to break up. The Authority will respond to the complainant within 3 working days and investigate the complaint within 1 working week.
- 7.5 Priority 3  
Occasional harm to amenity or the raising of long-standing issues leading to low level impact on the environment e.g. concerns about the permitted type of material (sand or waste) stored on a site with permission, but in the wrong place

or slightly higher than the agreed height. The Authority will respond to the complainant within 3 working days and investigate the complaint when the relevant officer is next in the area, but no later than one month of the receipt of complaint.

#### INVESTIGATION OF COMPLAINTS/INCIDENTS

- 7.6 A response to the complaint or incident will also require a record of the outcome of investigation. Where there is continued non-compliance and this results in further visits and investigation then these should additionally be recorded. (i.e. record as if they were new complaints/incidents). However, where the operator is taking known action to resolve the problem then this is classified as an ongoing event. It is not necessary to record this as a new complaint/incident.
- 7.7 Where separate members of the public report complaints/incidents about different issues relating to a site then these should be additionally recorded. Where multiple residents complain about the same incident then this is recorded as one complaint.
- 7.8 As part of our regular monitoring of planning permissions there are matters identified by officers that if reported to us separately would have been dealt with and recorded as a complaint/incident. These should now be recorded and information captured. The same applies as above in that, where there is continued non-compliance then this will be reported as a complaint/incident. However, where there is known action to resolve this then this would be considered an ongoing event and not separately recorded as a complaint/incident.
- 7.9 The Monitoring and Control Team will liaise with the Legal Services; Environment Agency; District Council or any other relevant Authority as necessary throughout the investigation.
- 7.10 When complaints about alleged breaches of planning control are received, they will be properly recorded and investigated. If the Authority decides to exercise its discretion not to take formal enforcement action it should be prepared to explain

its reasons to the complainant, including where complaints are attributable to repeated allegations from vexatious complainants and they have been previously proved unsubstantiated.

- 7.11 The Authority will ensure that anyone who does complain about a breach of planning control is dealt with in a polite, efficient and responsive way. All complaints that are received although confidential will be recorded and stored on a complaints register, which is an electronic and paper based system. The complaints register will enable the receiving officer to detail both the nature of the complaint and the action the Authority has taken to resolve it. Keeping a record of complaints will enable the Authority to assess and improve its overall service.
- 7.12 It may not always be necessary to visit sites to satisfactorily resolve a complaint. However, in most cases it may be necessary to establish whether there has been a breach of planning control by visiting the site. Where, following the investigation of a complaint, the Authority decides not to take formal enforcement action to resolve a substantive issue, the matter being satisfactorily resolved by other methods, the reason for this decision will be explained to the complainant. If, however, the Authority elects to instigate enforcement proceedings against the offender the complainant will be notified of the progress of that action.
- 7.13 The County Council in dealing with all complaints concerning an alleged breach of planning control within their responsibility will:
- treat them confidentially as far as practical;
  - ensure that they are acknowledged and actioned within the timescales prescribed in the priority rating;
  - deal with them expeditiously in a professional and efficient manner;
  - visit the site where necessary, and establish whether there has been a breach of planning control;
  - notify the complainant upon request of the progress of any action taken to resolve substantive matters forming the basis of the complaint;  
notify the complainant if the authority elects to commence enforcement action against the alleged breach of planning control and be prepared to explain the

reason in the event formal enforcement action has not been taken.

## **8.0 PROSECUTIONS**

8.1 Persons who fail to comply with a formal notice will normally be prosecuted if the non-compliance meets both of the following criteria:

(i) Evidential test i.e. where the evidence is sufficient for a realistic prospect of successful prosecution; and

(ii) Public Interest test i.e. where the prosecution is in the public interest.

## **9.0 MONITORING OF REGULATION 3 DEVELOPMENT**

9.1 A procedure has been agreed between Norfolk County Council's Children's Services Department and the Monitoring and Control Team where by Schools development which falls within Regulation 3 of The Town and Country Planning General Regulation 1992 can be monitored and a fee levied.

9.2 The developments to be pro-actively monitored will fall into one or more of the following categories:

- Developments where planning permission was granted after 1 January 2009 and includes permanent external substantial building works.
- Major developments where planning permission was granted prior to 1 January 2009 and construction is still in progress.
- Developments where planning permission was granted prior to 1 January 2009, include permanent external substantial building works, and remain unlawful due to the failure to discharge pre-development conditions.

9.3 Prior to the inspection taking place, notification will be passed to the applicant informing them that an inspection will be scheduled for a given school. An initial list of developments has been agreed with Children's Services and notification of future inspections will be sent out to individual applicants.

9.4 Where a development has been permitted on an open school an appointment

will be made prior to inspection. This generally ensures that the school will allow the officer onto the site without issue and, if required, allocate a member of staff to accompany the officer. This will also allow the inspecting officer to check that work has begun prior to going on site.

- 9.5 Where a planning permission is found not to have been implemented it will be removed from the list and an invoice will not be raised. It is generally agreed that a single chargeable inspection will be required for smaller developments such as extensions, although a second non-chargeable visit may be required after completion of the development.
- 9.6 For major developments, such as new schools, two chargeable visits per year for the life of the construction phase will be required. A final chargeable visit to check completion and landscape implementation will also be required.
- 9.7 Failure to comply with all planning conditions could result in further chargeable visits being undertaken until full compliance is achieved. There will be a maximum of two chargeable visits per school in any one financial year.
- 9.8 Once the report has been completed, it will be sent to the applicant along with a copy of the planning permission and an invoice for payment.

## **10. MEMBER PROTOCOL**

- 10.1 Local Norfolk County Council members will be informed when an Enforcement Notice is served in their division.
- 10.2 Members of the Council will be presented on a regular basis of not less than once per year with a report detailing the decisions made under delegated authority, performance statistics and enforcement update for the work of the Monitoring and Control Team.

October 2017

## **Norfolk County Council Flood and Water Management Enforcement Protocol**

### **1.0 Introduction**

This document provides supplemental guidance to Norfolk County Council's Community and Environmental Services (CES) Enforcement Policy, and is provided in the context of specific requirements arising from the Flood and Water Management Act 2010 and the Land Drainage Act 1991.

Norfolk County Council (NCC) is the Lead Local Flood Authority (LLFA) for the county. This role is fulfilled by the Flood and Water Management team.

This Protocol and guidance note has been adapted from best practice identified within local authorities in England. It is intended for use as guidance by Risk Management Authorities, developers and landowners.

### **2.0 Regulation of Ordinary Watercourses**

The Lead Local Flood Authority has powers under the Land Drainage Act 1991 to exercise its regulatory powers in relation to watercourses outside of Internal Drainage Board areas and where they are not Environment Agency designated main rivers.

The Lead Local Flood Authority will take a risk-based and proportionate approach to exercising its regulatory powers under the Land Drainage Act 1991, taking into account the location and nature of any nuisance caused by;

- the failure to repair or maintain watercourses, bridges or drainage works
- un-consented works
- impediments to the proper flow of water

This approach will take into account whether the contraventions have or are likely to increase flood risk and what the consequences of any increase in risk may be. Where works are un-consented the Lead Local Flood Authority would require the landowner, person and/or Risk Management Authority responsible for the works to prove that the un-consented works would not cause a nuisance or increase flood risk.

With regards to the causes of the nuisances described above, the Lead Local Flood Authority has powers under Sections 21, 24 and 25 of the Land Drainage Act 1991 to serve notice on individuals who have caused contraventions.

In issuing a notice the Lead Local Flood Authority may set out the works required to resolve the contravention to an acceptable standard and the date by which the works should be completed.

August 2017



If the works are not completed by the date set out in the notice, the Lead Local Flood Authority may take action to remedy the effect of the contravention or failure and seek to recover the costs incurred, as well as pursue any necessary prosecution.

### **3.0 Guiding Principles**

Enforcement under the Land Drainage Act, 1991 will be carried out using the guiding principles as set out in the CES Enforcement Policy.

### **4.0 Process**

#### ***a) Initial response***

Where the Lead Local Flood Authority receives a complaint in relation to an ordinary watercourse, we will carry out an initial assessment to establish whether the actual or potential flood risk meets our threshold for intervention. We aim to complete this assessment within 21 days. However, there will be occasions when it is necessary to extend the period of assessment for more complex matters and/or to accommodate exceptional circumstances e.g. weather, flood conditions, etc.. At the outset the complainant will be informed of the case officer who will follow up the enquiry and of the outcome of the assessment.

#### ***b) Initial assessment***

The threshold for intervention will be based on the Lead Local Flood Authority's [impact criteria](#).

To assess the potential impact the initial assessment will consider the on-site conditions, any available historical data and high level indicators of potential risk, such as Environment Agency (EA) Flood risk maps for surface water flooding and flooding from rivers. It will also consider any other status of land e.g. conservation designations, common land etc.

To substantiate incidents of actual flooding as part of the initial assessment we will need to be provided with one or more of the following types of evidence:

- I. An insurance claim
- II. Records of emergency services and utility companies i.e. fire brigade attending to pump out a property
- III. Dated photos of the event
- IV. Written report from a Risk Management Authority

The evidence supplied will be determined in line with the guiding principles as set out in the CES Enforcement Policy.

The Lead Local Flood Authority may close an enforcement case file, where there is a lack of physical evidence to corroborate the impact of a flood event. If further relevant evidence was to come forward then the Lead Local Flood Authority may re-open the case file and undertake a further investigation.

### ***C) Further Investigation***

Where the initial assessment has identified an actual or potential risk of flooding that exceeds the adopted impact criteria, but where a site inspection has failed to identify the primary cause of the problem the authority may;

- consult with other organisations including other local authorities, Highway Authorities, Environment Agency, Natural England as appropriate.
- require or commission appropriate site surveys and inspections.

In deciding whether or not to carry out the above steps the LLFA will consider whether it is in the public interest to do so. Having regard to the actual and potential impacts of the flooding, the costs of carrying out the works and the likelihood of obtaining sufficient evidence to enable enforcement activity. Where the Lead Local Flood Authority is made aware of breaches of other legislation it will advise the appropriate authorities.

### ***D) Outcome of initial assessment/Further Investigation***

Once an initial assessment/further investigation has been carried out the complainant will be informed in writing as to the next course of action and this may include;

- I. Informing relevant party(s) of works that are required to be undertaken within the set timescale OR
- II. No further action by the LLFA and:
  - Providing advice to those affected on referral to the [First Tier Tribunal \(Property Chamber\), Agricultural Land and Drainage \(AL&D\)](#) or other relevant organisation, where appropriate
  - Informing relevant parties of their [riparian responsibilities](#)

Where it is considered that further action needs to be taken by the relevant landowner, person and/or Risk Management Authority responsible this will be explained within the letter that sets out the outcome of the initial assessment/further investigation. This will include the following:

- An explanation of the problem and the remedy required in accordance with the Land Drainage Act 1991.
- Depending on the nature of the problem we aim to ensure that remedial work is carried out within the timeframe specified in the letter (between 7 and 21 days of the date of the letter). However, there will be occasions when it is necessary to extend the period of compliance for more complex matters and/or to accommodate exceptional circumstances e.g. weather, flood conditions, etc. The time allowed will be reasonable in the circumstances. The extent of the work required will be proportionate to the scale of the problem.

- In certain circumstances practicalities may not allow for works to be done within the timeframe specified in the letter. The Lead Local Flood Authority will assess the circumstances with regards to enforcement and whether any works need to be deferred or amended to take into account the impacts of any works on wildlife. Examples where this may occur include:
  - Seasonal farming practices and Environmental Schemes can restrict access or time schedules to carry out works;
  - The nesting season for some birds occurs between the 1 March and 31 August and works might cause disruption if nests are present;
  - Presence of protected species will influence when it is most appropriate to carry out work.

### ***Seeking resolution prior to serving notices***

The Lead Local Flood Authority will seek to resolve the situation by means of negotiation with the person responsible and obtain compliance with a request to satisfactorily undertake the work required.

### ***Serving notices under the Land Drainage Act 1991***

If a positive response to the Lead Local Flood Authority's letter has not been received within the timescale specified and on inspection no work has been satisfactorily undertaken as required, a notice under the relevant section of the Land Drainage Act 1991 will be served. The notice will include the nature of the work to be carried out, the period within which it is to be carried out and any relevant right of appeal to a magistrates' court within 21 days of service of the notice (where applicable). A Notice under the Land Drainage Act 1991 is a legal document formally requiring specific work to be carried out within a set timescale.

A letter will accompany the notice and inform the responsible person that in the event of their failure to satisfactorily undertake the work, the Lead Local Flood Authority may carry out the work itself and recover from the person responsible the expenses reasonably incurred in doing so which will include recovering the costs of pursuing the case.

### ***Enforcement of notices***

Following service of the notice, one of four things will happen:-

- The responsible person will carry out the work to the satisfaction of the council.
- The responsible person may appeal the notice.
- The responsible person will fail to carry out the work to the satisfaction of the Lead Local Flood Authority and the Lead Local Flood Authority will seek to recover their expenses; and /or

- The Lead Local Flood Authority will, where appropriate, decide whether to take a prosecution against the responsible person, in addition to carrying out the work and seeking to recover the costs of that work.

### ***Completion of proceedings***

If the responsible person complies with the notice and completes the work to the satisfaction of the Lead Local Flood Authority, the Lead Local Flood Authority will write to the responsible person confirming the closure of the case and the end of the action.

### **No further action**

The Lead Local Flood Authority may take no action where:

- there is no actual or potential risk to properties or infrastructure; and/or
- that the matter complained of is not the cause of the drainage problem; and/or
- the matter is trivial in nature

If this is the case, the complainant will be advised accordingly and a written communication will be sent to the complainant explaining the reason why no action is to be taken. The complainant will also be referred, where appropriate, to the [\*First Tier Tribunal \(Property Chamber\), Agricultural Land and Drainage \(AL&D\)\*](#) or other relevant organisation. The riparian owner will also be informed, as appropriate.

Examples of matters not requiring action may include minimal silting of the watercourse, slight vegetation overgrowth, the accumulation of a small quantity of debris etc

### **Advice**

The Lead Local Flood Authority will provide basic information and advice to individuals of their riparian ownership responsibilities and of the route for appeal against other riparian owners where appropriate. The Lead Local Flood Authority may suggest that independent legal and/or technical advice is sought, where appropriate.

### **Further Information**

Please consult the Glossary of terms document which supports this protocol.

**Norfolk Fire and Rescue Authority**

**Fire Safety Policy Directive**

**ENFORCEMENT POLICY STATEMENT**  
**(England and Wales)**

**Introduction**

We are approachable and want to engage with and hear from you.

The following pages explain our enforcement policy. This document is supported by other documents required by the Regulators Code, namely our Service Standards and our Challenges, Appeals and Complaints procedure. This guidance has been produced in consultation with the Better Regulation Delivery Office (now Regulatory Delivery). This policy aims to explain our approach to our regulatory functions in relation to fire safety and public safety in our communities. It also explains the behaviours that business can expect receive from us and legal constraints and frameworks under which we operate.

# Quick-guide

## 1. Introduction

The Norfolk Fire and Rescue Authority (the Service) (and its officers) will exercise its regulatory functions in accordance with the principles of better regulation and will comply with all relevant laws. Business should have a mainly positive experience of being regulated by the Service. To learn more, [click here](#).

## 2. Principles

The Service is tasked with seeing that people are safe in case of fire and believes that deaths and injuries caused by fire in regulated premises are preventable, if the right measures are taken. The Service and its officers will engage and work with business, in preference to enforcing fire safety standards. To learn more, [click here](#).

## 3. Regulation

The purpose of enforcement action is to bring about improvements in safety and in attitudes to providing safety. While the Service has laid down procedures for its officers, we will take each case on its merits. To learn more, [click here](#).

## 4. Helping Those We Regulate (Transparency)

The Service aspires to help regulated businesses and to work with them to resolve fire safety problems but will robustly enforce where the risk to people is highest and when those responsible refuse to help them. To learn more, [click here](#).

## 5. Targeting

The regulatory policy of the Service focuses on risk in case of fire and in places where we will be most effective in saving life. To learn more, [click here](#).

## 6. Accountability To Those We Regulate

The Service is accountable for its actions and is open to analysis and questioning of our regulatory work. To learn more, [click here](#).

## 7. Principles of Enforcement Action

A range of relevant factors will be considered before any enforcement action is taken by the Service. When action must be taken to improve safety, the Service will be clear about what is required. To learn more, [click here](#).

## 8. Our Enforcement Action

The Service would rather work with business to make places safe than enforce against them. When enforcement is needed; we will be clear about what must be done. Letters or notices may be sent to confirm what business needs to do to. All enforcement will be proportional to the risk. To learn more, [click here](#).

## **9. After Enforcement Action**

The Service encourages dialogue and open communication during and after the enforcement process. Requirements for safety and how to challenge what we are asking for will be made clear. To learn more, [click here](#).

## **10. Failure to Comply With Requirements**

When the Service makes an enforcement decision, there might be a route to appeal or challenge what we have said. How to do this (and how to complain about our behaviour) will be made clear. Business can talk to us. To learn more, [click here](#).

## **11. Simple Cautions and Prosecution**

If an offence has been committed, it means the law has been broken and the Service can take the matter to court. In addition to going to court, there are other actions that the Service can take. To learn more, [click here](#).

## **12. Public Register**

The Service must enter details of certain notices (called “relevant notices”) into a register to which the public have access. (In accordance with the Environment and Safety Information Act 1988). Further details are available on request or from the [CFOA public register web pages](#)

## **13. Other Duties of the Service**

As well as ensuring that people are kept safe in case fire, the Service is also responsible for some other laws relating to public safety. To learn more, [click here](#).

## **14. Data Protection**

The Service will comply with data protection laws. To learn more, [click here](#).

## **15. Freedom of Information**

The Service is subject to the Freedom of Information Act, which provides a right of access to regulatory information held by the Service. To learn more, [click here](#).

**-End-**

## ***More on the Introduction***

1.1 This statement sets out the service that business and others being regulated by the Norfolk Fire and Rescue Authority (the Service) can expect from its regulatory and enforcement function and its appointed inspectors. It goes some way to satisfying the Regulators' Code by committing the Service and appointed inspectors to the principles of good enforcement with the assistance of effective procedures and clear guidance, which can be viewed by businesses and members of the public. [Procedures and Guidance](#)

1.2 This Enforcement Policy Statement has been prepared with regard to the following legislation and statutory guidance:

The Regulators Code - [\[more\]](#)

The Regulatory Enforcement and Sanctions Act 2008 - [\[more\]](#)

The Legislative and Regulatory Reform Act 2006 - [\[more\]](#)

The Legislative and Regulatory Reform (Regulatory Functions) Order 2007 - [\[more\]](#)

The Environment and Safety Information Act 1988 - [\[more\]](#)

The Regulatory Reform (Fire Safety) Order 2005 - [\[more\]](#)

The Licensing Act 2003 - [\[more\]](#)

The Explosive Regulations 2014 - [\[more\]](#)

The Petroleum (Consolidation) Regulations 2014 - [\[more\]](#)

1.3 The primary function of the regulatory part of the Service is to achieve safety in case of fire (in premise to which fire safety law applies).

[Click here to return to table of contents](#)

## ***More on Our Principles***

2.1 Fire safety regulation is founded on the principle that people should be kept safe in case of fire. We regulate to help secure this safety and through our regulation, we aim to provide a consistently high quality service to those we regulate. Our regulatory activity generally extends to premises in which there is a trade, business or other undertaking.

2.2 Non-compliance with fire safety law will mean that, in our view, people are at risk in case of fire. Where we identify people at risk in case of fire, we will respond



proportionately to that risk; taking account of the likelihood and severity of the risk, in line with our service standards.

2.3 The Service believes in firm but fair enforcement of fire safety standards. We aim to achieve this by:

- proportionally applying the law to secure safety;
- being consistent in our approach to regulation;
- targeting our resources and enforcement action on the highest risk;
- being transparent about how we operate and regulate; and
- being accountable for our actions.

2.4 We will have regard to the Regulators Code when developing the policies and procedures that guide our regulatory activities. We will encourage and promote fire safety while minimising the associated costs of providing safety from fire.

2.5 We believe that by fostering good relationships with our business community and by working with them, we can improve public safety, business resilience, and can remove any unnecessary burdens of complying with fire safety law.

2.6 The Service will endeavour to engage with the business community, to seek their views about our policies and practices. (Details of engaging with us are available on request and on our website)

2.7 In the most serious cases of danger in case of fire, we will take immediate and decisive action to secure safety, for example by serving a prohibition notice that can stop people from using the premises.

For more information see [\[CFOA fire safety law web pages\]](#).

[Click here to return to table of contents](#)

### ***More on the way we approach regulation***

3.1 In accordance with the Regulators Code, the Service takes enforcement action (and imposes sanctions and penalties) to:

October 2017

- (a) change the behaviour of the offender;
- (b) change societal attitudes to the risks from fire;
- (c) eliminate financial gain or benefit from putting people at risk in case of fire;
- (d) exercise a proportionate response to the nature of the offence and the harm caused;
- (e) restore safety to premises where fire safety risks were found; and
- (f) encourage fire safety to be secured in future.
- (g) impose an appropriate sanction for the particular offender, which can include punishment through the courts (and the public stigma that should be associated with a criminal conviction);

[Click here for more information on the Regulators Code](#)

3.2 Avoiding fires is better than protecting people when fire occurs. Where fire is likely and / or the consequences of fire pose a hazard to people, it becomes necessary for us to take action (against the responsible person / duty holder) to reduce the risk. We have a wide range of enforcement action available to us. The actions we may take include:

- (a) no action;
- (b) providing advice;
- (c) informal action;
- (d) formal action (including enforcement, alterations and prohibition notices);
- (e) taking samples of dangerous materials or extracts of recorded information; and
- (f) securing information to prepare for prosecutions.

3.4 The enforcement actions listed above are not written in an absolute order of escalation. Enforcement action taken by the Service is scalable and appropriate to the risk to people in case of fire.

3.5 When formal enforcement action is necessary, each case will be considered on its merits. All enforcement decisions will be fair, independent and objective. They will not be influenced by issues such as ethnicity or national origin, gender, religious beliefs, political views or the sexual orientation of the suspect, victim, witness or offender. Such decisions will not be affected by improper or undue pressure from any source.

- 3.6 All enforcement activities, including investigations and formal actions, will always be conducted in compliance with the statutory powers of the officer and all other relevant legislation, including but not limited to the Police and Criminal Evidence Act 1984, the Criminal Procedure and Investigations Act 1996, the Human Rights Act 1998, and the Regulation of Investigatory Powers Act 2000, and in accordance with any formal procedures and codes of practice made under this legislation so far as they relate to the regulatory activity of the Service.

[Click here to return to table of contents](#)

### ***More on helping those we regulate***

- 4.1 We will help those responsible for delivering safety in case of fire (responsible persons and duty holders) to understand what is expected of them and what they should expect from the Service. Legal requirements will be clearly distinguished from best practice or non-statutory fire safety advice. We will publish guidance in a clear, accessible, concise, format using media appropriate to the target audience, in plain language.

- 4.2 (Details are available on request and on our website).

[Click here to return to table of contents](#)

### ***More on Targeting***

- 5.1 Our policy on inspections will be to focus primarily on those whose premises and activities give rise to the most serious risk to life in case of fire. In making an assessment of risk, we will take into account the fire safety record of those we regulate and the current risks to people in case of fire.
- 5.2 We will maintain a strategy that will identify and evaluate risks in premises as well as to the wider community and allocate resources to carry out inspections accordingly. We want to see fire safety provided in buildings and may take action against those regarded as putting people at risk in case of fire.
- 5.3 Earned recognition may be awarded to businesses for assurance of safety, including for example external verification of safety systems / practices.

5.4 Our Service Standards and plans including details of our risk-based approach to risk and are available on request.

[Click here to return to table of contents](#)

### ***More on our Accountability***

6.1 The Service is accountable to its community for its actions. This means we must have policies and standards against which we can be judged, and an effective and easily accessible mechanism for dealing with comments and for handling complaints.

6.2 (Details are available on request and on our website [\[Complaints\]](#))

[Click here to return to table of contents](#)

### ***More on the Principles of Enforcement Action***

7.1 In assessing necessary and proportionate enforcement action, consideration will be given to (amongst other things):

- the safety history at the premises,
- the history of operational attendances and false alarms at the premises,
- safety referrals to the premises from other authorities / interested parties,
- any Primary Authority relationship that might be in place with the business,
- the adequacy of fire safety arrangements at the premises,
- the attitude of the responsible person / duty holder to providing safety,
- statutory guidance,
- codes of practice, and
- legal advice.

7.2 Certain enforcement action, such as the decision to use a Simple Caution and / or the decision to investigate for prosecution, is further and specifically informed by those matters set out below at section 11

7.3 In every case, when we require action to remedy unsafe conditions, we will explain the nature of the unsafe conditions to those responsible and will confirm the same in writing.

October 2017

7.4 Because, subject to any letter or notice we give, work must be done to improve or secure the safety of people in case of fire; we will agree reasonable timescales within which the work must be completed that are agreed with those responsible.

[Click here to return to table of contents](#)

## ***More on Our Enforcement Action***

- 8.1 The Service will offer duty holders information and advice both verbally and / or in writing. This will include an explanation of why any specified work is necessary and a time period within which the specified work should be completed. Educating, informing and advising responsible persons and duty holders about their duties under fire safety legislation will form a fundamental element of our enforcement regime. The Service will fulfil its obligation under section 6(2) of the Fire and Rescue Services Act 2004 to give on request, advice on fire safety free of charge.
- 8.2 Where we find risks to safety, we may deal with them by informal means or (where appropriate) we may take formal action by serving alterations, enforcement and / or prohibition notices. We may also issue Simple Cautions, and (in the most serious cases) may prosecute. Before formal enforcement action is taken, inspectors will provide the person responsible with an opportunity to discuss the circumstances of the case and, if possible, resolve points of difference without recourse to formal enforcement action (unless immediate action is required to reduce the risk to life or to prevent evidence from being destroyed).
- 8.3 In certain circumstances, after evaluating the safety at premises, no action may be required. This will be the case when the safety of people in case of fire has been adequately secured.
- 8.4 If the likelihood of fire is high and the consequences in case of fire are low, advice may be given on how the likelihood can be reduced. Advice may also be given where the consequences of fire might cause harm to people but can be simply avoided. Advice can also be given to point out good practice or to

signpost business continuity advice or other business protections, for example protection from flooding.

- 8.5 Where the likelihood of fire is low / medium or the consequences of a fire are slight, informal action will be taken. Informal action will take the form of a letter, pointing out that people are at risk in case of fire, where in the building they are located and what has led to them being put at risk as well as what should be done to provide safety and how to prevent the same danger from recurring. Informal action may also be taken, if those responsible have displayed clear intentions to undertake corrective action. Failure to respond to informal action can result in escalation to formal enforcement action.
- 8.6 Formal action will take the form of serving a Notice (alterations, enforcement, and / or prohibition notices). Formal action will be taken when the consequences of fire are such that people are likely to be harmed, suffer serious injury or death. It can require specific action to be taken or certain activities to cease.
- 8.6.1 Where a reasonable known change to premises or to the use of premises could result in a significant increase in the risks to people on the premises, we may serve an Alterations Notice, which requires the responsible person / duty holder to notify us, before making that known change.
- 8.6.2 Enforcement Notices require improvements in safety and will point out: that people are at risk in case of fire; where in the building they are located; and what has led to them being put at risk, as well as what should be done to provide safety and how to prevent the same danger from recurring. Enforcement Notices include a reasonable period of time for safety to be put in place. Failure to respond to a formal Notice can result in escalation to an investigation for prosecution.
- 8.6.3 Where immediate action is considered necessary to keep people safe from fire, a Prohibition Notice, which can prohibit or restrict the use of premises, can be served. An explanation of why such action is required will be given at the time and confirmed in writing. Whereas a Prohibition Notice requires action to remove imminent and immediate risks in case of fire, an Enforcement Notice might also be served to deal with less imminent risks in case of fire.

- 8.7 Fire Safety law gives power to warranted inspectors to take samples of dangerous materials or extracts of recorded safety information and documents. When we take materials or documents we will provide an appropriate receipt.
- 8.8 In the most serious of cases we will gather information and conduct an investigation to prepare for a prosecution. The decision to prosecute a case will be taken by those with authority to do so in accordance with our Scheme of Delegations.
- 8.9 All our members of staff that make enforcement decisions will be required to follow the Regulators Code.

[Click here to return to table of contents](#)

### ***More about After Enforcement Action***

- 9.1 When the Service takes enforcement action we will discuss what is required to achieve safety for relevant persons with the responsible person / duty holder (taking into account the circumstances of the case, if they have been explained to us).
- 9.2 The Service will clearly explain any advice, required actions or decisions taken at the time of our visit and will be willing to discuss such matters on any future occasion to ensure those responsible have clarity of what must be done.
- 9.3 Our letters and notices will provide details in writing of what must be done and how to appeal against any of our regulatory decisions. Our letters and notices will also explain what will happen next, especially if you do not undertake the work. Our web-site has details of how to complain about our conduct, if you should feel it necessary. [\[Complaints\]](#)
- 9.4 We encourage those responsible for providing safety in case of fire to contact us, especially if there are any questions or comments about our regulatory activity. We will also maintain regular communication (where required) until safety has been provided.

## ***More on a Failure to Comply With Requirements***

10.1 Rights of and routes to appeal will be clearly set out in writing and issued with our letters.

10.2 The failure to comply with an alterations, enforcement or prohibition notice constitutes an offence and may result in prosecution.

10.3 We can withdraw alterations, enforcement and prohibition notices at any time but they will generally be deemed to be in force until such time as the notice is complied with, withdrawn or cancelled by the court.

[Click here to return to table of contents](#)

## ***More on Simple Cautions and Prosecution***

11.1 There are a number of offences that can be committed under Fire Safety law.

Among the foremost of these are failure to comply with a formal notice and failing to provide safety in case of fire to such extent that one or more people are put at risk of death or serious injury in case of fire.

11.2 The Service can deal with offenders through prosecution and Simple Cautions.

These legal actions are important ways to bring to account those responsible for alleged legal offences. Where appropriate, we will use one of these measures in addition to issuing a formal notice.

11.3 A prosecution may be taken following full consideration of the many factors arising for the alleged breaches of the law. Penalties for offences are awarded by the courts and can include fines, imprisonment or both.

11.4 A Simple Caution will only be used where a prosecution could be properly brought and there is a realistic prospect of conviction. A Simple Caution includes a written submission from the person responsible that an offence has been committed.



11.5 A record of a Simple Caution will be kept on file for three years and if a conviction for a further offence is brought within that period, the written submission of the previous offence will be introduced to the court for consideration.

[Click here to return to table of contents](#)

### ***More about the Other Duties of the Service***

13.1 In addition to Fire Safety law the Service is also responsible for the following regulations.

- Licensing authority for the Petroleum Consolidation Regulations 2014
- The Explosive Regulations 2014.

13.2 The Service can request a review of a premises license under Section 51 of the Licensing Act 2003. The options available to the Licensing Committee are:

- i. Modification of the conditions of the Licence
- ii. Exclusion of Licensable activity from the scope of the Licence
- iii. Removal of the Designated Premises Supervisor
- iv. Suspension of the Licence for a period not exceeding three months
- v. Revocation of the Licence
- vi. Issue of a Warning Letter
- vii. No Action

13.3 The Service enforces the requirements of Explosive Regulations 2014 through application of the Health and Safety at Work (etc) Act 1974 and the serving of improvement notices and prohibitions orders. [Regulating and Enforcing Health and Safety](#)

[Click here to return to table of contents](#)

### ***More on Data Protection***

14.1 The Service will comply with the principles of the Data Protection Act 1998 governing the use of personal data received or obtained and will respect the rights and freedoms of those individuals when processing their details. The following document Information Management Strategy lays out our strategic

approach to meeting these legal requirements. (Details are available on request and on our website [\[Information Management Strategy\]](#)

[Click here to return to table of contents](#)

### ***More on Freedom of Information***

15.1 Under the Freedom of Information Act 2000, individuals are given ‘a general right of access to information held by public authorities in the course of carrying out their functions subject to certain conditions and exemptions’. Under Section 19 of that Act, public authorities are required to produce a publication scheme setting out details of the information routinely published or made available, how the information is made available (in hard copy and on-line), and whether it is available free of charge or on payment.

15.2 Details of The Service’s publication scheme are available on request and on our website [Publication Scheme](#).

[Click here to return to table of contents](#)

### ***The Regulators Code***

The Regulators Code is a statutory code of practice for regulators and makes six broad requirements:

- i. To carry out their activities in a way that supports those they regulate to comply and grow;
- ii. To provide simple and straightforward ways to engage with those they regulate and to hear their views;
- iii. To base their regulatory activity on risk;
- iv. To share information about compliance and risk;
- v. To ensure clear information, guidance and advice is available to help those they regulate meet their responsibilities to comply; and
- vi. To ensure their approach to regulatory activity is transparent.

The service has taken regard of the Regulators Code in producing this policy statement.

For the full version click here: [‘The Regulators Code’](#)

[Click here to return to table of contents](#)

### ***The Regulatory Enforcement and Sanctions Act***

The Regulatory Enforcement and Sanctions Act (The RES) established The Local Better Regulation Office (later renamed as the Better Regulation Delivery Office (BRDO)). It also imposed a duty on Regulators to: (a) have regard to any guidance issued by BRDO, (b) a duty to comply with guidance where the Regulator is directed to do so by BRDO, and (c) a duty to have regard to any list of enforcement priorities published by BRDO. As a listed Regulator, the Service is committed to these duties.

For the full version click here: [‘The Regulatory Enforcement and Sanctions Act’](#)

[Click here to return to table of contents](#)

### ***Legislative and Regulatory Reform Act***

Part 2 of the Legislative and Regulatory Reform Act, requires the Service to have regard to the Principles of Good Regulation. We recognise that our regulatory activities should be carried out in a way which is: (i) proportionate; (ii) accountable; (iii) consistent; (iv) transparent; and (v) targeted to situations which need action.

When we exercise a regulatory function, which for the Service includes: the Regulatory Reform (Fire Safety) Order, [\[The Petroleum \(Consolidation\) Regulations 2014\]](#), [Explosives Regulations 2014](#) and the [Health and Safety at Work \(etc\) Act\]](#) we have regard to the Regulators Code.

For the full version click here: [‘Legislative and Regulatory Reform Act’](#)

October 2017

[Click here to return to table of contents](#)

### ***The Legislative and Regulatory Reform (Regulatory Functions) Order 2007***

The Legislative and Regulatory Reform (Regulatory Functions) Order imposes a duty on the Service to have regard to the Regulators' Code when determining general policies or principles. It requires that the regulatory activities of the Service are carried out in a way which is transparent, accountable, proportionate and consistent, as well as being targeted only at cases in which action is needed.

For the full version click here: '[Legislative and Regulatory Reform \(Regulatory Functions\) Order](#)'

[Click here to return to table of contents](#)

### ***The Environment and Safety Information Act***

The Environment and Safety Information Act requires the Service to make a publicly accessible record of formal enforcement action that we have taken.

For the full version click here: '[The Environment and Safety Information Act 1988](#)'

[Click here to return to table of contents](#)

### ***The Regulatory Reform (Fire Safety) Order***

The Regulatory Reform (Fire Safety) Order 2005 principally imposes a general duty on responsible persons and duty holders to take general fire precautions to keep people safe in case of fire and establishes enforcing authorities to enforce the provisions of the Order. The Service is an enforcing authority under the Order and is empowered to inspect premises and serve notices to improve safety standards (among others).

For the full version click here: '[The Regulatory Reform \(Fire Safety\) Order](#)'

[Click here to return to table of contents](#)

### ***The Licensing Act 2003***

The Licensing Act establishes the Service as a 'responsible authority' with whom the Licensing Authority must consult in connection with Licensable activities, including the sale or supply of alcohol or the provision of regulated entertainment or late night refreshment. The licensing objectives are to promote: the prevention of crime and disorder; public safety; the prevention of public nuisance; and the protection of children from harm.

For the full version click here: '[The Licensing Act](#)'

[Click here to return to table of contents](#)

October 2017

### ***The Explosive Regulations 2014***

The Service is the local authority for the purposes of dealing with applications for registration or for a licence to store explosives (under certain prescribed conditions).

For the full version click here: [The Explosive Regulations 2014](#)

[Click here to return to table of contents](#)

### ***The Petroleum (Consolidation) Regulations***

The Service is the 'petroleum enforcement authority' and can grant 'storage certificates' for premises at which petrol is dispensed, and enforces The Petroleum (Consolidation) Regulations in premises to which those regulations apply.

For the full version click here: '[The Petroleum Consolidation Regulations](#)'

[Click here to return to table of contents](#)

## **Approval**

**Prepared and  
Approved By:**        **Brian Walshe**

**Signature:**

**Date:**                **12 September 2016**

**Reviewed By:**        **Gary Collins**

**Signature:**

**Date**                    **28<sup>th</sup> September 2016**

**October 2017**

## **Norfolk County Council Highways Enforcement Protocol**

### **1.0 Introduction**

The Highways area teams receive a significant number of customer complaints each year relating to enforcement matters. These range from trading on the highway, such as car sales on verges, caravans / motorhomes being parked on the highway, blocked public footpaths and trailer or van mounted advertising hoardings.

The CES enforcement policy is followed, with priority is given to highway safety matters. Increasingly, the teams work with a number of bodies to achieve successful outcomes, as often issues are complex and can be legally difficult to resolve.

For example, we have been working closely with South Norfolk District Council over illegal advertising trailers. A joint authority meeting, which included NPLaw, concluded that the most appropriate way forward in addressing the issue of these trailers was to use the Town & Country Planning Act 1990 rather than the Highways Act 1980, as this offered the best chance of a successful prosecution combined with deterrent fines.

### **2.0 Illegal Advertising Trailers**

Illegal advertising trailers are an issue on both the trunk road network and the local road network, particularly on the approaches to urban areas. Contrary to popular belief, Norfolk County Council cannot simply tow these trailers away as it is not known if they are roadworthy (and Norfolk County Council could be fined) and the wheels are usually locked.

A recent review of the national situation by the Highways teams, has concluded that although the Highways Act could be used for a prosecution, the fines are very low, and it has to be successfully proven that the Highway was obstructed giving rise to a safety concern. Although most trailers are a distraction to motorists, they are usually placed to enable easy access to the verge and not in locations where visibility is obstructed. This would reduce the probability of a successful prosecution using powers under the Highways Act.

Recent legal advice has also highlighted:

- that there is no reason why powers cannot be delegated from the County Council to a District / Borough Council;
- that under the Highways Act 1980 Section 130 (2) any council may assert and protect the rights of the public to the use and enjoyment of any highway in their area for which they are not the highway authority. Therefore, delegated powers are not necessarily required.
- That District & Borough Councils can use their existing powers under the Town & Country Planning Act 1990 Section 224 to take action against the advertisers, including a prosecution.

Therefore, the current approach is that:

- i) The County Council Highways teams will only notice and contact the owners / advertisers if the trailers are negatively impacting on highway safety (ie blocking visibility or obstructing the public highway in areas where there is expected usage of the verge);
- ii) District and Borough Councils have existing powers under both the Highways Act and the Town & Country Planning Act, so there is no need to go through a formal delegated powers process;
- iii) District & Borough Councils have the option to use their powers under the Town & Country Planning Act 1990 to carry out prosecutions against the owners of these trailers. Any action would be supported by the County Council.

### **3.0 Vehicles for sale on the Highway**

Parking of vehicles on the Highway 'for sale' is an offence under the Clean Neighbourhood & Environment Act 2005.

When a complaint is received or issue identified, the Highways Area team will notify the owner and ask them to remove it immediately. A phone call will suffice provided that a record is kept of the time and date.

The Highways Area team will re-inspect the site at least twice within the next calendar month, taking photos and noting the date and time of the inspections. If the problem persists after 4 weeks, the Highway Engineer and Area Manager will assess situation and identify a way forward.

### **4.0 Public Footpaths**

The Countryside Access Officers within the local Highways area teams undertake a high level of enforcement. This is typically to deal with obstructions on public rights of way, such as illegal gates and other structures across the official alignment, and removing other blockages across public footpaths such as crops and livestock.



In the period April 2017 to August 2017, across the county, there have been 85 number Section 134-137 Non-reinstatement Notices and 11 number Section 143 Removal Obstruction Notices sent out. By early September 2017, 85 of the 96 cases had been resolved and the remaining are ongoing and being actively monitored and pursued with landowners.

## **5.0 Other issues**

### **Parking of vehicles on the Highway without a valid Tax**

If a vehicle has been parked on the Highway without valid road tax (which can be checked on line on the DVLA website), then this offence should be reported to either the police or the DVLA.

### **Parking of vehicles on the Highway causing an obstruction**

If a vehicle is parked on the Highway causing an obstruction, then this is generally an offence which should be reported to the police for action. Highway Authority's such as Norfolk County Council do have powers under Section 149 of the Highways Act 1980 to remove vehicles but only if they constitute a 'danger'. In accordance with the Act, a notice period is required to allow the offender time for removal before any action can be taken.

# Policy and Resources Committee

Item No 14

<b>Report title:</b>	<b>Norse Consents</b>
<b>Date of meeting:</b>	<b>27<sup>th</sup> November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance &amp; Commercial Services – Simon George</b>
<b>Strategic impact</b> Norse requires the consent of the County Council before it can make certain decisions including, the formation of new limited companies, entering new areas of business and the appointment of directors.	

## Executive summary

**Policy and Resources Committee is recommended to:**

- 1. Approve the purchase of 50% of Build Insight Ventures Ltd, Build Insight Ltd and Build Insight Consulting Ltd by NPS.**
- 2. Recommend to Full council the appointment of directors to companies in the Norse group as detailed in appendix B**

## 1. Background

### **Build Insight Ventures Ltd, Build Insight Ltd and Build Insight Consulting Ltd**

- Norse requires the consent of the County Council before it can create new Ltd Companies & enter new areas of business.
- This is undertaken on the advice of the Executive Director of Finance & Commercial Services.
- The Executive Director of Finance & Commercial Services has:
  - Reviewed the business case and papers for the proposed acquisition of 50% of Build insight Ventures Ltd, Build insight Ltd and Build insight consulting Ltd in detail
  - Attended and contributed to the discussions on the proposal at the Norse Board

**And subsequently recommends that the Policy and Resources Committee approve the purchase of 50% of Build Insight Ventures Ltd, Build Insight Ltd and Build Insight Consulting Ltd by NPS**

- Appendix A contains more details of the proposal.

### **Appointment of Directors**

- 1.5 Norse requires the consent of the County Council to appoint directors to its companies.
- 1.2 The Executive Director of Finance & Commercial Services has reviewed the attached list of appointees (In appendix B) and advises that they are suitable

And subsequently recommends that the Policy and Resources Committee approve the appointment of the attached list of directors to Full Council.

## **2. Financial Implications**

- 2.1. The further expansion of NPS activities is envisaged to further enhance the financial return to the Council.

## **3. Issues, risks and innovation**

- 3.1. There are no significant risks or implications beyond those set out in the financial implications section of the report.

## **4. Background Papers**

### **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:

<b>Officer Name:</b>	<b>Tel No:</b>	<b>Email address:</b>
Simon George	01603 222400	<a href="mailto:simon.george@norfolk.gov.uk">simon.george@norfolk.gov.uk</a>



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 A**

Build Insight Ltd and Build Insight Consulting Ltd are companies wholly owned by South Norfolk District Council (SNDC). They deliver Approved Inspector Building Control and compliance consulting services associated with Building Regulations.

The Build Insight companies were an attempt by SNDC to gain a share of the Approved Inspector market. Approved Inspectors can provide Building Control services to anyone and charge a fee that is lower than the Local Authority Building Control fee. Local Authority Building Control (LABC) is not allowed to make a profit and has to carry Local Authority overheads, which can make it uncompetitive. Additionally, Local Authorities cannot choose to whom they will supply Building Control services.

Build Insight Ventures Ltd is the holding company for Build Insight Ltd – the Approved Inspector, and Build Insight Consultancy Ltd – the consultancy company that focuses on services that wrap around key parts of the Building Regulations.

Build Insight Ventures Ltd has experience and knowledge of all types of projects and construction techniques and embraces innovative solutions. The current portfolio of work Build Insight Ventures undertakes extends across all sectors of the built environment and includes technically complex developments.

Build Insight Ventures Ltd was launched in April 2015 and drove into the market in August 2015, since when the company has enjoyed success in generating a market presence, a recognised brand in Norfolk and sales close to £1M.

The majority of sales (80%) come from Norfolk developments and the remainder from the wider East of England region. (Projects in Essex and London make up a high proportion of that 20%.)

SNDC has invested nearly £400K in setting up the business and developing the brand but has yet to see it generate significant profit.

The lack of profit is due to the paucity of business infrastructure, especially with regard to financial and business development services.

### **The Proposal**

The proposal is to take a 50% share in Build Insight Ventures Ltd and its two operating companies, and develop them to generate profit for both partners.

The NPS Group can bring financial and business development expertise as well as access to markets outside Norfolk. The Group undertakes a very significant number of projects requiring Building Control services and could use the joint venture to deliver these works, thereby making a saving on the LABC fee.

One of the other constraints on the development of Build Insight has been the lack of professional resource. The company has struggled to attract sufficiently high calibre staff to facilitate the growth of the business. NPS can provide this

resource from its existing companies, NPS Norwich Ltd and the Parent Company, which will also help to improve their financial performance.

The key points of the business plan are as follows:

- NPS will acquire at nil cost 50% of the shares in Build Insight Ventures Ltd and its associated trading companies.
- SNDC will buy out the existing debt on the current Balance Sheet to give the company a clear Balance Sheet at the start of the new partnership.
- The joint venture will operate a 50/50 profit share, except for the first two years or until SNDC has secured £400K of profit to match its original investment, during which time the profit share will be 75%/25% in SNDC's favour.
- NPS will provide all the business support functions via a 6% Management Charge.
- NPS will provide the strategic and operational management of the two subsidiaries.

## Financial Return

The business case sets out the anticipated financial return as follows:

	2018-19	2019-20
<ul style="list-style-type: none"> <li>• Income</li> <li>• Aspirational income</li> </ul> <b>Total Income</b>	£503,000 £200,000 <b>£703,000</b>	£713,000 £300,000 <b>£1,013,000</b>
<ul style="list-style-type: none"> <li>• Costs</li> <li>• Aspirational costs</li> </ul> <b>Total Costs</b>	£417,000 £160,000 <b>£571,000</b>	£425,000 £225,000 <b>£650,000</b>
<ul style="list-style-type: none"> <li>• Operating profit</li> <li>• Margin</li> <li>• NPS Overhead</li> </ul>	£126,000 18% £42,180	£362,000 36% £60,780

## Appendix B

1. A change to the Directors of Enfield Norse Ltd whereby Justin Galliford is replaced as a Director by Robert Trewick, who is the Operations Director for Commercial Services at Norse Commercial Services Ltd; and Ruth Metcalf, who has recently left the business, is replaced by Nick Maddox, Group Director, Building & FM at Norse Commercial Services Ltd.
2. A change to the Directors of NEWS Ltd whereby Ruth Metcalf is replaced by Mark Emms, Group Director, Environmental and Transport at Norse Commercial Services Ltd.
3. The appointment of Mike Britch, Managing Director of the Norse Group Ltd, and David Shaw, Operations Director of NPS Norwich Ltd as Directors of the new joint venture company, Build Insight Ventures Ltd.

# Policy and Resources Committee

Item No 15

<b>Report title:</b>	<b>Notifications of Exemptions Under Contract Standing Orders</b>
<b>Date of meeting:</b>	<b>27 November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Simon George, Executive Director of Finance</b>

## Brief outline of the paper:

Under the Council's Contract Standing Orders, paragraph 9.11, the Head of Procurement and the Head of Law have the authority to approve the letting of a contract without competition or the negotiation of a contract with one or more suppliers without prior advertisement, subject to the relevant law. Exemptions resulting in the letting of contracts valued at more than £100,000 must be made in consultation with the Chairman of Policy and Resources Committee.

Under paragraph 9.12 an exemption under 9.11 outlined above, relating to the award of a contract valued in excess of £250,000 is to be notified to the Policy and Resources Committee.

The report sets out the exemptions that have been made up to 2 November 2017 under paragraph 9.11 of Contract Standing Orders and that are over £250,000 and therefore need to be notified to the Policy and Resources Committee.

## Key decisions/recommendations that Committee need to make:

### Recommendations:

As required by paragraph 9.12 of the Council's Contract Standing Orders, Policy and Resources Committee is asked to note the exemptions that have been granted under paragraph 9.11 of Contract Standing Orders by the Head of Procurement and Head of Law in consultation with the Chairman of Policy and Resources Committee that are over £250,000.

<b>Supplier</b>	<b>Value, term and ref</b>	<b>Short description of Contract and Reason for Exemption</b>	<b>Date seen by the Chairman of Policy and Resources Committee</b>
<b>PSS Limited</b>	£3,000,000 – 13 November 2017 to 12 November 2019 (EX471-17)	<b>Adult Shared Lives Service.</b> The service provides placements to individuals to live in private homes. An exemption was required following the	3 October 2017

		sudden withdrawal from the market of the incumbent provider. Discussions were held with a number of possible replacements but only PSS were able to take on the work.	
<b>Insignia Healthcare</b>	£2,028,000– 23 October 2017 to 29 July 2020 (EX487-17)	<b>Bespoke package of care for child.</b>	24 October 2017

## 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:

**Officer Name:**

Al Collier

**Tel No:**

01603 223372

**Email address:**

al.collier@norfolk.gov.uk



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.