Norfolk County Council

Policy and Resources Committee

Date: **Monday, 28 November 2016**

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 M Baker
Mr M Castle
Mr T Coke
Mrs H Cox
Mr A Dearnley
Mrs J Leggett
Mr I Mackie
Mr I Monson
Mr S Morphew
Mr G Nobbs
Mr A Proctor
Mr D Roper
Mr B Spratt
Mr B Stone
Dr M Strong
Mrs A Thomas

For further details and general enquiries about this Agenda please contact the Committee Officer:
Tim Shaw on 01603 222948
or email committees@norfolk.gov.uk

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A g e n d a

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

2. **Minutes** **(Page 7)**
To agree the minutes from the meeting held on 31 October 2016

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 23 November 2016.** 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 23 November 2016.** For guidance on submitting public question please view the Constitution at Appendix 10.

Section A – Items for Discussion and Decision/Action

7 The highlights of the Autumn Statement **(To Follow)**
Report by Executive Director of Finance

8 2017-18 Budget and Medium Term Financial Planning 2017-18 to 2019-20 **(Page 17)**
Report by Executive Director of Finance

9 Finance Monitoring Report Period 6 September 2016 **(Page 27)**
Report by Executive Director of Finance

10 Delivering Financial Savings 2016-17 **(Page 85)**
Report by Executive Director of Finance

11 Mid-Year Treasury Management Monitoring Report 2016-17 **(Page 119)**
Report by Executive Director of Finance

12 Performance and Risk Monitoring

a. **Resources and Finance vital signs performance management report** **(Page 133)**
Report by Head of Business Intelligence and Corporate Planning

b. **Corporately significant vital signs performance management report** **(Page 153)**
Report by Head of Business Intelligence and Corporate Planning

c. **Risk Monitoring Report** **(Page 174)**
Report by Executive Director of Finance

13 Health, Safety and Well-being Mid-Year Report **(Page 211)**
Report by Managing Director

14 **Establishment of alternative business structure – nplaw (Norfolk Public Law)** **(Page 218)**
Report by Executive Director of Finance and Head of Law

15 **Disposal and Acquisition of Properties** **(Page 223)**
Report by Executive Director of Finance

16 **Appointment of Directors in NCC related Companies-Supplement** **(Page 234)**
Report by Executive Director of Finance

17 **Recommendations from the Constitution Advisory Group** **(Page 238)**
Report from the Constitution Advisory Group

18 **Norfolk Business Rates Pool** **(Page 254)**
Report by Executive Director of Finance

Section B – Items for Report

19 **Notifications of Exemptions Under Contract Standing Orders** **(Page 263)**
Report by Executive Director of Finance

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

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

1. LGA General Assembly: Cliff Jordan, Alison Thomas, George Nobbs, Mike Sands

2. County Council Network: Cliff Jordan, Alison Thomas, George Nobbs Marie Strong

3. East of England Local Government Association: Cliff Jordan (George Nobbs substitute)

4. LGA Coastal Issues Special Interest Group: Michael Baker
Outside Bodies

5. Greater Norwich Growth Board: Steve Morphew

Group Meetings

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

Chris Walton
Head of Democratic Services
County Hall
Martineau Lane
Norwich
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IN TRAN communication for all

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Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on 31 October 2016
10:00am Edwards Room, County Hall, Norwich

Present:
Mr C Jordan (Chairman)

	Mr S Morphew
Mr M Castle	Mr G Nobbs
Mr T Coke	Mr A Proctor
Mrs H Cox	Mr D Roper
Mr A Dearnley	Mr B Spratt
Mrs J Leggett	Mr B Stone
Mr I Mackie	Dr M Strong
Mr I Monson	Mrs A Thomas

Substitute Member Present:
Mr R Parkinson-Hare for Mr M Baker

Also Present:

Mr B Borrett	Mr T Garrod
Mrs M Dewsbury	Mr M Wilby
Mr R Smith	

1. Apology for Absence

1.1 An apology for absence were received from Mr M Baker.

2 **Minutes**

2.1 The minutes of the previous meeting held on 26 September 2016 were confirmed by the Committee and signed by the Chairman.

3 **Chairman's Announcement—Journalism Students from the UEA**

3.1 The Chairman welcomed to the meeting a group of journalism students from the UEA who were in the public gallery. It was pointed out that some of the students would take sound recordings of the meeting.

4 **Declarations of Interest**

4.1 Mr I Mackie declared an "other interest" in item 15 in that he was a member of the

Yare Multi Academy Trust.

4.2 Mr I Monson declared an “other interest” in Item 12 in that he was a member of the Management Committee for the Eastern Shires Purchasing Organisation.

5 **Items of Urgent Business**

5.1 There were no items of urgent business.

6 **Public Question Time**

There was one public question from Mr Andrew Wiltshire regarding the Council’s budget. The question together with the answer can be found as an Appendix to these minutes.

7 **Local Member Issues**

7.1 There were no local member issues.

Section A – Items for Discussion and Decision/Action

8 **Finance Monitoring Period 5, August 2016**

8.1 The annexed report (8) by Executive Director of Finance was received.

8.2 The Committee received a report by the Executive Director of Finance that gave details of the forecast position for the 2016-17 Revenue and Capital Budgets, General Balances, and the forecast Reserves at 31 March 2017, together with related financial information. The report also provided a brief commentary on Resources and Finance budgets which were the responsibility of this Committee.

8.3 The Committee discussed areas of the County Council’s revenue spend (set out in paragraph 5 of the report) that could be included in the Council’s capital spend, subject to the existing capital expenditure rules.

8.4 In reply to questions, it was pointed out that it was not possible for the changes contained in paragraphs 5 of the report to be factored into the capital budget for 2016/17 and beyond until they were agreed by full Council. These changes could be expected to begin to have an impact on the revenue budget in the final quarter of this financial year. The full year revenue saving for 2017/18 was expected to be between £2m and £2.5m. At the Committee’s request, any further report on the issue would mention that the change of approach was not about finding new money.

8.4 It was suggested that when the latest monthly financial monitoring figures for the outturn position of the County Council became available then they should forwarded to Members of the Policy and Resources Committee by email.

8.5 It was also suggested that the Committee should receive a further update report on issues considered by the ICT Working Group.

8.6 In reply to questions, the Managing Director said that she had recently met in London with the Minister for Children and Families who had agreed to take up a long standing invitation from the County Council to discuss a wide range of issues that impacted on Children's Services. She said that the issues that were discussed had not related directly to Looked After Children. The Manging Director added that the outcome of the Ofsted monitoring visit to Norfolk on 17th and 18th October 2016 was awaited and would be made known to Members in due course.

8.7 Members expressed a diversity of views about the Government's direction of travel for local authority expenditure and in particular about the assumptions the Government had made at the time of the 2016/17 local government settlement about Council Tax. It was pointed out that the assumed increases in Council Tax and the Adult Care Precept had met with the agreement of the Adult Social Care Committee and that all service committees were aware of the proposed inflation element to the proposed council tax increase.

8.8 With reference to the dedicated schools grant mentioned on page 36 of the agenda, Members asked to be provided with separate figures for "high needs" for all aspects of the Children's Services budget, and not just for Post 16 FE High Needs.

8.9 **RESOLVED:**

That the Policy and Resources Committee:

1. **Note the period 5 forecast Revenue overspend of £21.393m (P4 £21.404m);**
2. **Note the £21.333m forecast use of reserves in 2016-17, including:**
    a. **use of £10.655m reserves anticipated as part of the budget approved at February County Council**
    b. **full use of the £10.678m business risk reserve as approved at the July meeting;**
3. **Note the forecast General Balances at 31 March 2017 of £19.252m, before taking into account any over/under spends;**
4. **Note the forecast financial information in respect of Resources and Finance budgets which were the responsibility of this Committee, as set out in Appendix 2 to the report;**
5. **Note the revised expenditure and funding of the 2016-20 capital programme as set out in Appendix 3 to the report;**
6. **Agree to recommend to Full Council additions of £4.710m to the 2016-17 capital programme for ICT projects, library books and capital project support, as set out in Appendix 3 paragraph 5 of the report.**

9 **Delivering Financial Savings 2016-17**

9.1 The annexed report (9) by the Executive Director of Finance was received.

9.2 The Committee received a report by the Executive Director of Finance that provided details of the forecast outturn position in respect of the delivery of the 2016-17 savings agreed by the County Council at its meeting on 22 February

2016.

9.3 In reply to questions, it was noted that the County Council had undertaken a tendering exercise before awarding a time limited contract for the review of Resources. Of the 5 companies that had responded to the tendering exercise, the lowest priced tender had been accepted. The Managing Director agreed to share the terms of reference with Members of Policy and Resources Committee.

9.4 The Executive Director of Finance was asked to let Members know when the review of transport that was mentioned in paragraph 3.1.2 of the report was due to be completed.

9.5 **RESOLVED:**

That the Policy and Resources Committee note:

1. **the forecast total shortfall of £9.464m in 2016-17, which amounts to 23% of total savings, and for which alternative savings need to be identified;**
2. **the budgeted value of 2016-17 savings projects rated as RED of £11.483m, of which £2.089m were now forecast to be delivered; and**
3. **the forecast savings shortfall on AMBER rated projects of £0.070.**

10 **2017-18 Budget and Medium Term Financial Planning 2017-18 to 2019-20**

10.1 The annexed report (10) by the Executive Director of Finance was received.

10.2 The Committee received a report by the Executive Director of Finance that provided an update on the Council's budget setting process, and set out details of the actions required by Service Committees to enable the Council to set a balanced budget for 2017-18.

10.3 The Executive Director of Finance said that the Committee would receive at its next meeting a report on the Autumn Statement that aimed to provide greater clarity on how the Government intended to "reset" economic policy. Because of the timing of the Autumn Statement, the report would have to be marked "to follow" on the Committee agenda.

10.4 Members discussed the County Council's approach to the budget planning process for 2017/18 and how this compared to that for the previous year. It was pointed out that in Autumn 2015 the Council had undertaken a substantial public consultation exercise which had resulted in a strong body of evidence of public views. Some Members suggested that a similar stakeholder and public customer exercise should have been undertaken this Autumn. They spoke about how last year's approach to the issue had put in place a strong mechanism for the public to express different ideas and for those views to be explored and debated openly and constructively, to help inform committees' deliberations.

10.5 The Head of Business Intelligence said that last year's public consultation exercise remained relevant and current and was being used as part of the planning for the 2016/17 budget setting process. The public consultation undertaken in Autumn 2015 was being supplemented with additional targeted consultation with affected groups, particularly those at risk of disadvantage. The savings that required consultation would be published on the Council's consultation hub at Citizen Space (https//norfolk.citizenspace.com/) before they were taken to the service committees.

10.6 The Chairman said that the planning for next year's budget aimed to focus on placing the budget setting priorities of the previous year into a sharper, more ambitious and more sustainable County Council budget. He assured the Committee that Service Committees would be able to consider the budget proposals, including the results of any consultation responses, before they were taken to Policy and Resources Committee and for approval by Full Council.

10.7 **RESOLVED:**

That the Policy and Resources Committee:

1. **Note that the Council's budget planning includes:**
    a. **a current forecast budget gap of £4.277m for 2017-18; and**
    b. **an assumed increase in council tax of 2% for the Adult Social Care precept, and an inflationary increase of 1.8% in 2017-18.**
2. **Recommend the use of the £4.6m 2016-17 transitional grant monies to help ameliorate the level of savings required in 2017/18 to County Council for approval as part of the budget-setting process in February 2017.**
3. **In order to help close the 2017-18 budget gap as set out in section 3 of the report:**
    a. **agree the proposed remedial actions for 2016-17 (detailed in paragraph 3.7 and 3.8) which would help to ensure that the 2017-18 budget was deliverable;**
    b. **agree the proposed new savings for 2017-18 for consultation where necessary; and**
    c. **note the scope there was for bringing forward the 2017-18 savings (b) above) for implementation in 2016-17.**
4. **Note the statement regarding the robustness of budget estimates set out in paragraph 3.13 of the report.**
5. **Note that the budget model assumed the delivery of previously agreed 2017-18 savings as set out in Table 7, after adjustment for the reversal / removal of savings as set out in the report.**
6. **Note the new 2017-18 savings that were agreed by Service Committees as detailed in Appendix A of the report.**
7. **Note that consultation, where appropriate, was initiated by the relevant Service Committee.**

11 **Ash Die Back (Chalara)- Management of the NCC estate**

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

11.2 The Committee received a report by the by the Executive Director of Finance and the Executive Director of Community and Environmental Services that highlighted the risks of ash dieback disease to Norfolk's public safety, economy and environment, and the potential resource implications for the County Council. The Committee also received a copy of the report on the issue that was considered in detail by the EDT Committee in September 2016.

11.3 The Committee discussed the pan Council approach used by the EDT Committee to respond to the effects of the disease and to limit the long term effects. The Committee was informed that the EDT Committee had sought additional staffing resources within the County Council to tackle the issue. Members were informed that because of the large numbers of trees involved the existing staffing levels at the County Council were insufficient to cope with the problem. The District Councils that employed specialist arboricultural officers would be asked to provide what assistance they could, but it was acknowledged this would be a challenge due to the size of the problem.

11.4 The Committee agreed that in investigating funding for a proactive approach to the problem officers should write to Defra seeking financial help.

11.5 The Committee stressed the importance of working constructively with stakeholders and interested groups within the Norfolk countryside and of keeping landowners informed of where they could seek advice on how to address the technical issues that might arise from large numbers of mature trees declining and dying simultaneously.

11.6 **RESOLVED:**

That the Policy and Resources Committee:

1. **Approve the suggested approach to deal with the council-wide responsibilities for public safety and property as set out in the report.**
2. **Instruct officers to engage with landowners and tenants where their trees would affect NCC Estate to reduce the resource implications for NCC and streamlining the procedure to charge landowners if we had to undertake work on their behalf.**
3. **Instruct officers to write to Defra seeking financial help to cope with the size of the problem.**

12 **Procurement Six Monthly Update**

12.1 The annexed report (12) by the Head of Procurement was received.

12.2 The Committee received a report by the Head of Procurement that set out a new approach to procurement that would ensure coherent, upstream arrangements for the contract 'pipeline'; strengthen management oversight and grip on processes, and put in place a programme of improvement to ensure front line managers were equipped to manage and monitor contracts effectively to maximise impact and value.

12.3 The Head of Procurement was asked to ensure that all service committees received a report on any contracts of particular interest or concern when the current review of contract management was complete.

12.4 With reference to paragraph 22 on page 130, the Head of Procurement said that the Council received £323,000 in dividend from ESPO in 2015/16 (a corrected figure) and could be expected to receive between £450,000 and £500,000 in 2016/17.

12.5 **RESOLVED:**

That the Policy and Resources Committee note:

1. **The pipeline for the contracts mentioned in the report.**
2. **That all committees receive a further report on contract management when the current review was complete.**
3. **Agree to receive a six-monthly report such as that on the pipeline, other procurement and contract management issues, and the Council's membership of the Eastern Shires Purchasing Organisation.**

13 **Norfolk Business Rates Pool Annual Report 2015-16**

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

13.2 The Committee received a report by the Executive Director of Finance that provided a summary of the financial benefits of the Business Rates Pool and the decisions taken to date in respect of allocating the Pool's resources to Economic Development projects in Norfolk.

13.3 **RESOLVED:**

1. **That Policy and Resources Committee noted the performance of the Norfolk Business Rates Pool and endorsed the decisions taken in respect of the allocation of the Pool's resources.**
2. **That Policy and Resources Committee will be asked to endorse the allocation of the 2015-16 pool surplus following discussions made at Norfolk Leaders Group.**

14 **Update on NCC Dormant Trusts**

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

14.2 The Committee received a report by the Executive Director of Finance that set out the progress made on the transfer of the Norfolk County Council's dormant trusts, as well as the updated routes for allocation of these funds, now held by Norfolk Community Foundation, to support the Council's key priorities. In recent years there was a growing awareness that a large amount of money was trapped within Dormant Trusts and that reviving them could provide a benefit to the community.

14.3 **RESOLVED:**

That Policy and Resources Committee, as the Trustees for the following Dormant Trusts, agree that:

1. **Norfolk Youth Parliament allocate the Education Dormant Trusts, held by Norfolk Community Foundation in the Norfolk Children's Fund, along with the remaining funds in the Youth Innovation Fund. In 2016/17, total £16,735.**
2. **The Acting Adult Social Services Executive Director set up a Fund Panel to allocate all funds held in the Norfolk Community Services Fund. In 2016/17, total £56,698.**
3. **In both funds, Committee support the flexibility in the allocation, to include donor led grants as well as through an application process.**
4. **The Acting Adult Social Services Executive Director identify opportunities to influence the allocation of funds (from the match funding), managed by NORSE, to support adult social care priorities.**

Section B – Items for Report

15 **Decisions Taken Under Delegated Authority**

15.1 The annexed report (15) by the Managing Director was received.

15.2 **RESOLVED:**

That the Policy and Resources Committee note the report.

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

16.1 No verbal update reports were received.

The meeting concluded at 1.15 pm

Chairman

Appendix to Policy and Resources Committee minutes of 31 October 2016

Public question from Mr Andrew Wiltshire:

Last months, papers revealed an over-spend of more than £40m caused by the last budget. What are the leaders of the council doing to deal with this black hole?

Answer:

The Council's forecast overspend as reported to Policy and Resources Committee amounts to £21.393m at the end of August 2016. This reflects the planned use of £21.333m of reserves, anticipated during 2016-17 budget planning (this total includes use of the Business Risk Reserve to support Adult Social Care cost pressures). The use of reserves forms part of the Council's annual budget-setting process, and is closely monitored.

Chief Officers have responsibility for managing their budgets within the amounts approved by County Council and it is up to the members of each individual committee to ensure the robust management of budgets within their area of responsibility. Chief Officers have been charged with reviewing all of their cost centres to ensure that, where an over-spend is identified, action is taken to ensure that a balanced budget is achieved for the year.

The following recommendations from individual committees can be found in the Finance Monitoring report (item 8 on this agenda):

- In **Adult Social Care**: Plans to reduce the number of Care Act assessments required (Adult Social Care), improvements to the service transition between Children's and Adult Social Services, and improvements to triage and consistency of practice;
- In **Children's Services**: Improved panel procedures for looked after children, vacancy management, and other saving options; and
- In **Resources**: vacancy management and cost control, along with capitalisation of activity where it relates to the capital programme.

Appendix to Policy and Resources Committee minutes of 31 October 2016—detailed questioned and answers

Cllr Roper request for Members to have sight of monthly monitoring when available.

Note for minutes from the Executive Director of Finance: The forecasts reported to P&R 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. These forecasts form the basis of finance reports over the service committee reporting cycle, and the forecasts in the P&R reports are consistent with the most recent service committee reports. As such the latest information is reported to members in Committee papers as soon as possible. As the Committee meeting timetable is not aligned with a monthly schedule, there is a risk that issuing the latest (potentially unmoderated) figures could cause considerable confusion because they would be likely to relate to a different period than that being discussed in the current Committee cycle.

At the meeting, a member queried whether the overspend of £0.719k on Post 16 FE High Needs shown on page 36 of the P&R agenda represented the whole of the DSG High Needs variance.

The following note from the Executive Director of Finance summarises the position of the DSG High Needs overspend.

The overspend of £0.719k on Post 16 FE High Needs identified by the member represents the period five movement only. The total DSG over/underspend amounts to £2.828m. This is made up of:

- Independent and non-maintained education £2.248m overspend (High needs block)

- Post 16 FE High Needs £0.719m overspend (High needs block)
- Suspended school staff -£0.199m underspend (Schools block)
- School staff maternity £0.060m overspend (Schools block)

These amounts also appear in the P&R report on page 36.

The figures presented to P&R agree with those reported to the October Children's Services Committee. The £2.828m overspend is after the use of £2.000m agreed budgeted dedicated school grant reserves.

The implication for 2017-18, as at period five, is an overspend of at least £4.828m, if no action is taken. Options were discussed at the Schools Forum meeting of 14th October 2016. It was agreed to consult with schools in November 2016 on an alternative use of the high needs block of the DSG, to ensure that extra commitments are funded within monies available.

At the meeting a member asked for the timescale for the Adults Transport review

The Executive Director of Finance advises that the transport review work will report back to Adult Social Care Committee on 23rd January 2017.

Policy and Resources Committee

Item No 8

Report title:	**2017-18 Budget and Medium Term Financial Planning 2017-18 to 2019-20**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Executive Director of Finance – Simon George**

Strategic impact

This report provides an update on the Council's budget process for 2017-18. In particular, it sets out the latest budget planning assumptions and revised budget gap, and the Service Committee's latest recommendations to feed into the Council's budget process for 2017-18. A further report on the Autumn Statement, due 23 November, is also on the agenda for this meeting and may have implications for the Council's budget setting.

Executive summary

This report forms part of the strategic and financial planning framework for the Council. It builds on the report received by this Committee in October to provide an update on the Council's budget setting process, and progress towards setting a balanced budget for 2017-18.

Policy and Resources Committee is recommended to:

1. **Note that the Council's budget planning includes:**
   a) **a current forecast budget gap of £3.533m for 2017-18;**
   b) **forecast budget gaps of £9.753m in 2018-19 and £10.715m in 2019-20, resulting in a total gap of £24.001m for the period 2017-18 to 2019-20; and**
   c) **an assumed increase in council tax of 2% for the Adult Social Care precept, and an inflationary increase of 1.8% in 2017-18.**

2. **Recommend that Service Committees continue to seek opportunities for further savings and / or to bring forward 2018-19 savings to contribute to the setting of a balanced budget in 2017-18, and note that the Executive Director of Finance will reflect on the remaining gap to be addressed following the Autumn Statement, as set out in paragraph 3.3.**

3. **Note the statements regarding the robustness of budget estimates, and risks to the 2017-18 budget, set out in section 3.**

4. **Note the recommendations from Service Committees regarding the removal or delay of savings which were agreed during previous budget rounds as set out in Section 4 and summarised in Table 3.**

5. **Recommend the removal and delay of £1.375m of savings which are no longer considered to be deliverable within the budgets for which this Committee is responsible as set out in section 5.**

6. **Note the proposed areas for additional savings, and the further changes**

required to deliver a balanced budget as set out in the report, which will be presented to this Committee for recommendation to County Council in February.

1. Background

1.1. In October, Policy and Resources Committee received a paper setting out key details of the Council's forecast 2017-18 budget position and the wider financial context in which it is operating. The Committee noted the savings proposals from Service Committees for 2017-18, and a number of the assumptions underpinning the budget position, which identified a budget gap of £4.277m. The report confirmed that proposals set out for both 2016-17 remedial actions, and new 2017-18 proposals, would be reported back to this Committee to enable an overall assessment of the Council's 2017-18 budget position to be made at this meeting.

1.2. Since that report, further work has been undertaken to clarify remaining budget pressures and assess the deliverability of previously agreed saving plans. As a result of this review, Service Committees have recommended the removal or delay of a number of savings from previous budget rounds. Officers have developed proposals which have enabled these amendments to be made but which still result in a budget gap of £3.533m for 2017-18 that remains to be closed at this time. The details and implications of these changes, and remaining areas of risk and uncertainty, are set out within this report.

2. Strategic context

2.1. As previously reported to this Committee, the Chancellor is expected to announce details of a "fiscal reset" in the Autumn Statement due to take place on 23 November. It is anticipated that this may include measures to mitigate the Government's deficit targets, providing the Chancellor with greater financial flexibility, although the extent to which this will impact on Local Authority finances in light of the four year certainty allocations remains unknown at the time of writing this report. Details of the implications of the Autumn Statement will be set out in a separate report to this Committee which will follow the main agenda due to the timing of the Government's announcements.

2.2. The full impact of Government plans at individual local authority level may not be known until the publication of the Local Government Finance Settlement. The Provisional Settlement is expected in December, with the Final Settlement usually following in late January / early February. The impact of these detailed announcements will ultimately be reflected in the Council's budget-setting papers for February 2017.

2.3. Local authorities across the country are increasingly highlighting to Government the significant financial pressures they face, particularly in respect of social care budgets. Norfolk County Council is therefore not unique in reporting both pressure on the delivery of planned savings, alongside a current forecast overspend against the revenue budget in 2016-17. The issues being reported nationally include: consultation on emergency mid-year budget cuts for Northamptonshire County Council, a forecast £49m overspend at Birmingham City Council, which requires £78m of savings to balance the budget for 2017-18, and a savings requirement of £79m by 2020-21 for Lancashire County Council, which has also rejected the four year finance settlement on the basis that it is insufficient to deliver a balanced budget in the short to medium term. The County

Council's responses to these budget pressures are set out in this paper, with the key focus being the preparation of a robust budget for 2017-18.

3. Context for financial planning

3.1. The Executive Director of Finance has reviewed the overall budget position in order to inform this report to Policy and Resources Committee. It remains the case that the robustness of the 2017-18 Budget is contingent on the delivery of 2016-17 savings proposals. A report on the delivery of 2016-17 savings is included elsewhere on this agenda. The Executive Director of Finance has considered the following in developing the 2017-18 Budget:

- Further pressures that have been identified in respect of 2017-18 and future years;
- Service Committees' recommendations about the deliverability of 2017-18 savings;
- The estimated Council Tax base and business rates position for 2017-18;
- The forecast 2016-17 outturn position and current financial monitoring; and
- The status of delivery of 2016-17 savings plans and associated remedial actions.

3.2. Significant areas of uncertainty remain at the time of writing this report. These include:

- The implications of the Government's Autumn Statement (due 23 November);
- The detail of the 2017-18 Local Government Finance Settlement (due in December with final announcement in January / February);
- Government plans about the removal of Education Services Grant (ESG) and changes to New Homes Bonus Grant (removal of one year of the grant allocation in 2017-18) which have not yet been confirmed – see paragraph 6.4; and
- The need for further review of the deliverability of some savings planned for 2018-19, in particular £11.712m of savings proposed for Communities and EDT services, which have been provisionally removed in the Council's budget planning at this stage, and described more fully in paragraphs 4.5 and 4.7.

3.3. The Executive Director of Finance has considered whether further savings for 2017-18 are required as a result of this assessment. It is the view of the Executive Director of Finance that Service Committees should continue to seek opportunities for further savings and / or to bring forward 2018-19 savings in order to contribute to the setting of a balanced budget in 2017-18. The Executive Director of Finance will update his assessment of the remaining gap to be addressed following the Autumn Statement, in order to provide further guidance to Service Committees at this time.

3.4. The Executive Director of Finance is continuing to work closely with Services to develop proposals which will enable the preparation of a balanced budget for 2017-18. This includes work to identify opportunities to capitalise expenditure, and to consider where there may be scope to reduce expenditure in response to reduced levels of funding. Details of any of these additional measures needed to achieve a robust, balanced budget for 2017-18 will be reported to Service Committees in January, and then to Policy and Resources Committee and Full Council in February.

4. Service Committee reviews

4.1. In November, Service Committees have considered whether saving proposal changes are required to ensure that a robust budget can be proposed for 2017-18. The particular focus for this activity has been the identification of any 2017-18 savings from prior year budget rounds which are not considered deliverable, or which need to be delayed. Further detailed work on savings for future years (2018-19 and 2019-20) is ongoing. The position of this review, by Committee, is as follows:

Adults

4.2. £3.000m of 2016-17 and prior year transport savings and overspend pressures have already been delayed into 2018-19 in the October Policy and Resources budget report.

4.3. The Adults Service Committee finance monitoring report in November has identified a further £10.000m of savings in 2017-18 which are considered to be high risk. The budget assumptions set out in this paper therefore propose that these £10.000m of high risk savings be delayed into 2019-20. This means all the high risk savings in 2017-18 will have been delayed, in line with the findings of the external review undertaken by consultants (iMPOWER) which suggested that although the Council's savings proposals are appropriate and deliverable, they will require a longer timescale to implement than originally planned.

Table 1: Additional 2017-18 Adults high risk savings to be deferred to 2019-20

	2017-18 £m
Promoting Independence – Customer Pathway (ASC006)	7.538
Promoting Independence – Move service mix to average of comparator family group (ASC011)	0.962
Promoting Independence – Move service mix to lowest of comparator family group (ASC015)	0.200
Promoting Independence – Housing with Care – Development of non-residential community based care (ASC008)	0.500
Transport – Reduce the number of service users we provide transport for and payment of transport out of personal budgets (COM040 and ASC003)	0.800
Total	**10.000**

Children's

4.4. £3.500m of savings have already been removed in the October P&R paper (£3.000m relating to the 2016-17 Looked After Children saving and £0.500m relating to reducing the cost of transport for children with Special Education Needs). The Children's Committee has considered a recommendation to delay the saving CHL017 (relating to reducing the number of agency social workers) totalling £0.450m in 2017-18 and £0.535m in 2018-19 which is not considered deliverable and should be slipped back one year. This reflects the delays experienced in reducing the numbers of Looked After Children in line with the Department's overall savings strategy.

Communities

4.5. A review of the deliverability of 2018-19 Communities savings will be completed for the next meeting of the Committee and will inform the Council's overall budget planning at this point. Pending the outcome of this review, £1.357m of Communities savings have been provisionally removed from the Council's 2018-19 budget planning. It is not anticipated that any further removal or delay of 2017-18 savings will be required and in this event there would be no impact on the 2017-18 budget.

Environment, Development and Transport

4.6. £1.600m of savings have already been removed in the October P&R paper, relating to part of the saving from the implementation of a locality based structure for the Community and Environmental Services directorate. £1.000m of this saving remains to be delivered in 2017-18.

4.7. A review of the deliverability of 2018-19 Environment, Development and Transport savings will be completed for the next meeting of the Committee and will inform the Council's overall budget planning at this point. Pending the outcome of this review, £10.355m of EDT savings have been provisionally removed from the Council's 2018-19 budget planning. It is not anticipated that any further removal or delay of 2017-18 savings will be required and in this event there would be no impact on the 2017-18 budget.

5. Policy and Resources savings

5.1. Following a similar review of the deliverability of savings planned in the budgets for which Policy and Resources Committee is responsible, it is proposed that the Committee consider recommending the removal of £0.100m and the delay of £0.925m of undeliverable Resources savings as set out in the following table. It is no longer considered viable for these savings, which were originally identified in the 2015-16 and 2016-17 budget rounds, to be delivered in 2017-18 due to changes in organisational requirements and strategies.

Table 2: 2017-18 Resources high risk savings to be removed or delayed

	2017-18 £m	**2018-19 £m**
REMOVAL: Pay per use ERP (P&R021)	0.100	0.000
DELAY: Cutting costs through efficiencies by a zero based review of our services (P&R050)	0.625	-0.625
DELAY: Cutting costs through efficiencies by reducing unit costs (P&R064)	0.300	-0.300
Total	**1.025**	**-0.925**

5.2. In addition, prior year savings totalling £0.350m have been identified as no longer being achievable. These have historically been met through one-off savings, but this approach is no longer sustainable and it is therefore recommended that the savings be reversed in 2017-18 budget planning. The savings relate to:

- car leasing (P&R023 value £0.300m agreed in the 2015-16 budget round), where changes in the number of leased vehicles and overall approach mean the saving is no longer viable; and
- plans for increasing income from advertising (P&R029 value £0.050m agreed in the 2015-16 budget round), where the format and structure of the Council's new website will not enable the saving to be achieved.

5.3. As a result it is proposed that the Committee recommend the **removal of £0.450m savings and the delay of £0.925m savings, a total of £1.375m of Resources savings** in 2017-18 to support the preparation of a prudent balanced budget.

6. 2017-18 Budget and Medium Term Financial Strategy position

6.1. The changes to previously agreed savings proposed in this report reflect a significant effort to ensure that the 2017-18 Budget will be both robust and deliverable. It represents the removal or delay of £6.850m of savings relating to 2016-17 and prior years, and £13.075m of savings planned for 2017-18, a total of £19.925m being removed or delayed from next year's budget as set out in the table below.

6.2. In addition, £11.712m of savings proposed for Communities and EDT services have been provisionally removed from the Council's 2018-19 budget planning, subject to further review by the relevant Service Committees as set out in section 4 of this report.

Table 3: Summary of 2017-20 savings removal and delay

	2016-17 and prior years	2017-18	2018-19	2019-20	Total
	£m	£m	£m	£m	£m
Adults	3.000	10.000	-3.000	-10.000	**0.000**
Children's	3.500	0.450	0.085	-0.535	**3.500**
Communities	0.000	0.000	1.357	0.000	**1.357**
EDT	0.000	1.600	10.355	0.000	**11.955**
Policy and Resources	0.350	1.025	-0.925	0.000	**0.450**
Total	**6.850**	**13.075**	**7.872**	**-10.535**	**17.262**

6.3. The table below reflects this removal of savings as recommended by Service Committees and sets out the Council's latest overall budget planning position, resulting in a current gap for planning purposes of £3.533m in 2017-18, £9.753m in 2018-19 and £10.715m in 2019-20. This reflects a total gap of £24.001m remaining for the period 2017-18 to 2019-20.

6.4. In addition to the proposed changes to savings recommended by Service Committees, work has been undertaken to review and refine other assumptions included in the Council's budget planning. Key pressures identified in the latest budget position include:

- The potential removal of Education Services Grant, which Government has signalled will be removed completely by August 2017 (total pressure of £4.555m in budget planning);
- Removal of one year of New Homes Bonus grant (as part of the Government's proposed transitional arrangements, which will see the grant reduced from the current six years) (£0.900m);
- Small pressures across a range of budgets including revenue costs of Members' ICT and growth required in Coroner's and Schools Appeals budgets; and

- Increased costs of borrowing anticipated for 2018-19 in line with expectations around interest growth and inflation.

6.5. These growth areas and income reductions have been partly offset by work to find additional savings and incorporate the latest forecasts for tax base and business rates growth. The new savings proposals in this report include:

- Maximising the saving available from the implementation of the MRP policy changes;
- Use of capital receipts to fund MRP in 2016-17 and 2017-18;
- Capitalisation of costs where possible to provide a revenue saving, including in relation to library books and ICT costs;
- The use of reserves to fund one-off expenditure including the costs of local elections in 2017 and the replacement of the Care First Social Care system. It is also proposed to introduce an annual contribution to reserves of £0.275m in future years to build up a reserve to pay for subsequent election costs.

6.6. It is not considered that these proposals will require public consultation.

Table 4: Budget planning position 2017-18 to 2019-20

	2017-18	2018-19	2019-20	2017-20
	£m	£m	£m	£m
Gap to find as reported to Policy and Resources 31 October 2016	**4.277**	**-20.284**	**14.380**	**-1.627**
Removal / reprofiling of undeliverable savings recommended to Service Committees				
Delay ASC006 - Promoting Independence	7.538		-7.538	0.000
Delay ASC008 - Housing with Care	0.500		-0.500	0.000
Delay ASC011 - Move service mix to comparator group average	0.962		-0.962	0.000
Delay ASC015 - Move service mix to lowest of comparator group	0.200		-0.200	0.000
Delay ASC003 2017-18 element - Transport	0.800		-0.800	0.000
Delay CHL017 - reduce the number of social workers	0.450	-0.450		0.000
Delay CHL017 - reduce the number of social workers		0.535	-0.535	0.000
Delay P&R050 - zero based review	0.625	-0.625		0.000
Remove P&R021 - Pay per use ERP	0.100			0.100
Delay P&R064 - reducing unit costs	0.300	-0.300		0.000
Remove P&R023 - car leasing	0.300			0.300
Remove P&R029 - increased income from advertising	0.050			0.050
Remove EDT036 - locality based structure		5.355		5.355
Remove EDT033 - reduce agency and contracted spend		2.074		2.074
Remove EDT034 - reduce transport costs		0.458		0.458
Remove EDT035 - reduce supplies and		2.468		2.468

	2017-18	2018-19	2019-20	2017-20
	£m	**£m**	**£m**	**£m**
services spend				
Remove CMM031 - reduce transport costs		0.187		0.187
Remove CMM032 - reduce supplies and services spend		1.170		1.170
Gap to find after savings removal and reprofiling	**16.102**	**-9.412**	**3.845**	**10.535**
New Savings				
Maximise MRP saving	-1.316			-1.316
Use of capital receipts in 17-18 to fund MRP	-6.000	4.000		-2.000
Use of capital receipts in 16-17 to fund MRP - create underspend and c/f	-2.000	2.000		0.000
Further capitalisation of ICT costs	-0.300			-0.300
Capitalisation of library books 16-17	-1.000	1.000		0.000
Capitalisation of library books 17-18	-1.000			-1.000
Gap to find after new savings	**4.486**	**-2.412**	**3.845**	**5.919**
Changes to Reserves / Income / Growth				
Use of reserves to fund Election cost 2017-18 and creation of reserve from 2018-19	-1.000	1.275		0.275
Use of Reserves to fund revenue costs of Care First replacement	-0.914	0.035	0.879	0.000
Removal of one year of New Homes Bonus *subject to final confirmation and Government decisions*	0.900	-0.900		0.000
Council Tax – latest forecasts	-2.193	1.500		-0.693
Business Rates from Districts – latest forecasts	-0.783			-0.783
Removal of Education Services Grant *subject to final confirmation and Government decisions*	2.287	1.634		3.921
Apprenticeship Levy – net reduction in pressure assuming contribution by LA maintained schools *subject to final confirmation*	-0.265			-0.265
Revenue cost of Members' ICT refresh	0.050	-0.050		0.000
School appeals budget pressure	0.050			0.050
Future year National Living Wage pressures		5.921	5.741	11.662
Coroners growth requirement	0.165			0.165
Increased cost of borrowing due to forecast interest rate increases		2.500		2.500
Norse pension deficit contribution	0.750	0.250	0.250	1.250
Projected Gap / (Surplus) as at Policy and Resources 28 November 2016	**3.533**	**9.753**	**10.715**	**24.001**

6.7. Our financial planning for 2017-18 remains based on an increase in council tax of 2% for the Adult Social Care precept, and an inflationary increase of 1.8%. We will invite people to give their views on this increase through the Council's website, and through the forthcoming on-line edition of Your Norfolk. A summary of views will be then be available to January Committees and to inform decisions about the budget at Full Council in February. An equality impact assessment will also be carried out, updating the findings from previous year, and this will also be reported to January Committees and Full Council.

6.8. As set out elsewhere in this report, work is currently underway to develop proposals to close the remaining budget gap projected for 2017-18 and to confirm the need for removal of savings identified for 2018-19. The outcomes of this work will be reported to January Service Committees as appropriate and then to this Committee's meeting in February.

7. Risks

7.1. In the event of the Autumn Statement or Local Government Settlement providing additional, unbudgeted funding, it would be prudent to consider further reducing the levels of risk in the proposed 2017-18 Budget by:

- removing further savings;
- recognising further potential growth pressures within social care budgets; and/or
- reversing the removal of the 2017-18 business risk budget.

8. Financial Implications

8.1. In the March 2016 Budget, the previous Chancellor confirmed that the Government still has to find savings of £3.5bn in the course of this parliament. Unprotected areas, which include local government, therefore anticipated further cuts in their funding during this period. However, the new Chancellor has signaled his intention to move away from the 2020 surplus target. The Autumn Statement on 23 November will give more clarity on how the Government may seek to 'reset' economic policy, but it remains unclear at this time what the implications for local government will be. Further details will be provided in a separate report on this agenda, following the Autumn Statement on 23 November.

8.2. Service Committees in January will then consider full budget proposals for their individual service areas, prior to Policy and Resources Committee considering the consolidated budget position to recommend to Full Council in February.

9. Issues, risks and innovation

9.1. Specific financial risks in this area are identified in the Corporate Risk Register, including the risk of failure to manage significant reductions in local and national income streams (RM002).

9.2. There are no further significant risks or implications beyond those set out in the financial implications section, and identified throughout the report.

10. Background Papers

County Council Budget 2016-17 to 2019-20: Medium Term Financial Strategy 2016-20, County Council, 22 February 2016, Item 4, Annexe 9:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/438/Committee/2/SelectedTab/Documents/Default.aspx

Budget 2017-18 Planning and Efficiency Plan, Policy and Resources Committee, 18 July 2016, Item 10:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/499/Committee/21/SelectedTab/Documents/Default.aspx

Finance Monitoring Report P4 July 2016, Policy and Resources Committee, 26 September 2016, Item 7:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/501/Committee/21/SelectedTab/Documents/Default.aspx

2017-18 Budget and Medium Term Financial Planning 2017-18 to 2019-20, Policy and Resources Committee, 31 October 2016, Item 10:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/502/Committee/21/SelectedTab/Documents/Default.aspx

Service Committee Financial Monitoring Reports, November 2016:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings.aspx

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Policy and Resources Committee

Item No 9

Report title:	**Finance monitoring report P6 September 2016**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The Annexes to this report summarise the Period 6 (September 2016) forecast financial outturn position for 2016-17, to assist members to maintain an overview of the overall financial position of the Council, including the budgets for which this committee is directly responsible.

Executive summary

This report gives details of the forecast position for the 2016-17 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2017, together with related financial information. The report also provides a brief commentary on Resources and Finance budgets which are the responsibility of this Committee.

Members are asked to:

- **note the period 6 forecast Revenue overspend of £20.746m** (P5 £21.393m)**;**

- **endorse and recommend to County Council for approval reserves use in 2016-17 as set out in Appendix 1, paragraph 3.6, table 3d, or as explained in paragraphs 3.11 to 3.15:**

    - **Adult Social Services £0.651m**
    - **Community and Environmental Services £6.987m**
    - **Finance and Property £0.115m**

    (note: only the Adult Social Services proposed use of reserves will reduce the forecast overspend as the proposed use by other services is already reflected in the forecast).

- **note the forecast General Balances at 31 March 2017 of £19.252m, before taking into account any over/under spends;**

- **note the forecast financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 2;**

- **note the revised expenditure and funding of the 2016-20 capital programme as set out in Appendix 3;**

- **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 Capital Annex 2.**

1. Introduction

1.1 On 22 February 2016, the County Council agreed a net revenue budget of £338.960m. 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 within each Service
- Forecast reserves balances
- Changes to the approved budget
- Treasury management
- Payments and debt performance

Appendix 2 summarises the forecast outturn for budgets which are the responsibility of the Policy and Resources Committee, including forecasts and other information relating to:
- Resources budgets
- Finance and property budgets
- Finance General budgets.

Appendix 3 summarises the forecast capital outturn position, and includes
- Changes to the capital programme
- Future years capital programmes
- Capital programme funding
- Forecast and actual income from property sales

3. Financial Implications

3.1 As stated above, the forecast revenue outturn for 2016-17 is an overspend of **£20.746m** (previously reported P5 overspend £21.393m). Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers are responsible for taking measures to reduce or eliminate potential over-spends in-year.

3.2 As approved at the July meeting of this Committee, the forecast assumes full use of the Corporate Business Risk Reserve to fund Adult Social Care cost pressures in 2016-17.

3.4 The Council's capital programme incorporates new schemes approved by County Council on 22 February 2016, amounts brought forward from previous years' programmes, and any changes in this financial year.

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 are completed approximately 18-20 days after each month end. These forecasts form the basis of finance reports over the service committee reporting cycle, and the forecasts in this report are consistent with the most recent service committee reports.

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Norfolk County Council

Appendix 1: 2016-17 Revenue Finance Monitoring Report Month 6

Report by the Executive Director of Finance

1 Introduction

This report gives details of:

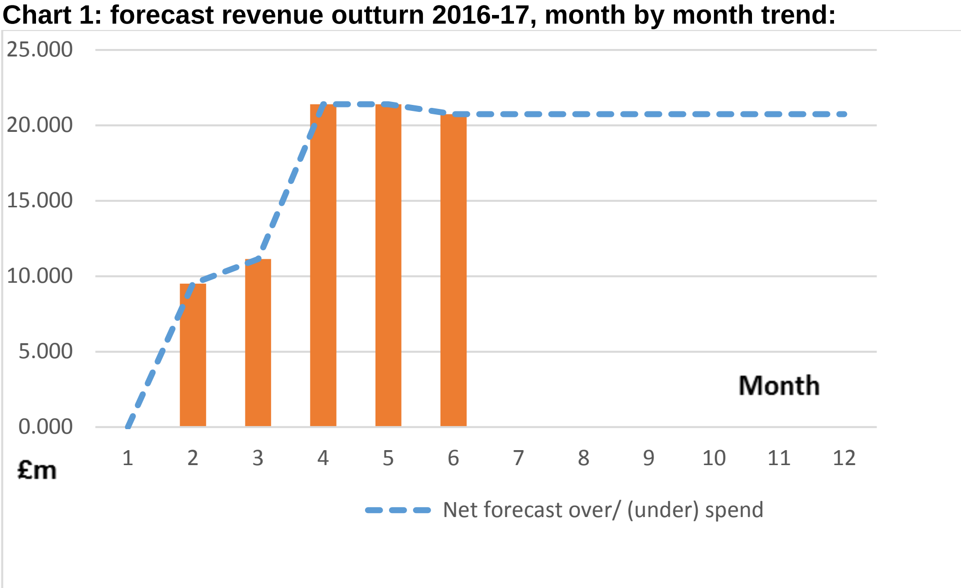
- the latest monitoring position for the 2016-17 Revenue Budget
- forecast General Balances and Reserves at 31 March 2017 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

At the end of September 2016 (month 6):

An overspend of **£20.746m** (P5 £21.393m) is forecast on a net budget of £338.960m.

Chart 1: forecast revenue outturn 2016-17, month by month trend:



2.1 As in previous years, the main areas for the forecast service overspend are as follows:

- Adult Social Services: the net cost of services to users (Purchase of Care and hired transport), and risks associated with the delivery of recurrent savings
- Children's Services: Looked After Children numbers are still not reducing as planned. Children's Services Committee intends to review the use of reserves including the dedicated schools grant at its January meeting, the result of which may have an impact on the overspend and forecast reserves balances shown in this report.

2.2 The forecast overspends in Adults and Children's Services have been partly mitigated by a Public Health contribution of £2.750m to services that deliver a public health outcome.

2.3 General Balances are forecast to be £19.252m at 31 March 2017, before taking into account any forecast under/overspends.

2.4 Reserves balances are shown in section 3, and can be summarised as follows.

Table 1: Reserves and provisions summary

Reserves and provisions	Opening balance 1 April 2016	Latest P6 forecast balances March 2017
Total reserves and provisions (exl LMS)	108.793	**77.739**
LMS balances	21.333	13.705
Total reserves and provisions	**130.126**	**91.444**

Agreed budget, changes and variations

2.5 The 2016-17 budget was agreed by Council on 22 February 2016 and is summarised in the Council's Budget Book 2016-19. A summary of the budget by service is as follows:

Table 2: 2016-17 original and revised net budget by service

Service	Approved net base budget	Revised budget P5	Changes in P5	Revised budget P5
	£m		£m	£m
Adult Social Services	246.852	247.369	-	247.369
Children's Services	167.290	167.290	-	167.290
Community and Environmental Services	199.650	198.322	-	198.322
Resources	20.407	21.775	0.021	21.796
Finance and Property	16.050	16.009	-	16.009
Finance General	-311.289	-311.805	-0.021	-311.826
Total	**338.960**	**338.960**	**-**	**338.960**

2.6 There have been no material net budget movements between services in period 6. The small adjustment shown above relates to a budget movement for costs associated with the Norfolk Rewards scheme.

2.7 **Savings targets**: The key savings targets required for the delivery of a balanced 2016-17 budget are addressed in separate reports to P&R committee.

Revenue outturn – forecast over/underspends

2.8 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.

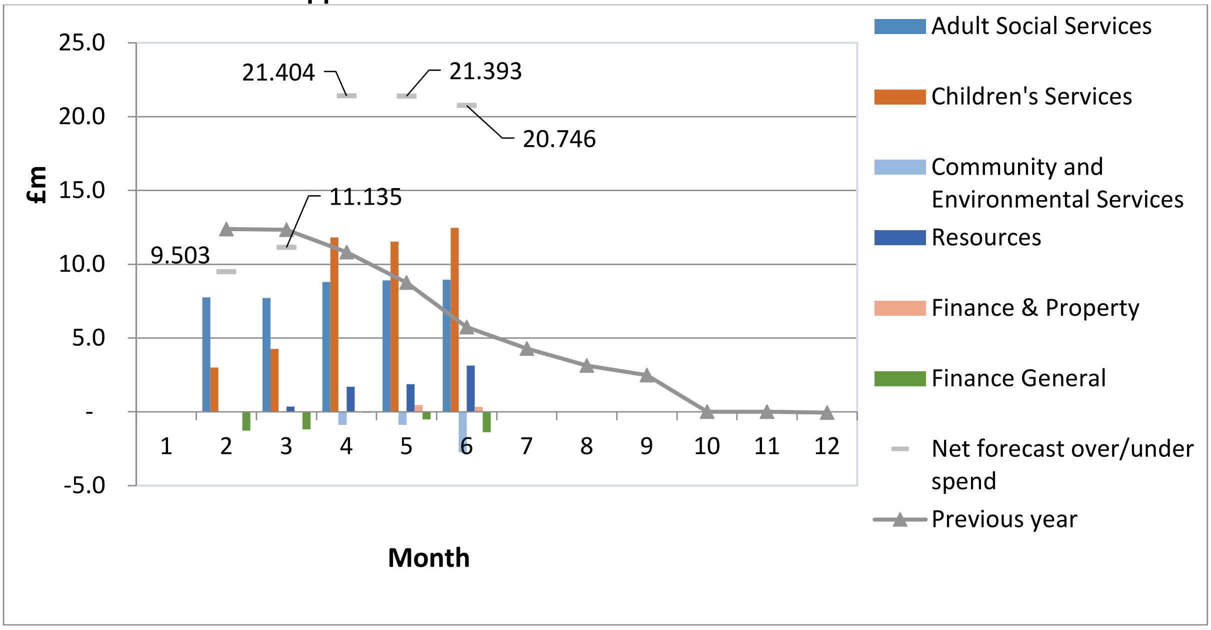
2.9 Details of all projected under and over spends for each service, together with details of areas where mitigating action is being taken, are shown in the final section of this report, and are summarised in the following table:

Table 3: 2016-17 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend £m	%	RAG
Adult Social Services	247.369	8.953	3.6%	R
Children's Services	167.290	12.456	7.4%	R
Community and Environmental Services	198.322	-2.750	-1.4%	G
Resources	21.796	3.131	14.4%	A
Finance and Property	16.009	0.345	2.2%	G
Finance General	-311.826	-1.389	0.4%	G
Totals	**338.960**	**20.746**	6.1%	R

2.10 The following chart shows service outturn projections by month:

Chart 2: service revenue outturn projections 2016-17, by month, after recovery actions and approved use of reserves



2.11 The main reasons for the forecast service under and overspends are as follows:

- **Adult Social Services**: The overspend is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings, including savings associated with packages of care for people with learning disabilities and physical disabilities. Further details are given in the 7 November 2016 Adult Social Care Committee Finance Monitoring Report.

- **Children's Services:** The number of looked after children placements and the cost of agency placements related to placement mix have not reduced as quickly as planned. Further details of over and underspends are given in the 15 November 2016 Children's Services Committee Integrated Performance and Finance Monitoring Report. Children's Services Committee intend to review the use of reserves including the dedicated schools grant at its January meeting, the result of which may have a significant impact on the overspend and forecast reserves balances shown in this report.

- **CES:** An underspend has been identified in CES, due to a Public Health one-off contribution to fund, on a non-recurrent basis, existing Council services that contribute to a public health outcomes to the value of £2.75m public health related work across services. This is likely to be within services provided by Children's and Adults Services (for example Early Help in Children's Services).

- **Resources:** the forecast Resources overspend is related to potential non delivery of Resources savings associated with cost reductions and revenue generation, mitigated by planned use of reserves and a forecast nplaw underspend.

  Remedial actions include vacancy management and cost control, along with capitalisation of activity where it relates to the capital programme.

- **Finance and Property, and Finance General:** A detailed breakdown of the Finance position is included in Appendix 2:
  - No over or underspends are forecast in Finance and Property Service delivery.
  - There have been no material changes to the Finance General forecast under and over-spends since P5 apart from the recognition of the use of reserves.
  - Use of £0.115m of a new Corporate Property Team One Public Estate reserve.is forecast. Latest forecasts for Finance General reserves suggest that the call on the Organisation Change and Redundancy will exceed the amounts predicted prior to the start of the year, although overall balances remain higher than planned.

3 General balances and reserves

General balances

3.1 On 22 February 2016 Council agreed the recommendation from the Executive Director of Finance for a minimum level of General Balances of £19.200m through 2016-17. The balance at 1 April 2016 was £19.252m, and the forecast at 31 March 2017 is unchanged at £19.252m. This forecast assumes a balance budget will be achieved.

Earmarked reserves and provisions balances and forecasts

3.2 A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. The Council carries a number of reserves and provisions with forecasts as follows:

3.3 Budget planning for 2016-17 anticipated net reserves and provisions use of £11.176m in addition to full use of the Business Risk reserve, giving a total use of over £21m as shown below:

Table 4a: Budget book planned use of Reserves and provisions by service

Reserves and provisions use by service	Use of reserves (budget book)	Business Risk reserve	Planned use of reserves	Use of provisions & schools reserves (budget book)	Use of reserves and provisions (budget book)
	£m	**£m**	**£m**	**£m**	
Adult Social Services	1.074	10.157	11.231		11.231
Children's Services (including DSG)	3.437		3.437	0.003 0.809	4.249
Community and Environmental Services	4.642		4.642	0.059	4.701
Resources	0.605		0.605		0.605
Finance & Property	1.418		1.418	2.000	3.418
	11.176	**10.157**	**21.333**	**2.871**	**24.204**
LMS	3.220		3.220		3.220
	14.396	**10.157**	**24.553**	**2.871**	**27.424**

Notes:

- *the table above may contain small rounding differences*
- *an adjustment has been made to the use of reserves (budget book) to reflect £1.5m planned use of Public Health reserves, originally under Resources now in CES.*

3.4 However, as can be seen below, actual reserves were significantly higher at 31 March 2016 than had been anticipated at the time of budget setting. Net additions arose from monies being carried forward from 2015-16 into 2016-17, including grants and contributions received later during the year.

Table 4b: Net additions to reserves between budget setting and financial year end

Reserves and provisions by service	Budget book, forecast balance at 31 March 2016	Net additions to reserves and provisions between budget setting and year end	Opening balance 1 April 2016
	£m	£m	£m
Adult Social Services	3.357	2.618	5.975
Children's Services (excl LMS)	15.370	1.900	17.270
Community and Environmental Services	29.696	12.182	41.878
Resources	5.146	1.630	6.776
Finance & Property	22.527	3.689	26.216
Business risk reserve	10.157	0.521	10.678
Total reserves and provisions (excl LMS)	**86.253**	**22.540**	**108.793**
LMS balances	19.220	2.113	21.333
Total reserves and provisions	**105.473**	**24.653**	**130.126**

3.5 Services have re-analysed their forecast reserves use for 2016-17, on the basis that reserves should not be used simply to address a budget overspend, but there may be legitimate reasons for use, for example the use of grants carried over from 2015-16. Current forecast reserves use is shown in the following table.

Table 4c: P6 Forecast reserves use

Reserves and provisions by service	Opening balance 1 April 2016	Latest P6 forecast balances March 2017	Forecast reserves use
	£m	£m	£m
Adult Social Services (excl Business risk reserve, see below)	5.975	5.422	0.553
Children's Services (excl LMS)	17.270	13.021	4.249
Community and Environmental Services	41.878	30.190	11.688
Resources	6.776	5.776	1.000
Finance & Property	26.216	23.330	2.886
Business risk reserve	10.678	-	10.678
Total reserves and provisions (excl LMS)	**108.793**	**77.739**	**31.054**
LMS balances	21.333	13.705	7.628
Total reserves and provisions	**130.126**	**91.444**	**38.682**

3.6 Forecast reserves use over and above planned use is as follows.

Table 4d: Forecast reserves use over and above planned use

Reserves and provisions by service	Forecast reserves use	Planned reserves use (budget book)	Forecast use over and above planned
	£m	£m	
Adult Social Services (incl Business Risk Reserve)	11.231	11.231	-
Children's Services (excl LMS)	4.249	4.249	-
Community and Environmental Services	11.688	4.701	6.987
Resources	1.000	0.605	0.395
Finance & Property	2.886	3.418	- 0.532
Total reserves and provisions (excl LMS)	**31.054**	**24.204**	**6.850**
LMS balances	7.628	3.220	4.408
Total reserves and provisions	**38.682**	**27.424**	**11.258**

3.7 Actual forecast reserves use is higher than anticipated at the time of budget setting. The increase in forecast use is more than off-set by the increase in opening balances, and the forecast balance of £91.444m at 31 March 2017 is higher than the forecast at the time of the budget.

Table 4e: Demonstration that additional reserves use is more than offset by increased opening balances

Reserves and provisions (excluding LMS)	Planned (budget book)	Forecast P6	Difference
	£m	£m	£m
Increase in opening balances 1 April 2016	86.253	108.793	22.540
Less increase in forecast use	24.204	31.054	6.850
Excess of forecast reserves over planned			**15.690**
LMS balances			-2.295
Excess of forecast reserves over planned			**13.395**

3.8 After the additional use of reserves, the forecast reserves (excluding LMS reserves) at 31 March 2017 remain over £15m higher than anticipated in February 2016 when the budget was set.

Table 4f: Forecast reserves balances compared to forecast 2016-17

Reserves and provisions by service	Forecast balances March 2017 at time of budget setting	Latest P6 forecast balances March 2017	Forecast balance - excess compared to budget
	£m	£m	£m
Adult Social Services	2.283	5.422	3.139
Children's Services (excl LMS)	11.121	13.021	1.900
Community and Environmental Services	24.995	30.190	5.195
Resources	4.541	5.776	1.235
Finance & Property	19.109	23.330	4.221
Business risk reserve	-	-	
Total reserves and provisions (excl LMS)	**62.049**	**77.739**	**15.690**
LMS balances	16.000	13.705	-2.295
Total reserves and provisions	**78.049**	**91.444**	**13.395**

3.9 At the time of budget setting, net withdrawals totalling of £21.333m were anticipated from a number of project and service specific reserves across all services, including full use of the Business Risk reserve. This figure rises to £27.424m when provisions, schools reserves and LMS reserves are taken into account. Although the forecast movement in reserves is significantly higher than anticipated at the time of budget setting, this is more than accounted for by the higher than expected balances brought forward. Total reserves (excluding LMS balances) are forecast to be over £13m higher than planned, even taking into account the increased use.

3.10 The largest forecast reserves movement is full use of the Business Risk reserve which was set up as part of the budget proposals agreed at 22 February 2016 County Council following a change in MRP policy. The reserve is being used to manage considerable Adult Social Care cost pressures and a reduction in contributions from the Better Care Fund, as approved by this Committee at its meeting on 18 July 2016.

Use of reserves compared to planned use

3.11 It is common practice to use reserves for purposes which span financial years, and where the reserves may be carried over a financial year end for spend in the subsequent year. This is particularly relevant in the case of external grants and project reserves, where the timing of scheme delivery can be unpredictable – for example monies set aside for gritting. As a result reserves use can be higher than anticipated at the time of budget setting. The implications of this are set out in table 4d above.

3.12 Adult Social Services reserves use is in line with planned useage. At the point that the budget was set in February 2016, the Council agreed to £1.073m use of Adult Social Services reserves in 2016/17. An increase in reserves at the year end have resulted in in-year plans to use an additional £0.651m. This reflects the use of £0.521m from the Corporate Business Risk reserve not anticipated at the time of budget setting, relating to funding towards the Better Care Fund within the Norwich locality, plus the use of £0.112m unspent grants and contributions and £0.015 from the prevention fund. The year-end position on reserves was £0.838m higher than at budget so this expenditure does not reduce reserves to a level below the forecast at budget setting time.

3.13 The Children's Services Reserves and Provisions shown above include the assumed use at the time of budget setting. Children's Services Committee intend to review the use of reserves including the dedicated schools grant at its January meeting, the result of which may have an impact on the reserves balances shown in this report.

3.14 CES reserves use is forecast to be £6.987m higher than was anticipated at the time of budget setting. The main elements in this figure are: £4.284m use of the Street Lighting PFI sinking fund, which was originally planned to take place in 2015-16 and has been carried forward to 2016-17; use of £2.789m from the Public Health reserve relating to the £2.5m underspend previously reported to this committee (against planned use of £1.5m); and use of various brought forward unspent grants. Even with the increased use, forecast CES reserves balances at 31 March 2017 are over £5m higher than anticipated at the time of budget setting.

3.15 Resources reserves use of £1m is forecast, with details shown in Appendix 2. The largest reserve is the £2.7m ICT reserve. At this stage, no use of this reserve has been approved. A request is likely to be made at a future meeting to make use of this reserve.

3.16 Within Finance and Property, use of £0.115m use of a new Corporate Property Team One Public Estate reserve is forecast.

3.17 LMS balances are forecast to reduce by over £7m, of which approximately £3m is due to the impact of schools becoming academies, with the balance being the general use of balances projected by schools.

3.18 **Provisions**: The Council's accounting provisions total £27m. No significant movement on provisions is currently forecast in 2016-17. The main provisions are:

- Insurance provision £13m
- Closed Landfill site accounting provision (non cash-backed) £9m
- Bad debts provisions £3m
- Pension, redundancy and pay provisions £2m.

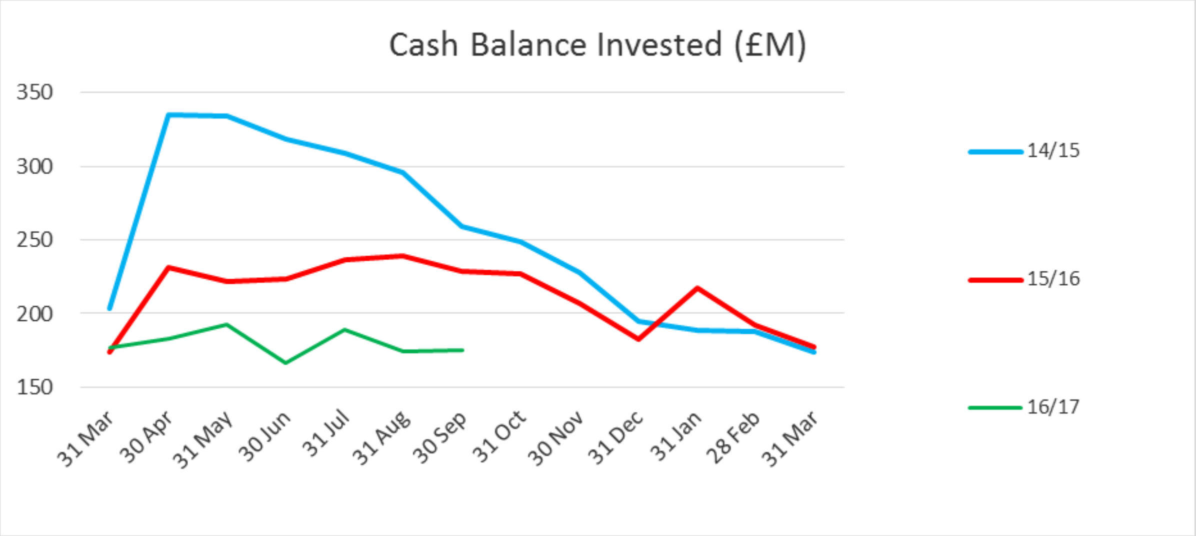
3.19 More details of forecast reserves use can be found in the latest Service Committee finance monitoring reports, and in Appendix 2 to this report.

4 Treasury management summary

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

4.2 The graph below shows the level of cash balances over the last 3 years. The high balance in April 2014 reflected the front loading of Business Rates Retention and Revenue Support Grant. Since then, receipts have been more evenly distributed.

Chart 3: Treasury Cash Balances



4.3 Gross interest earned for the period 1 April 2016 to 30 September 2016 is £0.926m.

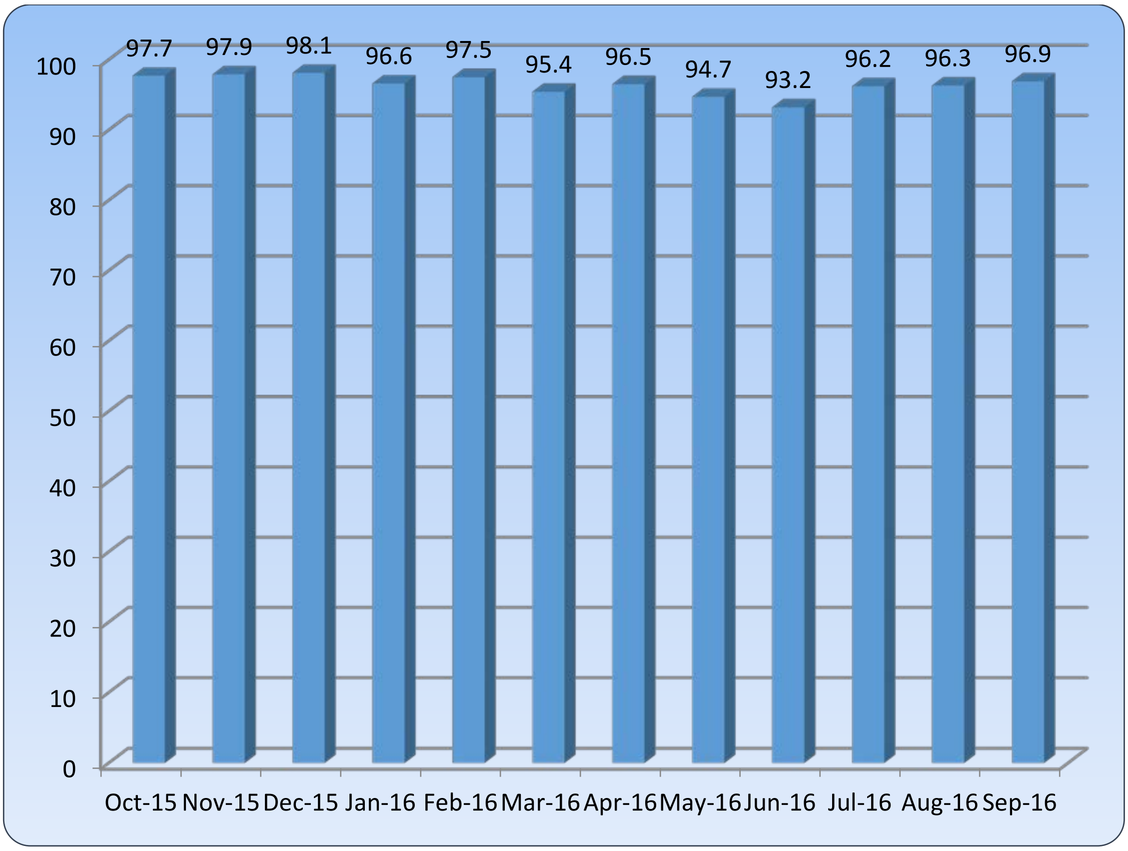
4.4 On 4 August 2016 the Bank of England reduced bank base rate to 0.25% from the previous rate of 0.5% which had stood since March 2009.

4.5 In accordance with the approved 2016-17 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. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk.

4.6 In July and August of this year £17m was borrowed on behalf of the Greater Norwich Growth Board as part of the Northern Distributor Road project.

5 Payment performance

5.1 Approximately 420,000 invoices are paid annually. In September 2016, 96.9% (August 96.3%) were paid within a target of 30 days from receipt, against a target of 90%. The percentage has not dropped below 93% in the last 12 months, as shown in the graph below.



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

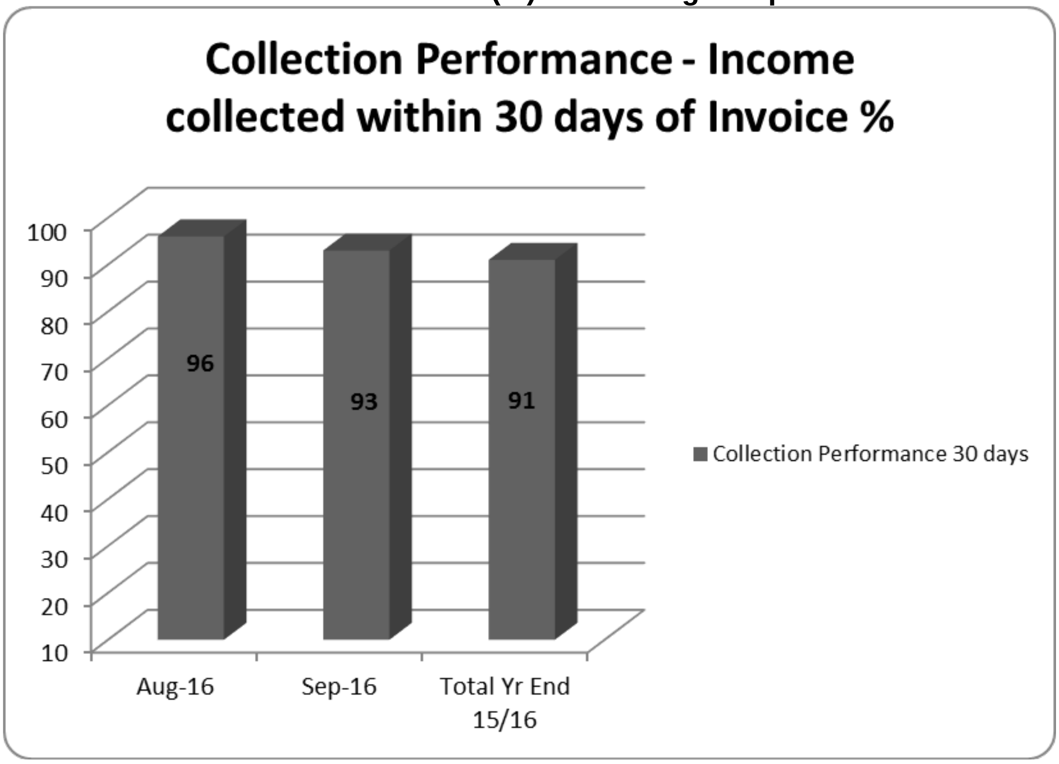
6 Debt recovery

6.1 **Introduction**: Each year the County Council raises over 130,000 invoices for statutory and non-statutory services totalling over £762m. 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 2015-16 91% of all invoiced income was collected within 30 days of issuing an invoice, and 96% was collected overall.

6.2 **Debt collection performance measures**

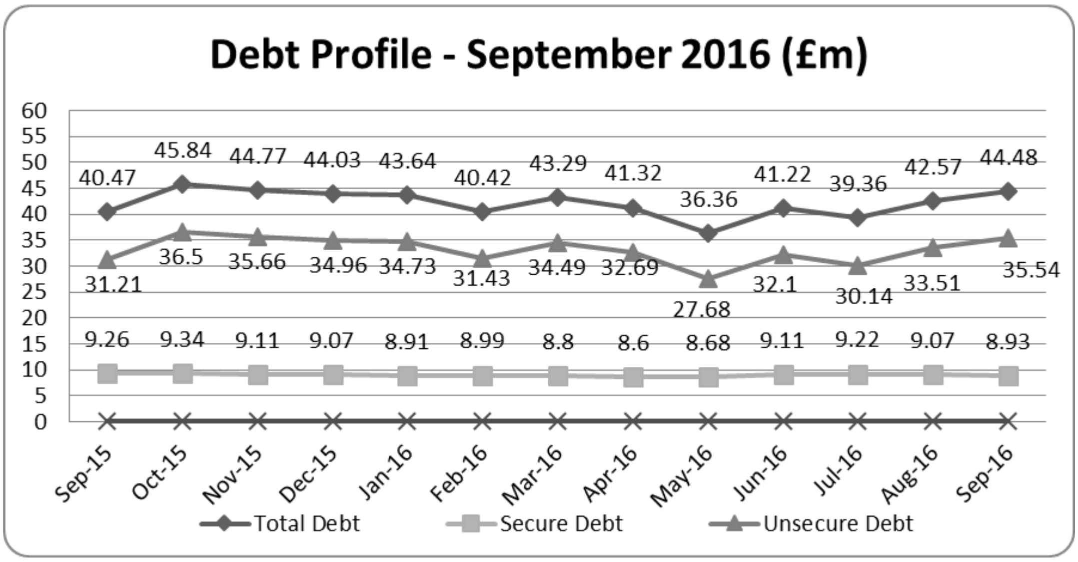
93% of invoiced income was collected within 30 days for the month of September 2016 (August 96%). The percentage is the proportion of income collected within 30 days for invoices raised in the previous month – measured by value.

Collection Performance June 2016 (%) – including comparable data



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

Debt Profile (Total)



The largest area of unsecure debt relates to charges for social care. The overall level of unsecure debt for social care has increased by £2.22m in this period. Of the £25.39m unsecure social care debt £12.62m is debt with the CCG's, the majority of which is for shared care, Better Care Pooled Fund, continuing care and free nursing care.

6.4 **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 approves the write off of all debts up to £10,000.

6.5 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.

6.6 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.

6.7 For the period 1 April to 30 September 2016, 304 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £135,306.38.

6.8 No debts over £10,000 have been written off.

Revenue Annex 1

Projected revenue outturn by service analysis

The latest projection for the 2016-17 revenue budget shows a net projected overall variance as follows:

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	247.369	8.953	3.62%	256.322
Children's Services	167.290	12.456	7.45%	179.746
Community and Environmental Services	198.322	-2.750	-1.39%	195.572
Resources	21.796	3.131	14.37%	24.927
Finance and Property	16.009	0.345	2.16%	16.354
Finance General	-311.826	-1.389	0.45%	-313.22
Totals current month – P6	**338.960**	**20.746**	**6.12%**	**359.706**
Totals previous month – P5	338.960	21.393	6.31%	360.353

Reconciliation between current and previously reported underspend

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

	£m
Forecast overspend brought forward – P5	**21.393**
Movements in September 2016 - summary	
Adult Social Services	0.039
Children's Services	0.934
Community and Environmental Services	-1.881
Resources	1.258
Finance and Property	-0.115
Finance General	-0.882
Forecast over / (under) spend – P6	**20.746**

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

Table A1c: Corporate resources spend as a proportion

Service	Budget	Forecast
	£m	**£m**
Total "front line" services	612.988	631.640
Total corporate resources	37.780	41.281
Corporate resources as %age	6.2%	6.5%
Corporate resources as ratio	1:16	1:15

For the purposes of this table, corporate resources totals combine Resources plus Finance and Property. "Front line" services are the total of Adult Social Services, Children's Services and Community and Environmental Services.

Revenue Annex 1 continued

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

Projected revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Change P5
	£m	£m	£m
Adult Social Services			
Business Development		-0.157	0.007
Commissioned Services	2.381		-0.124
Early Help & Prevention		-0.525	-0.153
Services to Users (excluding income)	18.536		1.296
Income from Service users		-6.095	-0.698
Management, Finance & HR		-5.839	-0.290
Rounding	0.001		0.001
Reversal of unplanned use of reserves reported to September Service Committee but not yet approved	0.651		
Over / (under) spend before recovery actions	**21.569**	**-12.616**	**0.039**
	8.953		

Children's Services	Projected over spend	Projected under spend	Change P5
Spending increases and reductions	£m	£m	£m
LAC agency residential costs	5.246		0.543
LAC agency fostering	1.946		
In-house LAC fostering	0.070		
Staying-put fostering	0.235		
Residence/kinship payments	0.570		0.070
Mainstream Home to School/College transport	0.500		
Post 16 Home to School transport – reduced income	0.167		
Cost of agency social workers	0.910		
Independent Reviewing Officers	0.260		
LAC OFSTED unregulated accommodation (16/17 y/o)	0.780		
Social Care legal costs	0.259		
Adoption Support	0.130		0.130
School Crossing Patrol staff	0.140		
Additional Troubled Families grant		-0.400	
School Improvement		-0.898	-0.409
Early Years Services		-0.435	
Early Help support		-0.411	-0.207

Early Help Service Level Agreements		-0.313	
CWD Short Term Breaks		-0.060	
Other small savings		-0.030	
Additional Education Services Grant due to slippage in academy school conversions		-0.465	-0.250
Use of conditional grants and reserves			-0.370
Dedicated schools grant			
Independent and non-maintained education	2.348		0.100
Post 16 FE High Needs	0.719		
Short Stay School For Norfolk & Alternative Education	0.285		0.285
Inter- authority recoupment		-0.090	-0.090
Suspended Schools Staff		-0.235	-0.036
School Staff Maternity	0.060		
Dedicated Schools Grant reserve		-3.087	-3.087
Reserves adjustment			
P6 forecast use of reserves in excess of budget book planned use: Children's Services Committee to consider reserves use at its January 2017 meeting.	4.255		4.255
Forecast outturn for Children's Services	**18.880**	**-6.424**	**0.934**
	12.456		

Community and Environmental Services	Projected over spend	Projected under spend	Change P5
Public Health one-off contribution to public health related work across services		-2.750	-
Reversal of P4 unplanned use of reserves but not yet approved			-1.881
Forecast outturn for CES		**-2.750**	**-1.881**

Resources, Finance and Finance General	Projected over spend	Projected under spend	Change P5
	£m	£m	£m
Resources			
Director of Resources	0.399		0.016
Human Resources	0.202		
Communications		-0.011	-0.011
Corporate Programme Office			-0.001
Nplaw		-0.214	-0.076
Adjustment to reverse unplanned use of reserves forecasts	2.755		1.330
Net forecast outturn for Resources	**3.356**	**-0.225**	**1.258**
	3.131		

Finance and property			
Adjustment to reverse unplanned use of reserves (property element)	**0.345**		**-0.115**
Finance General			
Adjustment to forecast interest on balances (see Appendix 2)		-0.736	0.031
Adjustment to minimum revenue provision to reflect re-profiling of capital schemes to be funded from borrowing		-0.455	-0.148
Release of provision previously set aside to address the potential impact of employment legislation		-0.780	
Additional costs arising from Norse pension liabilities	0.712		0.090
Norse NIAA loan arrangement fee		-0.130	
Adjustment to reverse unplanned use of reserves			-0.855
Net forecast outturn for Finance General	**0.712**	**-2.101**	**-0.882**
		-1.389	

Norfolk County Council

Appendix 2: Resources and Finance commentary

Report by the Executive Director of Finance

1 Introduction

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

The table below summarises the forecast outturn position as at the end of September 2016 (Period 6).

2 Resources

2016 / 17	**Current Budget Net Expenditure / (income)**	**Actual to date**	**Over / (Under) spend after reserves use**	**Use of reserves**	**Forecast reserves closing balance**
	£m	**£m**	**£m**		**£m**
Managing Director's Office	0.424	0.164	-		-
Director of Resources	-0.594	-0.232	0.399		
CIPPS & BPPS	1.388	0.827	0.000	-0.029	0.687
Corporate Programme Office	0.740	0.550	-	-0.388	0.576
Procurement	1.236	1.873	-	-0.024	0.275
Human Resources	3.627	3.419	0.202	-	0.940
Communications	0.585	0.391	-0.011	-0.288	-0.019
nplaw	-0.444	0.329	-0.214		0.324
Democratic Services	2.367	1.266	0.000	-0.271	0.238
ICT	12.233	13.447	2.755	-	2.755
Total Resources – P&R	**21.561**	**22.035**	**3.131**	**-1.000**	**5.776**
Communities Committee – Consultation and Community Relations	0.234				
Total Resources	**21.796**				

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

Resources Reserves

Resources reserves balances and forecast use is as follows subject to the approval of unplanned reserves use assumed in the latest under and overspend forecasts:

Resources Reserves	**Opening balances**	**Planned move-ment**	**Forecast use in year**	**Forecast carried forward**
Business Intelligence & Performance Strategy	0.716		-0.029	0.687
Corporate Programme Office	0.964		-0.388	0.576
Procurement	0.299		-0.024	0.275
Human Resources	0.940		-	0.940
Communications	0.269	-0.475	-0.288	-0.019
Nplaw	0.324			0.324
Democratic Services	0.509	-0.130	-0.271	0.238
ICT	2.755		-	2.755
Total Resources	**6.776**	**-0.605**	**-1.000**	**5.776**

The planned movement/use of the reserves is the use anticipated when budgets were set in February 2016. The actual use is likely to be different for a number of reasons: for example actual opening balances may be higher or lower than anticipated (for example the Communications reserve was lower which will mean that its maximum use will be capped), and in the case of Public Health the services has moved to CES.

Resources reserves are forecast to reduce by £1.0m to £5.8m representing use across the majority of Resources services.

3 Finance and Property, and Finance General

2016 / 17	Current Budget	Expenditure Year to Date	Full Year Forecast	Overspend / (Underspend)
	£m	£m	**£m**	**£m**
Finance	6.455	4.733	6.455	-
Property	9.554	4.269	9.554	-
Finance & Property	**16.009**	**9.002**	**16.009**	**-**
Finance General	-311.826		-313.215	-1.389
Total Finance before reserves adjustment	**-295.817**	**9.002**	**-297.206**	**-1.389**

At the end of month 6, there is no forecast net over or under-spend spend within either the Finance Service or Property function subject to potential approval of £0.345munplanned building maintenance reserves use.

Reserves: Finance and Finance General reserves and provision at 1 April 2016 totalled £36.9m. The majority are corporate in nature, being made up of the Business Risk reserve £10.7m, the Insurance provision and reserve totalling £15.9m, the Organisational Change and Redundancy reserves and provisions £7.2m, Building Maintenance £1.2m, the Norfolk Infrastructure Fund £1.1m, and other provisions and reserves totalling £0.8m.

Use of reserves: The forecast use of reserves includes £2m use of the Insurance reserve and £0.6m use of the Organisational Change and Redundancy Reserves as detailed in the Council's budget book. In addition, of the Finance and Property Reserves, use of brought forward grants of £0.115m will be used in respect of the One Public Estate project. Latest forecasts for Finance General reserves suggest that the call on the Organisation Change and Redundancy will exceed the amounts predicted prior to the start of the year. Forecast balances at 31 March 2017 total £23.3m, which will result in a reduction of £13.6m (including full use of the business risk reserve).

4 Finance General over and underspends

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

Interest on balances due to reduced borrowing (forecast underspend £0.736m)
The 2016-17 interest payable/receivable budget was prepared on the basis of a number of assumptions at the time of budget preparation. Actual net borrowing costs to support the capital programme is likely to be lower than anticipated, resulting in a forecast underspend.

Forecast Minimum Revenue Provision to reflect re-profiling of capital schemes (forecast underspend £0.455m)
Every year the Council has to set aside an amount which represents the minimum contribution to the repayment of borrowing. The MRP underspend is an adjustment which reflects capital spend which was budgeted to be spent in 2015-16, but which is now forecast to be incurred in 2016-17 and beyond.

Release of provision (forecast underspend £0.780m)
Following a review, a large proportion of a provision previously set aside is no longer required. The provision related to potential costs of legislative changes in respect of retained fire fighters and part time workers. Releasing a proportion of the provision has resulted in a forecast net underspend of £0.780m.

Norse pension liabilities (forecast overspend £0.712m)
This adjustment relates to additional costs arising from a 2013-14 transfer of Norse Group pension liabilities to Norfolk County Council. The transfer has enabled the Norse Group to pay dividends to Norfolk County Council. A shortfall has arisen due primarily to a decrease in the number of NPS employees in the LGPS with a shortfall relating to the level of volume discount expected to be received from the Norse Group.

Norse NIAA loan arrangement fee (forecast underspend £0.130m)
The Council has entered into a loan agreement with the Norse Group for the construction of the Norfolk International Aviation Academy (as agreed at 20 July 2015 Policy and Resources Committee). Part of agreement is an arrangement fee of approximately 2% of the value of the loan.

Norfolk County Council

Appendix 3: 2016-17 Capital Finance Monitoring Report

Report by the Executive Director of Finance

1 Capital Programme 2016-17

1.1 On 22 February 2016, the County Council agreed a 2016-17 capital programme of £237.549m with a further £166.627m allocated to future years', giving a total of £404.176m.

1.2 Slippage and re-profiling from 2015-16 increased the overall capital programme at 1 April 2016 to £497.616m, as shown in the 2015-16 finance outturn report presented to this committee.

1.3 Movements in the programme are set out in Capital Annex 1. Changes to the current year's programme are due mainly to the reprofiling of schemes into 2017-18.

Table 1: Capital Programme budget

	2016-17 budget	Future years
	£m	£m
New schemes approved February 2016	22.717	27.764
Previously approved schemes brought forward	244.774	139.863
Totals in 2016-20 Budget Book (total £434.118m)	**267.491**	**166.627**
Schemes re-profiled after budget setting	39.551	13.490
Other Adjustments, including additional grants and re-allocation of underspends	10.457	-
Capital Programme Opening Position (total £497.616m)	**317.499**	**180.117**
Re-profiling since start of year	-55.136	55.136
Other movements	6.284	-0.813
Additions to programme approve 31 October 2016	4.710	
Capital programme budget current (total £503.135m)	**273.357**	**234.442**

Note: this table and the tables below contain rounding differences

New 2016-17 capital expenditure totalling £4.710m was approved by this Committee on 31 October 2016 and comprised:

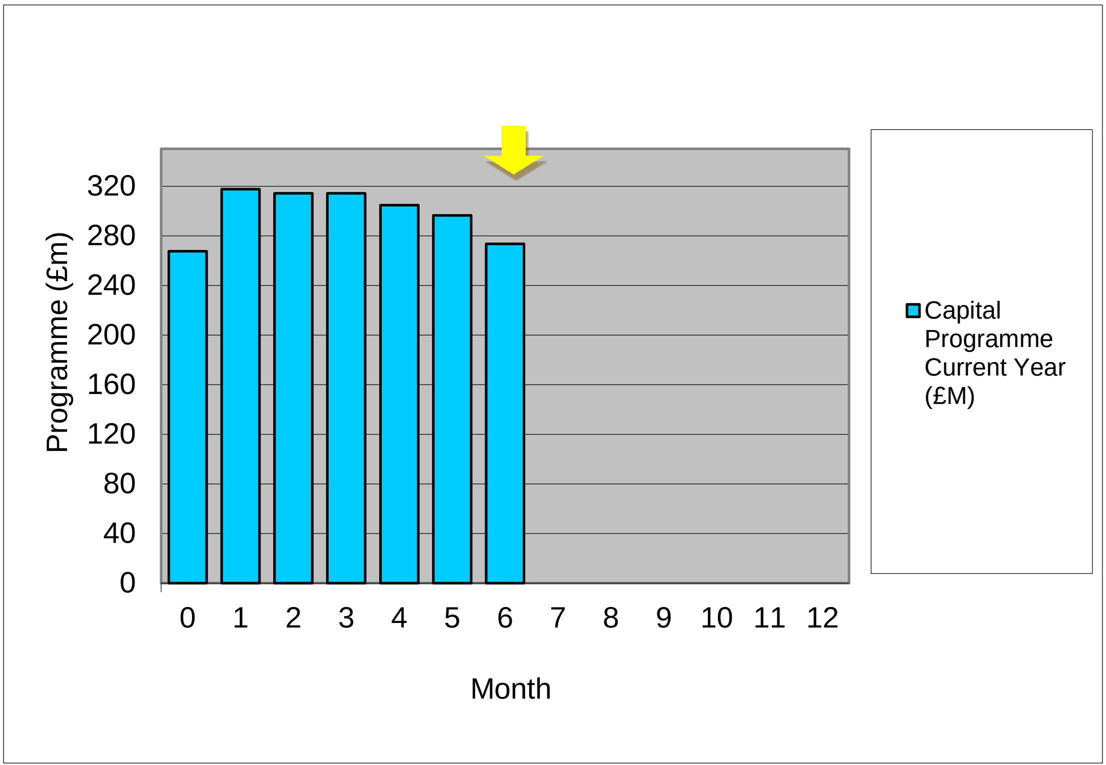
- ICT - new Voice & Data, server infrastructure and other improvements – additional £3.000m
- Library books - £1.300m
- Capital project and procurement support - £0.410m.

1.4 The 2017-20 capital programme is in development, and an early list of potential new schemes is included in Capital Appendix 2E, preceded by a draft capital strategy and prioritisation scoring methodology:

Changes to the Capital Programme

1.5 The following chart shows changes to the 2016-17 capital programme through the year.

Chart 1: Current year capital programme through 2016-17



1.6 Month "0" represents the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2015-16. The arrow shows the latest position.

1.7 The capital budget for each service is set out in the table below:

Table 2: Service capital budgets and movements 2016-17

Service	Opening Capital Programme 2016-17	Cumulative Changes To Date	Reprofiling since last report	Other Changes since last report	2016-17 Current Capital Budget
	£m	£m	£m	£m	£m
Children's Services	104.079	-43.662	-27.807	-0.064	60.418
Adult Social Care	16.354	-3.904			12.450
Community & Environmental Services	166.145	-0.935		1.316	165.210
Resources	1.500	3.596		3.000	5.096
Finance	29.420	0.764		0.410	30.184
Total	**317.499**	**-44.142**	**-27.807**	**4.662**	**273.357**
		0		**-23.145**	

Note: this table and the tables below contain rounding differences

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

1.9 The forecasts will be used to ensure that budgets are more accurately allocated between years, and that changes are accurately reflected. This can be done at any time, but particular attention will be given to this in advance of the November monitoring report, which will form the basis of future years approved capital programmes.

1.10 The revised programme for future years (2017-18 to 2019-20) is as follows:

Table 3: Future years capital programme 2017-20

Service	Previously reported (P5) 2017-20 capital budget £m	April / May Reprofiling (from 2016-17 to future years) £m	Other Movements £m	Future years 2017-20 £m
Children's Services	77.015	27.807		104.822
Adult Social Care	10.023	0.000	0.000	10.023
Community & Environmental Services	99.297	0.000		99.297
Resources	-			0
Finance & Property	20.300			20.300
Total	**206.635**	**27.807**	**0.000**	**234.442**

Notes:

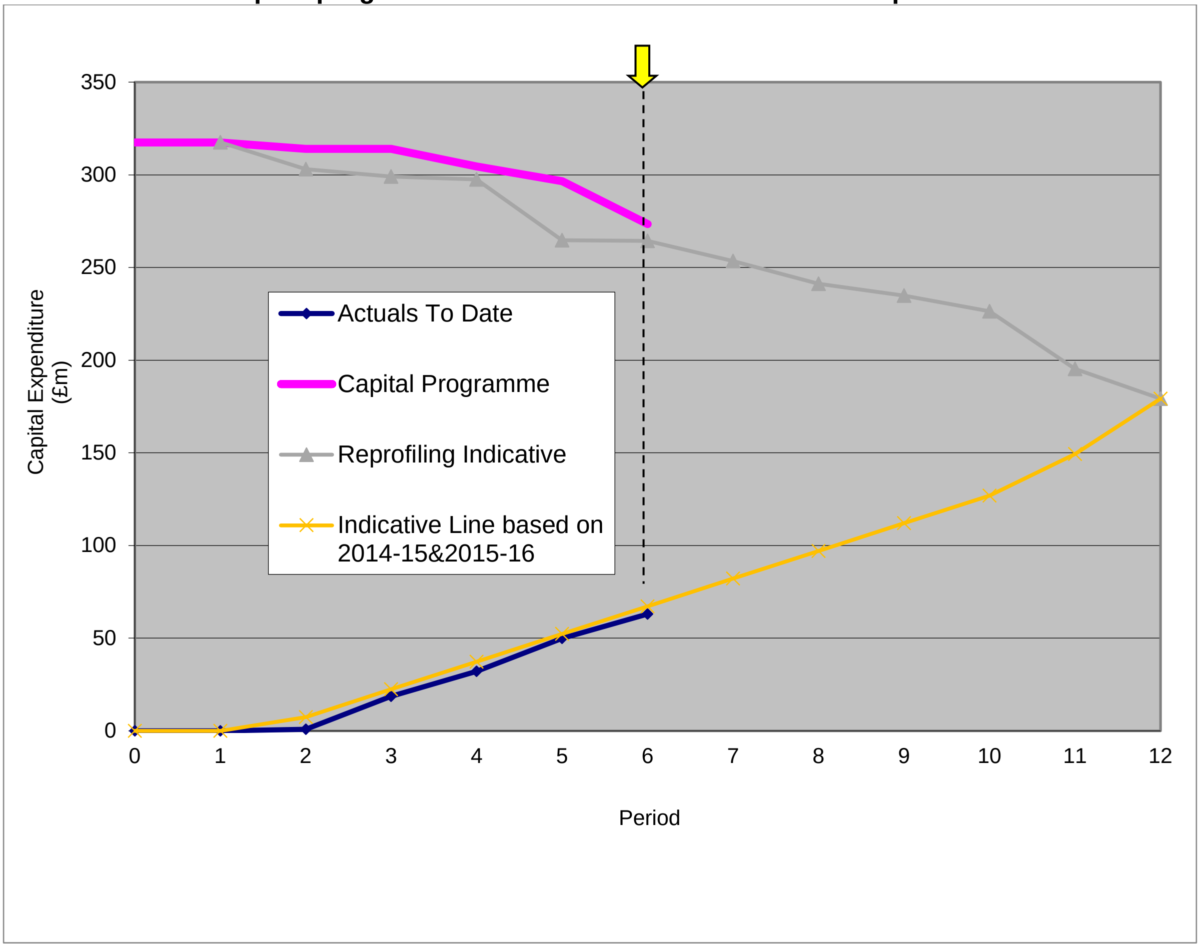
a) *this table may contain rounding differences.*

b) *The ASC and CES lines have been adjusted for an IT project (social care IT systems replacement). In the 2015-16 outturn report these were allocated to ICT under CES, but are now allocated to the ASC capital programme.*

Actual Spend and Progress on Capital Programme

1.11 Progress on the overall capital programme is as follows:

Chart 2: Capital programme 2016-17 and cumulative actual expenditure to date



1.12 Total accounting expenditure on the 2016-17 capital programme to P6 is £63.032m, excluding accruals brought forward from 2015-16, and capital loans which are retained on the balance sheet. Expenses accrued from 2015-16 accounted for the majority of spend in periods 1 and 2. Taking this into account, the graph shows that expenditure has been in line with forecast.

1.13 To match the Council's statutory accounts, the expenditure in the graph above does not include loans to companies.

1.14 Significant re-profiling took place for Children's Services projects in period 6, bringing the overall programme back in line with the indicative line shown in the graph above.

2 Progress during 2016-17

Schools: Eighteen significant extension or expansion projects were under-way on Norfolk school sites over the summer. Projects which were completed, or largely completed include:

- St Martha's VA Primary expansion from 210 to 420 places (in partnership with RC Diocese)
- Mulbarton Infant and Junior removal of undersized classrooms
- Henderson Green Primary expansion to 210 places
- Pulham Market Primary additional reception classroom
- Browick Road completion of works to reorganise from infant to primary school.

County Hall: Following completion of refurbishment work on the County Hall tower project planning is underway in relation to upgrading accommodation in the North and South wings, and additional car parking.

Great Yarmouth Third River Crossing: the Department for Transport has agreed to make available a funding contribution of £1.080m for development work on the Great Yarmouth Third River Crossing, up to and including the production of an outline business case.

NDR: The major project is the Norwich Northern Distributor Road. The budget for this project has not changed since the 2015-16 outturn report presented to the May 2016 meeting of this committee:

As reported to EDT Committee, there are a number of risks that could impact on the cost of delivery. If the risks are realised this would lead to £6.8m of additional cost.

3 Financing The Programme

3.1 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.

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

Table 5: Financing of the capital programme

Funding Stream	2016-17 Programme	Future Years Forecast
	£m	£m
Prudential Borrowing	84.947	47.663
Capital Receipts	3.902	17.395
Revenue & Reserves	6.112	2.000
Grants and Contributions:		167.383
DfE	44.728	
DfT	88.263	
DoH	10.420	
DCLG	2.509	
DCMS	5.554	
Developer Contributions	14.511	
Other Local Authorities	8.777	
Other	3.635	
Total	**273.356**	**234.441**

Note: this table may contain rounding differences

3.3 Significant funding from capital receipts has been anticipated over the 4 years 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.

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

3.5 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 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).

3.6 Contributions from other local authorities relate mainly to projects undertaken with Norfolk districts, including the Norwich Cycle Ambition project funded through Norwich City Council, and major highway/housing developments in King’s Lynn.

4 Capital Receipts

4.1 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.

4.2 The capital programme, approved in February 2016, demonstrated how asset management would support capital expenditure through generating capital receipts through property disposals, in the context of a longer term disposals programme.

4.3 Since then, there have been changes to the draft disposal schedule, in particular relating to the timing of projected receipts relating to development land within the County Farms and general estates.

4.4 The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

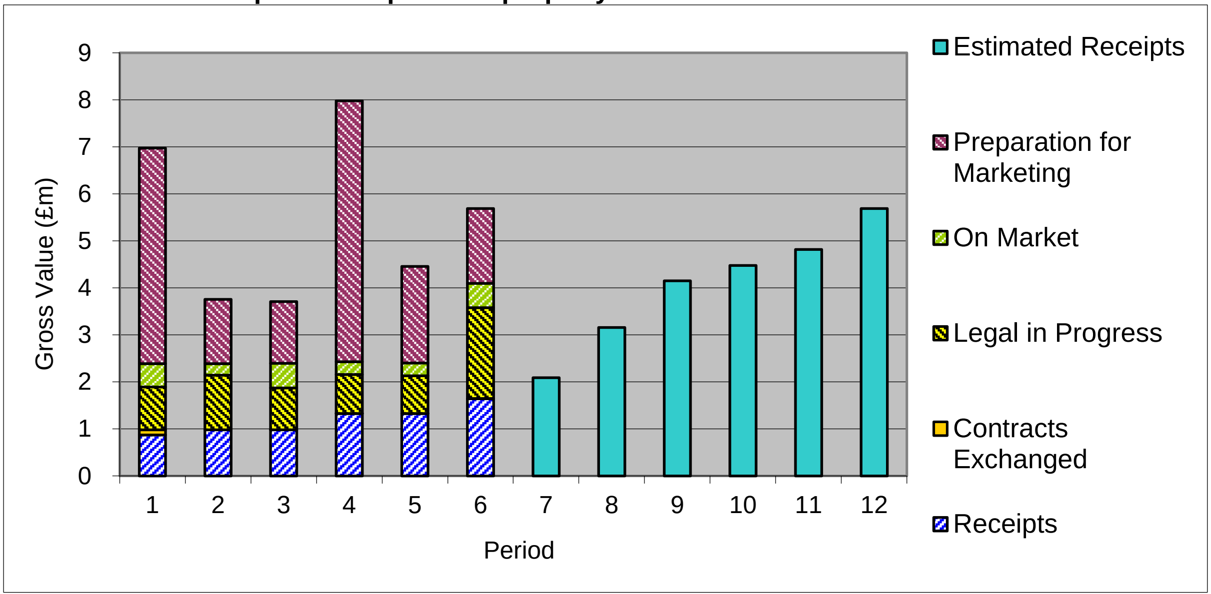
	2016-17 Approved £m	**Latest forecast £m**	**Movement in forecast £m**
General Capital Receipts	2.825	3.269	0.444
County Farms Capital Receipts	4.153	2.483	-1.670
Estimated Total Capital Receipts	**6.978**	**5.752**	**-1.226**

4.5 The main reasons for the reduction in expected receipts for the current year is the net effect putting back to 2017-18 of a number of sales, primarily development land at Acle.

4.6 The property information underpinning the table above will be closely reviewed in advance of the new capital programme. Although the sales process is active, the review is likely to result in some cash receipts being pushed back to 2017-18.

4.7 The chart below shows the progress on realisation of the forecast capital receipts for 2016-17. The total in period 1 show potential 2016-17 sales identified at the time of budget setting. Development land at Acle is not likely to be sold in 2016-17 as anticipated in P4, and later forecasts have been amended as a result.

Chart 3: Capital Receipts from property sales 2016-17



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

Table 7: Capital receipts reserve 2016-17

	General	**Financial Packages**	**County Farms**	**Total**
	£m	**£m**	**£m**	**£m**
Opening Balance	**0.000**	**1.059**	**0.517**	**1.576**
Receipts from sales of properties	3.207	0.000	2.483	5.690
Receipts from sales of assets to leasing companies	0.000	0.000	0.000	0.000
Other capital receipts	0.062	0.000	0.000	0.062
Receipts generated in year	**3.270**	**0.000**	**2.483**	**5.753**
Sales expenses	-0.300	0.000	0.000	-0.300
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Net receipts available for funding	**2.970**	**1.059**	**3.000**	**7.029**
Use to fund incomplete leases	0.000	0.000	0.000	0.000
Use to fund programme and reduce borrowing or to repay debt	-2.970	-0.633	-1.461	-5.064
Closing Balance	**0.000**	**0.425**	**1.540**	**1.965**

Note: this table may contain rounding differences

4.9 Financial packages exist where the Council has agreed to link receipts from the sale of an asset with the funding of a specific project. Balances on financial packages exist where these projects remain incomplete.

4.10 The opening balance relates to residual monies from sales of Highway's Depots, ASC receipts reserved for Housing with Care schemes, and a balance of £0.7m remaining from approximately £3m sales of former school properties. Financial package funding for specific schemes no longer takes place, with schemes justified against a broader set of priorities. The outstanding balances relate to previously agreed arrangements.

4.11 Other capital receipts include loan repayments from subsidiary companies.

4.12 Capital receipts may be used for a very limited number of purposes specified in The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 s23, including:

- To meet capital expenditure
- To repay the principal of any amount borrowed.

4.13 Traditionally the Council has used general capital receipts to fund capital expenditure, and therefore reduce the future borrowing requirement. Applying general and other capital receipts directly to fund the repayment of principal can reduce the amount of minimum revenue provision required from revenue to ensure that each debt maturity is met, and officers are exploring this option.

Capital Annex 1

Reprofiling and Other Changes to the 2016-17 Capital Programme

Service	Project	Funding Type	Change (£m)	REPROFILE	Change (£m)	REPROFILE	Reason
Children's Services							
A1 Major Growth							
	Poringland Primary phase 2	Grants and Contributions		-1.000		1.000	Reprofiled need for places determined, project proceeding summer 17 - developer contributions funding
	Attleborough New School	Grants and Contributions		-5.000		5.000	Reprofiled as only just going out to Tender
	Attleborough Junior Reorg	Grants and Contributions		-1.000		1.000	Reprofiled about to go to planning , work to begin expected next year 2017-18.
	Hillcrest Primary, modular installation	Grants and Contributions		-1.200		1.200	Need for interim mobile accommodation pending major phase project under consideration
	Edward Worlledge new build			-0.467		0.467	
	Hearsease Primary 2 yr project (Acade	Grants and Contributions		-0.398		0.398	Reprofiled agreement with stakeholders reached, project to commence Feb 17.
	Land Purchase	Grants and Contributions		-0.723		0.723	VC-Brooke land acquisition moved allocation back to land pot (£0.350m)as land not as much as expected & reprofiled to future years.
A2 - Master Planning	Suffield Park	Grants and Contributions		-2.600		2.600	Reprofiled due to delay concerning site access issues
A3 - Area Growth & R	Growth & Reorganisation schemes	Grants and Contributions		-2.545		2.545	
	Growth - Minor Adjustments	Grants and Contributions		-1.727		1.727	
	Chapel Road Complex Needs	Grants and Contributions		-5.746		5.746	Reprofiled due to delay in pre commencement planning conditions
B4 - Early years	Early years programme	Mixed Funding		-1.344		1.344	Reprofiled funds earmarked for EY developments across GY reorganisation area
C1 - Efficiency	Schools Energy Savings programme	Grants and Contributions		-1.352		1.352	
C2 - Major Capital Ma	Capital renovations to schools	Mixed Funding		-2.298		2.298	Agreement with stakeholders reached, brief for works issued (Swaffham Sports hall re roofing,VC - Taverham Junior Mobile replacement, Barford Primary mobile replacement
D - Other schemes	Other Schemes	Grants and Contributions	-0.064	-0.407		0.407	
Total Children's services		**-27.871**	**-0.064**	**-27.807**	**0.000**	**27.807**	

CES								
	Library	Borrowing & Capital receipts	1.300					Funding approved for Library books in October 20106
		Grants and Contributions	0.015					New developer contribution Brandon Road, Swaff
	Museum	Borrowing & Capital receipts	0.001					Adjustment to funding
Total CES			**1.316**	**0.000**	**0.000**	**0.000**		
Resources								
	ICT - new Voice & Data Server	Borrowing & Capital receipts	3.000					Funding approved for new Voice & Data server and Software Licences in October 20106 P&R committee meeting
Total Resources			**3.000**	**0.000**	**0.000**	**0.000**		
Finance								
	Capital Programme Management	Borrowing & Capital receipts	0.410					Funding approved for Capital project & procurement support
Total Finance			**0.410**					
Total			**4.662**	**-27.807**	**0.000**	**27.807**		

Norfolk County Council

Capital Annex 2: Capital programme planning 2017-20

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.

<u>Context</u>
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.

<u>Contents</u>
The following pages summarises the elements capital programme prioritisation:

Norfolk County Council
Capital programme prioritisation 2017-20
Capital Annex 2A - Capital programme 2017-20 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. Capital schemes approved during the year, including for example additional funding for the NDR and the Aviation Academy outside the annual capital prioritisation round.

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 adopted last year, and has been strengthened with a detailed scoring matrix.

4. A pro-forma summarising each new scheme will be used to inform the prioritisation process.

5. The prioritisation process will give a high weighting to schemes which have funding secured. Where non-ringfenced capital grants are received there will be an initial assumption that they will allocated to their natural home: for example DfT grants to highways, DfE grants to the schools capital programme, and DoH grants to ASC

    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.

6. A capital project marking guide has been produced based on the suggestions made last year, and with an enhanced scoring guide.

Appendix B
Norfolk County Council
Capital programme prioritisation 2017-20
Capital Annex 2B – DRAFT Marking scheme – with enhanced marking guide

Marking scheme – with enhanced marking guidance

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	**Statutory or Regulatory Duty**	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	**County Council priorities**	Does the scheme directly contribute to the Council's priorities? - Good infrastructure and/or - Excellence in education and/or - Real jobs - Supporting vulnerable people	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	**Cross-service working**	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	**Impact on Council borrowing / contribution to revenue budget**	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% : *Invest to save return* :or d*irect* >75% : *or percentage not* :*benefit* >50% : *requiring prudential* :*to revenue* >25% : *borrowing* :*budget* No income generated / revenue benefit	25%
5	**Leverage Value**	Does the scheme generate funding from external grants or contributions (excluding non ring-fenced government grants)?	5 4 3	100% and frees up other funds >80% : *percentage of total* >50% : *project cost met by*	15%

		The score is based on the percentage of total cost met by external resources.	2 1 0	>20% : *funds generated from* >5% : *external sources* No external funding generated	
6	**Flexibility / Scalability**	Extent to which scheme can be flexed to a) provide alternative lower cost solutions and/or b) accommodate future short term changes in the capital programme priorities.	5 4 3 2 1 0	Fully scalable and flexible, timing and budget Partial scalable (budget but not timing) Partial flexibility (timing only) Very limited flexibility No flexibility	10%
7	**Avoidance of risk to service delivery**	Will not doing the scheme result in a significant drop in the level of service that the Council provides?	5 4 3 2 1 0	Immediate / definite risk to service delivery Medium term risk to statutory service delivery Probable / medium term risk to service delivery Minor effect on statutory service delivery Minor effect on non-statutory service delivery No risk to current service delivery.	10%

Norfolk County Council
Capital programme prioritisation 2016-19
Capital Annex 2C – existing schemes and scores

	Stat or Regulatory duty	CC 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**	
Weighting	**10**	**20**	**10**	**25**	**15**	**10**	**10**	**100**
Scheme Title	Score	Score	Score	Score	Score	Score	Score	
On-going schemes in the 2016-20 capital programme								
Highways Capital Improvements	3	5	2	5	5	2	5	84
Highways Structural Maintenance	4	4	2	5	2	2	5	73
City Deal Local infrastructure	2	3	4	4	4	4	3	70
Temporary Classrooms	4	4	1	5	0	3	5	67
Northern Distributor Road	3	5	1	2	4	1	5	66
Schools Capital Maintenance	3	4	1	5	0	3	5	65
Elm Road, Thetford – Community Hub	4	4	1	5	0	3	4	65
Better Broadband	0	5	3	4	4	0	3	64
School Basic Need	4	4	1	5	0	3	3	63
Customer Service Strategy	2	4	4	2	0	3	5	54
NEFL Borrowing Facility	0	3	2	4	2	5	0	52
County Hall Nth & Sth Wings	2	2	3	3	2	3	3	51
Social Care System	4	5	4	1	0	1	4	51
Scottow Enterprise Park capital	0	5	4	2	0	3	3	50
Norse, additional loan facility	0	1	1	4	3	5	2	49
Farm property capital maintenance	2	1	0	5	0	3	4	47
Libraries Open+	2	2	1	3	0	4	5	47
Corporate offices capital maint	2	2	5	1	0	5	4	45
Voice and data contract – capital	2	2	4	1	2	2	4	43
Whitlingham capital repairs	1	2	3	2	0	2	4	38
Managing Asbestos Exposure	5	1	1	0	0	5	5	36
Repay Debt (Dummy reference bid)	0	0	0	5	0	5	0	35

Norfolk County Council
Capital programme prioritisation 2017-20
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.

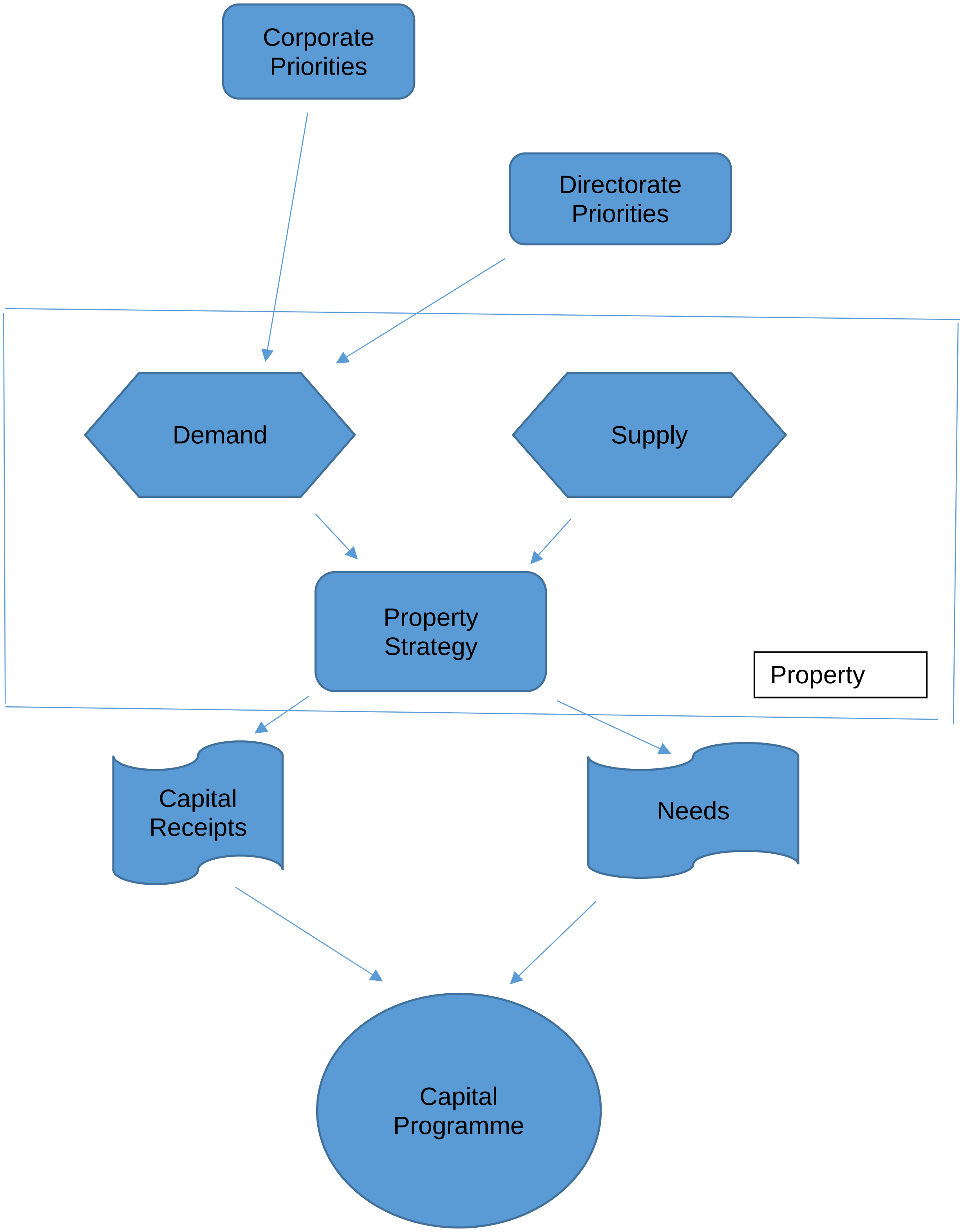
2.4 Formation and delivery of asset management plans are vital to the implementation of the Capital Strategy and to the delivery of the Capital Programme. The Council's primary asset management plan is supplemented by its:

- 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 funding for future capital schemes.

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 £0.090m pa in ongoing revenue financing costs for an asset with an assumed life of 25 years, or up to £0.250m 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 Although the principles behind the calculation of MRP do not change, the method is set each year in the Council's MRP policy. A separate paper suggesting a change to the method of calculation is on this agenda.

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) is 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 will be initially applied by a group of officers representing major service areas and appropriate support skills such as property management and finance. Results will be discussed and moderated by Chief Officers and through discussions with relevant members before the capital programme is proposed to the 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, 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 ensuing 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	2013-14	2014-15	2015-16
	£m	£m	£m
Capital expenditure	115.5	140.9	129.1

The Council's 2015-16 capital programme was split by funding type as follows:

Funding type	**£m**	**%**
Capital grants and contributions	100	78%
Revenue and reserves	2	2%
Capital receipts	4	3%
Borrowing	23	18%
Total	**129**	**100%**

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 8-9% 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 revenue cost i.e. for every £1 million of borrowing our revenue borrowing costs are as much as £0.090 million pa, or as much as £0.250m pa for an asset with a 5 year life.

7.4 Local Authorities have to earmark sufficient revenue budget each year as provision for repaying debts incurred on capital projects.

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 capital programme and reducing the level of borrowing.

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 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. A new structure for the team has been in place since April 2015. Roles include - reviewing policies relating to property. - co-ordinating the Council's asset management plan - corporate property scheme prioritisation
The Children's Services Capital Priorities Group	A member and officer group which oversees the development and delivery of the Schools capital programme.
Highways	EDT Committee
County Farms member working group	A member working group was set up in 2014 to oversee County Farms strategy and policy.

Capital Annex 2E – new capital schemes in development

Service Area	Title	2017-18	2018-19	2019-20	Summary of Bid
		£m	£m	£m	
CES					
Waste	Replacement HWRC Norwich		2.750		Provision of new recycling centre for Norwich as a replacement for the existing Mile Cross site, provided on a design build and operate contract that expires in September 2021 and cannot be extended.
Customer services (potential joint bid with Finance/ ICT**)**	E-commerce digital development	0.173			This capital bid is for the development of a holistic e-commerce programme being run in collaboration with NCC Finance and ICT, The digital front end required for the ecommerce offer will be the customer view in to the organisation, and will primarily be used to promote, describe and sell events, activities and products on behalf of all relevant NCC services.
Customer services	Single Employee Portal	0.320			The current employee digital offer is disjointed and does not provide an optimal experience for staff and managers within NCC. In addition, the current content management platform (Oracle) for iNet and PeopleNet is out of support and needs to be replaced. It has been agreed that Sitecore will be used for the new employee digital platform, as for the externally facing customer offer. In designing and developing the new employee offer the following objectives need to be achieved • Overall cost to serve is reduced • Employee satisfaction is increased by seamless journeys and easy to use processes (workflow) • Management processes and performance information are enabled through self service • All internal customers fully utilise self-service where it is available • Professional resources are deployed effectively and where they add value
Highways	Development of Ketteringham Site	1.000			Potential development of a joint base as part of the OPE.
Highways	Flood Mitigation measures	1.500			Market town drainage improvements and flood alleviation
Highways	DfT Challenge Fund	1.000			Match funding – Outline bids to be submitted Jan 2017.
Highways	North Area – new depot	0.050			Development of a new site
Scottow Enterprise Park	Scottow Enterprise Park development	3.952			Scottow Enterprise Park has 122 units totalling over 510,000 square feet of lettable space, and is currently 67% occupied by 61 businesses. In line with a report to 14 July 2016 Economic Development Committee, in order to facilitate the growth and economic development of the site relative to the current level of

Service Area	Title	2017-18	2018-19	2019-20	Summary of Bid
		£m	£m	£m	
					demand and enquiries, a total of capital budget of £9.500m is required. This is a further £3.952m over the current capital programme allocation for Scottow. Of the total £9.500m, £5.238m is required to make essential infrastructure improvements for existing and future tenants, including £3.900m to ensure a potable water supply exists throughout the site, the remainder covering adequate drainage, heating and safe asbestos removal. Building requirements comprise £2.700m to bring hangar buildings into a condition whereby prospective tenants can take up space, and a further £1.562m on other buildings to meet current demand.
Public safety	Fire Premises :	0.150			Premises: Downham Market (non-insured shortfall in funding) Attleborough – Fire share of new joint building Stand-by power generators Fitting of NCC swipe card access to our fire stations to allow NCC staff access sites to aid mobile working. Potential contribution from insurance fund.
Public Safety	ICT – Control systems relocation from Hethersett to Wymondham	0.210			Move of NFRS Fire Control Room to Norfolk Constabulary Control Room to facilitate greater operational effectiveness.
Public Safety	Fire station fire detection systems	0.150			Installation of Fire Detection and Monitoring for all NFRS sites that currently have no provision
Public Safety	Live fire unit	0.080			To maintain Operational Firefighter training and to mitigate changes required by NNDC Environmental Health team: • Provision of gas fire units • Additional Fire Behaviour unit.
Public Safety	Replacement fire engines		0.950		Replacement of four fire engines.
Public Safety	Aerial Appliance	0.300			Replacement of current aerial appliance
Public Safety	Operational equipment	0.060	0.070	0.070	Capital fund for replacement of critical equipment replacement, (working at height, hose, airbags).
Cultural services - museums	Norwich Castle Keep		1.950		Norfolk Museums Service will deliver a major project to redevelop the medieval Keep at Norwich Castle Museum & Art Gallery. This £13m project will re-create the 12th century Norman royal palace and will develop a new British Museum

Service Area	Title	2017-18	2018-19	2019-20	Summary of Bid
		£m	£m	£m	
	development match funding				Gallery of the Medieval Period, creating the first permanent presence for the British Museum in the East of England. This project is one of the highest profile heritage projects in the UK, delivering strongly against all four of the Norfolk County Council strategic priorities, with a bid to the Heritage Lottery Fund accounting for the majority of funding.
Cultural services - museums	Norwich Castle museum business critical M&E services	0.150		0.750	The ability to deliver services and programming at NCM is currently threatened by significant failures affecting two critical elements of site M&E infrastructure including the critical M&E systems that control RH and temperature in exhibition galleries, and the external lift.
Cultural services - Libraries	Replacement of Self Service Kiosks in Libraries		0.800		Norfolk Library and Information Service have 106 self-service kiosks in libraries that customers use for around 90% of standard transactions. Originally introduced in 2008, the kiosks were refreshed in 2013/14 and have an effective life expectancy of 6 years. This bid is for 106 replacement kiosks in 2018-19, 50 of which will accept coins/notes and 56 of which will accept money and electronic payments.
Cultural services - Libraries	Capitalisation of library books	1.000	1.000	1.000	The majority of expenditure on library books has previously been treated as revenue expenditure within the Council's accounts. To the extent that library books form a class of "non-current assets" with a life of more than one year they can be capitalised. The actual amount capitalised and impact on the revenue budget will depend on the exact mix of library purchases in any one year.
Finance and property					
Corporate Property Team (CPT)	Norfolk One Public Estate programme	0.250	0.250	0.250	NCC are a partner in Norfolk One Public Estate (OPE) programme This bid enables the County Council to fully participate in the programme through small capital schemes combining buildings and releasing sites from the portfolio thereby producing capital receipts and making revenue savings. Decisions on which projects to support will be made by Corporate Property Strategy Group, supported by the Corporate Property Team based on business cases detailing the benefits to NCC services and Norfolk citizens and service users.
CPT	Basement/Lower Ground	3.700			Proposed refurbishment of the lower ground and basement at County Hall to form maximum occupation office accommodation including a number of meeting rooms and storage space, Together with the refurbishment of the North Wing work this will allow the release of the Annexe and Vantage House. To be commissioned same time a North Wing. Further work is required to refine the cost estimate.
CPT	County Hall North Wing	3.300			Refurbishment of the North Wing at County Hall to form maximum occupation office accommodation including a number of meeting rooms allowing decant

Service Area	Title	2017-18	2018-19	2019-20	Summary of Bid
		£m	£m	£m	
					from The Annexe & Carrow House subject to final location plans. The project includes the re-siting of the ITS control room. Total cost £4.300m, office accommodation plus provisional £0.500m for democratic spaces, less £1.500m already committed.
CPT	Replacement room booking system	0.050			Replacement room booking system to enable better control of available venues reducing costs associated with hire and lost time.
Finance	Capitalisation of corporate capital staff costs where applicable	0.300	0.300	0.300	The Council spends over £100m each year on its capital programme. Included in this cost can be staff time where it relates to specific projects and assets. This budget represents the cost of a number of staff providing support and advice to various elements of the capital programme, previously funded from the revenue budget.
Resources					
ICT	Member ICT refresh	0.420			Member ICT refresh [details tbc]
ICT	Server infrastructure	2.400			The authority's server infrastructure is now 5 years old and has reached the end of economic life. Replacement servers will be able to meet enhanced storage and recovery standards. The estimated cost of server replacements and licencing is £3.4m, of which £1m is forecast to be spent in 2016-17.
ICT	Technology and investment programme (transformation)	2.600			This bid is for a number of transformation projects to improve ICT services, including: • further development of online self-service portals for residents, staff and partners (£1.1m) • refresh of the corporate mobile phone estate (£0.5m) • Improvements to corporate Wi-Fi (£0.5m) • mobile and flexible working technologies to improve the effectiveness and efficiency of front line Social Care workers (£0.5m).
ICT	Licencing and generic capital improvements	1.200	0.900		A number of ICT projects have been proposed to enhance services throughout NCC, principally through the development of a range of self-service portals. As much as £3m will be required in total, including £1.2m approved in 2016-17. In addition, it is likely that a further £0.3m will be required in respect of long term licences in 2017-18.
		24.315	**8.970**	**2.370**	

Other projects

Highways Capital Programme Targeted Improvements: as and when government infrastructure funding is made available, experience suggests that government would be looking for 'shovel-ready' projects. Officers are developing strategic schemes (with partners where applicable) which may attract funding, and whether up-front capital funding could act as a lever for government support. Examples of schemes being considered are:

- A47 Acle Straight dualling, Tilney to East Winch dualling, Longwater Junction improvements
- Great Yarmouth Third River Crossing (the DfT has made £1.080m available for development work up to and including the production of an outline business case)
- A11 Thetrord junction and other improvements
- A140 Long Stratton bypass
- Rail enhancements in the area to accommodate planned passenger and freight services
- Rail halt at Broadland Business Park
- Great Yarmouth Flood Defence Infrastructure
- Better Broadband
- Great Yarmouth Port development

Shrublands site, Great Yarmouth: discussions with the PCT are taking place which may result in a potential bid relating to the development of health centre on site. This will be subject to an outline proposal from the PCT and acceptable commercial terms. In addition, NCC is considering how the remainder of the site can be best developed.

Whitlingham Outdoor Education Centre: while capital money has been approved to reduce future maintenance costs by addressing immediate capital maintenance concerns (currently subject to discussion with the relevant planning authorities), officers are considering capital improvements which will improve the medium and long term financial sustainability of the centre.

Norfolk Children and Young People in Care Sufficiency Strategy 2016 – 2019: A report to the 15 November 2016 Children's Services Committee set out a strategy part of which is a proposal to develop a capital fund of £5 million to purchase properties to become children's homes.

Schools projects (to be funded through existing grants and developer contributions)

Project	Description	Project Delivery (subject to minimising disruption to education provision)
New primary school building for St Edmund's Primary School, King's Lynn on Lynnsport site	Building for 2FE primary school building on Lynnsport land offered in lieu of S106 contributions. Scheme will assist delivery of alternative provision in King's Lynn.	2019/20
Costessey Infant and Junior	Amalgamation onto single site 3FE primary and second phase to expand to 4 forms of entry.	2017/18
Dersingham Infant and Junior	Amalgamation onto single site. Funding to include disposal of infant school site.	2017/18 onwards
Aylsham Primary growth and reorganisation	Accommodation for St Michael's CE VA Infant School to reorganise to 150 place primary. Expansion of John of Gaunt Infant school site to accommodate further 1 form of entry.	2017/18
Sprowston area growth	Expansion of existing primary schools to west of Sprowston to absorb housing growth prior to new primary schools in Beeston Park	2016/17 onwards
Temporary Classrooms 2017/18	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.	Target delivery by Sept 2017 / 2018
Scarning CE VC Primary	Additional classrooms to provide additional 0.5 form of entry for Dereham cluster. S106 developer contributions form part of funding.	2017/18
Downham Market Hillcrest Primary	Expansion to 3 forms of entry in response to housing growth S106 developer contributions form part of funding.	2017 /18
Poringland Primary	Project to expand school to 2 forms of entry. Costs as yet unknown. S106 developer contribution collected.	2017 /18
Land costs for new schools	Part funding required for land available through housing developments. Funding through Basic Need grant.	2016/17 onwards
Capital Maintenance and Academy transfer funds	Projects of approximately £500,000 not covered by schools' devolved formula capital based on assessment by NPS surveyors.	2016/17

Policy and Resources Committee

Item No 10

Report title:	**Delivering Financial Savings 2016-17**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Simon George – Executive Director of Finance**

Strategic impact

This report to Policy and Resources Committee provides details of the forecast outturn position in respect of the delivery of the 2016-17 savings agreed by the County Council at its meeting 22 February 2016.

Executive summary

County Council agreed savings of £41.419m as part of the 2016-17 budget setting process. This report provides details of the outturn position in delivering these savings, in respect of 2016-17.

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

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

Members are recommended to consider and note:

a) the forecast total shortfall of £9.134m in 2016-17, which amounts to 22% of total savings, and for which alternative savings need to be identified;
b) the budgeted value of 2016-17 savings projects rated as RED of £11.483m, of which £2.089m are now forecast to be delivered;
c) the forecast over delivery of £0.260m on GREEN rated projects; and
d) the forecast total shortfall of £13.075m of 2017-18 savings and £7.872m of 2018-19 savings reflecting planned delay and removal of savings as detailed more fully in the Budget report elsewhere on this agenda.

1. Savings Overview

1.1. The County Council, as part of setting its budget for 2016-17, agreed net 2016-17 savings of £41.419m. The agreed net savings of £41.419m in 2016-17, include one-off items and use of reserves totalling £3.110m 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.

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

2.2. The highlight report starts with the overall RAG position, as set out at Table 1. The information is derived from the detail at Appendix 3. The decision to rate a project as RED is based on the criteria shown above. This will ensure a common standard is maintained in the monitoring.

2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 1 and Appendix 3 have been applied. A number of new 2016-17 savings have been categorised as BLUE where the actions are certain to be delivered. These include items such as decisions to reduce grant payments and the change in MRP policy.

2.4. Eleven savings projects have been rated as RED, representing a budgeted total saving value of £11.483m. Only £2.089m of this saving is expected to be delivered as set out in the following table. This represents a shortfall of £9.394m (23% of total budgeted savings), which relates to RED rated projects.

2.5. The shortfall in RED rated projects is offset slightly with the £0.200m early delivery of one Children’s Services saving and the £0.060m over delivery of another Children’s Services saving. This results in a total projected shortfall of £9.134m.

Table 1: 2016-17 Savings by RAG Status

						Latest Forecast Savings 2016-17 (c) analysed by Committee				
RAG Status	Budgeted Value of Savings 2016-17 (a)	Previous Forecast Savings 2016-17 (b)	Savings Forecast 2016-17 (c)	Savings Shortfall 2016-17 (a)-(c)		Children's Services	Adults	EDT	Communities	Policy & Resources
	£m	£m	£m	£m		£m	£m	£m	£m	£m
Red	-11.483	-2.089	-2.089	-9.394		-0.007	-2.082	0.000	0.000	0.000
Amber	0.000	-0.230	0.000	0.000		0.000	0.000	0.000	0.000	0.000
Green	-24.760	-24.460	-25.020	0.260		-2.721	-4.868	-7.217	-1.475	-8.739
Blue	-5.176	-5.176	-5.176	0.000		-0.250	3.891	0.267	0.000	-9.084
Total	**-41.419**	**-31.955**	**-32.285**	**-9.134**		**-2.978**	**-3.059**	**-6.950**	**-1.475**	**-17.823**

2.6. Table 2 below sets out the current categorisation of 2016-17 savings based on the updated RAG rating assessment and the latest forecast variance position, which includes the replacement savings of £9.134m to be identified for the three years.

2.7. The monitoring report elsewhere on this agenda sets out details of the forecast outturn for 2016-17. Actions are being taken within Service budgets to seek to deliver a balanced outturn position, which will include identifying offsetting savings to mitigate the non-delivery of savings set out in this report. The non-delivery of savings in 2015-16, and a detailed review of the deliverability of 2016-17 savings was taken into account during the preparation of the 2016-17 Budget. However, there remains a need for Service Committees and Executive Directors to maintain their focus on the effective delivery of both the previous years' agreed savings and the current savings for 2016-17 onwards. Achievement of the planned savings will help to minimise risks within the 2016-17 and 2017-18 Budget.

2.8. Wider actions being taken to deliver savings are as follows:

- **Adult Social Services:** The department's budget for 2016-17 includes savings of £10.926m. The service commissioned iMPOWER consultants to review the Promoting Independence programme of work. This has included modelling the target demand for the service in order to deliver the required savings, providing challenge on the delivery plans and targets, comparison with other councils and considered areas that could have further focus to support delivery of the savings. The review concluded that:
    - o the Council is pursuing the right strategy, that there are other interventions that can be used to enhance delivery of the strategy and that the timeline for the strategy is challenging with

the consultants questioning whether the savings can realistically be delivered in three years.
  - Following this work, the programme has been refreshed and a paper setting out the next stage delivery plan is reported elsewhere on this agenda. The target demand model has been completed and the projected demand benchmarked. The assessment is that the projected levels of demand are achievable and whilst targeting below average demand are in the range of comparative councils. However, risks have been identified with the scale and pace of change required and the need to adequately embed the transformation, in order to accelerate the level of savings during 2017-18 and 2018-19.
  - Following the latest assessment of the programme, the risk assessment of each saving has been reviewed and is reflected. High risk savings in 2017-18 total £10m. This will impact on the budget plans for 2017-18 and proposed action recommended by the Adults Committee is set out in the Budget report elsewhere on this agenda.

For 2016-17, risks totalling £3.976m have been reflected in the forecast position and alternative savings are being identified. Further details of actions being taken are set out in the Finance Monitoring Report presented to Adult Social Care Committee.

- **Children's Services:** The department is currently working to identify plans to achieve the strategic and operational objectives at a sustainable lower cost with the aim of bringing the projected in-year overspend nearer to a balanced budget position. Updates will be provided in the Children's Services Integrated Performance and Finance Monitoring Report presented to the Children's Services Committee.

- **Policy and Resources:** the forecast Resources overspend is related to a forecast £1.750m non delivery of Resources savings associated with cost savings and revenue generation, mitigated by the use of reserves and a forecast nplaw underspend.

  Remedial actions being developed will include vacancy management and cost control, along with capitalisation of activity where it relates to the capital programme.

Table 2: Categorisation of Savings 2016-20 (as approved at County Council February 2016)

	2016-17	**2017-18**	**2018-19**	**2019-20**	**Total**
Savings	**£m**	**£m**	**£m**	**£m**	**£m**
Org Change - Staffing	-1.234	-1.638	-1.225	0.000	-4.097
Org Change - Systems	-7.547	-8.381	-25.047	-9.735	-50.710
Capital	0.273	0.000	0.000	0.000	0.273
Terms & Conditions	0.303	0.000	0.000	0.000	0.303
Procurement	-2.915	-0.035	0.000	0.000	-2.950
Shared Services	-0.205	0.000	0.000	0.000	-0.205
Income and Rates of Return	-16.812	-7.846	-3.431	-1.000	-29.089
Assumptions under Risk Review	1.796	3.060	-0.100	0.000	4.756
Back office subtotal	**-26.341**	**-14.840**	**-29.803**	**-10.735**	**-81.719**
Reducing Standards, including eligibility	-3.314	-1.842	-4.831	-0.800	-10.787
Ceasing Service	-2.630	-0.500	0.000	0.000	-3.130
Front line subtotal	**-5.944**	**-2.342**	**-4.831**	**-0.800**	**-13.917**
Shortfall	-9.134	-13.075	-7.872	10.535	-19.546
Total	**-41.419**	**-30.257**	**-42.506**	**-1.000**	**-115.182**

2.9. The breakdown of savings by Committee, for 2016-17 is shown in Table 3 below. The position for all three years is set out at Appendix 2. The position shown in Appendix 2 reflects the changes to previously agreed future year savings proposed as a result of Service Committee recommendations and reported in the Budget paper elsewhere on this agenda. It also reflects the potential removal of £11.712m of EDT and Communities savings for 2018-19 which are subject to further review by those Committees.

2.10. A definition of savings categories is provided in Appendix 4.

Table 3: Savings by Committee 2016-17

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2016-17	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	0.000	0.000	-0.450	-0.161	-0.623	**-1.234**
1b Lean	-0.203	-2.075	-3.705	-0.515	-1.049	**-7.547**
1c Capital	0.000	0.000	0.500	-0.227	0.000	**0.273**
1d Terms & Conditions	0.000	-0.090	-0.031	0.000	0.424	**0.303**
2a Procurement	-0.295	-0.750	-2.700	0.000	0.830	**-2.915**
2b Shared Services	0.000	0.000	-0.005	-0.200	0.000	**-0.205**
3a Income and Rates of Return	-0.150	0.000	-0.345	-0.105	-16.212	**-16.812**
4a Change standards	-2.080	-0.800	-0.084	-0.267	-0.083	**-3.314**
4b Stop doing things	0.000	-2.500	-0.130	0.000	0.000	**-2.630**
4c Change assumptions	-0.250	3.156	0.000	0.000	-1.110	**1.796**
Shortfall	-3.408	-3.976	0.000	0.000	-1.750	**-9.134**
Total	**-6.386**	**-7.035**	**-6.950**	**-1.475**	**-19.573**	**-41.419**

3. Commentary on savings rated RED

3.1. At the end of period six, eleven savings have been rated as RED in respect of 2016-17 to reflect a significant shortfall in the saving being delivered, and a savings shortfall of £9.394m within RED rated projects has been identified. Commentary on the RED rated savings is provided below.

Adults

3.1.1. COM034 – Care for Learning Disabilities or Physical Disabilities – shortfall **£0.900m**: The saving involves re-assessing the needs of existing service users and where appropriate providing alternative and more cost effective accommodation, or means of supporting them in their current accommodation. As previously reported while it is considered that savings can be achieved over time, the lead in times for the work have been longer than originally planned. In addition actions have been needed to review the implementation of the changes. A full review of the work areas is being completed and alternative options for 2016-17 are being explored.

3.1.2. ASC003 – Transport Savings - Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council – shortfall **£0.850m**: A full report was presented to committee in July 2016. Various strands of work have and are being carried out including the reduction in the allocation for funding for transport in peoples' Personal Budgets; discussing with people at their annual review how they can meet their transport needs in a more cost effective way; and charging self-funders. However the savings from transport are taking longer to deliver than originally anticipated due to lack of capacity in the locality teams; the information available from travel systems; being able to make changes to travel arrangements for all individuals on a route to enable transport to be stopped and savings realised, cultural change and a reluctance to take up travel training. Steps are being taken to address this issue from within the staffing resources that are available to the Council. A review of transport is in train and will report back to Adult Social Care Committee on 23 January 2016.

3.1.3. ASC007 - Promoting Independence - Reablement - net reduction - expand Reablement Service to deal with 100% of demand and develop service for working age adults – shortfall **£1.958m**: Recruitment to posts is completed and the service is managing increased referrals. The savings are expected to be delivered, but have required re-profiling in year one, which will reduce the levels of savings that can be achieved in 2016/17.

3.1.4. ASC009 – Promoting Independence - Integrated Community Equipment Service - expand service so through increased availability and access to equipment care costs will be reduced – shortfall **£0.268m**: The savings were planned focusing on a mix of preventative and efficiency savings. The service is aiming to increase the access to equipment to reduce or delay the need for formal packages of care and review the way that equipment is recalled. Feasibility plans have identified that these savings will need to be re-profiled due to the time needed to set up new teams and processes. The focus will be on increasing the review and recall of equipment and reviewing where improved access to equipment can reduce the need for some service users to require two care workers (known as double-ups). There has been delay with recruitment to these posts and alternative staffing options are being considered.

Children's

3.1.5. CHI001 – Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children – shortfall **£3.000m**: The number of Looked After Children and the cost of agency placements related to placement mix is not reducing as quickly as originally planned and only £1.936m of the

£8.140m saving was delivered in 2015-16. Part of the savings target was removed in the 2016-17 budget process, however Looked After Children numbers are still not reducing as planned. Spending on LAC is however forecast to reduce compared to 2015-16 by £1.808m (£33.644m expenditure in 2015-16, £31.836m forecast spend 2016-17). This is in the context of rising demand which has seen increases in the number of Looked After Children in neighbouring authorities.

3.1.6. CHI012 – Reduce the cost of transport for children with Special Educational Needs – shortfall **£0.500m**: This saving is unachievable due to the increased demand on Special Education Needs transport. The saving has been reversed in current budget planning assumptions for 2017-18 as reported elsewhere on this agenda in the 2017-18 Budget and Medium Term Financial Planning 2017-18 to 2019-20 paper.

3.1.7. CHI015 - Reduce funding for school crossing patrols – shortfall **£0.146m**: Children's Services Committee agreed to delay the implementation of any saving. No saving will be achieved in 2016-17 and the saving will be reviewed for 2017-18.

3.1.8. CHL015 - Contributions to the UEA to involve children in sport activities – shortfall **£0.022m**: saving will not be achieved until 2017-18 as notice was not given to UEA on cessation of the contract.

Policy and Resources

3.1.9. P&R018 – Org Change: reduced ICT spend through single device convergence - shortfall **£0.625m**: The deliverability of this target requires review due to the impact of the mixed estate of devices in use across the organisation (Windows 7 and 8.1 devices).

3.1.10. P&R050 – Cutting costs through zero based review of services – establishing base requirement and shape of Resources – shortfall **£0.625m**: Resources has appointed a business lead to carry out this review and the savings amounts have been provisionally allocated across Resources. A review of Communications has been completed and implemented, with savings of £69k (6.4%), and a further option in 2018-19 to save a further £100k by moving Your Norfolk magazine entirely online. Review of BIPS and PH intelligence completed and proposals to support new structure by additional funding from PH. Review of HR undertaken, with a number of vacancies being held to support implementation when the review is complete. Other areas will be re-evaluated in the general course of the wider Resources review.

3.1.11. P&R063 - Cutting costs through efficiencies by menu based pricing – shortfall **£0.500m**: To be accommodated in the current wider review of Resources. A number of options for reduced costs have been identified in ICT for 2017-18, including options for services to reduce spend on software licences and to reduce the number of laptops deployed.

4. Commentary on savings rated AMBER

4.1. At the end of period six, there are no savings rated as AMBER in relation to 2016-17. One saving previously rated as AMBER (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) is now forecast to be fully achieved, delivering a saving of £0.300m, and is therefore classified as GREEN in this report.

5. Commentary on overachieved savings

5.1. At the end of period six, overachievement of two savings partly mitigate the 2016-17 savings shortfall giving a total shortfall of £9.134m.

Children's Services

5.1.1. CHL019 – Review of educational services: a budgeted saving in 2017-18 which it has been possible to deliver early resulting in an additional £0.200m saving in 2016-17.

5.1.2. CHL020 - Update the budget for short breaks for children with disabilities to reflect how much we are now spending on the service: a budgeted saving of £0.235m in 2016-17. This saving target has been overachieved resulting in an additional £0.060m saving in 2016-17.

5.2. Both of these savings represent a one-off benefit for 2016-17 and are reflected in the planned 2017-18 savings proposals.

6. 2017-18 and 2018-19 Savings

6.1. The deliverability of 2017-18 and 2018-19 savings have been reviewed by Service Committees. At the end of period 6, Services are forecasting savings shortfalls of £13.075m in 2017-18 and £7.872m in 2018-19.

6.2. The following savings have been either reversed or delayed in current budget planning assumptions, as reported in the Budget report elsewhere on this agenda, and are reflected in Appendix 2.

Adult Social Services

6.3. Re-profiling of £10m high risk 2017-18 savings to 2019-20.

6.3.1. ASC003 – reduce the number of service users we provide transport for and payment - shortfall **£0.800m**
6.3.2. ASC006 – Promoting Independence – Customer Pathway – shortfall **£7.538m**
6.3.3. ASC008 – Promoting Independence – Housing with Care – development of non-residential community based care – shortfall **£0.500m**
6.3.4. ASC011 – Promoting Independence – Move service mix to average of comparator family group – shortfall **£0.962m**
6.3.5. ASC015 - Promoting Independence – Move service mix to lowest of comparator family group – shortfall **£0.200m**

Children's Services

6.4. Looked After Children's numbers are not reducing as planned. Therefore delay of £0.450m high risk 2017-18 saving into 2018-19 and £0.535m 2018-19 saving into 2019-20.

6.4.1. CHL017 – Reduce the number of social workers we use who work for employment agencies – shortfall 2017-18 £**0.450m**, shortfall 2018-19 **£0.085m**

Environment, Development and Transport

6.5. Part reversal of 2017-18 saving EDT036 – Service re-design – introduce a locality based structure – total 2017-18 saving £2.638m – shortfall **£1.600m**

6.5.1. Reversal of **£10.355m** 2018-19 savings is proposed subject to Service Committee review. An initial review of savings EDT033 EDT034 EDT035 and EDT036 has resulted in proposals to remove these targets to reduce spend in 2018-19.

Communities

6.6. Reversal of **£1.357m** 2018-19 savings is proposed subject to Service Committee review. An initial review of savings CMM031 and CMM032 has resulted in proposals to remove these targets to reduce spend in 2018-19.

Policy & Resources

6.7. Reversal of £0.100m 2017-18 savings which are undeliverable and delay of £0.925m 2017-18 savings.

6.7.1. P&R021 – Pay per use ERP – shortfall **£0.100m** – saving reversed
6.7.2. P&R050 – Cutting costs through efficiencies by a zero based review of our services – shortfall **£0.625m** – saving delayed until 2018-19
6.7.3. P&R064 – Cutting costs through efficiencies by reducing unit costs – shortfall **£0.300m** – saving delayed until 2018-19

7. Summary

7.1. The forecast position indicates that shortfalls totalling £3.408m, £3.976m, and £1.750m have been identified within the Children's, Adults, and Policy and Resources budgets respectively in 2016-17. Service Committees maintaining a strong focus on the delivery of savings in 2016-17 remains critical to supporting the achievement of the Council's budget plans in both the current and future years.

Background Papers

County Council Budget 2016-17 to 2019-20: Revenue Budget 2016-17 (Item 4a, Annexe 5, County Council 22 February 2016)
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/438/Committee/2/SelectedTab/Documents/Default.aspx

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Appendix 1

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

One-off savings 2016-17 budget round

	2016-17	2017-18
	£m	£m
Insurance Fund	-2.000	2.000
Organisational Change Reserve	-0.132	0.132
Business Risk Reserve to fund reprofile of COM033	-0.500	0.500
Organisational Change Reserve for Social Care System Replacement	-0.478	0.478
Total use of reserves and one-off items	**-3.110**	**3.110**

Categorisation of Budget Savings 2016-19 budget round

	2016-17	2017-18	2018-19	2019-20	Total
	£m	£m	£m	£m	£m
Organisational Change – Staffing	-1.859	-3.863	-5.955	0.000	-11.677
Organisational Change – Systems	-13.720	-18.331	-24.832	0.000	-56.883
Capital	-0.227	0.000	0.000	0.000	-0.227
Terms & Conditions of employees	0.303	0.000	0.000	0.000	0.303
Procurement	-2.855	-0.135	-6.357	0.000	-9.347
Shared Services	-0.205	0.000	0.000	0.000	-0.205
Income and Rates of Return	-16.812	-7.846	-3.431	-1.000	-29.089
Assumptions under Risk Review	1.796	3.060	-0.100	0.000	4.756
Back office savings sub total	**-33.579**	**-27.115**	**-40.675**	**-1.000**	**-102.369**
Reducing Standards	-5.210	-2.642	-1.831	0.000	-9.683
Cease Service	-2.630	-0.500	0.000	0.000	-3.130
Front line savings sub total	**-7.840**	**-3.142**	**-1.831**	**0.000**	**-12.813**
Total	**-41.419**	**-30.257**	**-42.506**	**-1.000**	**-115.182**

Appendix 2

Savings by Committee 2016-20 budget round

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2016-17	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	0.000	0.000	-0.450	-0.161	-0.623	-1.234
1b Lean	-0.003	-2.075	-3.705	-0.515	-1.049	-7.347
1c Capital	0.000	0.000	0.500	-0.227	0.000	0.273
1d Terms & Conditions	0.000	-0.090	-0.031	0.000	0.424	0.303
2a Procurement	-0.495	-0.750	-2.700	0.000	0.830	-3.115
2b Shared Services	0.000	0.000	-0.005	-0.200	0.000	-0.205
3a Income and Rates of Return	-0.150	0.000	-0.345	-0.105	-16.212	-16.812
4a Change standards	-2.080	-0.800	-0.084	-0.267	-0.083	-3.314
4b Stop doing things	0.000	-2.500	-0.130	0.000	0.000	-2.630
4c Change assumptions	-0.250	3.156	0.000	0.000	-1.110	1.796
Shortfall	-3.408	-3.976	0.000	0.000	-1.750	-9.134
Total	**-6.386**	**-7.035**	**-6.950**	**-1.475**	**-19.573**	**-41.419**
Savings 2017-18						
1a Organisation	0.000	0.000	-1.038	-0.100	-0.500	-1.638
1b Lean	-0.758	-7.395	-0.383	0.655	-0.500	-8.381
1c Capital	0.000	0.000	0.000	0.000	0.000	0.000
1d Terms & Conditions	0.000	0.000	0.000	0.000	0.000	0.000
2a Procurement	0.000	0.000	0.000	0.000	-0.035	-0.035
2b Shared Services	0.000	0.000	0.000	0.000	0.000	0.000
3a Income and Rates of Return	0.000	0.000	-0.050	0.100	-7.896	-7.846
4a Change standards	-1.616	0.000	0.000	-0.226	0.000	-1.842
4b Stop doing things	0.000	-0.500	0.000	0.000	0.000	-0.500
4c Change assumptions	-0.050	0.000	0.000	0.000	3.110	3.060
Shortfall (including planned deferral)	-0.450	-10.000	-1.600	0.000	-1.025	-13.075
Total	**-2.874**	**-17.895**	**-3.071**	**0.429**	**-6.846**	**-30.257**
Savings 2018-19						
1a Organisation	0.000	0.000	0.000	-0.100	-1.125	-1.225
1b Lean	-0.450	-21.012	-2.285	0.000	-1.300	-25.047
1c Capital	0.000	0.000	0.000	0.000	0.000	0.000
1d Terms & Conditions	0.000	0.000	0.000	0.000	0.000	0.000
2a Procurement	0.000	0.000	0.000	0.000	0.000	0.000

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2016-17	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
2b Shared Services	0.000	0.000	0.000	0.000	0.000	0.000
3a Income and Rates of Return	0.000	0.000	-0.051	-0.080	-3.300	-3.431
4a Change standards	-0.609	-3.000	0.000	-1.222	0.000	-4.831
4b Stop doing things	0.000	0.000	0.000	0.000	0.000	0.000
4c Change assumptions	-0.100	0.000	0.000	0.000	0.000	-0.100
Shortfall (including planned deferral)	-0.085	3.000	-10.355	-1.357	0.925	-7.872
Total	**-1.244**	**-21.012**	**-12.691**	**-2.759**	**-4.800**	**-42.506**
Savings 2019-20						
1a Organisation	0.000	0.000	0.000	0.000	0.000	0.000
1b Lean	-0.535	-9.200	0.000	0.000	0.000	-9.735
1c Capital	0.000	0.000	0.000	0.000	0.000	0.000
1d Terms & Conditions	0.000	0.000	0.000	0.000	0.000	0.000
2a Procurement	0.000	0.000	0.000	0.000	0.000	0.000
2b Shared Services	0.000	0.000	0.000	0.000	0.000	0.000
3a Income and Rates of Return	0.000	0.000	0.000	0.000	-1.000	-1.000
4a Change standards	0.000	-0.800	0.000	0.000	0.000	-0.800
4b Stop doing things	0.000	0.000	0.000	0.000	0.000	0.000
4c Change assumptions	0.000	0.000	0.000	0.000	0.000	0.000
Shortfall	0.535	10.000	0.000	0.000	0.000	10.535
Total	**0.000**	**0.000**	**0.000**	**0.000**	**-1.000**	**-1.000**

Appendix 3

2016-17 Savings and RAG Status Detail (2016-20 budget round)

Ref	Adult Social Care	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
	REMOVAL OF 2015-16 SAVINGS AND ONE-OFF ITEMS						
	1b - Organisational Change - Systems						
COM018	Review Care Arranging Service	0.140				0.140	Blue
COM026	Change the type of social care support that people receive to help them live at home	0.200				0.200	Blue
ASC002	Redesign Adult Social Care pathway. Work with Procurement on areas of the pathway to drive out further efficiencies	0.395				0.395	Blue
	4c - Assumptions under Risk Review						
ASC005	One Off: Use of Earmarked Reserves in 2015/16	3.156				3.156	Blue
		3.891	**0.000**	**0.000**	**0.000**	**3.891**	
	SAVINGS						
	1b - Organisational Change - Systems						
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	-1.258	-11.983	-13.628		-1.258	Green
ASC007	Promoting Independence - Reablement - net reduction - expand Reablement Service to deal with 100% of demand and develop service for working age adults	-3.158	-1.500	-0.500		-1.200	Red
ASC008	Promoting Independence - Housing with Care - develop non-residential community based care solutions		-0.500	-0.500		0.000	Red

Ref	Adult Social Care	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
ASC009	Promoting Independence - Integrated Community Equipment Service - expand service so through increased availability and access to equipment care costs will be reduced	-0.500	-0.250	-0.250		-0.232	Red
ASC010	Reduce Training & Development spend following implementation of Promoting Independence		-0.200			0.000	Green
ASC011	Move service mix to average of comparator family group or target - all specialisms	-0.120	-0.962	-1.444		-0.120	Green
ASC013	Radical review of daycare services		-1.000	-2.500		0.000	Amber
ASC015	Move service mix to lowest of comparator family group - all specialisms		-0.200	-2.190		0.000	Red
	1d - Terms and Conditions						
GET016	Reducing the cost of business travel	-0.090				-0.090	Green
	2a Procurement						
COM042	Review of Norse Care agreement for the provision of residential care	-0.750				-0.750	Amber
	4a Reducing Standards						
COM034	Changing how we provide care for people with learning disabilities or physical disabilities	-1.500				-0.600	Red
COM040	Reduce the number of adult service users we provide transport for	-0.150				-0.150	Green
ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council	-0.900	-0.800			-0.050	Red
	4b Ceasing Service						
COM033	Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	-2.500	-0.500			-2.500	Amber
		-10.926	**-17.895**	**-21.012**	**0.000**	**-6.950**	
	Total	**-7.035**	**-17.895**	**-21.012**	**0.000**	**-3.059**	

Ref	Children's Services	2016-17	2017-18	2018-19	2019-20	2016-17 Forecast	RAG Status
		£m	£m	£m	£m	£m	
	SAVINGS						
	1b - Organisational Change - Systems						
CHI001-004	Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children	-3.000				0.000	Red
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			0.000	Green
CHL015	Update our budget because of reforms that give schools control over some funding for getting children involved in sport - we contribute to the University of East Anglia as part of a scheme to get children involved in sport and allow schools access to the athletics track. There have been some reforms which mean that all funding for such activities will be delegated to schools to choose how to spend	-0.025				-0.003	Red
CHL016	Reduce the cost of transport for children who are educated in alternative provision – by providing local services to ensure children are educated in their local school we will reduce the need to transport children to other educational provision		-0.250			0.000	Amber
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
CHL019	Review of educational services		-0.350			-0.200	Green

Ref	Children's Services	2016-17	2017-18	2018-19	2019-20	2016-17 Forecast	RAG Status
		£m	£m	£m	£m	£m	
	1c - Capital						
CHI012	Reduce the cost of transport for children with Special Educational Needs	-0.500				0.000	Red
	2a - Procurement						
CHL020	Update the budget for short breaks for children with disabilities to reflect how much we are now spending on the service - short break services give disabled children and young people an opportunity to meet new people and enjoy different experiences. They also give their families a break from their caring responsibilities. We have contracts in place with organisations to provide short breaks which offer the same level of service but for a lower price. We will change the budget to reflect how much the new service costs	-0.235				-0.295	Green
	3a - Income and Rates of Return						
CHL014	Review the income targets for the support services we sell to schools and other educational establishments - some of the services we trade are generating more income than we anticipated and others less. We need to make sure that the budget accurately reflects the levels of income that we can generate from selling support services to education providers	-0.150				-0.150	Green
	4a - Reducing Standards						
CHI014	Reduce the amount of funding we contribute to the partnerships that support young people who misuse substances and young people at risk of offending	-0.250				-0.250	Green
CHI015	Reduce funding for school crossing patrols	-0.150				-0.004	Red
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			0.000	Green

Ref	Children's Services	2016-17	2017-18	2018-19	2019-20	2016-17 Forecast	RAG Status
		£m	£m	£m	£m	£m	
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			0.000	Green
CHL026	Keep all children's centres open and focus their work on supporting the families that need them most	-1.826	-0.609	-0.609		-1.826	Green
	4c - Assumptions under Risk Review						
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	-0.250	-0.050	-0.100		-0.250	Blue
		-6.386	**-2.874**	**-1.244**	**0.000**	**-2.978**	
	Total	**-6.386**	**-2.874**	**-1.244**	**0.000**	**-2.978**	

Ref	Environment, Development and Transport	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
	REMOVAL OF 2015-16 SAVINGS AND ONE-OFF ITEMS						
	1c Capital						
EDT007	Use of earmarked reserves	0.500				0.500	Blue
	3a Income and Rates of Return						
CMM007	Income generation (external hire replacement, fire testing, highways clearance, grants from Europe)	0.250				0.250	Blue
		0.750	**0.000**	**0.000**	**0.000**	**0.750**	
	SAVINGS						
	1a - Organisational Change - Staffing						
EDT018	Highways street works delivery re-design - re-design the delivery model for the area based street works service	-0.050				-0.050	Green
EDT021	Highways asset laboratory - remove the highway asset team budget for technical highways laboratory advice and, instead, ensure any charges are included within relevant scheme/project costs	-0.067				-0.067	Green
EDT022	Highway design – bridges teams - re-design the highways bridges teams	-0.100				-0.100	Green
EDT023	Developer services – service re-design - redesign the Developer Services Team to reduce reliance on recharged work and simplify the planning appeals function	-0.100				-0.100	Green
EDT024	Business Support – vacancy management - remove vacant posts in business support	-0.133				-0.133	Blue
EDT036	Service re-design - introduce a locality based structure for the Community and Environmental Services directorate		-2.638	-5.355		0.000	Red

Ref	Environment, Development and Transport	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
	1b - Organisational Change - Systems						
ETD26	Use of alternative existing technology to provide transport monitoring data and changes to how the council procures traffic surveys	-0.135				-0.135	Green
GET07	Cut the cost of providing school transport (allocate more children to public transport contracts)	-0.020				-0.020	Green
EDT005	Introduce LED street lighting	-0.750				-0.750	Green
EDT016	Highways laboratory - reduce volume of core testing sampling carried out by Highways laboratory	-0.015				-0.015	Green
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
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	0.215	-0.383	-0.085		0.215	Green
EDT031	Highways maintenance capitalisation - capitalise funding for some highway maintenance activities and realise a revenue saving as a result	-3.000				-3.000	Green
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			-2.000		0.000	Green
	1d Terms and Conditions						
GET16	Reducing the costs of business travel	-0.031				-0.031	Green
	2a Procurement						
ETD018	Renegotiate concessionary travel schemes with bus operators	-0.350				-0.350	Blue

Ref	Environment, Development and Transport	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
EDT029	Waste disposal contracts - savings from the planned re-procurement of waste contracts	-2.000				-2.000	Green
EDT025	Bus Station and Park and Ride contracts - redesign and new contract arrangements for the Norwich Park and Ride bus service and site management at Norwich bus station	-0.350				-0.350	Green
EDT033	Agency and contracted spend - 25% savings from agency and contracted spend across a number of teams			-2.074		0.000	Red
EDT034	Transport costs - 15% saving on transport costs, including highways vehicle fleet costs, through procurement, reducing use and better journey planning			-0.458		0.000	Red
EDT035	Supplies and services - further 20% saving on supplies and services spend across all teams in Community and Environmental Services			-2.468		0.000	Red
	2b Shared Services						
ETD008	Collaboration with peer authorities for delivery of specialist minerals and waste services	-0.005				-0.005	Green
	3a Income and Rates of Return						
ETD010	Attract and generate new income for environment services with a view to service becoming cost neutral in the long term	-0.072				-0.072	Green
ETD011	Attract and generate new income for Historic Environment services with a view to service becoming cost neutral in the long term	-0.046				-0.046	Green
ETD013	Full cost recovery for delivery of travel plans with developers	-0.052				-0.052	Green
ETD014	Charge people for the advice they receive from us prior to submitting a planning application - pre-application services	-0.150				-0.150	Green
ETD017	Reduce NCC subsidy for park and ride service by ongoing commercialisation	-0.075				-0.075	Green
ETD025	Increased income from delivery of specialist highway services to third parties	-0.100				-0.100	Green

Ref	Environment, Development and Transport	2016-17	2017-18	2018-19	2019-20	2016-17 Forecast	RAG Status
		£m	£m	£m	£m	£m	
ETD028	Generation of external funding and grant programme management efficiencies	-0.100				-0.100	Green
EDT019	Economic development sector grants funding - Cease the direct funding to support economic development projects, and work with others to identify alternative ways to secure funding		-0.050			0.000	Green
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
	4a - Reducing Standards						
EDT030	Highways maintenance standards - Reduce/revise some non-safety critical highway maintenance standards	-0.084				-0.084	Green
	4b Ceasing Service						
ETD27	Review budget allocations for economic development projects	-0.090				-0.090	Green
EDT017	Highway network analysis and safety procurement - reduce spend on external network analysis and safety activities, including deployment of Traffic Marshalls in Norwich City centre	-0.040				-0.040	Green
		-7.700	**-3.071**	**-12.691**	**0.000**	**-7.700**	
	Total	**-6.950**	**-3.071**	**-12.691**	**0.000**	**-6.950**	

Ref	Communities	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
	REMOVAL OF 2015-16 SAVINGS AND ONE-OFF ITEMS						
	3a - Income and Rates of Return						
CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history		0.100			0.000	Red
		0.000	**0.100**	**0.000**	**0.000**	**0.000**	
	SAVINGS						
	1a - Organisational Change - Staffing						
RES079	Review and reduce staffing in Customer Services and Communications to reflect changes in communication practices and the business requirements of the organisation	-0.042				-0.042	Green
COM002	Reductions in staff and increased income from car parking & ancient house museum (Thetford)	-0.010				-0.010	Green
CMM017	Customer Service teams - re-shape some customer service delivery teams	-0.059				-0.059	Green
CMM018	Customer Service delivery re-design - further re-shaping and re-design of some customer service teams		-0.100	-0.100		0.000	Green
CMM025	Registration service staffing structure - review and re-shape some teams	-0.050				-0.050	Green
	1b - Organisational Change - Systems						
	Reduced cost of ICT refresh	-0.100				-0.100	Green
RES082	Efficiency savings arising from utilising Public Health skills and resources to remove duplication	-0.350	0.805			-0.350	Green
P&R011	Review mail operations	-0.065				-0.065	Green
CMM013	Healthwatch - reduce the Healthwatch grant		-0.150			0.000	Green
	1c Capital						
FR001	Purchase different, cost effective fire vehicles for some stations	-0.227				-0.227	Green

Ref	Communities	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
	2a - Procurement						
CMM031	Transport costs - 15% saving on transport costs, including fire service fleet costs, through procurement, reducing use and better journey planning			-0.187		0.000	Red
CMM032	Supplies and services - further 20% saving on supplies and services spend across all teams in Community and Environmental Services directorate			-1.170		0.000	Red
	2b Shared Services						
ETD024	Changes to the delivery of road safety education and evaluation to make greater use of community resources	-0.200				-0.200	Green
	3a - Income and Rates of Return						
COM015	Norfolk Record Office - increased income generation	-0.010				-0.010	Green
ETD002	Charge for advice to business from our Trading Standards service	-0.020				-0.020	Green
RES039	Increase charges for registration services	-0.050				-0.050	Green
P&R031	Portal for "Norfolk Weddings" registrars additional income	-0.025				-0.025	Green
CMM036	Registration service income generation - develop business opportunities within the service to generate additional income			-0.080		0.000	Green
	4a - Reducing Standards						
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	0.078	-0.138			0.078	Green
CMM022	Libraries self-service - introduce technology (Open Plus) to enable libraries to open with self-service machines			-0.622		0.000	Green
CMM024	Registration service accommodation costs - close four part-time registration offices at Downham Market, Fakenham, Watton and Swaffham and find alternatives for provision in public buildings at no cost	-0.025				-0.025	Green

Ref	Communities	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
CMM026	Special service mobile library service - change the mobile library service for people in residential care, by encouraging care homes to pay for the service or using volunteers to provide books for individual people	-0.010	-0.044			-0.010	Green
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	-0.010	-0.044			-0.010	Green
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	-0.300		-0.600		-0.300	Green
		-1.475	**0.329**	**-2.759**	**0.000**	**-1.475**	
	Total	**-1.475**	**0.429**	**-2.759**	**0.000**	**-1.475**	

Ref	Policy and Resources	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
	REMOVAL OF 2015-16 SAVINGS AND ONE-OFF ITEMS						
	1a - Organisational Change - Staffing						
P&R043	Reverse Resources saving delivered by use of one-off reserves and shared services recharging in 2015-16	0.200				0.200	Blue
	2a - Procurement						
P&R041	Insurance	1.000				1.000	Blue
	1d - Terms and Conditions						
GET015	Reducing the costs of employment	0.440				0.440	Blue
	4c - Assumptions under Risk Review						
P&R044	County Farms funding (one-off reversal)	2.000				2.000	Blue
		3.640	**0.000**	**0.000**	**0.000**	**3.640**	
	SAVINGS						
	1a - Organisational Change - Staffing						
RES068	Reduce staff in the HR Reward team	-0.018				-0.018	Blue
RES071	Restructure and reduce staff across HR	-0.155				-0.155	Blue

Ref	Policy and Resources	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
P&R004	Accelerate "self service" for employees/mgrs. - HR/Finance/ICT	-0.100				-0.100	Green
P&R005	Automate more information and performance reports	-0.050				-0.050	Green
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	-0.625	-0.625			0.000	Red
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 - delayering, critical review of all activities to ensure either we are helping to deliver council outcomes or we are working at a statutory minimum, reduce failure demand, automation wherever possible	-0.500	-0.500	-0.500		-0.500	Green
	1b - Organisational Change - Systems						
RES034	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	-0.115				-0.115	Blue
RES063	Reduce spend on properties with third parties	-0.100				-0.100	Green
RES081	Reduce printed marketing materials	-0.054				-0.054	Green
P&R014	Courier savings - enforce, bring forward, digitise HR process	-0.030				-0.030	Green
P&R018	Org Change: reduced ICT spend through single device convergence	-0.625				0.000	Red
P&R046	Cutting costs through efficiencies: subscriptions - assess value for money of corporate subscriptions and cancel as appropriate - use online access only to trade subscriptions	-0.050				-0.050	Green

Ref	Policy and Resources	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
P&R047	Customer services channel shift - utilise the council's customer service strategy to further reduce face-to-face customer contact	-0.200				-0.200	Green
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, c£7m			-0.200		0.000	Green
P&R061	Aligning budgets to actual expenditure: Norfolk Local Assistance Scheme - the NLAS replaced parts of the Discretionary Social Fund from 2013 onwards. These funds are not ring-fenced and offer a more flexible response to unavoidable need aligning to a wide range of local support local authorities can offer. Historically the fund has not been fully called upon, the saving is based upon the forecast spend for 2015-16	-0.200				-0.200	Green
P&R063	Cutting costs through efficiencies by menu based pricing - the services provided by Resources have evolved since the formation of Shared Services in 2010, services have had little visibility of costs or the ability to control them. A full review of the prices of services and equipment would offer visibility and choice to services - alternatives may include self service	-0.500	-0.500	-0.500		0.000	Red
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	-0.300	-0.300	-0.300		-0.300	Green
	1d Terms and Conditions						

Ref	Policy and Resources	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
GET016	Reducing the cost of business travel	-0.016				-0.016	Green
	2a - Procurement						
P&R021	Pay per use ERP		-0.100			0.000	Red
P&R022	New Multi Functional Devices contract 2016	-0.070				-0.070	Green
P&R024	Rationalise applications and centralise all applications spend	-0.100				-0.100	Green
P&R025	Corporate Banking project - move to Barclays		-0.035			0.000	Green
	3a - Income and Rates of Return						
RES064	Increase income from Nplaw	-0.051				-0.051	Green
P&R027	County Hall refurbishment savings	-0.751				-0.751	Green
RESN/A	Reduced cost of borrowing	-0.825				-0.825	Green
RESN/A	New Homes Bonus	-1.529				-1.529	Green
P&R033	Interest rate increases	-0.990				-0.990	Green
P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-0.570	-1.430	-1.000	-1.000	-0.570	Green
P&R027	Removal of Property saving	0.600				0.600	Green
P&R028	Stop all trading that doesn't cover costs or bring in higher revenue	-0.050				-0.050	Green
P&R030	Corporate Property Team approach to sponsorship & advertising		-0.100			0.000	Green

Ref	Policy and Resources	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
P&R048	Cost recovery: charging for the use of credit cards - charging service users who wish to pay bills using a credit card, thereby offsetting the costs to the council	-0.020				-0.020	Green
P&R049	Review of accounting treatment for notional debt repayment	-9.326	-5.216			-9.326	Blue
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		-0.100	Green
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	-0.750	-0.500			-0.750	Green
P&R054	Raising revenue: NCC company borrowings - Council owned companies borrow from banks and other institutions, this presents an opportunity to arbitrage the high level of cash holdings the authority currently has and eliminate a profit margin - typically 1.3% - 2.0% on £30m - £40m of borrowings	-0.700				-0.700	Green
P&R056	Reduction in external audit costs	-0.100				-0.100	Green
P&R057	Raising revenue: commercialisation investment fund - investment in a range of commercial activities, in particular the council's wholly owned companies, e.g.	-0.750				-0.750	Green

Ref	Policy and Resources	2016-17	2017-18	2018-19	2019-20	2016-17 Forecast	RAG Status
		£m	£m	£m	£m	£m	
	NORSE have a pipeline of energy related projects for a mix of public sector and private clients						
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
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			0.000	Green
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	-0.300	-0.500	-0.500		-0.300	Green
P&R066	Second Homes income			-1.200		0.000	Green
	4a Reducing Standards						
RES011	Continued efficiencies in tendering and contract management in Procurement	-0.083				-0.083	Green
	4c - Assumptions under Risk Review						
P&R068	Insurance Fund saving	-2.000	2.000			-2.000	Blue

Ref	Policy and Resources	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2016-17 Forecast £m	RAG Status
P&R069	Use of Organisational Change Reserve to fund Social Care system in 2016-17	-0.478	0.478			-0.478	Blue
P&R070	Use of Business Risk Reserve to fund reprofiling of COM033 Adults saving in 2016-17	-0.500	0.500			-0.500	Blue
P&R071	Use of Organisational Change Reserve in 2016-17	-0.132	0.132			-0.132	Blue
		-23.213	**-6.846**	**-4.800**	**-1.000**	**-21.463**	
	Total	**-19.573**	**-6.846**	**-4.800**	**-1.000**	**-17.823**	

Appendix 4

Definition of Savings Categories

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

Policy and Resources Committee Item No 11

Report title:	**Mid Year Treasury Management Monitoring Report 2016-17**
Date of meeting:	**28th November 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

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 1st April 2016 to 30th September 2016.

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 1st April 2016 to 30th September 2016.

On the 4th August 2016 the Bank of England reduced the bank base rate from 0.5% to 0.25%. The previous rate had stood since March 2009.

At the 30th September 2016, the Council's external debt was £484M and its investments totalled £175M.

Members are asked to:

- **endorse and recommend to County Council, the Mid Year Treasury Management Monitoring Report 2016-17.**

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) 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."

1.2 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.

1.3 In addition to regular monitoring, 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.

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 1st April 2016 to 30th September 2016. 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 annex to this report sets out the treasury management activities of the County Council for the six month period from 1st April 2016 to 30th September 2016.

Officer Contact

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

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IN TRAN communication for all

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Annex

Mid Year Treasury Management Monitoring Report 2016-17

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 (2016-17) was approved by County Council on the 22nd February 2016.

1.2 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.

1.3 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 This mid year review provides commentary on economic conditions (produced by Capita, the Council's external treasury advisors) and details treasury activities for the period 1st April 2016 to 30th September 2016 including; cash balances and cash flow management, investment performance, counterparty management, long term borrowing/debt management and prudential indicators.

2. Capita's Economic Overview - October 2016

Economic performance year to date

UK

2.1.1 Growth fell back to +0.4% (2.0% year on year) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% year on year) in quarter 2 of 2016. During this time the economy faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the European Union, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June of this year delivered an immediate shock fall in confidence, with business surveys pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.

2.1.2 The Bank of England meeting on August 4th addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on 23rd November.

U.S.

2.1.3 At the end of 2015 forward indicators were pointing towards a pickup in growth during 2016, at which point the United States Federal Reserve embarked on its long anticipated first increase in interest rates at its December 2015 meeting. At that point, confidence was high that there would then be further increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

Eurozone

2.1.4 In 2015 the European Central Bank (ECB) commenced its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected Eurozone countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017. At recent meetings the ECB has cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. It also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

Japan

2.1.5 Japan is still bogged down in weak growth and making little progress on fundamental reform of the economy while Chinese economic growth has been weakening and medium term risks have been increasing.

2.2 Capita Interest Rate Forecast

2.2.1 Capita forecast a further cut in Base Rate to near zero before the end of the year. The forecasts below therefore includes a further cut to 0.10% in December this year and a first increase in May 2018 to 0.25% but no further increase until a year later. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.

2.2.2 The overall longer run trend is for gilt yields and Public Works Loans Board (PWLB) rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities. However, we have been experiencing exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates.

2.2.3 The tables below provide a mid year update in respect of forecast movement in interest rates over the medium term (Capita – October 2016). The first table forecasts investment rates (London Interbank Bid Rate) for three, six and twelve month deposits. The second table details Public Works Loan Board rates for loan periods between five and fifty years.

Bank Rate and Deposit Rate Forecasts (%)				
	Bank Rate	3 month LIBID	6 month LIBID	12 month LIBID
Dec-16	0.10	0.20	0.30	0.50
Mar-17	0.10	0.20	0.30	0.50
Jun-17	0.10	0.20	0.30	0.60
Sep-17	0.10	0.20	0.40	0.60
Dec-17	0.10	0.20	0.40	0.70
Mar-18	0.10	0.30	0.50	0.70
Jun-18	0.25	0.30	0.50	0.70
Sep-18	0.25	0.30	0.50	0.80
Dec-18	0.25	0.40	0.60	0.80
Mar-19	0.25	0.40	0.60	0.80

Forecast Long Term Borrowing Rates (%)				
	5 year PWLB	10 year PWLB	25 year PWLB	50 year PWLB
Dec-16	1.00	1.50	2.30	2.10
Mar-17	1.00	1.50	2.30	2.10
Jun-17	1.10	1.60	2.40	2.20
Sep-17	1.10	1.60	2.40	2.20
Dec-17	1.10	1.60	2.40	2.20
Mar-18	1.10	1.60	2.40	2.20
Jun-18	1.20	1.70	2.50	2.30
Sep-18	1.20	1.70	2.50	2.30
Dec-18	1.20	1.70	2.50	2.30
Mar-19	1.20	1.70	2.50	2.30

3. Cash Balances and Cash Flow Management

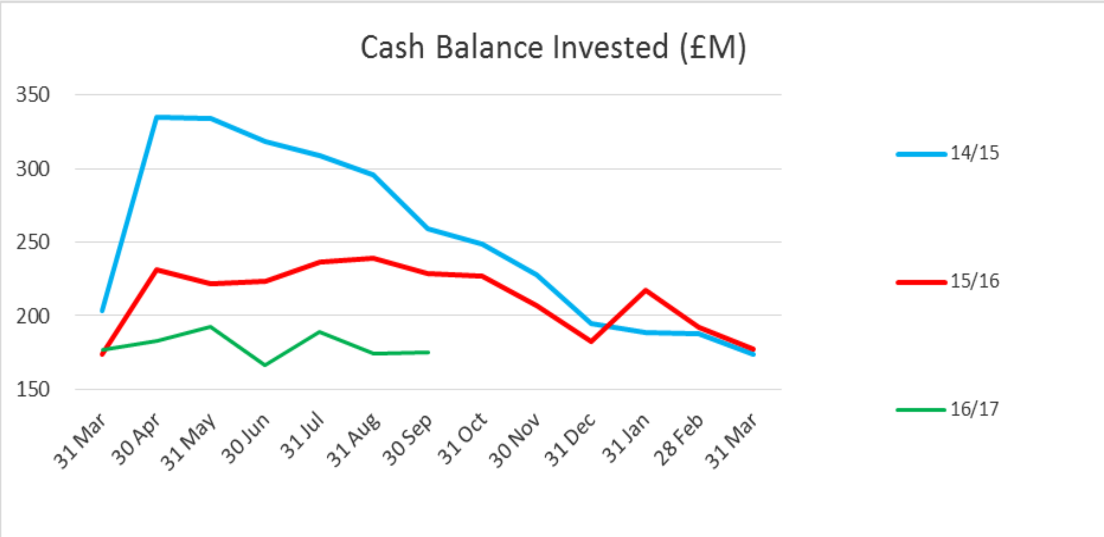
3.1 The Council's cash balances comprise of revenue and capital resources, such as general balances, provisions and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of County Council services and its capital programme. The average level of cash balances year to date totals £179M.

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 in order to ensure that the maximum interest is earned.

3.4 Of the 450 bank accounts administered by the County Council, only 3 are principal accounts (one for 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 450 accounts by aggregating and investing surplus cash balances on a daily basis.

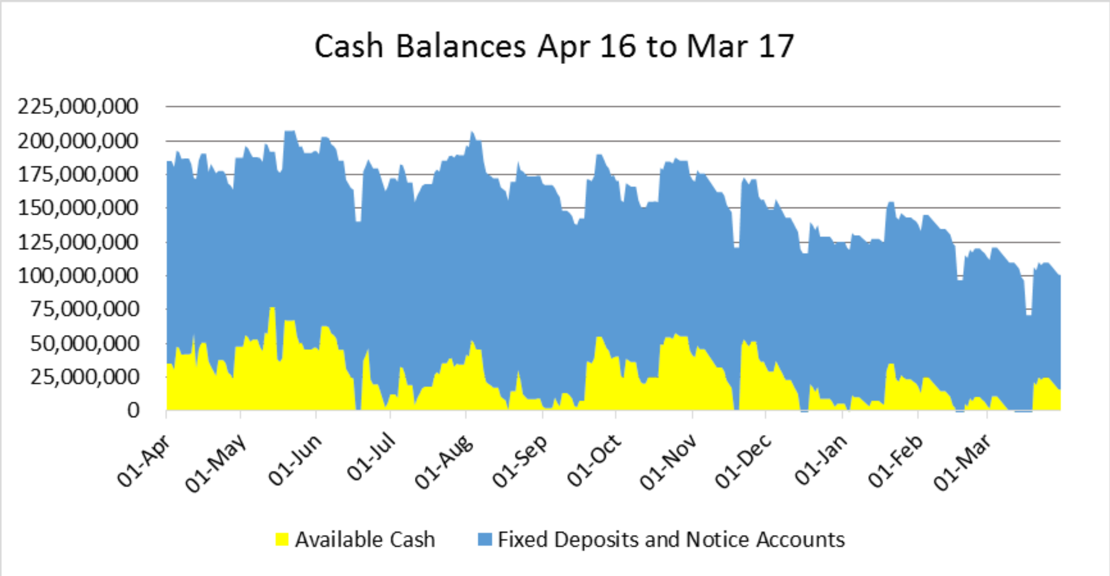
3.5 Year to date, income received amounts to £797M, while payments (including debt repayment) total £799M, resulting in a small decrease in cash balances of £2M. Cash balances available for investment have therefore reduced from £177M at 1st April 2016 to £175M at the 30th September 2016. The table below shows the level of cash balances over the last two and a half years. The Government's smoothing of the distribution profile of government grants is clearly visible.



3.6 To cover daily liquidity, the County Council may borrow short-term from the money markets. With the County Council reducing the level of liquid cash held on short-term deposit in favour of higher yielding longer term deposits, the Council has borrowed on two separate occasions during the first 6 months of this year; see table below. On both occasions short-term borrowing was only required for a few days until the scheduled payment of precept monies (from council tax) was paid over by the local District and City Councils.

Short Term Borrowing					
Borrow	Repayment	Days	Value	Interest Rate	Interest Paid
17-Jun-16	19-Jun-16	3	7,960,000	0.32%	209.36
12-Jul-16	18-Jul-16	7	10,000,000	0.28%	536.99

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), to the 30th September 2016. The forward forecast of daily liquidity for the remainder of this financial year to the 31st March 2017, shows the lowest levels of liquidity to be mid-month in November, December 2016 and February and March 2017 when staff salaries are paid. The current average daily liquidity level, assuming no new long term fixed deposits, is around £26M.



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 and markets benefiting from Government liquidity measures, it is a very difficult investment environment in terms of earning anything like the level of interest rates commonly seen prior to the global financial crisis.

4.2 At the 30th September 2016, the Council held £175M 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	39.6	0	35	15	5	70
Non-UK Banks	0	10	0	0	0	0
Building Societies	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**39.6**	**10**	**35**	**15**	**5**	**70**

4.3 A more detailed investment profile at 30th September 2016 is shown at Appendix 1.

4.4 The average interest rate earned year to date is 1.03%. Not only does this compare very favorably with the average London Interbank Bid Rate (LIBID) – outperforming the 12 month LIBID deposit rate, the rate earned is more than 0.25% higher than last year's reported performance figure. 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.

2016/17	**Interest Earned Year to Date (%)**	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 16	**0.97**	0.36	0.46	0.62	0.89
May 16	**0.99**	0.36	0.46	0.61	0.88
Jun 16	**1.06**	0.36	0.45	0.58	0.84
Jul 16	**1.07**	0.35	0.39	0.48	0.70
Aug 16	**1.08**	0.14	0.28	0.40	0.61
Sep 16	**1.03**	0.12	0.25	0.40	0.62

4.5 Gross interest earned for the period 1st April 2016 to 30th September 2016 is £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 totaled £17M, earning interest of £0.036M between 1st April 2016 and 30th September 2016.

5. Counterparty Maintenance

5.1 The Executive Director of Finance is responsible for maintaining an Approved Counterparty List in accordance with the criteria as set out in the approved Annual Investment and Treasury Strategy 2016-17. 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 has been no credit rating downgrades during the period 1st April 2016 to 30th September 2016 that have resulted in counterparties being removed from the approved counterparty list.

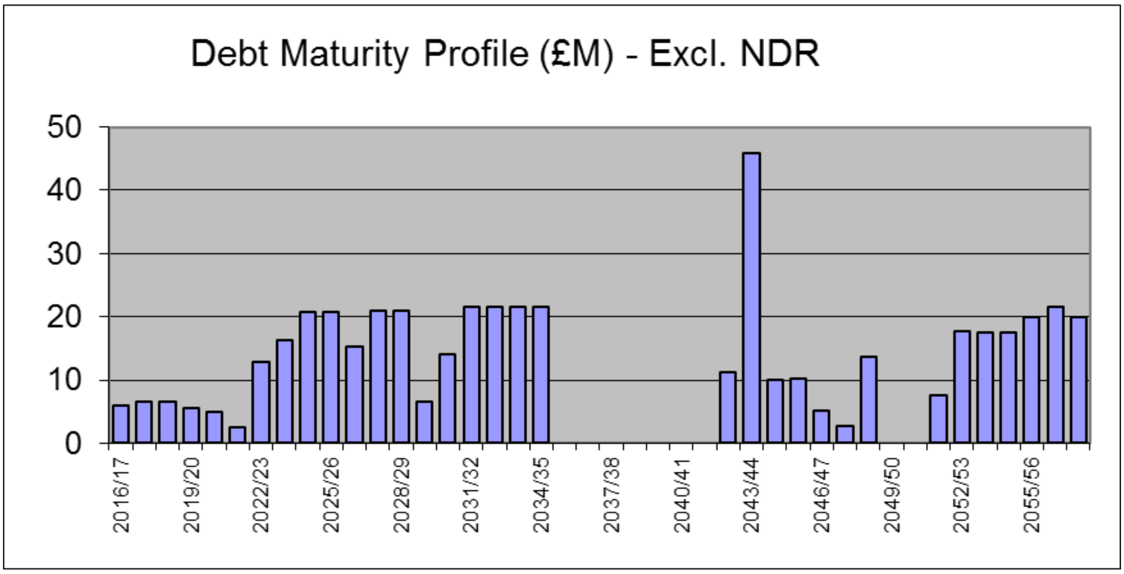
6. Long Term Borrowing/Debt Management

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 2016-17 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 an initial £17M for the Northern Distributor Road (NDR) project. The application to the PWLB was made in two stages the first in July 2016 securing a £8.5M 25 year loan at 1.79%, the second application was made in August again for £8.5M over 25 years at a rate of 1.74%.

6.4 At the 30th September 2016, the Council's external borrowing (debt outstanding) totaled £484M. The re-payment profile for debt is shown below.



6.5 Appendix 2 shows debt maturities during the last 3 years, including the amount of debt repaid, the rate of interest and interest savings.

6.6 The Council's overall borrowing requirement (excluding the NDR project) in 2016-17 is approx. £170M. This represents past capital expenditure for which the approved borrowing has not yet been drawn down. The Executive Director of Finance, 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).

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 in order to identify repayment opportunities.

6.8 The Council continues to maintain its total gross borrowing level within its Authorised Limit of £777M for 2016-17. 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 2016.

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'. Monitoring of the 2016-17 treasury management approved indicators has highlighted no significant deviation from expectations as at 30th September 2016.

Outstanding Deposit Profile @ 30th September 2016 **Appendix 1**

Counterparty Name	Deal Date	Maturity Date	Interest Rate %	Principal £M
Barclays Bank Group				
Barclays Bank Call Account	Instant Liquidity		0.40*	39.6
Barclays Bank	01-Apr-16	17-Mar-17	0.98	25
				64.6
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 Intl Bank	24-May-16	24-May-17	1.045	5
Goldman Sachs Intl Bank	23-Jun-16	17-Feb-17	0.87	10
				15
Landesbank Baden-Wuerttemberg				
Landesbank Baden-Wuerttemberg	23-Jun-16	18-Nov-16	0.65	10
				10
Lloyds Banking Group				
Lloyds TSB	13-Apr-16	13-Apr-17	1.05	5
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-May-17	1.05	5
Lloyds TSB	16-May-16	16-Nov-17	1.28	20
Lloyds TSB	27-Jul-16	27-Jul-17	1.05	5
				60
Santander UK				
Santander UK 365 Day Notice	Not yet called		1.05	5
				5
Total Deposits				**174.6**

* Latest rates as at 30th September 2016

In addition deposits of £12.581m were held on behalf of other bodies:

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

Debt Maturities 2013/14 to 2015/16

Maturity Date	Amount Repaid	Rate	Full Year Interest Saving
11/04/2013	£2,000,000	4.625%	£92,500
15/06/2013	£1,000,000	4.750%	£47,500
30/09/2013	£1,000,000	4.750%	£47,500
11/10/2013	£2,000,000	4.625%	£92,500
15/12/2013	£1,025,000	6.500%	£66,625
31/03/2014	£1,500,000	4.750%	£71,250
2013/14	£8,525,000		£417,875
11/04/2014	£2,000,000	4.625%	£92,500
15/06/2014	£500,000	9.375%	£46,875
15/06/2014	£1,500,000	4.750%	£71,250
30/09/2014	£1,000,000	5.000%	£50,000
11/10/2014	£1,500,000	4.625%	£69,375
15/12/2014	£500,000	9.500%	£47,500
15/12/2014	£1,500,000	4.750%	£71,250
31/03/2015	£500,000	9.375%	£46,875
2014/15	£9,000,000		£495,625
11/04/2015	£1,000,000	4.625%	£46,250
15/06/2015	£500,000	9.375%	£46,875
30/09/2015	£1,500,000	5.000%	£75,000
11/10/2015	£500,000	9.625%	£48,125
11/10/2015	£500,000	4.625%	£23,125
15/12/2015	£500,000	9.500%	£47,500
31/03/2016	£500,000	9.375%	£46,875
31/03/2016	£1,500,000	5.000%	£75,000
2015/16	£6,500,000		£408,750
Apr 13 to Mar 16	**£24,025,000**		**£1,322,250**

Policy and Resources Committee

Item No. 12a

Report title:	**Resources and Finance vital signs performance management report**
Date of meeting:	**28th November 2016**
Responsible Chief Officer:	**Simon George, Executive Director of Finance and Debbie Bartlett Head of Business Intelligence & Performance Service and Corporate Planning and Partnerships Service**

Strategic impact

Robust performance management is key to ensuring that the organisation works efficiently and effectively to develop and deliver services that represent good value for money, deliver the Council's priorities, and improve outcomes for Norfolk people.

Executive summary

This paper presents up to date performance management information for Resources and Finance. This is based on the 'vital signs' performance indicators agreed by the committee as part of the Council's revised performance management framework introduced in April 2016.

Performance information is presented in appendices to this report as follows:

- Appendix 1 presents the full dashboard of Resources and Finance Vital Signs performance indicators.
- Appendices 2A to 2L present the individual report cards for indicators that meet the exceptions criteria for detailed reporting to committee (off target; deteriorating performance; affecting the budget; or affecting corporate risks).

In summarising performance, the paper highlights those vital signs that are on or better than the target.

The paper then references the 'exceptions' vital signs that are reported in detail via Appendix 1.

Recommendation

1. Review and comment on the performance data and recommended action.

1. Introduction

1.1. This paper presents up to date performance management information for Resources and Finance. This is based on the ‘vital signs’ performance indicators agreed by the committee as part of the Council’s revised performance management framework introduced in April 2016.

1.2. The dashboard at Appendix 1 shows the overall picture month by month of all the vital signs.

1.3. The report cards at appendices 2A to 2L give more detail on vital signs where:

- Performance is off-target (Red RAG rating or variance of 5% or more); and/or
- Performance has deteriorated for three periods (months/quarters/years); and/or
- Performance is adversely affecting the council’s ability to achieve its budget; and/or
- Performance is adversely affecting one of the council’s corporate risks.

2. Performance Commentary

2.1. Our strategy for services in Resources and Finance is to develop an efficient business infrastructure which aligns key corporate services, including ICT, human resources and finance – in the most cost-effective way to support members and staff to do their job.

2.2. Vital signs where there is a notable change this reporting period include:

- There is a mixed picture for ICT and information management measures. Calls to the ICT helpdesk which have been abandoned have more than doubled; incidents resolved in line with the service level agreement have remained below target. However, a new measure – the availability of ICT systems – points to good reliability, and the number of incidents resolved at first point of contact continues to be significantly higher than this time a year ago.
- The time it takes to respond to subject access request has dipped this month, while the timeliness of response to FOIs has dipped just below our target for the third month in a row. Significant progress has been made in updating and strengthening information management policies and protocols. During October the Information Commissioner’s Office carried out a planned data protection audit of our records management and training and development. A verbal update on any feedback from the ICO will be available at the meeting.
- It is taking the Council longer to deal with complaints – an average of 17.2 days compared with 9.7 days in June. The volume of complaints referred to us through MPs has increased, and overall many of the complaints are more complex to deal with.
- Analysis of data in the 12 months up to 30 September shows that there continues to be an increase in the number of people who take no sickness (up to 47.6% from 42%).
- Data shows that long term sickness accounts for 69% of all recorded sickness compared to 56% as at 31 March 2016. 15% of staff who are sick are off on long term sickness and their absences are getting longer (average of 59 days as at 30 September compared to 49 days as at 31 March).

2.3. There are 12 report cards attached in the appendices. They are:

Ref	Appendix
2A	Finance: Budget monitoring – forecast vs budget at a county level

2B	Finance: Savings targets delivered - by Committee
2C	Finance: Ratio of corporate net expenditure compared to frontline net expenditure
2D	IM: Subject Access Requests (SAR) - % resolved within timescales
2E	ICT: Abandonment Rate - % of calls abandoned on the ICT Service Desk
2F	ICT: Incidents resolved within Service Level Agreement
2G	HR: Sickness absence - % lost time
2H	Customer Access: Complaints Efficiency
2I	Democratic Services: Percentage of Service Committee reports that are “to follow”
2J	HR: Appraisals Completion Rate
2K	Finance: Capital receipts
2L	Procurement: Timeliness of tendering process (for larger tenders placed in the Official Journal) - median delay in days

3. Key actions being undertaken to address performance issues

3.1 The report cards presented in Appendices 2A - L contain details of the actions being undertaken to address performance issues. Notably:

- Departments are working closely with Finance to provide updated detailed savings plans to address budget shortfalls.
- A clear set of priorities for ICT to strengthen reliability.
- Additional capacity from within corporate complaints to improve the efficiency of handling increasingly complex complaints.

4. Recommendations

4.1 Committee Members are asked to:

- Review and comment on the performance data and recommended actions.

5. Financial Implications

5.1 There are no significant financial implications arising from the development of the revised performance management system or the performance management report.

6. Issues, risks and innovation

6.1 There are no significant issues, risks and innovations arising from the development of the revised performance management system or the performance management report.

7. Officer contact

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

Debbie Bartlett	Tel No: 01603 22275	Email: debbie.bartlett@norfolk.gov.uk
Simon George	Tel No: 01603 222400	Email: simon.george@norfolk.gov.uk

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Norfolk County Council

Policy and Resources Committee - Vital Signs Dashboard

NOTES:
In most cases the RAG colours are set as: Green being equal to or better than the target; Amber being within 5% (not percentage points) worse than the target; Red being more than 5% worse than target.
'White' spaces denote that data will become available; 'grey' spaces denote that no data is currently expected, typically because the indicator is being finalised.
The target value is that which relates to the latest measure period result in order to allow comparison against the RAG colours. A target may also exist for the current and/or future periods.

Monthly	Bigger or Smaller is better	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Target
{Finance} Budget monitoring – forecast vs budget at a County level	On plan	£5.74m	£4.28m	£3.13m	£2.48m	£0.0m	£0.0m	-£0.05m		£9.5m	£11.1m	£21.4m	£21.39m	£20.75m	**£0.0m**
{Finance} Savings targets delivered - by committee	Bigger							£23.05m	£41.42m	£35.53m	£34.29m	£31.96m	£31.96m	£32.29m	**£41.42m**
{Finance} Capital programme tracker	Bigger											86.0%	95.0%	94.0%	**100.0%**
{Finance} Ratio of corporate net expenditure compared to frontline net expenditure	Smaller							7.1%		5.8%	6.1%	6.2%	6.5%	6.5%	**6%**
{Finance} Savings - support services compared to front line	Bigger							77.0%		81.0%	80.0%	81.0%	81.0%	82.0%	**81.0%**
{NPLaw} The number of successful legal challenges to the routes taken	Smaller								0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
{NPLaw} NPLaw charging model fully recoups the cost of providing the service (including all overheads)	Bigger							£510k				£658k	£638k	£712k	**£512k**
{IM} Subject Access Requests (SAR) - % resolved within timescales	Bigger	80.0%	100.0%	82.0%	79.0%	89.0%	83.0%	75.0%	95.0%	81.0%	75.0%	95.0%	93.0%	75.0%	**95.0%**
{IM} Freedom of Information (FOI) requests - % resolved within timescales	Bigger	97.0%	92.0%	97.0%	90.0%	97.0%	97.0%	96.0%	93.0%	98.0%	86.0%	91.0%	92.0%	93.0%	**95.0%**
{IM} Number of DPA breaches categorised as Serious	Smaller	0	0	2	0	0	0	1	0	0	0	0	0	0	**0**
{ICT} Abandonment Rate - % of calls abandoned on the ICT Service Desk	Smaller	21.0%	16.0%	16.0%	12.0%	15.0%	15.0%	16.0%	15.0%	11.0%	10.0%	8.0%	5.0%	12.0%	**10.0%**
{ICT} ICT incidents per customer per month	Smaller		1.6	1.7	1.4	1.5	1.6	1.5	1.4	1.7	1.6	2.3	1.1	1.4	**1.5**
{ICT} First line fix	Bigger		19.0%	23.0%	25.0%	23.0%	25.0%	27.0%	27.0%	35.0%	39.0%	42.0%	38.0%	42.0%	**28.0%**
{ICT} Incidents resolved within SLA	Bigger								67.0%	69.0%	70.0%	70.0%	69.0%	69.0%	**95.0%**
{Procurement} % external spend on formal contracts	Bigger	91.0%	90.0%	90.0%	90.0%	90.0%	89.0%	89.0%	89.0%	94.0%	95.0%	93.6%	96.7%	95.5%	**92.0%**

{HR} Sickness absence - percentage lost time	Smaller	3.44%	3.25%	3.32%	3.32%	3.33%	3.16%	3.34%	3.34%	3.48%	3.48%	3.51%	3.50%	3.47%	3.00%
{HR} Time to recruit	Smaller								9.90	12.88	12.22	12.99	10.18	10.07	11.00
{HR} Mandatory Data Protection Act e-learning - % non-compliance	Smaller							4.9%			7.9%	5.4%	3.7%	2.7%	5.0%
{ICT} Systems availability	Bigger													99.0%	99.0%
{Customer Access} Complaints Efficiency	Smaller								9.7	14.0	13.2	15.2	16.6	17.2	10

Quarterly / Termly	Bigger or Smaller is better	Sep 13	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Target
{HR} Induction and onboarding first impression survey	Bigger											90.5%	95.0%		90.0%
{Dem.Services} Percentage of service committee reports marked "to follow"	Smaller									7.0%	8.5%	10.5%	12.0%	8.5%	6.0%

Annual (calendar)	Bigger or Smaller is better	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Target
{NPLaw} File Reviews - show that options and risks have been presented and considered	Bigger											96.0%	98.0%	100.0%	100%
{HR} Appraisal completion rate	Bigger										33.2%	60.7%	54.3%	81.0%	95%

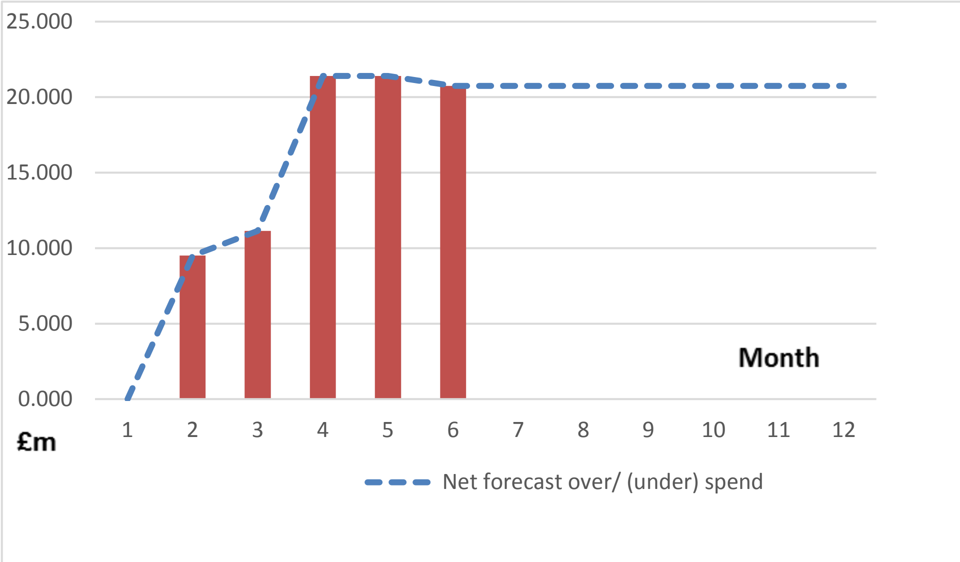
Annual (financial / academic)	Bigger or Smaller is better	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Target
{Finance} Capital receipts	Bigger												£8.33m	£1.87m	£8.09m
{NPLaw} Client confidence in NPLaw - Client satisfaction surveys	Bigger											98%	99%	100%	100%
{Procurement} Proportion of OJEU tenders where market engagement took place before the contract notice was placed	Bigger												53.0%	78.0%	
{Procurement} Timeliness of tendering process (for larger tenders placed in the Official Journal) - median delay in days	Smaller												8.0	14.0	10.0
{Procurement} Proportion of tenders for which there are at least three bids	Bigger												87.0%	87.0%	80.0%
{HR} Agency and contract staffing spend as a percentage of pay bill	Smaller										2.5%	3.0%	3.4%	4.2%	10.0%
{Dem.Services} Member Satisfaction with Support provided by Democratic Services	Bigger												98%		98%

Budget monitoring – Forecast v Budget

Why is this important?

Members set an affordable cash limited revenue budget each year: any net overspends will reduce already limited reserves.

Performance



The graph above shows an overspend of **£20.746m** forecast at the end of September 2016, subject to approval of reserves use.

What is the background to current performance?

As in previous years, the main areas of forecast service overspend are as follows:

- Adult Social Services: the net cost of services to users (Purchase of Care and hired transport), and risks associated with the delivery of recurrent savings.
- Children's Services: Looked After Children numbers remain higher than planned. The Children's Services Committee intends to review the use of reserves including the dedicated schools grant at its January meeting, the result of which may have an impact on the overspend and forecast reserves balances shown in this report.

The overspend takes into account full use of the £10m Business Risk reserve plus a £2.75m one-off Public Health contribution to services that deliver a public health outcome.

What will success look like?

- A balanced budget, with no net overspend at the end of the financial year.
- Where forecast overspends are identified, actions are put in place to mitigate and minimise these overspends.

Action required

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

Responsible Officers	Lead: Harvey Bullen, Head of Budgeting and Financial Management Data: Howard Jones, Corporate Accounting Manager

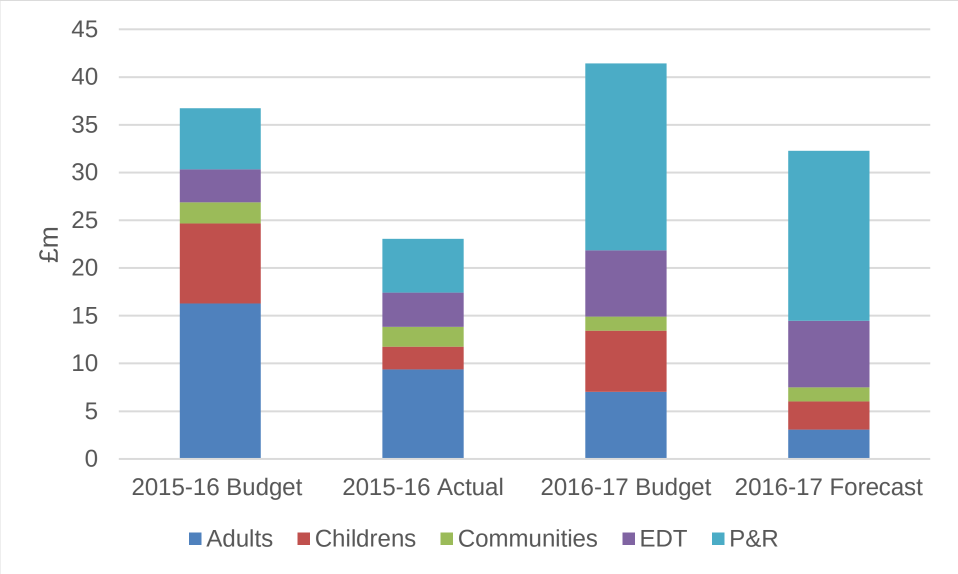
Savings targets delivered - by Committee

Why is this important?

Making savings is key to supporting delivery of a balanced outturn position and ensuring the Council maintains a robust financial position.

Performance

Budgeted Savings compared to Actual / Forecast by Committee



Savings forecast for 2016-17 is £32.285m, this is 22% below budget.

What is the background to current performance?

- Historically the Council has a good track record of achieving budgeted savings, delivering £200.177m of savings in the period 2011-12 to 2014-15, against budgeted savings of £207.855m.
- In 2015-16, there was a shortfall in savings delivery of £13.676m, reflecting increasing challenges in identifying and achieving savings. The shortfall was offset by other underspends within the Council's overall budget. This meant 23.045m of savings were achieved against budgeted savings of £36.721m.
- Savings of £41.419m have been budgeted for 2016-17.
- There are significant challenges to the delivery of future planned savings, particularly in relation to the Purchase of Care and Looked After Children budgets.
- At period 6, 2016-17 savings of £32.285m are forecast to be delivered, this is a shortfall in savings of £9.134m.

What will success look like?

- Planned levels of savings are achieved, supporting the Council to deliver a balanced outturn position for 2016-17.
- A robust financial position ensuring stability for the budget-setting process for future years.

Action required

- Various actions are underway to deliver individual saving plans.
- Details of the forecast shortfalls in savings are reported to P&R Committee and details of mitigating actions are set out in the report.

Responsible Officers	Lead: Harvey Bullen, Head of Budgeting and Financial Management Data: Titus Adam, Financial Projects and Planning Manager

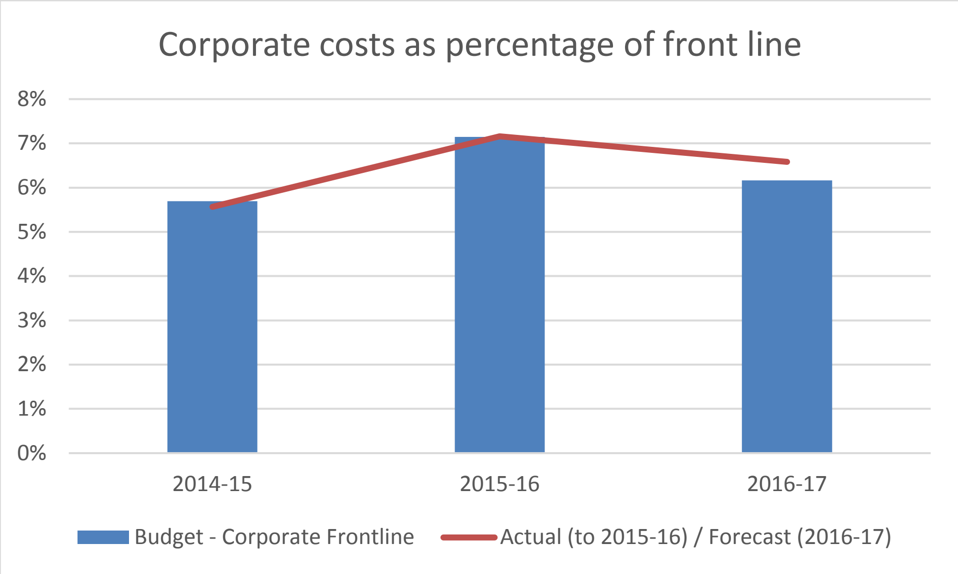
Ratio of Corporate net expenditure compared to Frontline

Why is this important?

The ratio of Corporate to Frontline net budget demonstrates the value for money of the internal organisation, and indicates how effectively the costs of running the council are being managed to maximise the resources available for service delivery.

Performance

Budgeted ratio of Corporate to Frontline compared to Actual / Forecast



Ratio is based on net budget figures.

At 30 September (P6), forecast 2016-17 ratio is 6.5%, higher than the 6.2% budgeted pending approval of reserves use.

What is the background to current performance?

- For this indicator, “Corporate” has been defined as those services managed within the Resources and Finance and Property departments.
- Public Health has moved from Resources to CES.
- In both 2014-15 and 2015-16, corporate outturn net expenditure has been close to budget.
- Based on the latest forecast the ratio of Corporate to Frontline costs is approximately 1:15. In other words, £1 of Corporate expenditure has been required to support Frontline net expenditure of £15.
- The increase in the ratio in 2015-16 reflected the centralisation of Property budgets during 2015-16, which saw property costs, including building maintenance, taken out of Frontline expenditure.
- The forecast improvement in in 2016-17 is dependent on significant planned savings in Resources and Finance and Property budgets.

What will success look like?

- Corporate costs of Resources and Finance and Property departments minimised and delivered in line with 2016-17 budget plans.
- Corporate:Frontline ratio is maintained or improved in future years as efficiencies in support services are delivered.

Action required

- Actions will be required to deliver savings plans and achieve an outturn position in line with 2016-17 budget. These will be identified as financial monitoring takes place through the year.

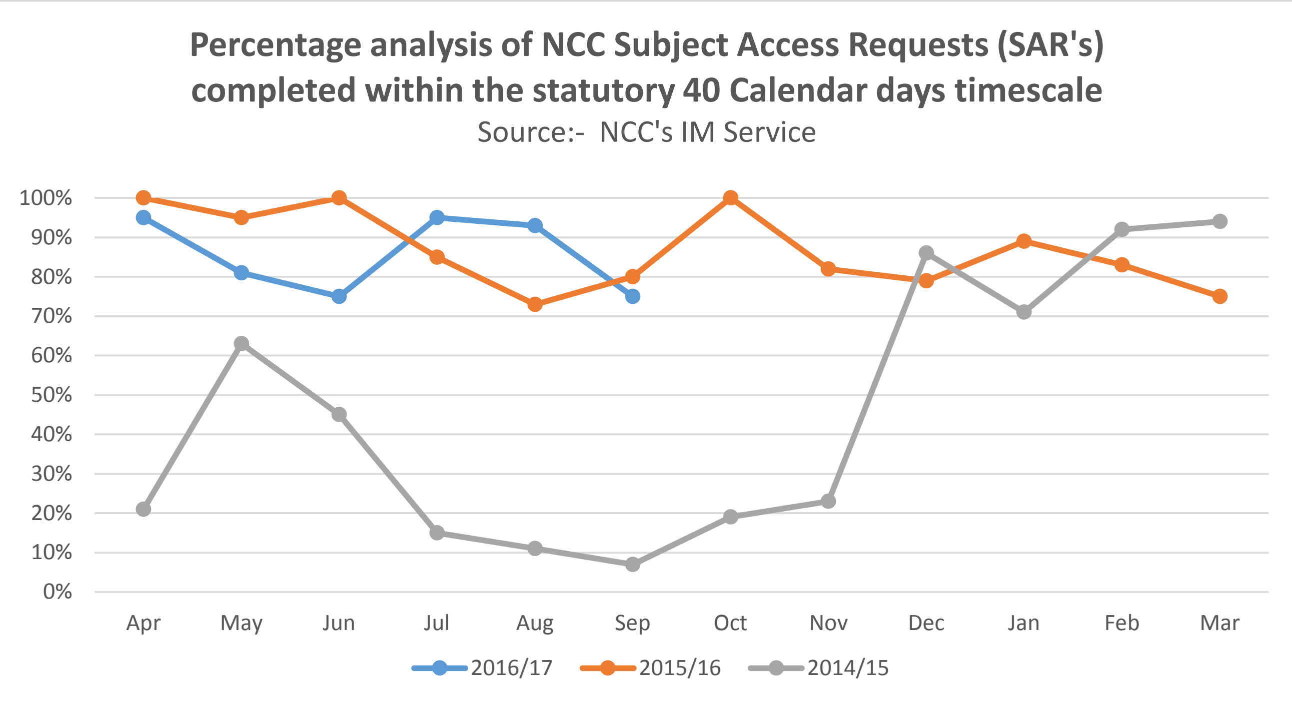
Responsible Officers	Lead: Harvey Bullen, Head of Budgeting and Financial Management Data: Howard Jones, Corporate Accounting Manager

Improving response rates to SARs

Why is this important?

Individuals have a right of access to information held about them by Norfolk County Council. The statutory requirement is that information will be provided 40 calendar days from receipt of a valid request.

Performance



What is the background to current performance?

- The average percentage of SARs requests responded to with the statutory timescale for the year 2014/2015 was 45%. For the year 2015/2016 this has improved to 87%. This is a huge improvement and reflects the hard work and resilience of the team dealing with this work.

- SARs are very varied in both complexity and scale. Many requests requires the viewing and redactions of files involving thousands of pages and, in respect of these requests, extended deadlines have been agreed with the requesters. We have treated all requests with agreed extended deadlines as within timescales.

- September's 16 performance is lower than the 85% that is deemed to be good practice. This was due to a) the level of complexity of the SARS and b) the priority given to compliance policies and procedures as part of our IM improvement planning.

What will success look like?

- The statutory timescale is 100% response within 40 calendar days.

- 85% is considered good performance given the complexity of some SARs requests benchmarking with comparable local authorities.

Action required

- Continued improvement in response times.

Responsible Officers: Mark Crannage, Information Management Service Manager

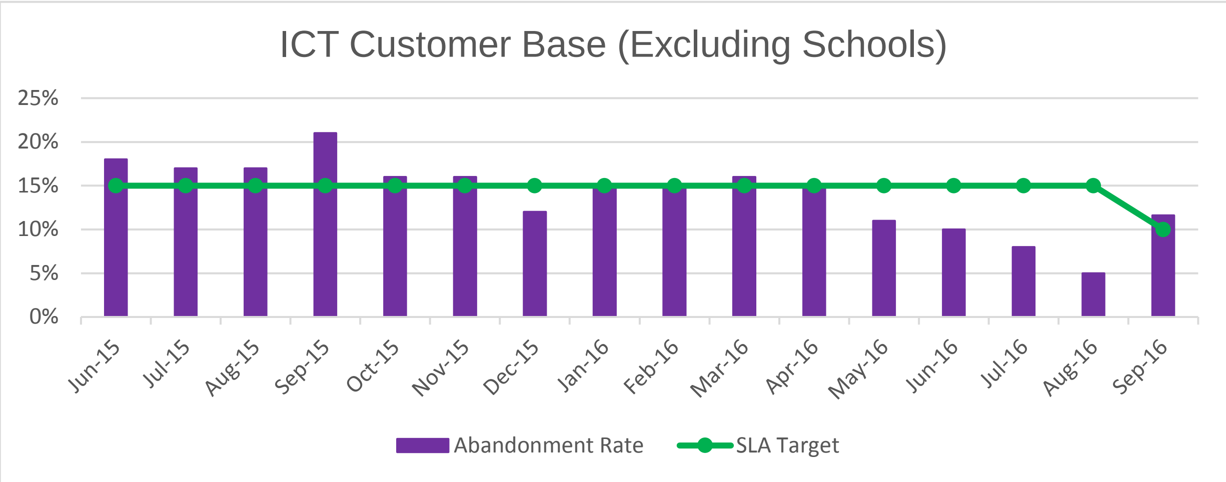
ICT: Abandonment Rate – Percentage of calls abandoned on the ICT Service Desk

Why is this important?

The inability for an ICT Customer to progress with an incident or service request hinders the Customer and the Council from working effectively and efficiently.

Performance:

The Percentage of Customers (excluding Schools) that abandon their call to ICT service desk



What is the background to current performance?

- Calls driven by incidents caused by third parties such as the roll out of Galaxy Phones by Updata and Schools Management Information Systems (SIMS) by Capita have had a negative impact on the abandonment rate for September which is not consistent with overall performance for the year.
- The abandonment rate target was reduced to 10% as of September in order to drive improvement, as the previous target (15%) had been consistently achieved.

What will success look like?

- ICT Service Desk call abandonment rate to fall below the target of 10%.
- Users routinely using the new Assyst ICT Service Desk system self-service functionality rather than calling or emailing the Service Desk.

Action required:

- Remind customers of the self-service facility to reset their Windows passwords.
- ICT Self Service Catalogue to be introduced as per the ICT Service Improvement Plan, delivered 31 Dec 2016 to bring extra value to the ICT Self-Service Portal.

Responsible Officers:	Lead: Rob Price, Service Delivery Manager Data: Jo Carey, Service Delivery Analyst

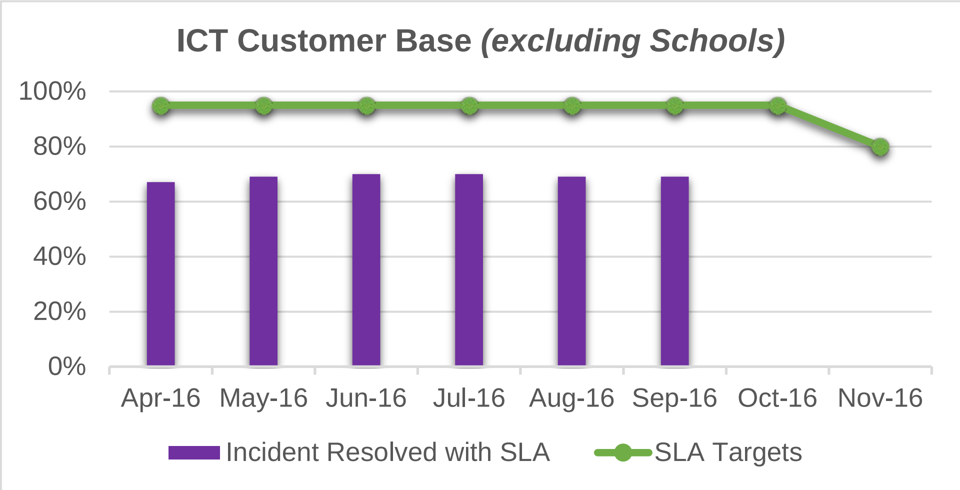
ICT: Incidents resolved within Service Level Agreement

Why is this important?

This measures our ability to achieve and manage ICT customer expectations for the resolution of an incident they have experienced to an agreed standard.

Performance:

The Incident Resolution Performance and Target



What is the background to current performance?

- Current performance continues to be impacted upon by the historic backlog of tickets caused by issues during the DNA rollout.
- We should see an improvement of SLA performance as these tickets are resolved.
- The SLA target has been reduced to a resolution rate of 80% as of November 2016 to provide an achievable target.

What will success look like?

- Reduction in our outstanding calls in the short term.
- In the longer term, the achievement of the revised service level agreement resolution rate of 80% from November 16.
- Users routinely using the ICT Self-Service functionality rather than calling or emailing the service desk.

Action required:

- SLA Targets have been reduced to 80% from 01 November and will continue being reviewed as per the ICT SIP (Service Improvement Plan).
- Monitoring against SLA Targets has taken place and has highlighted areas for improvement, these will be discussed with ICT Operational Teams so a plan can be created to meet the revised target.

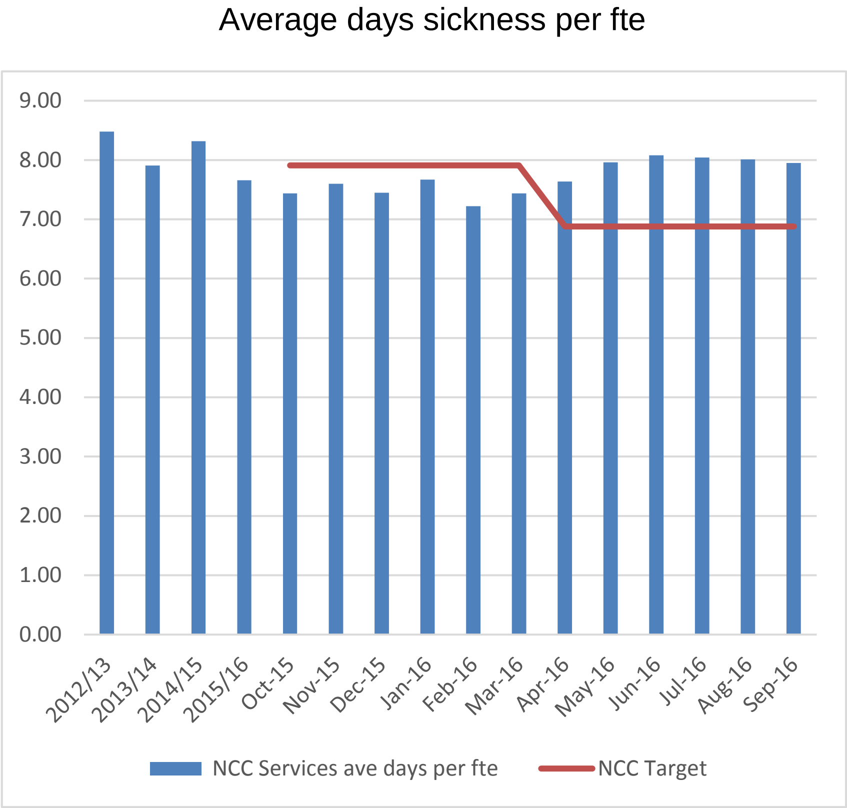
Responsible Officers: Lead: Rob Price, Service Delivery Manager
Data: Jo Carey, Service Delivery Analyst

HR: Sickness absence - % lost time

Why is this important?

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

Performance



The previous downward trend is likely to reverse based on the direction of travel during the first 6 months of 2016/17.

What is the background to current performance?

	2015/16 outcome	Oct – Sept 16	DOT
CES	2.51% (5.74)	2.29% (5.23)	↓
Resources	2.70% (6.18)	2.55% (5.84)	↓
Finance	3.26% (7.46)	3.61% (8.26)	↑
Children's	3.69% (8.46)	4.14% (9.48)	↑
Adults	4.50% (10.30)	4.70% (10.76)	↑
NCC Ave	3.34% (7.66)	3.47% (7.95)	↑

- In 2015/16, NCC sickness levels fell to their lowest recorded level, continuing the downward trend experienced over recent years with a final outcome of 3.34% (7.66 days), below our target of 3.00% (6.88 days). The predicted outcome for 16/17 is currently 3.47% (7.95 days), which is slightly higher than at the same period in 15/16 3.44% (7.94 days).
- Analysis of data in the 12 months up to 30 September shows that there continues to be an increase in the number of people who take no sickness (up to 47.6% from 42%).
- The data also shows that long term sickness accounts for 69% (522 employees) of all recorded sickness compared to 56% as at 31 March 2016.
- As at 30 September 2016, managers across NCC were addressing a total of 22 absence and attendance management cases with the support of HR. 14 employees were dismissed from employment during the 12 months up to 30 September 2016 as a result of sickness absence or ill health, and a further 3 left on health grounds.
- Managers (77 in total to date) who attended the absence surgeries over the summer reported higher levels of confidence to address future absence. Further surgeries are planned.
- Benchmarking data shows that overall there has been a marginal decrease in absence levels for all employers from 3.0% to 2.8%. NCC continues to compare well to other local government employers who saw an increase in absence from 3.5% to 4.3% and also other large organisations of 5,000+ employees whose average absence levels are 4.1% – CIPD Annual report 2016.

What will success look like?

- Continuing to achieve our sickness absence target. The proposed target is 3.00%.

Action required

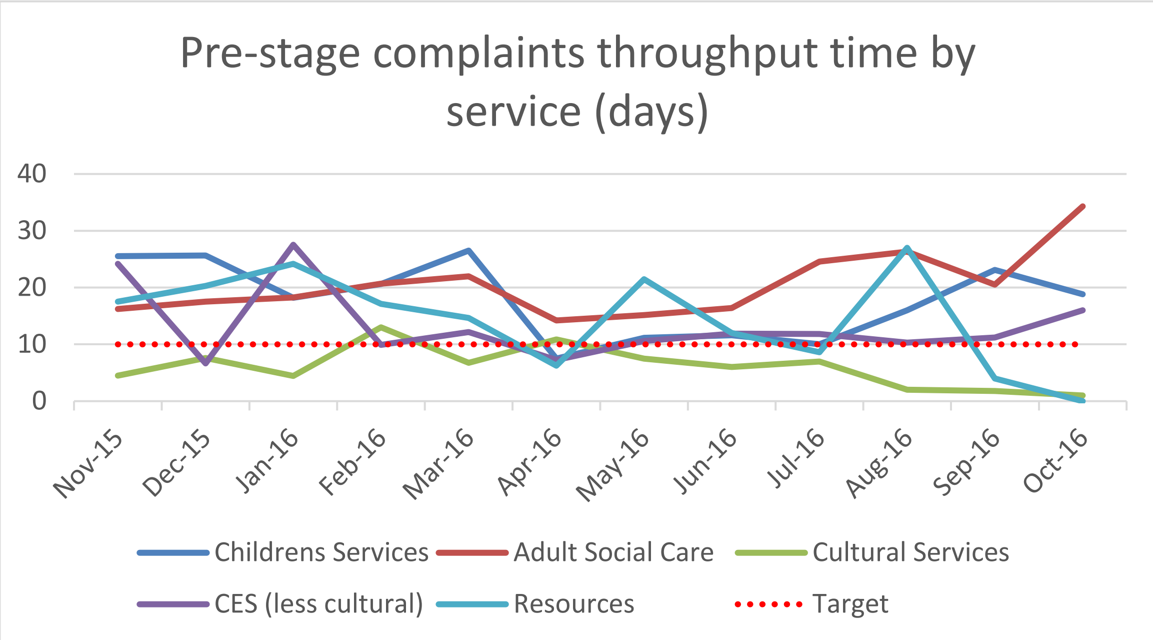
- Managers to be reminded of their responsibilities, in particular the importance of reporting absence and taking early action with any frequent or long term absence, along with a “how to” overview in a corporate message to be communicated across NCC during November.

• It should be noted that we have set a stretch target in this area to support the continuing drive to reduce absence and to bring NCC absence levels in line with the average absence rates of all employers as published in the CIPD Annual report (3.0% in 2015)	• Proactive support being offered by HR to social care managers for long term sickness cases and other absence “hot spots” where managers have not already accessed this. • Continue to ensure managers are equipped, through training and appropriate tools, to prevent/manage absence e.g. absence surgeries and ‘Performance Conversations’ training • People performance dashboard provides managers with monthly absence data by Department and Service and data on absence hotspots will be shared with DMTs.
Responsible Officers	Lead: Audrey Sharp, Acting Head of HR Data: Lesley Macdonald, HR Consultant

Complaints Efficiency

Why is this important?
Organisations that value customer feedback, take customer concerns seriously and want to continuously improve are more likely to prioritise complaints handling. Poor complaints management can be indicative of wider systemic failure.

Performance



What is the background to current performance?

- The throughput time for complaints management highlights an organisation's ability to prioritise and deal with complaints in a timely manner.
- Data shows that it is taking the Council longer to deal with complaints – an average of 17.2 days compared with 9.7 days in June.
- The volume of enquiries referred from MP offices increased by 46% during July and August, 179 compared to 123 enquiries during May and June. This exceeded the volume of corporate complaints received during the same period, 161 and impacted on the turnaround time.
- Many of the complaints are more complex to deal with and are progressing to the formal stages of the complaints process. We received 14 Children Act complaints during May and June and 72 formal Adult Social Care complaints. During July and August, the numbers received were 22 and 99 respectively.

What will success look like?

- Processing times by departments will be within the allocated times provided for the appropriate level of complaint.
- Customer feedback will be used to improve service delivery, reducing the number of complaints received.

Action required

- Work with both Adults and Children's management teams to speed up complaints process, particularly sign off of MP enquiry responses.
- Continued liaison with MP offices to further strengthen relationships and encourage use of more efficient processes.

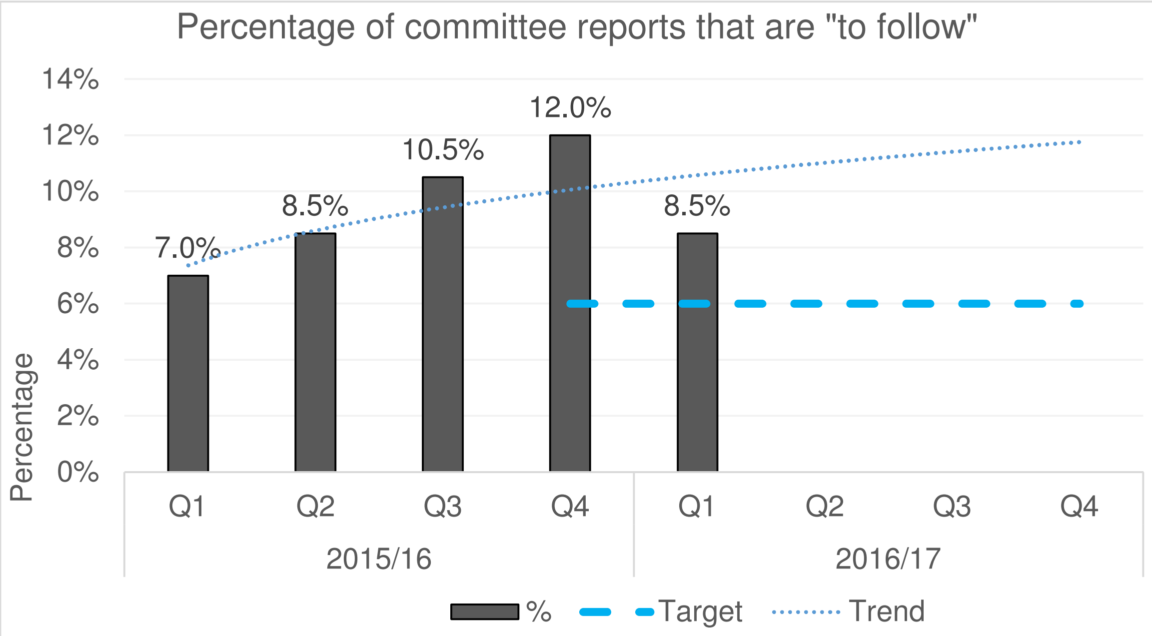
Responsible Officers	Lead: Ceri Sumner, Head of Customer Services; Data: Kim Arnall – Customer Service Complaints Manager

Democratic Services: Percentage of Service Committee reports that are "to follow"

Why is this important?

It is an issue that Members frequently raise. Late circulations impact on the ability of Members to prepare for meetings. It is an indicator as to the robustness of the governance of an authority.

Performance:



What is the background to current performance?

- There has been an increasing number of reports marked "to follow" and Member concern has grown. Moving to a Committee system has heightened the importance of this indicator as all Members are taking decisions, as opposed to a smaller number under the Cabinet system.
- Data has not been routinely gathered until June 2016 but some retrospective analysis has been undertaken for the last year which has shown that the number of reports "to follow" has steadily increased.
- In the latest quarter there were 58 reports, of which 5 were late representing 8.5% against a target of 6%. This is an improvement since the last quarter, where 12% were "to follow".

What will success look like?

- We have a significant reduction in the reports that are marked to follow.

Action required:

- There will be absolute clarity of the deadlines and all report authors will be aware of them.
- Executive Directors will enforce deadlines and hold their staff to account.
- Chairs will take a robust line with reports that are not sent out with the first circulation and hold Executive Directors to account.
- Committee Officers will be more proactive in supporting and advising report authors.

Responsible Officers:

Lead: Chris Walton, Head of Democratic Services
Data: Karen Haywood, Democratic Support Team Manager

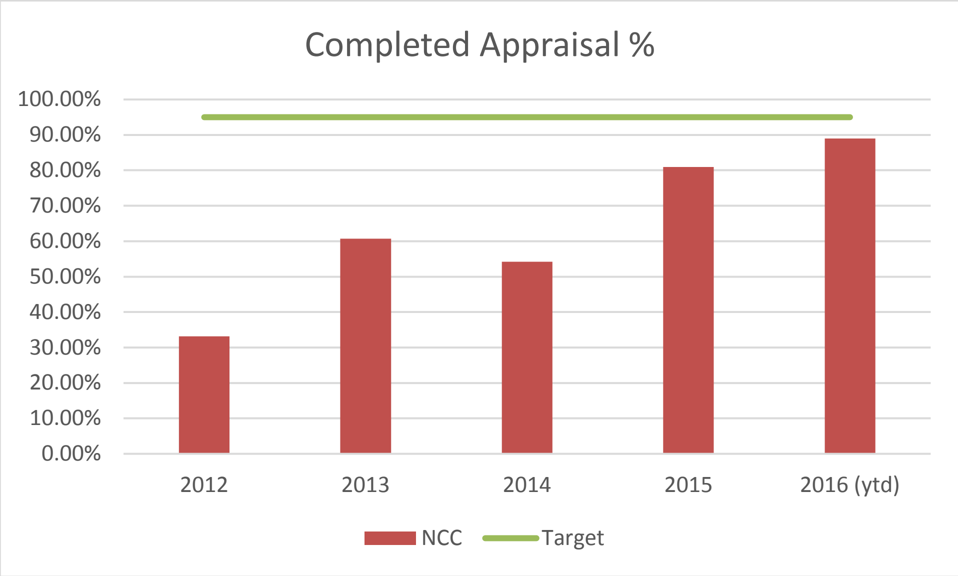
HR: Appraisals Completion Rate

Why is this important?

Appraisals are an important opportunity to evidence that work activities are aligned to organisational priorities and objectives and through regular supervision throughout the year, to ensure that employee performance is maintained at a high level.

Performance:

Completed appraisals as a % of number of appraisals that are due



Completion rates had been steadily increasing across the organisation.

What is the background to current performance?

- As of week ending 7 October, 89% of appraisals had been completed and entered onto the Oracle system following the closing of the appraisal window on the 31 July. There is considerable variance in the completion rates across NCC ranging from 73% to 98%.
- The completion rates includes any employees who have been absent from work e.g. on maternity, long term sick who will be rated as "not applicable".
- Performance is improved compared to 2015 (81%). Whilst the completion rate has continued to increase since the appraisal window closed, the 2016 target has been missed.
- The CIPD Employee Outlook report in Autumn 2014 highlighted that on average 27% of employees never receive a performance appraisal (all employers). A CEB survey in 2016 highlighted that removing performance ratings reduced employee engagement by 6% and productivity drops by 10%.

What will success look like?

- All employees having a completed appraisal unless they fall into the "not applicable" category.

Action required:

- DMTs are provided with weekly reports during the appraisal cycle and updating them on progress on appraisal completions within their Services and teams to enable them to address any areas where completion rates are low.
- Appraisal data is included on the new People Performance Dashboard.
- Earlier communications should be planned to support the 2017 appraisal round, highlighting the timescales for completion, accompanied by clear management expectations.

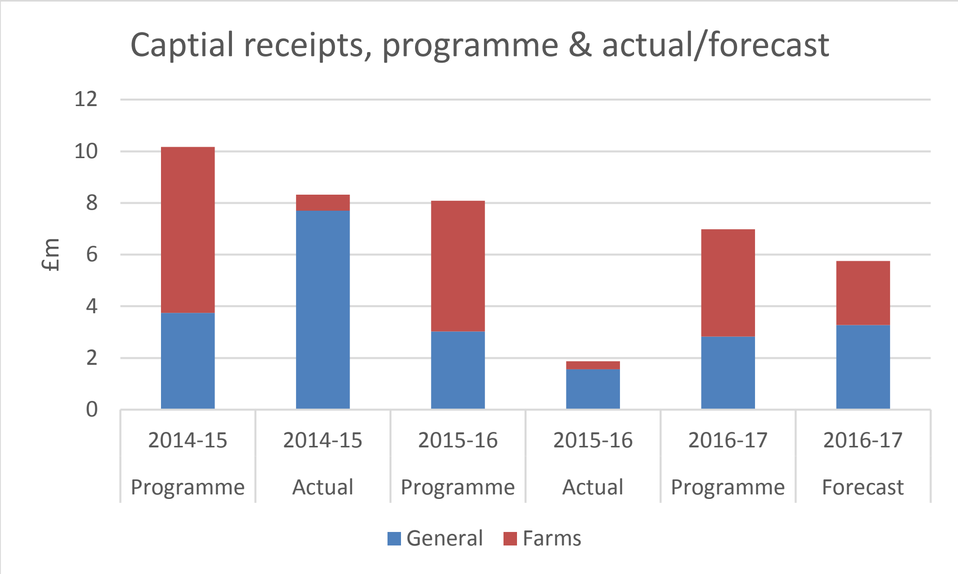
Responsible Officers:
Lead: Audrey Sharp, Acting Head of HR
Data: Lesley Macdonald, HR Consultant

Capital receipts

Why is this important?

Where the Council owns property which it does not need, disposals can release capital receipts and reduce running costs.

Performance



Current forecast capital receipts are 82% of capital programme projections (2014-15 82%, 2015-16 23%).

What is the background to current performance?

- Latest projections are as follows:

	Capital programme 2016-17 £m	Forecast 2016-17 £m
General Capital Receipts	2.825	3.269
County Farms Capital Receipts	4.153	2.483
Estimated Total Capital Receipts	**6.978**	**5.752**

- As can be seen from the graph history, the timing of large disposals is unpredictable.
- Expected capital receipts change as predicted sales dates are been put back or a decision has been made to delay sale.
- The main reasons for the decrease in expected receipts for the current year is the removal of the sale of development land at Acle into the current year disposals programme. This one item has a large impact on the current year forecast.
- A report to May P&R identified over 70 of properties or landholdings to be subject to development proposals or disposal.

What will success look like?

- Minimising the Council's need to borrow, and reducing maintenance and other revenue costs will be achieved through the generation of capital receipts as set out in the Capital Programme, as part of the Council's longer term disposals programme.

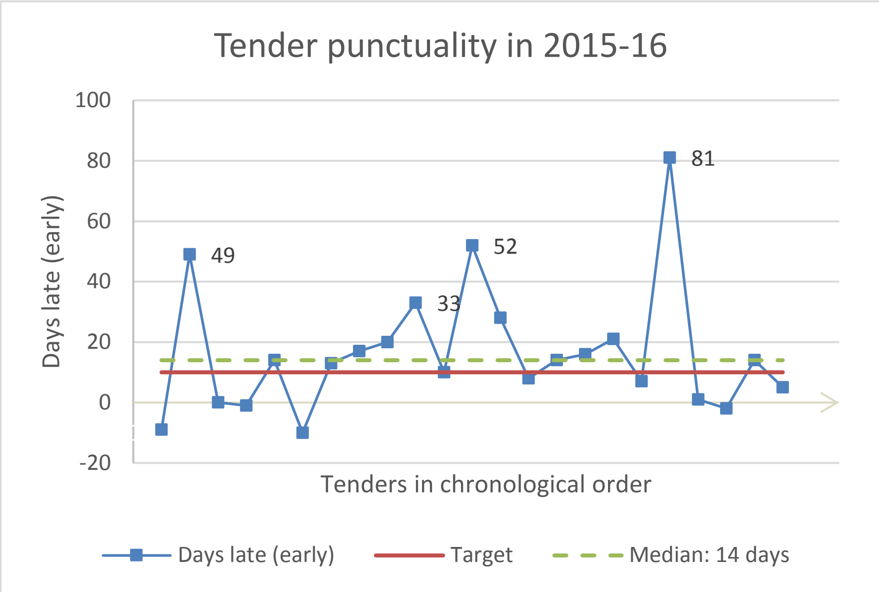
Action required

- The Corporate Property Team continues to identify properties which are surplus to requirements, and to update schedules showing the most likely date of disposal.
- As the year progresses, further work will be done to identify those sales which will result in cash receipts in 2016-17.

Responsible Officers

Lead: Harvey Bullen, Head of Budgeting and Financial Management
Data: Howard Jones, Corporate Accounting Manager

Procurement - Timeliness of tendering process – median delay in days

<table>
<tr><th colspan="2">Why is this important?</th></tr>
<tr><td colspan="2">Timely delivery of tender processes is important so that both bidders and customer departments can plan effectively and make best use of resources.</td></tr>
<tr><th>Performance</th><th>What is the background to current performance?</th></tr>
<tr><td>
</td>
<td>Most delays occur in the tender evaluation and approvals stage, but we have identified five potential points in the process where delays occur:
• Delays in evaluation and decision-making by the client department.
• Unrealistic timescales
• The need to clarify tender submissions from bidders to a greater degree than normal.
• Challenges in reaching organisational agreement on the procurement, resulting in late difficulties in agreeing contract award.
• Challenge from a bidder to the provisional award decision

Of the four longest delays last financial year:
• Two resulted from delays in evaluation and decision-making by the client department.
• One resulted from an unrealistically short timescale for evaluation and decisions.
• One resulted from a bidder challenge, which was later resolved.</td></tr>
<tr><th>What will success look like?</th><th>Action required</th></tr>
<tr><td>• We have been unable to identify an external baseline for this indicator.
• We propose that tenders should normally be delivered no more than ten days beyond the planned date.
• As we bear down on performance we will reassess where the target should be placed.</td>
<td>• Timescales are being reviewed more rigorously by senior management in procurement before a tender is issued to make sure they are realistic.
• Head of Procurement has instructed procurement officers to escalate seeming delayed evaluation or decision-making at the earliest stage so blockers can be identified and resolved.
• CLT is now reviewing proposed major tenders on a quarterly basis to ensure better organisational alignment.</td></tr>
</table>

Responsible Officers	Lead: Joan Murray, Head of Sourcing Data: Claire Dawson, Sourcing Team

Policy and Resources Committee

Item No 12 b

Report title:	**Corporately significant vital signs performance management report**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Debbie Bartlett, Head of Business Intelligence & Performance Service and Corporate Planning & Partnerships Service**

Strategic impact

Robust performance management is key to ensuring that the organisation works efficiently to develop and provide services that represent good value for money, deliver the Council's priorities, and improve outcomes for Norfolk people.

Executive summary

This paper presents up to date performance management information for corporately significant vital signs. This is based on the corporately significant 'vital signs' performance indicators agreed by the committee as part of the Council's revised performance management framework introduced in April 2016.

The report also gives an update on the six monthly progress against the County Plan Tracker agreed as part of the County Council Plan which tracks delivery and implementation of the council four priorities – Excellence in Education; Real Jobs, Good Infrastructure and Supporting Vulnerable People.

Performance information is presented in appendices to this report as follows:

- Appendix 1 presents the County Plan Tracker.
- Appendix 2 presents the dashboard of Corporately Significant Vital Signs performance indicators.
- Appendices 2A-D presents the individual report cards for indicators that meet the exceptions criteria for detailed reporting to committee (off target; deteriorating performance; affecting the budget; or affecting corporate risks).

Recommendation

1. Review and comment on the performance data and recommended action.

1. Introduction

1.1 This paper presents up to date performance management information for those 'vital signs' performance indicators that are 'corporately significant'. These were agreed by the committee as part of the Council's revised performance management framework introduced in April 2016.

1.2. In addition, this report also covers a half-yearly review of the County Plan tracker agreed as an implementation plan for the County Council Plan.

1.3 The County Plan Tracker sets out whole-council improvements which are considered critical to the overall strategic direction of the Council over the next three years, and which will make an impact on the lives of Norfolk residents.

1.4 Each of the measures in the Tracker have been included in order to translate the Council's four priorities into specific result areas with clear measurable targets to strengthen accountability in these critical areas.

1.5 This covering paper highlights key issues from both these sources of performance information, and a set of appendices gives more detail.

1.7 The dashboard at Appendix 1 shows the overall progress for the County Tracker; Appendix 2 shows the overall performance of the vital signs.

1.8 The report cards at appendix 2A – 2D give more detail on performance indicators where:

- Performance is off-target (Red RAG rating or variance of 5% or more); and/or
- Performance has deteriorated for three periods (months/quarters/years); and/or
- Performance is adversely affecting the council's ability to achieve its budget; and/or
- Performance is adversely affecting one of the council's corporate risks.

2. Performance Commentary on the County Plan Tracker

The Council's four priorities are core commitments to our local community which go beyond our statutory responsibilities and avoid retreating to minimum levels of service. We aim for:

- A well-educated and skilled population.
- With 'real' jobs which pay well and have prospects.
- Good infrastructure – air, sea, road, rail, broadband and mobile network coverage.
- Vulnerable people supported – more living independently and safely in their communities.

Helping more people in to jobs, obtaining good qualifications, within a county which is accessible and connected to the rest of the Country are key to Norfolk's future. With economic growth and sustainable services, people living here will be able to lead independent and fulfilling lives. Just as important is for our most vulnerable residents to have access to the support they need to live as independently as possible in the community.

The County Council Plan, agreed in July, included a County Plan tracker to make a sharper, sustained focus on achieving the priorities. A set of whole-council improvements considered critical to the overall strategic direction of the council were agreed, together with measures and targets for the year.

The dashboard at Appendix 1 shows progress where it can be reported against the specific measures. A link to the County Plan is here: County Plan.

2.1 **Excellence in Education**

- More children start secondary school (aged 11) at the expected level in reading and mathematics
- All schools and education establishments are judged good or better by Ofsted

More Norfolk children and young people than ever are being taught in good or outstanding schools, and this is reflected in improving standards at different stages. The exception remains at the age of 11 where Norfolk as a whole is still below the national average, and particular focus is required on maths. Being comfortable with maths and reading well equips children with skills and confidence which in turn opens doors for learning.

2.2 **Real Jobs**

- More people have jobs that pay more and have better prospects
- People on benefits can find work quickly
- More people are supported to start and successfully grow their own business
- More people with learning disabilities and mental health issues secure employment

The tracker measures for real jobs are annual but there are other indicators which point to current trends. Targets set out in the Strategic Economic Plan for increasing jobs and new businesses across Norfolk and Suffolk have been achieved (34% jobs and 50% new businesses) which is positive; however this has not closed the productivity gap between Norfolk and the rest of the region and nationally. Norfolk is growing, and people who want to work can work which means unemployment is low. However, the work available is still characterised by low skills and low wage work, and the rate of people not fit to work in Norfolk are above national average.

Whilst the County Council cannot create jobs, it can help establish the best possible conditions for others to create jobs and business. The Strategic Economic Plan is due for refreshing and the County's leadership on the priorities for Norfolk will be key.

The Council's track record on helping people with learning disabilities into work is not good, and our performance has not significantly shifted for the last year. Current performance has declined from 3.7% in March 2016 to 3.3% in September 2016 and is worse than at year end 2014/15 (3.9%). Action is underway to address this including:

- Using 'Match' (the NCC employment support service for learning disabilities) to identify the barriers to finding employment.
- Building on success of approaching employers directly rather than applying on the open market. Build a community approach-hold local events to encourage employers to pledge work experience/voluntary work.
- Analysis to ensure literacy and maths requirements are not a barrier to accessing apprenticeships.

2.3 **Good infrastructure**

- A good transport network and journey times
- All of Norfolk is connected via fast internet
- Growth from housing developments is delivered sustainably
- Households produce less waste and we have lower costs of dealing with it
- Fewer people are killed or seriously injured on Norfolk roads

Transport is a key driver of economic growth in modern economies so keeping the county moving on the roads is important. An indicator of how well people can move on our road network is bus punctuality. Buses from all local bus operators are tracked throughout the day and remains on target.

Planned population growth (16% in next 20 years) requires new infrastructure including **housing** (65,000 new homes planned in next 10 years), roads and community and recreation facilities. This growth requires careful planning to ensure it is sustainable, such as reducing flood risk, managing impact on our roads and on Norfolk's important natural environment. The Council is currently involved in 4 live projects covering areas of Hemsby, Gt Yarmouth, and North Walsham which have the potential to reduce the level of flood risk of 475 properties currently at high risk of flooding. In addition, the Council has provided advice to local planning authorities on 166 developments including bespoke advice on development involving over 250 dwellings or in areas known to be at risk of flooding from surface water. In total Involving 9000 potential new properties.

The **Norfolk Waste Partnership** is aiming to reduce the amount of residential household waste year-on-year by: developing reuse, repair and recycling systems; assessing food waste collections and collection frequency; developing a communications strategy for the Norfolk Waste Partnership; and reviewing the infrastructure need for depots, transfer stations and recycling facilities. 2015/16 data shows performance 0.2kg ahead of projections at 10.2kg however early data from 2016/17 shows an increase compared to the same period in 2015/16.

The long term trend for reducing the number of people killed and seriously injured our roads continues to reduce. However, over the last year, there has been an increase, and targeted work for older drivers, for motorcycles and mopeds and with younger drivers continues to be the focus of campaigns. Highly detailed data stratified by road users and locations gives reliable insight into trends so that campaign resources can be targeted to where they can have most impact.

2.4 **Supporting vulnerable people**

- More children are able to live in a permanent family setting
- More people live in their homes for as long as they can
- Fewer people need a social care service from NCC

As funding diminishes our services need to better target the people who most need help and support. Both children and adult services have strategies to intervene early and prevent the need for more intensive intervention. For children this means keeping them safe and where possible in a family setting, and for adults it means keeping people living independently for as long as they can.

2.5 Historically Norfolk has had a high rate of **Looked After Children** (LAC), peaking at around 69 per 10,000 under-18s in 2014. The LAC rate has plateaued at around 63 per 10,000, although this is against a national picture of increasing LAC numbers.

Action includes identifying new approaches to edge of care work, with particular focus on adolescents; continuing to strengthen Norfolk's Early Help offer to ensure families receive help as soon as it is required, working to enhance their strengths & overcome issues so they can remain together.

Admissions to **residential care for adults** have been higher than Norfolk's family group average although significant improvements in the last four years have seen the rate of admissions per 100k reduce from 823 in 2012/13 to around 613 in August 2016. These reductions and other reductions to the numbers of people receiving a service have been driven by expanding re-ablement, improving, improvements to the hospital discharge pathway and a strengths based approach to care assessments.

3. Performance Commentary – Vital Signs

3.1. The Council is redesigning services to ensure they meet the needs of a growing population, provide a higher standard of customer care, reflect the priorities of residents and represent good value for money. To do this, the focus is on:

- Being relentless on efficiency and waste
- Being more commercial and business-like
- Managing demand through a shift to early help and prevention
- Creating opportunities to raise revenue and maximise income.

3.2 Vital Signs

3.3 Individual service committees consider in detail performance of services within their remit. This report analyses some specific vital signs to help assess progress against the council's overall strategy. Some performance areas to note are:

- Adults is measured on the number of people who cannot be moved out of hospital because of delays in organising their care by social services. Data from the first quarter of the year shows that at any time an average of 19 people in hospital in Norfolk were awaiting a discharge that was being delayed by a lack of suitable adult social care.

- Ofsted Inspectors publish quarterly monitoring letters as part of their follow up to Children's Services inspections. The latest, published on 16 November, reports signs of 'positive movement' in social care services for children in Norfolk, but it says services are not yet consistently 'good enough' across the board and the overall pace of improvement remains slow. Among the improvements set out in the letter, inspectors highlight:

    - The 'robust' initial response to child protection issues
    - Strengthened and effective arrangements for managing risks to children who go missing or are at risk of sexual exploitation
    - Care leavers services which are starting to deliver better outcomes for young people.

- Sickness absence among Council staff continues to be challenging to reduce. It has been red for the last six months and prospects of meeting the target are not good. Whilst the rate is broadly in line with this time last year, it had reduced but it now looks unlikely that we will reach our target.
- There have been no serious data protection breaches since February. Significant action to strengthen our approach to data protection and records management have been underway. During October the Information Commissioners Office carried out a three-day audit in looking specifically at records management and training and awareness. An update on feedback from the audit will be available at the meeting.

3.4 Detailed report cards are included for six indicators which are either off target and/or have deteriorated in the last three reporting periods – and as such meet the exception criteria for detailed reporting in this paper.

These are reviewed in detail in Appendices 2A – 2F as follows:

- **2A** ASC: Number of days delay in transfers of care per 100,000 population (attributable to social care)
- **2B** Finance: Budget monitoring – forecast vs budget (at a County level)
- **2C** Finance: Savings targets delivered - by Committee
- **2D** HR: Sickness absence - percentage lost time
- **2E** People receiving Learning Disabilities services in paid employment
- **2F** The Number of People Killed or Seriously Injured

3.5 Key actions being undertaken to address performance issues

3.6 Actions to address performance issues include:

- A change in practice for delayed hospital transfers of care is being trialed where discharges can happen while the Free Nursing Care (FNC) decision is ratified and processed, rather than current process which is to wait until afterwards. Along with practical ICT upgrades so that social workers can be more mobile and complete paperwork on site, these two changes should see a reduction in the delays.
- Monthly staff sickness absence data broken down to a lower level and data on absence hotspots will be shared with management teams. Proactive support from HR will be given to social care managers for long term sickness cases and other absence "hot spots" where managers have not already accessed this.
- To help people with learning disabilities into work the Council is focusing on identifying the barriers to finding employment, building on the success of approaching employers directly, and identifying whether or not literacy and maths requirements are a preventing access to apprenticeships.
- The long term trend to reduce the number of people killed or seriously injured continues through targeted intervention, monitoring of specific accident sites and remedial action.

4.0 Recommendations

4.1 Committee Members are asked to:

- Review and comment on the performance data and recommended actions.

5.0 Financial Implications

5.1 There are no significant financial implications arising from the development of the revised performance management system or the performance management report.

6.0 Issues, risks and innovation

6.1 There are no significant issues, risks and innovations arising from the development of the revised performance management system or the performance management report.

7.0 Officer contact

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

Debbie Bartlett Tel No: 01603 222475 Email: debbie.bartlett@norfolk.gov.uk

IN TRAN communication for all

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.

Norfolk County Council

County Council Plan Dashboard

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The target value is that which relates to the latest measure period result in order to allow comparison against the RAG colours. A target may also exist for the current and/or future periods.

Monthly	Bigger or Smaller is better	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Target
[Supporting Vulnerable People] Decreasing the rate of admissions of people to residential and nursing care per 100,000 population (18-64 years)	Smaller	28.9	27.7	25.3	23.7	22.5	22.5	21.7	21.1	19.7	18.7	17.7	18.3		**19.5**
[Supporting Vulnerable People] Decreasing the rate of admissions of people to residential and nursing care per 100,000 population (65+ years)	Smaller	676	661	645	645	622	617	623	616	622	614	613	613		**602**
[Supporting Vulnerable People] Increasing the proportion of people in community-based care	Bigger	66.2%	66.4%	66.5%	66.6%	66.5%	66.7%	66.8%	66.7%	66.7%	66.9%	67.1%	67.1%	67.2%	
[Supporting Vulnerable People] Decreasing the rate of Council service users per 100,000 population (18-64 years)	Smaller	922	927	927	933	928	929	936	935	937	940	939	937	938	
[Supporting Vulnerable People] Decreasing the rate of Council service users per 100,000 population (65+ years)	Smaller	3,586	3,594	3,573	3,577	3,495	3,505	3,523	3,516	3,531	3,497	3,496	3,494	3,479	
[Real Jobs] % People receiving Learning Disabilities services in paid employment	Bigger	3.6%	3.6%	3.6%	3.7%	3.6%	3.6%	3.7%	3.3%	3.3%	3.2%	3.2%	3.3%	3.3%	**3.6%**
[Good Infrastructure] % of bus services that are on schedule at intermediate time points	Bigger	70.9%	74.9%	73.3%	71.6%	78.1%	79.4%	77.1%	80.1%	77.9%	78.3%	76.2%	76.0%	76.9%	**76.0%**
[Good Infrastructure] Number of people killed and seriously injured on Norfolk's roads	Smaller	405	409	402	385	373	357	369	365	358	358	365	376	377	**368**
[Real Jobs] Monitoring the job creation outputs of the projects and programmes that NCC manages or leads	Bigger							5.8	17.9	266.9	27.0	22.0	10.0	11.0	
[Real Jobs] Delivery against NALEP and HEC business start-up targets	Bigger				2.00	1.00	3.00		2.00				1.00		

Quarterly / Termly	Bigger or Smaller is better	Sep 13	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Target
[Good Infrastructure] % of Norfolk homes with superfast Broadband coverage	Bigger									83.0%		84.0%			**84.0%**
[Good Infrastructure] % of planning applications agreed by Local Planning Authorities contrary to NCC recommendations regarding the highway	Smaller	30.0%	37.5%	16.7%	33.3%	23.5%	27.3%	19.0%	20.0%	16.7%	17.8%	20.4%	24.2%	22.9%	**24%**
[Good Infrastructure] Kilograms of residual household waste per household per week	Smaller			10.3				10.4			10.2	10.2			**10.4**
[Supporting Vulnerable People] Rate of Looked-After Children per 10,000 of the overall 0-17 population	Smaller				68.4	66.5	64.5	64.1	64.0	63.6	63.1	62.5	62.6	62.8	**<55**
[Excellence in Education] Increase the percentage of education establishments judged good or better by Ofsted	Bigger						71.0%				80.0%			87.0%	**>86%**

Annual (calendar)	Bigger or Smaller is better	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Target
[Real Jobs] Median full time weekly pay – comparison between Norfolk and the national average	Bigger											91.0%	89.0%	90.0%	
[Real Jobs] % of ESA claimants who claim benefits for more than one year	Smaller											65.0%	62.0%	71.0%	

Annual (financial / academic)	Bigger or Smaller is better	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Target
[Good Infrastructure] % of Local Wildlife Sites in positive management	Bigger								61.0%	61.0%	65.0%	67.0%	75.0%		
[Good Infrastructure] Number of new and existing properties at high risk (1 in 30 years) of surface water flooding	Smaller													100%	
[Excellence in Education] Percentage of children working at or exceeding the expected standard in Reading, Writing & Maths at KS2	Bigger														**Awaiting new Gov't measure**

Norfolk County Council

Policy and Resources Committee (corporately significant measures) - Vital Signs

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Monthly	Bigger or Smaller is better	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Target
{ASC} Decreasing the rate of admissions of people to residential and nursing care per 100,000 population (18-64 years)	Smaller	28.9	27.7	25.3	23.7	22.5	22.5	21.7	21.1	19.7	18.7	17.7	18.3		19.5
{ASC} Decreasing the rate of admissions of people to residential and nursing care per 100,000 population (65+ years)	Smaller	676	661	645	645	622	617	623	616	622	614	613	613		602
{ASC} % of people still at home 91 days after completing reablement	Bigger	91.5%	92.4%	92.2%	92.0%	91.4%	91.7%	90.7%	92.2%	91.9%	93.3%	94.3%	93.2%		90.0%
{ASC} Number of days delay in transfers of care per 100,000 population (attributable to social care)	Smaller	1.0	1.2	1.3	1.4	1.5	1.5	1.5	2.9	2.6	2.4	2.6			1.5
{Public Safety} Performance against our Emergency Response Standards	Bigger	76.2%	78.0%	77.6%	79.3%	78.2%	78.1%	79.4%	78.6%	79.4%	80.5%	72.3%	72.8%	78.6%	80.0%
{ChS} Percentage of Referrals into Early Help Services who have had a referral to EH in the previous 12 months	Smaller											8.2%	7.9%	14.1%	20.0%
{ChS} Percentage of Referrals into Section 17 CIN Services who have had a referral to S.17 CIN in the previous 12 months	Smaller					27.0%	23.1%	27.0%	28.2%	28.2%	28.2%	24.6%	23.5%	27.2%	<20%
{ChS} Percentage of Children Starting a Child Protection Plan who have previously been subject to a Child Protection Plan (in the last 2 years)	Smaller	0.0%	3.3%	5.6%	5.1%	14.8%	7.3%	3.5%	5.5%	20.3%	12.2%	9.3%	5.1%	19.0%	<15%
{ChS} Percentage of Children Starting to be looked-after who have previously been looked-after	Smaller	13.8%	11.8%	20.0%	13.2%	10.0%	21.1%	31.4%	17.4%	17.9%	17.8%	17.5%	17.7%	17.5%	<15%
{ChS} LAC with up to date Care Plan	Bigger	90.7%	90.4%	94.1%	91.5%	94.9%	94.3%	95.2%	96.6%	94.7%	94.2%	94.8%	97.6%	97.7%	100%
{ChS} LAC with up to date Health Assessment (HA)	Bigger	77.3%	78.0%	76.3%	76.0%	76.0%	81.9%	81.9%	84.9%	84.6%	87.7%	88.8%	87.6%	88.7%	100%
{ChS} Eligible Care Leavers with up to date Pathway Plan	Bigger	78.7%	81.1%	86.4%	76.7%	81.1%	85.9%	84.9%	86.0%	84.5%	85.8%	83.2%	84.4%	88.3%	100%

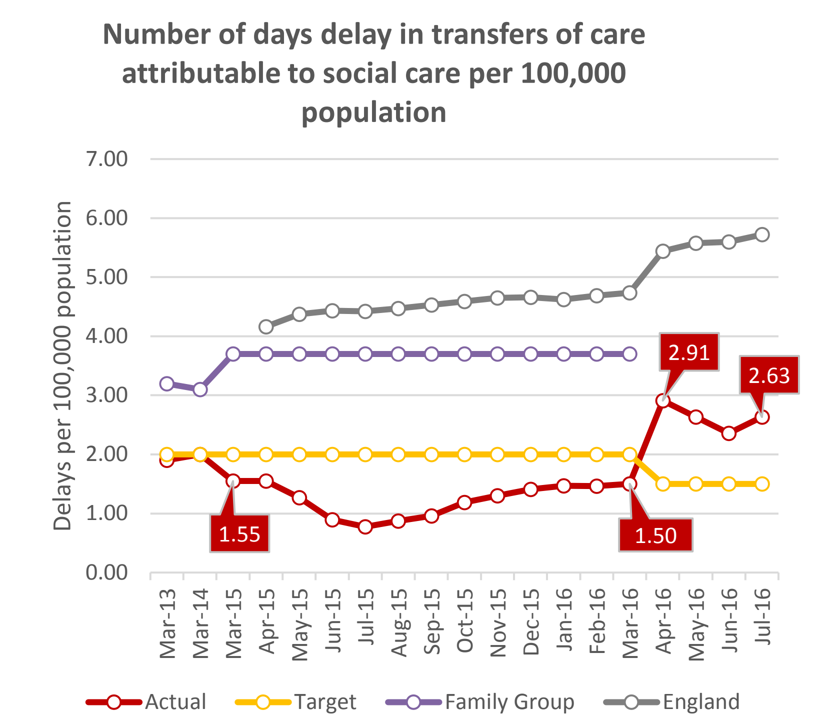
{Finance} Budget monitoring – forecast vs budget at a County level	On plan	£5.74m	£4.28m	£3.13m	£2.48m	£0.0m	£0.0m	-£0.05m		£9.5m	£11.1m	£21.4m	£21.39m	£20.75m	**£0.0m**
{Finance} Savings targets delivered - by committee	Bigger							£23.05m	£41.42m	£35.53m	£34.29m	£31.96m	£31.96m	£32.29m	**£41.42m**
{IM} Number of DPA breaches categorised as Serious	Smaller	0	0	2	0	0	0	1	0	0	0	0	0	0	**0**
{ICT} ICT incidents per customer per month	Smaller		1.6	1.7	1.4	1.5	1.6	1.5	1.4	1.7	1.6	2.3	1.1	1.4	**1.5**
{HR} Sickness absence - percentage lost time	Smaller	3.44%	3.25%	3.32%	3.32%	3.33%	3.16%	3.34%	3.34%	3.48%	3.48%	3.51%	3.50%	3.47%	**3.00%**
{HR} Time to recruit	Smaller								9.90	12.88	12.22	12.99	10.18	10.07	**11.00**
Quarterly / Termly	**Bigger or Smaller is better**	**Sep 13**	**Dec 13**	**Mar 14**	**Jun 14**	**Sep 14**	**Dec 14**	**Mar 15**	**Jun 15**	**Sep 15**	**Dec 15**	**Mar 16**	**Jun 16**	**Sep 16**	**Target**
{BBfN} % of Norfolk homes with superfast Broadband coverage	Bigger									83.0%		84.0%			**84.0%**
{H&T} % of rural population able to access a market town or key employment location within 60 minutes by public transport	Bigger	73.7%	74.5%	75.7%	74.8%	75.0%	75.1%	75.5%	74.6%	74.1%	71.4%	71.4%	72.0%	72.0%	**75%**
{E&P} Kilograms of residual household waste per household per week	Smaller			10.3				10.4			10.2	10.2			**10.4**
{ChS} LAC with up to date Personal Education Plan (PEP)	Bigger				75.5%	80.7%	84.6%	86.5%	76.7%	63.5%		73.5%	88.9%		**100%**
{ChS} Rate of Looked-After Children per 10,000 of the overall 0-17 population	Smaller				68.4	66.5	64.5	64.1	64.0	63.6	63.1	62.5	62.6	62.8	**<55**
Annual (calendar)	**Bigger or Smaller is better**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Target**
{EDS} Median full time weekly pay – comparison between Norfolk and the national average	Bigger											91.0%	89.0%	90.0%	
{EDS} % of ESA claimants who claim benefits for more than one year	Smaller											65.0%	62.0%	71.0%	
Annual (financial / academic)	**Bigger or Smaller is better**	**2003/04**	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**Target**
{HR} Agency and contract staffing spend as a percentage of pay bill	Smaller										2.5%	3.0%	3.4%	4.2%	**10.0%**

Delayed transfers of care

Why is this important?

Staying unnecessarily long in acute hospital can have a detrimental effect on people's health and their experience of care. Delayed transfers of care attributable to adult social services impact on the pressures in hospital capacity, and nationally are attributed to significant additional health services costs. Hospital discharges also place particular demands on social care, and pressures to quickly arrange care for people can increase the risk of inappropriate admissions to residential care, particularly when care in other settings is not available. Continuing Norfolk's low level of delayed transfers of care into appropriate settings is vital to maintaining good outcomes for individuals and is critical to the overall performance of the health and social care system. This measure will be reviewed as part of Better Care Fund monitoring.

Performance



What explains current performance?

- In April 2016 the number of delays per 100,000 of population nearly doubled when compared to the previous month, dropping off slightly in the subsequent months, but still significantly higher than previously.
- The increase appears to have largely been driven by a sharp jump in delays attributable to social care from the Norfolk & Norwich University Hospital – from a baseline of zero prior to April, to over 200 in April, May and July. June delays from the NNUH returned to zero.
- Discussions with colleagues at the NNUH have confirmed that the additional delays in April and May were due to recording errors and that results would be reflected from September onwards due to Department of Health data practices.
- Since April 16 the NNUHFT has been conducting significant changes to its internal pathways to reduce pressure on their A&E department and to recover the '4 hour target'. These changes have increased the pace of discharge resulting in an increase in referrals to social services.
- The NNUHFT regularly, but unpredictably, escalates to BLACK alert in response to pressure within the hospital. This results in a spike referrals to the social services discharge team. This spike can take a short while to reduce and can cause some patients to be delayed.
- The NNUHFT has set up a discharge hub and employed a new team to support their discharge process. It has taken a short while for this team to learn the process and has resulted in recording errors. A daily process to validate delays is now in place.
- Irrespective of data issues, the health and care system remains under significant pressure and keeping delays at a minimum will remain a significant performance challenge, as seen by the June result remaining above the target level.

What will success look like?

- Low, stable and below target, levels of delayed discharges from hospital care attributable to Adult Social Care, meaning people are able to access the care services they need in a timely manner once medically fit.

Action required

- Continue priority actions in partnership with health services to ensure timely discharges from hospitals into appropriate care settings through integrated discharge arrangements whilst ensuring cost effective and appropriate solutions are found.
- Trialling a change in practice where discharges can happen while the Free Nursing Care (FNC) decision is ratified and processed, rather than current process which is to wait until afterwards. This should have a positive impact on DTOC.
- ICT changes and upgrades at inpatient units allow Social Workers to complete records and paperwork on site, making the inpatient units fully integrated sites and help staff to be fully mobile. ICT upgrade to connection has happened with full access expected by December 2016 this assists overall flow and capacity.
- Review and re-enforce re-enablement first following acute care pathways and no permanent placements from hospital
- New Integrated Discharge Team Manager to start in November and continue to prioritise actions to reduce DToC.

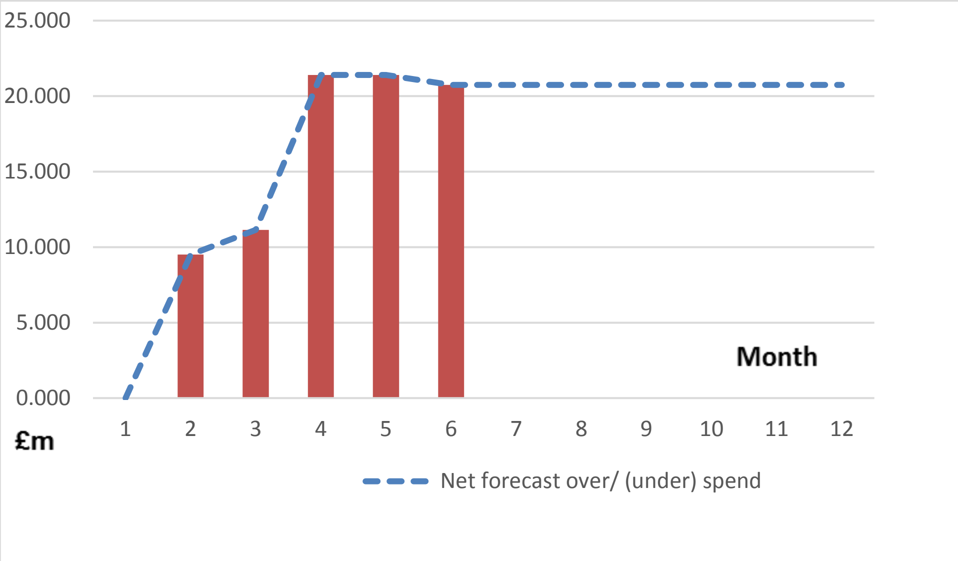
Lead: Lorrayne Barrett, Director of Integrated Care Data: Business Intelligence & Performance Team

Budget monitoring – Forecast v Budget

Why is this important?

Members set an affordable cash limited revenue budget each year: any net overspends will reduce already limited reserves.

Performance



The graph above shows an overspend of **£20.746m** forecast at the end of September 2016, subject to approval of reserves use.

What is the background to current performance?

As in previous years, the main areas of forecast service overspend are as follows:

- Adult Social Services: the net cost of services to users (Purchase of Care and hired transport), and risks associated with the delivery of recurrent savings
- Children's Services: Looked After Children numbers remain higher than planned. The Children's Services Committee intends to review the use of reserves including the dedicated schools grant at its January meeting, the result of which may have an impact on the overspend and forecast reserves balances shown in this report.

The overspend takes into account full use of the £10m Business Risk reserve plus a £2.75m one-off Public Health contribution to services that deliver a public health outcome.

What will success look like?

- A balanced budget, with no net overspend at the end of the financial year.
- Where forecast overspends are identified, actions are put in place to mitigate and minimise these overspends.

Action required

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

Responsible Officers	
	Lead: Harvey Bullen, Head of Budgeting and Financial Management Data: Howard Jones, Corporate Accounting Manager

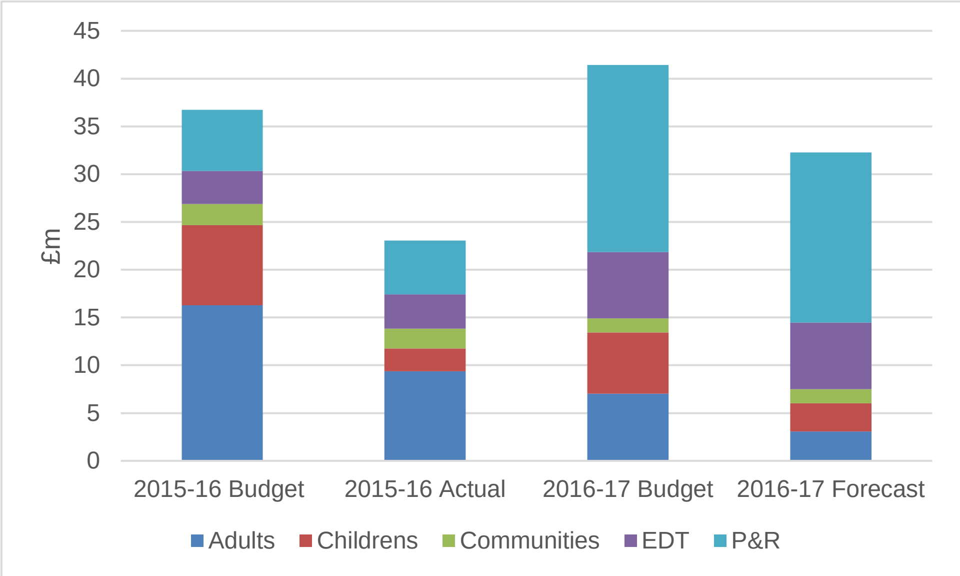
Savings targets delivered - by Committee

Why is this important?

Making savings is key to supporting delivery of a balanced outturn position and ensuring the Council maintains a robust financial position.

Performance

Budgeted Savings compared to Actual / Forecast by Committee



Savings forecast for 2016-17 is £32.285m, this is 22% below budget.

What is the background to current performance?

- Historically the Council has a good track record of achieving budgeted savings, delivering £200.177m of savings in the period 2011-12 to 2014-15, against budgeted savings of £207.855m.
- In 2015-16, there was a shortfall in savings delivery of £13.676m, reflecting increasing challenges in identifying and achieving savings. The shortfall was offset by other underspends within the Council's overall budget. This meant 23.045m of savings were achieved against budgeted savings of £36.721m.
- Savings of £41.419m have been budgeted for 2016-17.
- There are significant challenges to the delivery of future planned savings, particularly in relation to the Purchase of Care and Looked After Children budgets.
- At period 6, 2016-17 savings of £32.285m are forecast to be delivered, this is a shortfall in savings of £9.134m.

What will success look like?

- Planned levels of savings are achieved, supporting the Council to deliver a balanced outturn position for 2016-17.
- A robust financial position ensuring stability for the budget-setting process for future years.

Action required

- Various actions are underway to deliver individual saving plans.
- Details of the forecast shortfalls in savings are reported to P&R Committee and details of mitigating actions are set out in the report.

Responsible Officers	Lead: Harvey Bullen, Head of Budgeting and Financial Management Data: Titus Adam, Financial Projects and Planning Manager

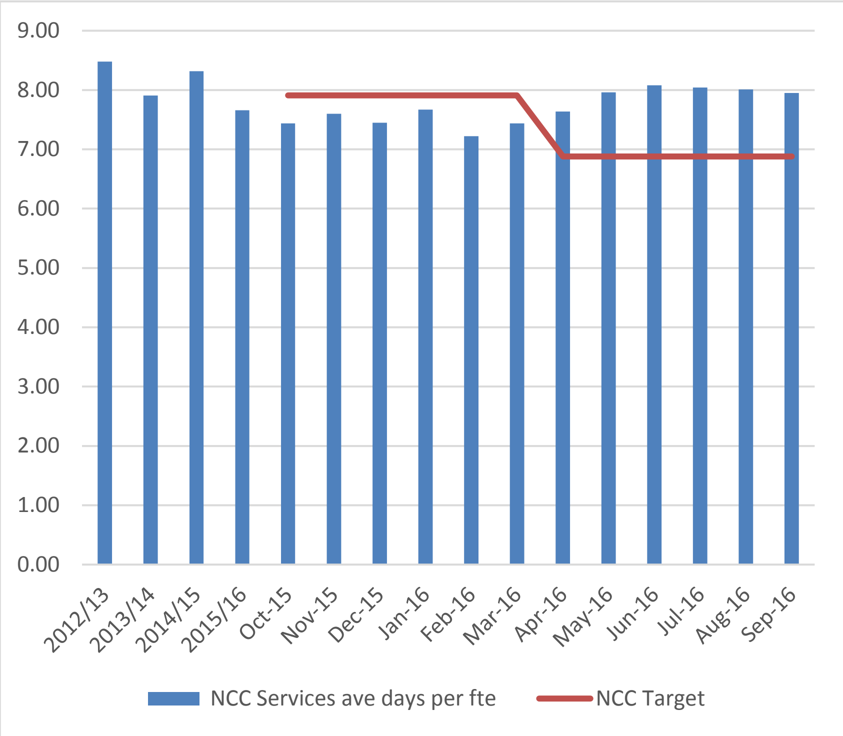
HR: Sickness absence - % lost time

Why is this important?

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

Performance

Average days sickness per fte



The previous downward trend is likely to reverse based on the direction of travel during the first 6 months of 2016/17.

What is the background to current performance?

	2015/16 outcome	Oct – Sept 16	DOT
CES	2.51% (5.74)	2.29% (5.23)	↓
Resources	2.70% (6.18)	2.55% (5.84)	↓
Finance	3.26% (7.46)	3.61% (8.26)	↑
Children's	3.69% (8.46)	4.14% (9.48)	↑
Adults	4.50% (10.30)	4.70% (10.76)	↑
NCC Ave	3.34% (7.66)	3.47% (7.95)	↑

- In 2015/16, NCC sickness levels fell to their lowest recorded level, continuing the downward trend experienced over recent years with a final outcome of 3.34% (7.66 days), below our target of 3.00% (6.88 days). The predicted outcome for 16/17 is currently 3.47% (7.95 days), which is slightly higher than at the same period in 15/16 3.44% (7.94 days).
- Analysis of data in the 12 months up to 30 September shows that there continues to be an increase in the number of people who take no sickness (up to 47.6% from 42%).
- The data also shows that long term sickness accounts for 69% (522 employees) of all recorded sickness compared to 56% as at 31 March 2016.
- As at 30 September 2016, managers across NCC were addressing a total of 22 absence and attendance management cases with the support of HR. 14 employees were dismissed from employment during the 12 months up to 30 September 2016 as a result of sickness absence or ill health, and a further 3 left on health grounds.
- Managers (77 in total to date) who attended the absence surgeries over the summer reported higher levels of confidence to address future absence. Further surgeries are planned.
- Benchmarking data shows that overall there has been a marginal decrease in absence levels for all employers from 3.0% to 2.8%. NCC continues to compare well to other local government employers who saw an increase in absence from 3.5% to 4.3% and also other large organisations of 5,000+ employees whose average absence levels are 4.1% – CIPD Annual report 2016

What will success look like?

- Continuing to achieve our sickness absence target. The proposed target is 3.00%

Action required

- Managers to be reminded of their responsibilities, in particular the importance of reporting absence and taking early action with any frequent or long term absence, along with a "how to" overview in a corporate message to be communicated across NCC during November.

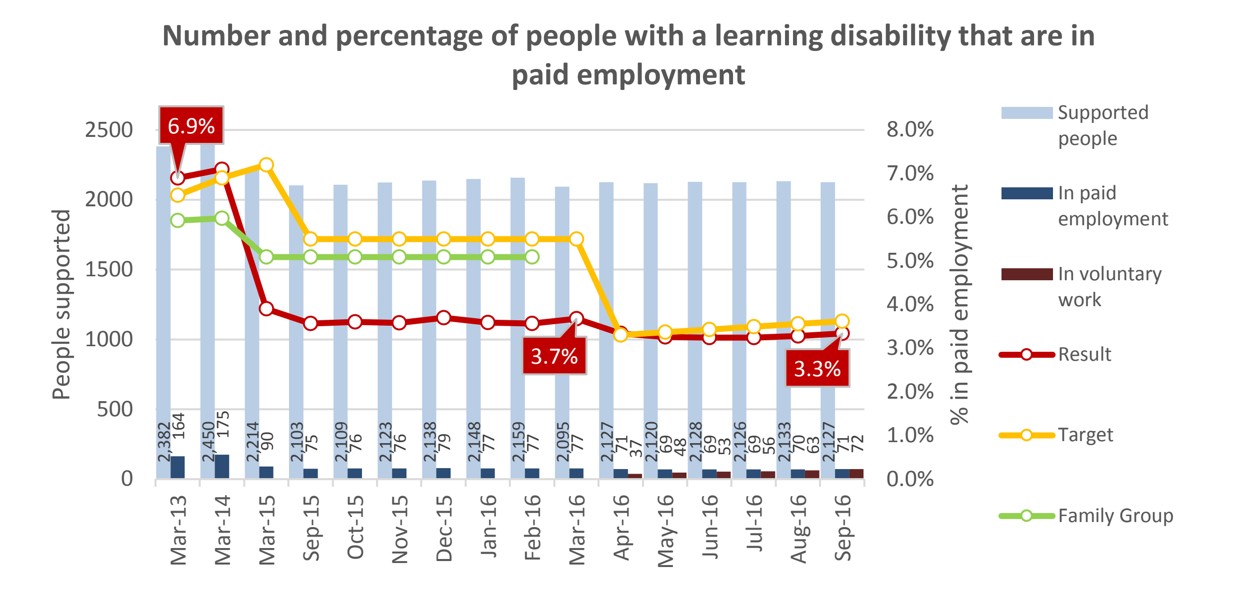
• It should be noted that we have set a stretch target in this area to support the continuing drive to reduce absence and to bring NCC absence levels in line with the average absence rates of all employers as published in the CIPD Annual report (3.0% in 2015)	• Proactive support being offered by HR to social care managers for long term sickness cases and other absence "hot spots" where managers have not already accessed this. • Continue to ensure managers are equipped, through training and appropriate tools, to prevent/manage absence e.g. absence surgeries and 'Performance Conversations' training • People performance dashboard provides managers with monthly absence data by Department and Service and data on absence hotspots will be shared with DMTs.
Responsible Officers	Lead: Audrey Sharp, Acting Head of HR Data: Lesley Macdonald, HR Consultant

3.8 % People receiving Learning Disabilities services in paid employment

Why is this important?

Research and best practice shows that having a job is likely to significantly improve the life chances and independence of people with learning disabilities, offering independence and choice over future outcomes. Furthermore this indicator has been identified within the County Council Plan as being vital to outcomes around both the economy and Norfolk's vulnerable people. Norfolk has a low rate compared to other councils.

Performance



What is the background to current performance?

- Current performance has declined from 3.7% in March 2016 to **3.3% in September 2016** and is worse than at year end 2014/15 (3.9%).
- There has been very slight variation in performance since the last report to committee when it was 3.2%.
- Historically Norfolk's performance kept pace with the family group average, even during the recession.
- Poor performance means Norfolk is now significantly below the family group average percentage of 5.1%.
- The number of people in voluntary work has only been recorded since April 2016; we would expect numbers to increase as information is recorded at reassessment.
- We also know that there is a "ceiling" of people who could possibly be in employment of around 9% since about 91% of people receiving LD services are classed as "not seeking work/retired"

What will success look like?

- Meet targets to exceed the previous highest rate (2013/14), with 'steeper' improvement in 17/18 and 18/19 to reflect the timing of the planned review of day services.
- Targets of 5% by end of 16/17, 5.3% by 17/18 and 7.5% by 18/19.

Action required

- Current data shows 160 service users recorded as seeking work. This needs to be analysed to check the figure is still accurate. Some service users may now be in work, work experience or education (completed by Jan17).
- Providers are being contacted to make sure those seeking work are being supported to meet this objective. This work is underway and will be completed by January 2017.
- A review of day service providers is underway to ensure that if providers say they provide support for people to find work they are doing so. This will take 3-6 months. Following this review we will ensure effective contractual arrangements support targets with providers offering employment / work related / volunteering.
- OWLs (Opportunity, Work and Learning) project to progress and take forward.
- Match (the NCC employment support service for LD) to identify the barriers to finding employment.
- Build on success of approaching employers directly rather than applying on the open market. Build a community approach-hold local events to encourage employers to pledge work experience/voluntary work.
- Continued emphasis on using strengths based practice at reviews and during transition to emphasise the importance of accessing employment/work based activities. Share good practice in teams.
- Further work needed to ensure literacy and maths requirements are not a barrier to accessing apprenticeships.

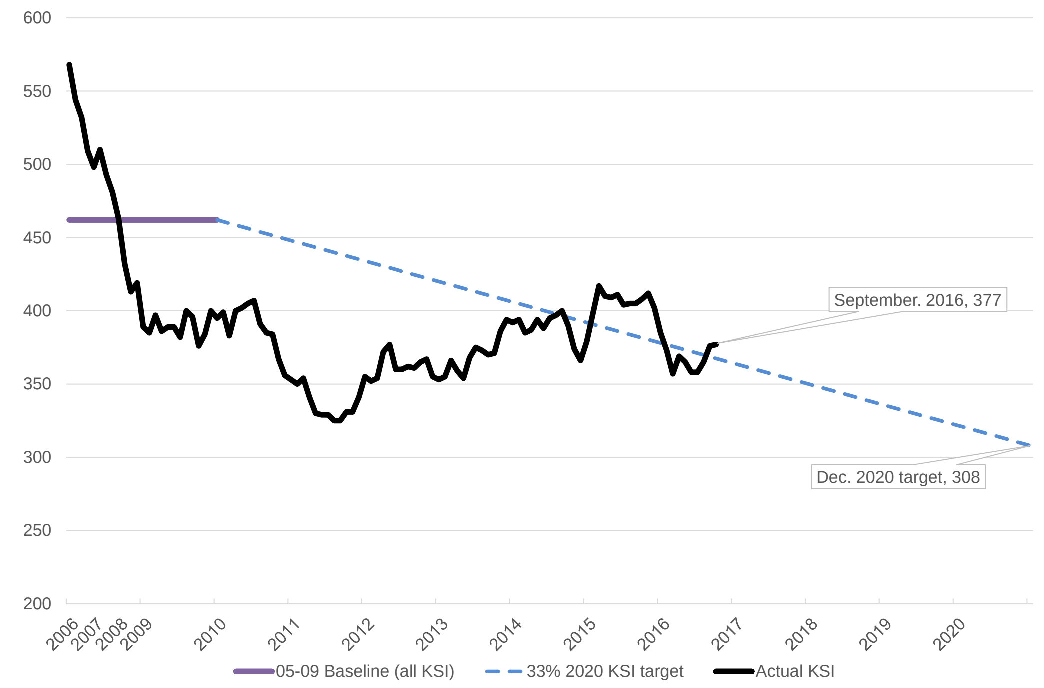
Responsible Officers

Lead: Lorrayne Barrett, Director of Integrated Care   Data: Business Intelligence & Performance Team

Why is this important?

Last year, 33 people were killed and 352 were seriously injured in road collisions in Norfolk, representing a significant emotional and financial burden to local people and services.

Performance



This graph represents the 12-month rolling figure for the number of KSI.

What is the background to current performance?

- Following the period of positive performance during the latter half of 2015 and start of 2016, the 12-month rolling KSI figure showed no significant variation, standing at 377 to the end of September 2016. KSI numbers are now above the trend line projected forward to our 2020 target figure.
- The sharp decline in the number of KSI from early 2006 to late 2010 can be attributed to improved in-car safety standards, greater compliance with speed limits, and the 2008-2013 recession which suppressed casualty numbers by limiting access to certain modes of transport;
- The general rise in the number of KSI from early 2011 is in-line with the national trend in rising KSI casualties;
- Norfolk has a lower KSI rate per 100,000 people, and per billion vehicle kilometres than its statistical neighbour authority Lincolnshire, but is outperformed in both measures by other neighbours Somerset and Suffolk.

What will success look like?

- A downward trend in recorded KSI casualties against increases in vehicle kilometres and population increases;
- A saving to the local economy and local services of around £1.8 million per fatal casualty prevented, and around £206,000 for every serious casualty prevented.

Action required

- Continue with targeted local interventions, with other stakeholders under scrutiny of the Road Casualty Reduction Partnership Board;
- Continue regular monitoring of sites which experience higher than expected collision numbers in order to identify remedial schemes;
- Continue regular Safety appraisal of new highway improvement schemes.

Responsible Officers	
	Lead: Dave Stephens, Team Manager Network Management (Analysis & Safety) Data: Nile Pennington, Analyst Road Casualty Reduction

Policy and Resources Committee

Item No 12 c

Report title:	**Risk Management Report**
Date of meeting:	**28th November 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

The Policy and Resources Committee's role includes to own, and set expectations for, the Council's corporate risk management. Strong risk management is key to ensuring that the organisation continues to achieve its' strategic objectives, and continues to manage the risks to the effective and efficient delivery of the Council's priorities, and services.

Executive summary

This report provides the Committee with the corporate risk register as it stands at the beginning of November 2016, along with an update on the Risk Management Strategy 2016-19, and other related matters, following the latest review conducted during October 2016.

Risk Management is reported in its own right but the reporting is aligned with and complements the Performance and Financial reporting to the Committee.

The Corporate Risk Register was last reported to both the Policy and Resources Committee and the Audit Committee (for risk management assurance) in September 2016, prior to being refreshed in October and November 2016 to show the latest developments. Officers are working on suggestions from those Committees. The latest developments since September 2016 are shown in **Appendix A** (the risk register report). A reconciliation of corporate risks from September 2016 is shown at **Appendix B.**

Recommendations:

Committee Members are asked to consider:

a. The changes to the corporate risk register **(Appendices A and B)**, the progress with mitigating the risks; and
b. The scrutiny options for managing corporate risks, presented in **Appendix C**;
c. The potential financial implications from a current risk and a potential risk as reported to Committees, that are set out at para. 4.1 of this report

1. Proposal (or options)

1.1. The County Leadership Team has been consulted in the preparation of the corporate risk register.

2. Evidence

2.1 Direction

The Council's Medium Term Strategy and Financial Plan, adopted in July 2015, provides council-wide priorities, and these have been developed into some clear outcomes and measures by officers and members. Considering 'being the organisation we need to be', the Council is leading on, and delivering, these changes, and is becoming more strategic with the right attitudes and skills, able to change at pace while shedding cost. The Council is continuing to strengthen governance and performance management, which include effective risk management arrangements. The overall direction should move towards a reduction in corporate risk scores, wherever possible.

Since August 2015 when the responsibility for Strategic Risk Management passed over to the Chief Internal Auditor, a Medium Term Risk Management Strategy 2016-19 has been initiated, and is currently being developed by the Risk Management Officer.

Work is taking place to further develop the performance pyramid. Risk Management continues to be reviewed and strengthened. The Council's Management of Risk Framework, including the Risk Management policy was last revised in 2014 and, whilst it has been fit for purpose, it is due for a refresh to reflect governance, organisational and developments in best practice. That work is now underway. Key areas to be strengthened are setting out clearly how the Council's 'Risk Appetite' and 'Risk Tolerance' are governed. Developments also include benchmarking the Risk Management function against our peers.

2.2 Progress

Overall, corporate risk scores continue to be generally stable. Since the last report to the Policy and Resources Committee, further work has been carried out developing risk mitigations and progress reports that are more specific, measurable, achievable, realistic and timed, and aligning the plans and progress reporting more closely with each other. Progress against mitigations set can be better identified, moving towards a reduction in risk scores, wherever possible. The goal is to better reflect the significant risks to Norfolk County Council, and the actions required to mitigate them, managed by the County Leadership Team, and owned by the Policy and Resources Committee.

The latest corporate risk register details 19 risks presented at **Appendix A**. Corporate risks are where the occurrence of an event may have an impact on the County Council achieving its objectives or missing opportunities. Each risk has been allocated to the appropriate Executive Director along with a risk owner and actionee who are able to influence the mitigation and regularly report on progress so that all reports contain the most current information relating to the risk. It is the nature of corporate risks that every Executive Director has a responsibility to contribute, support and progress the tasks to mitigate the risks, through the County Leadership Team and their Departmental Management Teams.

Appendix A contains a full description of each corporate risk with the tasks to mitigate it and the progress of that mitigation. There are three risk tolerance scores (original, current, and target), with each score expressed as a multiple of the impact and the likelihood of the event occurring.

There is one risk with a ‘current’ red rated risk score:

1. RM020a – Failure to meet the long term needs of older people.

Risk owners have considered whether the risks will meet the target tolerance score by the target date. Twelve risks are assessed as “Amber– some concerns” that targets may not be met, and four are assessed as “Green - on schedule” to meet their target, and one risk having already met its’ target score by the target date.

There are three risks currently with a ‘prospects’ target red risk score:

1. RM014a - The amount spent on home to school transport at significant variance to predicted best estimates.

2. RM014b – The savings to be made on Adult Social Services transport are not achieved.

3. RM022 - Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact negatively on Council objectives, financial resilience and affected staff.

A reconciliation to the September report is presented at **Appendix B,** detailing the significant changes to corporate risks since the September 2016 report.

As part of the overall development of the performance and risk management framework for the Council, a new approach to corporate and departmental risk management is being adopted. This new approach involves the development of corporate and departmental level risks that are: outcome focussed; linked to strategic priorities; business critical, identifying areas where failure places the organisation in jeopardy; linked to financial and performance metrics. It is dependent upon a shared understanding of the risk appetite of the council.

A key element of this work is cultural change and absolute clarity of roles, responsibilities and process. Specifically, clarity of what these risks are, who is responsible for them, what they are doing to actively manage the risks and what measures are in place to hold people to account.

To assist Members with considering whether the recommended actions identified in this report are appropriate, or whether another course of action is required, a new list of such possible actions, suggested prompts and challenges are presented for information and convenience in **Appendix C.**

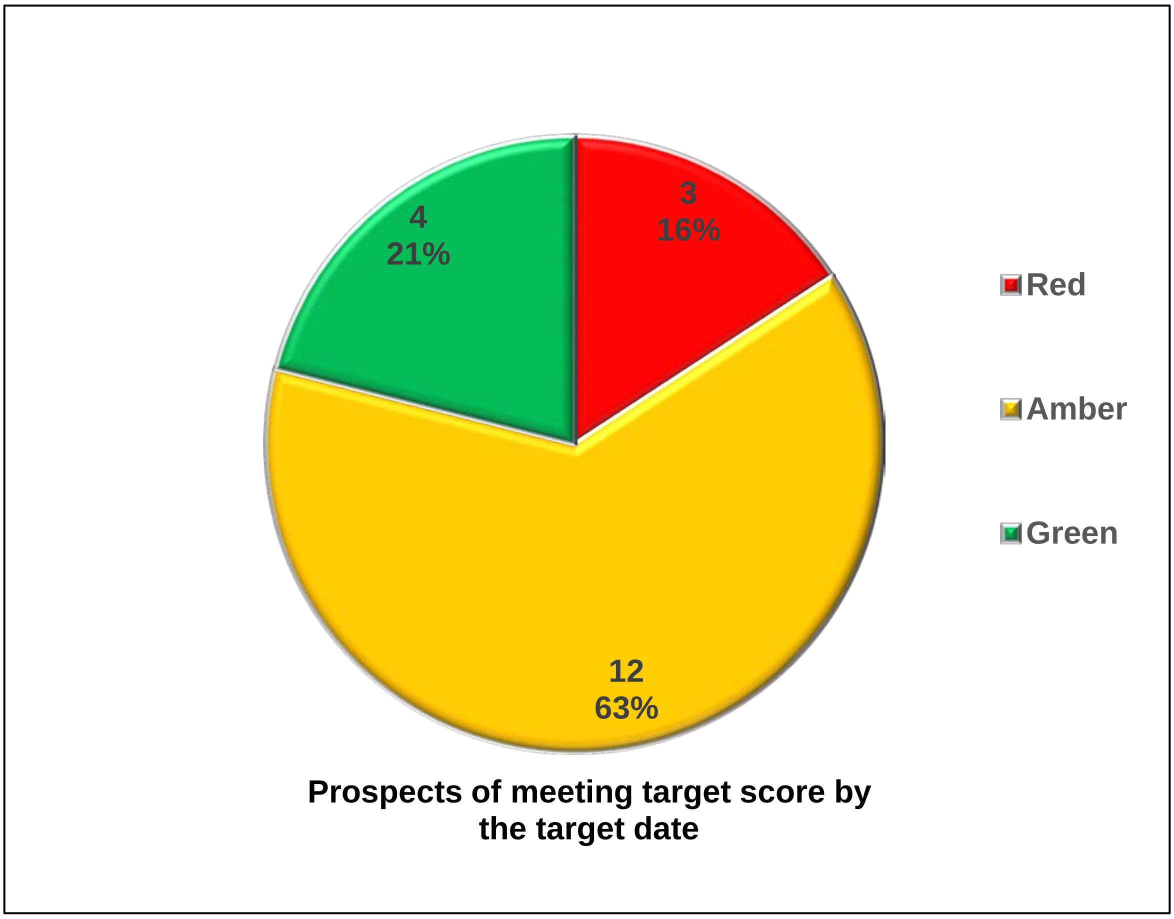
Explanations for the various scores and terminology can be found in a 'Bite Sized Guide to Risk Management' previously presented in an Audit Committee meeting agenda paper, pages 368-378. Risk scores are based on the scoring model found in the Norfolk County Council Management of Risk Framework.

For ease of reference the risks have been plotted on a heat map, in **Appendix D**, to illustrate each risk's relative position measured by likelihood and impact.

The criteria for Corporate and Departmental risks are described at Note 1.

A description of target scores is shown at Note 2.

Fig. 1. Reflects the percentages of risks in each category.



2.3 Refreshed Risk Management Policy and Framework

As part of the Medium Term Risk Management Strategy 2016-19 the Council's Risk Management Policy is currently being reviewed and refreshed.

3. Risk Management reporting to Committees

3.1 Risk Management is now reported separately to Performance Management at Committees, although there continue to be close links between performance and risk. The departmental reporting continues to be by exception, including full information for risks with a current risk score of 12 and above where the prospects of meeting the target score by the target date is reported as amber or red. A risk report is presented to each Committee on a quarterly basis, at the same time as the Performance Report.

4. Financial Implications

4.1 The financial implications of corporate risks are reported to this Committee. There are no financial implications other than:

- those identified within the corporate risk register (Appendix A); and

- For the Promoting Independence programme, where it is noted that the savings identified are expected to be delivered, but have required re-profiling. This will reduce the levels of savings that can be achieved in 2016/17. A recommendation was made at the November Adult Social Care Committee to re-profile savings for this programme between 2017-18 and 2019-20. Further details of this re-profiling can be found from page 24 of the report in the agenda document pack of the November 2016 Adult Social Care Committee here. That risk has been reported in that Committee's risk reports. Adult Social Care Committee recommended that this matter was reported to Policy and Resources Committee

- The Policy and Resources Committee received a report at its 31st October 2016 meeting (Item 11 page 106 – 125) which set out recommendations for the management of Ash Die Back (Chalara) – Management of the NCC Estate. The financial implications and risks were set out in parts 3 and 4 of that report.

5. Issues, risks and innovation

5.1 There are no further corporate risks than those described elsewhere in this report. The Risk Management Strategy 2016-19 will include best practice. The intention is to promote the benchmarking of the function from 'Highly rated against peers' to 'world class'.

6. Background

6.1 The review of existing risks has been completed with responsible officers.

Officer Contact

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

Officer name :	**Adrian Thompson**	**Tel No. :**	01603 222784
Email address :	adrian.thompson@norfolk.gov.uk		

IN TRAN communication for all

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.

Note 1:

A Corporate Risk is one that:

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

The criteria for a Departmental Risk Register is that:

- It requires strong management at a departmental level thus the Departmental Management Team should direct any action to be taken.
- If not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key departmental objectives and/or suffer a significant financial loss or reputational damage.

Note 2:

The prospects of meeting target tolerance scores by the target dates are a reflection of how well mitigation tasks are controlling the risk. The contents of this cell act as an early warning indicator that there may be concerns when the prospect is shown as amber or red. In these cases, further investigation may be required to determine the factors that have caused the risk owner to consider that the target may not be met. It is also an early indication that additional resources and tasks or escalation may be required to ensure that the risk can meet the target tolerance score by the target date. The position is visually displayed for ease in the “Prospects of meeting the target score by the target date” cell as follows:

- Green – the mitigation tasks are on schedule and the risk owner considers that the target score is achievable by the target date
- Amber – one or more of the mitigation tasks are falling behind and there are some concerns that the target score may not be achievable by the target date unless the shortcomings are addressed
- Red – significant mitigation tasks are falling behind and there are serious concerns that the target score will not be achieved by the target date and the shortcomings must be addressed and/or new tasks introduced.

Appendix A

Risk Number	RM001	**Date of update**	04 October 2016
Risk Name	Infrastructure is not delivered at the required rate to support existing needs and the planned growth of Norfolk		
Risk Owner	Tom McCabe	**Date entered on risk register**	01 July 2015

Risk Description

1) Not securing sufficient funding to deliver all the required infrastructure for existing needs and planned growth leading to: • congestion, delay and unreliable journey times on the transport network • a lack of the essential facilities that create sustainable communities e.g. good public transport, walking and cycling routes, open space and green infrastructure. 2) Not meeting the funding profiles (e.g. Local Growth Fund) and losing the funding.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	**15**	3	3	**9**	3	2	**6**	Apr-17	**Amber**

Tasks to mitigate the risk

1.1) Independent Evaluation Group team and District Council staff to complete draft Local Growth Fund 3 (LGF3) business cases by end of November 2016 to maximise the chance of success. Funding will be announced in Autumn Statement, and the Local Enterprise Partnership will make a decision in the autumn/winter 2016/17.
1.2) Respond to Roads Investment Strategy 2 (RIS2) call for evidence by July 2016 to maximise chance of securing additional trunk road improvements. Provide business case evidence for priorities to Highways England by end of the year.
1.3) Actively promote and lobby to secure funding for the Great Yarmouth Third River Crossing. Submit Third River Crossing Outline Business Case to the Department for Transport by April 2017 to ensure we have a chance of being considered for funding.
1.4) Review Planning Obligations Standards annually to ensure we are seeking the maximum possible contributions from developers. Officer review December 2016. Member adoption March/April 2017.

2.1) Manage and oversee development and delivery of individual Local Growth Fund schemes bringing forward spend on some to offset lag on others and targeting the highest priority schemes and those that have the greatest impact. All the LGF schemes have been deemed worthy of funding by the Local Enterprise Partnership as they address the identified needs. Determine a revised programme for Norfolk schemes that still meets overall profile and agree with Local Enterprise Partnership by autumn 2016.
2.2) Periodically review timescales for S106 funding to ensure it is spent before the end date and take action as required. Review by end of December 2016.

Progress update

Progress update
1.1) Business cases for priority projects completed in July 2016, continuing to work through business cases for all schemes to meet deadlines for New Anglia Local Enterprise Partnership (NALEP) decision making. 1.2) Responded to Roads Investment Strategy 2 call for evidence in July 2016. Commissioned Mouchel to produce business cases. 1.3) Our bid for fast track funding from the Department for Transport to prepare an Outline Business Case (OBC) for the Great Yarmouth Third River Crossing was successful (Announced on 5 August 2016). Mouchel and NCC staff currently working to a tight timetable to have a robust Outline Business Case for submission in March 2017. This successful bid negated the need for the House of Commons reception. 1.4) Attended regional meetings and meetings of the Planning Officer Society to inform the December review. 2.1) Discussions with the Capital Programme Manager and the individual scheme designers are in progress to determine the latest position and the most likely spend profile for delivery of each individual scheme. 2.2) Various S106 for improvements to the Longwater interchange have been programmed and dovetailed with the Local Growth Fund funding to ensure they are spent before any deadline dates.

Risk Number	RM002	**Date of update**	14 October 2016
Risk Name	The potential risk of failure to manage significant reductions in local and national income streams		
Risk Owner	Simon George	**Date entered on risk register**	01 July 2015

Risk Description

This may arise from global or local economic circumstances (i.e. Brexit), government policy on public sector budgets and funding. As a result there is a risk that the Medium Term Financial Plan savings required for 2016/17- 2019/20 are not delivered because of uncertainty as to the scale of savings resulting in significant budget overspends, unsustainable drawing on reserves, and severe emergency savings measures needing to be taken. The financial implications are set out in the Council's Budget Book, available on the Council's website.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	5	**20**	3	5	**15**	3	4	**12**	Feb-17	**Amber**

Tasks to mitigate the risk

Medium term financial strategy and robust budget setting within available resources.
No surprises through effective budget management for both revenue and capital.
Budget owners accountable for managing within set resources.
Determine and prioritise commissioning outcomes against available resources and delivery of value for money.
Regular and robust monitoring and tracking of in-year budget savings by CLT and members.
Regular finance monitoring reports to Committees.
Close monitoring of central government grant terms and conditions to ensure that these are met to receive grants.
Plans to be adjusted accordingly once the most up to date data has been received.

Overall risk treatment: reduce

Progress update

Service and Financial Planning 2016-19 for Policy Resources reported to Policy and Resources Committee on 8 February 2016 and County Council on 22 February 2016 (in conjunction with progress update in RM006 below).
2015/16 Financial Savings and Monitoring reports reported to the February Policy and Resources Committee and where necessary adjustments included in the 2016/17 budget.
Government's 2016-17 local government finance settlement reflected in the 2016/17 budget and Medium term Financial Strategy.
Policy and Resources Committee on 18 July 2016 considered the latest position and agreed a timetable to consider 2017/18 budget and future Medium Term Financial Strategy.
The October P&R Committee has considered the budget position for 2017/18. Further updates will be provided throughout Autumn and Winter.
Officers will monitor and review the Autumn statement.

Appendix A

Risk Number	RM003				**Date of update**				20 October 2016	
Risk Name	Potential reputational and financial risk to NCC caused by failure to comply with statutory and/(or) national/local codes of practice.									
Risk Owner	Simon George				**Date entered on risk register**				30 September 2011	
Risk Description										
There is a risk of failing to comply with statutory and/(or) national/local codes of practices in relation to Information Compliance. This could lead to significant reputational and financial risk for NCC.										
Original			**Current**			**Tolerance Target**				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	**15**	3	4	**12**	2	4	**8**	Dec-16	**Amber**

Tasks to mitigate the risk

1) Implementation of SIRO (Senior Information Risk Owner) , CIO (Chief Information Officer), Corporate Information Management Team encompassing Information Management, Information Governance, Records Management, policies confirming responsibilities.
2) Ensure that information and data held in systems (electronic and paper) is accurate, up to date, comprehensive, secure against security breaches, and fit for purpose to enable managers to make confident and informed decisions.
3) Ensure that all staff and managers are provided with training, skills, systems and tools to enable them to meet the statutory standards for information management.

The current impact score has been reduced by 1 to 4 to take into account the increase in corporate tools to manage and ensure compliance - Information Asset Register, Policies and Procedures, Training and Awareness Strategy and Business buy-in.
The target date has been changed to take into account any recommendations to be undertaken as a result of the ICO Audit.

Overall risk treatment: reduce

Progress update

The Corporate Information Management Strategy and IM Maturity Readiness Plan was signed off by CLT on the 11th March 2016. The strategy and plan have been developed around the 7 National Archive Information Principles.
The IM Maturity Readiness plan has objectives and outcomes around the key information management tasks identified within the risk. The plan is initially focussed on the first three information principles as the foundation layers, Information is a valued asset, information is managed and information is fit for purpose.
Data cleansing has started in relation to Children's and Adult's social care information pre-procurement.
The council now has a corporate Information Asset Register in line with industry best practice, which all services have added their key information assets and these have idenitified Information Asset Owners(IAOs) associated with them. The SIRO will recieve quarterly exception reports from the IAO's and the IAO'

Progress update

s will on a regular update theee assets and any risks associated with them. The governance of the monitoring of the register and the assets themselves has been agreed with the SIRO and identified to the Caldicott Guardians.
6 New Corporate Information Management Policies signed off by Business Leads, the Caldicott Guardians and the SIRO, have been implemented within the council along with 30+ Corporate procedures signed off by business leads. In tandem a comms strategy has been implemented along with a robust Training and Awareness strategy including action and implementation plans.
The ICO audited the council on the 11th to the 13th October 2016 and the council is due to receive their first draft report in November 2016.
The Maturity Readiness Plan is being monitored by the Business Intelligence/Information Management Programme Board on a monthly basis with highlight reports. The scrutiny will also be provided by regular updates to CLT.

Appendix A

Risk Number	RM004				**Date of update**			26 October 2016		
Risk Name	The potential risk of failure to deliver effective and robust contract management for commissioned services.									
Risk Owner	Simon George				**Date entered on risk register**			01 July 2015		
Risk Description										
Ineffective contract management leads to wasted expenditure, poor quality, unanticipated supplier default or contractual or legal disputes The council spends some £600m on contracted goods and services each year.										
Original			**Current**			**Tolerance Target**				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	2	3	**6**	Mar-17	**Amber**

Tasks to mitigate the risk

1) Agree a standard corporate approach to the management of significant contracts.

2) Conduct a gap analysis, initially focused on the top fifty contracts.

3) Put in place an action plan based on the gap analysis

4) The October 2016 P&R report should update Members on the procurement procedure.
Overall risk treatment: reduce

Progress update

1) CLT agreed the standard approach on 30 June 2016.

2) An initial gap analysis is under way on five pilot contracts. This will be used to refine the approach.

3) Subsequently, the gap analysis will be extended to the remainder of the top fifty contracts, then to a further tranche of some 45 contracts.

4) The October 2016 P&R report updated Members on procurement procedure.

The target date is March 2017, given the early findings from the gap analysis.

Appendix A

Risk Number	RM006	**Date of update**	10 November 2016
Risk Name	The potential risk of failure to effectively plan how the Council will deliver services over the next 3 years commencing 2015/16.		
Risk Owner	Wendy Thomson	**Date entered on risk register**	01 July 2015

Risk Description

The failure in strategic planning meaning the Council lacks clear direction for resource use and either over-spends, requiring the need for reactive savings during the life of the plan, or spends limited resources unwisely, to the detriment of local communities.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	**15**	3	5	**15**	1	5	**5**	Feb-17	**Green**

Tasks to mitigate the risk

• Clear robust planning framework in place which sets the overall vision and priority outcomes. A council-wide strategy which seeks to shift focus to early help and prevention, and to managing demand
• Strategic service and financial planning process which translates the vision and priorities into achievable, measurable objectives, with clear targets.
• A robust annual process to provide evidence for Members to make decisions about spending priorities.
• Sound engagement and consultation with stakeholders and the public.
• A performance management system which ensures resources are used to best effect, and that the Council delivers against its objectives and targets.

Overall risk treatment: reduce

Progress update

• Full Council agreed a three-year medium term financial and service strategy, including the budget for 2016/17, at its meeting on February 22nd 2016. In making their decisions, Councillors had the benefit of extensive feedback from public consultation, which had been considered in some detail by all Committees.
• A new County Council Plan was considered by Policy and Resources and was agreed by Full Council, together with the County Plan Tracker to monitor performance and delivery.
• The Plan outlines the strategic context for the Council, providing direction and guide strategic and resource choices. It will then translate into delivery at a service committee level, setting out actions to address the four priority outcomes, objectives for the Department’s core business; spending plans - what the money will be spent on and what it will deliver/achieve; performance, risk and accountability framework
• Regular performance reporting to committees is focusing attention on poorly performing areas and highlighting areas of good performance. Dashboards are used, providing a summary of key performance indicators (KPIs) which focus on key areas agreed by Members and Chief Officers, together with the red, amber, green rating (RAG) ratings and direction of travel (DoT).
• All Committees have reviewed savings proposals for 16/17, and taken action to strengthen delivery or re-profile. All Committees have identified additional savings for 2017/18 in line with the financial context and these are subject to consultation and engagement, where that is required.

Appendix A

Risk Number	RM007	**Date of update**	20 October 2016
Risk Name	Potential risk of organisational failure due to data quality issues.		
Risk Owner	Simon George	**Date entered on risk register**	01 July 2015

Risk Description

Failure to manage the data quality will prevent us from ensuring that data relating to key Council priorities is robust and valid. This places the Council at risk of making decisions using data that is not always as robust as it should be. This may lead to poor or ineffective commissioning, flawed decision making and increased vulnerability of clients, service users and staff.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	**15**	3	5	**15**	2	4	**8**	Dec-16	**Amber**

Tasks to mitigate the risk

1) Implementation of the Information Management Strategy,
Information Governance Framework, Data Protection, Information Sharing, Freedom of Information, Records Management, Managing Information Risk, and Information Security.
2) Information Compliance Group (ICG) has the remit to ensure the overarching Information Governance Framework is embedded within business services and NCC and elements of the IM Maturity Readiness Plan.
3) Ensuring that all staff and managers are provided with training, skills, systems and tools to enable them to meet the statutory/NCC standards for information management.
4) Ensuring the Mandated E-Learning Data Protection 3 year refresher data - Information sent to CLT and CLG on a monthly basis for review and action
5) NCC is PSN accredited
6) NCC is NHS Information Governance Toolkit compliant to Level 2
7) The implementation of a corporate Records Management solution
8) The implementation of a corporate Identity and Access Management solution

The target date has been changed to take into account any recommendations to be undertaken as a result of the ICO Audit.

Overall risk treatment: reduce

Progress update

Progress update
The Corporate Information Management Strategy and IM Maturity Readiness Plan was signed off by CLT on the 11th March 2016. The strategy and plan have been developed around the 7 National Archive Information Principles. The IM Maturity Readiness plan has objectives and outcomes around the key information management tasks identified within the risk. The plan is initially focussed on the first three information principles as the foundation layers, Information is a valued asset, information is managed and information is fit for purpose. October 16 compliance rate for 3 Yr Refresher is 98.2% - 3.2% higher than the target for the vital sign of 95%. A pilot training programme has been initated concerning - increasing data accuracy skills. The pilot is for 32 staff accross all services. The council now has a corporate Information Asset Register in line with industry best practice, which all services have added their key information assets and these have idenitified Information Asset Owners(IAOs) associated with them. The SIRO will receive quarterly exception reports from the IAO's and the IAO's will regularly update their assets and any risks associated with them. The governance of the monitoring of the register and the assets themselves has been agreed with the SIRO and identified to the Caldicott Guardians. The ICO audited the council on the 11th to the 13th October 2016 and the council is due to recieve their first draft report in November 2016. The Maturity Readiness Plan is being monitored by the BI/IM Programme Board on a monthly basis with highlight reports. The scrutiny will also be provided by regular updates to CLT. Norfolk County Council is NHS IG toolkit accredited for 2016/17, and the council is preparing for the re-acreditation in March 2017. Whilst the Council recently received a Public Services Network (PSN) fail, remediation plans are in place and are being monitored closely.

Risk Number	RM010	**Date of update**	07 November 2016
Risk Name	The risk of the loss of key ICT systems including: - internet connection; - telephony; - communications with cloud-provided services; or - the Windows and Solaris hosting platforms.		
Risk Owner	Simon George	**Date entered on risk register**	02 September 2015

Risk Description

Loss of core / key ICT systems, communications or utilities for a significant period - as a result of physical failure, fire or flood, supplier failure, misconfiguration or loss of PSN accreditation - would result in a failure to deliver IT based services leading to disruption to critical service delivery, a loss of reputation, and additional costs. Overall risk treatment: reduce.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	1	3	**3**	Jun-17	**Amber**

Tasks to mitigate the risk

1) Full power down in June 2015, completion of electrical works and test of ability to restore service.
2) Catalogue key ICT systems by 30th Sept 2015 - determine Recovery Time Objectives ("How long to restore") and Recovery Point Objectives ("acceptable amount of data loss") with business owners by 31st Oct.
3) Develop rolling Disaster Recovery test schedule by 30th Nov.
4) Determine target location for Highways Management System, CareFirst, Oracle e-Business Suite and Windows servers
5) Complete voice and data network re-procurement by 31st Dec to mitigate resilience issues, including with telephony, the data network, remote access, mobile devices and schools services.
6) Take necessary steps to retain PSN accreditation.

Overall risk treatment: reduce

Progress update

1) Full power down completed and procedures updated from lessons learned.
2) Recovery Time Objectives drafted - to be reviewed by the business to ensure that they meet business continuity requirements.
3) Initial set of Disaster Recovery tests will be undertaken, associated with testing failover of the new network. A rolling programme will follow.
4) Cloud-based highways management system has been implemented; procurement starting for CareFirst replacement (will be resiliently hosted by April 2018 - work is in progress); review of Oracle hosting has been commenced in light of this (timescales to be confirmed); review of Windows hosting still to be completed. This will be included within the scope of the formal joint review by Norfolk County Council and Hewlett Packard of the DNA contract during June 2016. Work is in progress.
5) Voice and Data network procurement completed and once implemented will improve resilience by April 2017.
6) PSN re-accreditation was achieved in 2015, and a programme of works to retain accreditation put in place and is being worked on with PSN for 2016 re-accreditation.

Risk Number	RM011	**Date of update**	12 August 2016
Risk Name	The potential risk of failure to implement and adhere to an effective and robust performance management framework.		
Risk Owner	Wendy Thomson	**Date entered on risk register**	02 September 2015

Risk Description

The failure of leadership to adhere to robust corporate performance practice / guidance, resulting in organisational / service performance issues not being identified and addressed. This will have a detrimental impact on future improvement plans and overall performance and reputation of the Council.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	1	3	**3**	Mar-17	**Amber**

Tasks to mitigate the risk

A review of the tasks to mitigate and to reduce this risk has been undertaken in April 2016 and the following actions for 2016/17 have been identified:-

1) CLT/CLG developing a new performance management framework to better align priorities, resources and managerial accountability for delivering results. This includes better linking of the new set of performance indicators (vital signs & organisational health measures) with senior manager individual performance appraisal ratings. To implement a new set of common leadership objectives (for the second year).

2) For CLT to regularly review the quality and robustness of our people performance management framework and ensure consistent adherence across NCC. To undertake a review and audit in August/September 17 against agreed criteria. To track appraisal completions of the 2016 end of year appraisals and to ensure an improvement on the 2015 81% completion rates.

3) To evaluate the Performance Conversations skills workshops that 500 managers attended - and follow up to ensure that this learning is embedded across the organisation.

4) CLT to agree focus for further performance management skills development - following assessment of gaps.

Overall risk treatment: reduce.

Progress update

Whilst progress has been made on implementing key actions the risk scores are assessed as remaining the same; given the criticality of this area. It is essential that this work continues with managers to achieve a major shift in the day to day performance routines of all levels of managers. Set out below is progress in the last 12 months:

1) New performance framework in place and a number of briefings and development work has been undertaken with CLT/CLG.

2) Appraisal completion rates 81% (variation of 57% to 95% in different parts of the Council) in 2015 - County Leadership Team agreed to track & improve on this for 2016.

3) In the last year, we have started to achieve a greater understanding in our management population of the gaps in our performance framework and their role in addressing the changes needed.

4) In 2015/16 the sickness levels improved and we exceeded the Council's target for NCC services. Average sickness per fte reduced to 7.66 days 15/16 from 8.35 in 14/15 (Target 7.81).

Risk Number	RM013	**Date of update**	26 October 2016
Risk Name	The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions.		
Risk Owner	Wendy Thomson	**Date entered on risk register**	02 September 2015

Risk Description

The failure of governance leading to controlled entities: Non Compliance with relevant laws (Companies Act or other) Incuring Significant Losses or losing asset value Taking reputational damage from service failures Being mis-aligned with the goals of the Council The financial implications are described in the Council's Annual Statement of Accounts 2015-16, from page 88, covering Group Accounts available on the Council's website at http://bit.ly/2f0MLP3.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
1	4	**4**	1	4	**4**	1	4	**4**	Sep-16	**Green**

Tasks to mitigate the risk

1) All controlled entities and subsidiary companies have a system of governance which is the responsibility of their Board of Directors.
The Council needs to ensure that it has given clear direction of it's policy, ambitions and expectations of the controlled entities.
The NORSE Group objectives are for Business Growth and Diversification of business to spread risks. Risks need to be recorded on the Group's risk register.
2) The NORSE board includes a Council Member and is currently chaired by the Executive Director of Communities and Environmental Services of the Council. There is a shareholder committee comprised of six Members. The shareholder committee should meet quarterly and monitor the performance of NORSE. A member of the shareholder board, the shareholder representative, should also attend the NORSE board.
3) The Council holds control of the Group of Companies by way of its shareholding, restrictions in the NORSE articles of association and the voting rights of the Directors. The mission, vision and value statements of the individual NORSE companies should be reviewed regularly and included in the annual business plan approved by the Board. NORSE should have its own Memorandum and Articles of Association outlining its powers and procedures, as well as an overarching agreement with the Council which outlines the controls that the Council exercises over NORSE and the actions which require prior approval of the Council.

Overall risk treatment: reduce

Progress update

Progress update
1) There are regular Board meetings, share holder meetings and reporting as required. Risks are recorded on the NORSE group risk register. 2) The Norse Group follows the guidance issued by the Institute of Directors for Unlisted Companies where appropriate for a wholly owned local authority company. The shareholder committee meets quarterly and monitors the performance of NORSE. A member of the shareholder board, the shareholder representative, also attends the NORSE board. 3) The Council has reviewed its framework of controls to ensure it is meeting its Teckel requirements in terms of governance and control, and a series of actions has been agreed by the Policy and Resources Committee. The NORSE "Consents" backlog has been cleared via reporting to the P&R Committee. All County Council subsiduary limited company Directors have been approved by full council. New Chair of NORSE (Tom McCabe) appointed. New Senior Commissioner appointed (Al Collier) to replace the outgoing Senior Commissioner. Updated report on NORSE governance to come to P&R in November 2016.

Risk Number	RM014a	**Date of update**	31 October 2016
Risk Name	The amount spent on home to school transport at significant variance to predicted best estimates		
Risk Owner	Michael Bateman	**Date entered on risk register**	04 November 2015

Risk Description

There is a risk that the amount spent on home to school transport is at significant variance (overspend) to predicted best estimates. Cause: Home to school transport being a demand led service. Event: The amount spent on home to school transport is at significant variance with the predicted best estimates. Effect: Significant overspend on home to school transport than has been estimated for. Rising transport costs, the nature of the demand-led service (particularly for students with special needs) and the complexities involved in sustaining reductions in the need for transport or the distance travelled will result in a continued overspend on the home to school transport budgets and an inability to reduce costs.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	**9**	4	3	**12**	2	3	**6**	Mar-17	**Red**

Tasks to mitigate the risk

Continue to enforce education transport policy, and work with commissioners re school placements.
Continually review the transport networks, to look for integration and efficiency opportunities.
Work with Norse to reduce transport costs and ensure the fleet is used efficiently and effectively.
Look for further, more innovative, ways to plan, procure and integrate transport.

Overall risk treatment: reduce.

Progress update

Monthly SEN Transport Budget Meeting now embedded to ensure frequent and consistent joint working between Transport/SEN commissioners in Children's Services and the Passenger Transport Unit; review of exceptional cases criteria, application of policy, early warning of legislation and case-law impact on costs. Travel time/cost reduction is key element of new Education Inclusion Strategy and its implementation is being supported by a dedicated project manager using DfE grant money and a new post for 'Transport Invest to Save' has been recommended for funding from this grant also; to reduce the number of children needing to access alternative specialist provision or, if necessary, then to attend local specialist provision, the impact of this is not likely to kick in until latter part of 2016/17. The LA continues to be fully engaged with the Chairs of the Headteacher Associations and the Chair of the Schools' Forum / Governor Association to ensure that the strategy is jointly developed, owned and implemented.
SEN budget has been split down to lower levels and regular data is being sent to decision-makers in Children's Services to enable further transparency and better budget monitoring.
While student numbers continue to decrease in secondary and Post 16 education, spend is reducing.

Risk Number	RM014b	**Date of update**	28 September 2016
Risk Name	The savings to be made on Adult Social Services transport are not achieved.		
Risk Owner	Janice Dane	**Date entered on risk register**	04 November 2015

Risk Description

The risk that the budgeted savings of £3.8m to be delivered by 31 March 2017 will not be achieved.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	**9**	4	3	**12**	2	3	**6**	Mar-17	**Red**

Tasks to mitigate the risk

As part of reviews and reassessments identify the potential to reduce transport costs, eg by using local services that meet needs, using mobility allowance/motability vehicles - and work with individuals to achieve this.
Travel and Transport continually review the transport networks, to look for integration and efficiency opportunities, and reprocure transport.
Work with Norse to reduce transport costs and ensure the fleet is used efficiently and effectiviely.

Progress update

Project set up in ASSD. One FTE in Travel and Transport now dedicated to helping ASSD transport savings programme. Regular data and costs are being sent to ASSD managers. Titan (Travel Independent Training Across the Nation) training is being piloted from October eg so that people can use public transport by themselves. Reviewing business case following detailed costings to refurbish a centre in Thetford to provide day services for younger people with complex Learning Difficulties in that area rather than them having to travel long distances which will result in savings. Engagement events held to encourage transport providers to sign up to Trusted Traders for Transport so that where people are able they can arrange and pay for transport themselves and it is being promoted in Your Norfolk.
Data has been analysed by the project team and potential savings identified, but the teams haven't got the capacity to do the reassessments of service users at pace and people didn't apply for the additional posts that have been created.
Part of regular report to ASSD SMT and Promoting Independence Programme Board. The department is working with Travel and Transport and Childrens to find someone to carry out a Transport Review to complement the work already carried out. This will also need to sit alongside any other work being undertaken corporately on transport. The review would include looking at: good practice in other authorities in Adult Social Services Transport, especially those who have a relatively low spend on transport; and what efficiencies could be made in the administration, management and procurement of transport for Adult Social Services.

Appendix A

Risk Number	RM016	**Date of update**	10 November 2016
Risk Name	Failure to adequately embed Business Continuity into the organisation.		
Risk Owner	Tom McCabe	**Date entered on risk register**	10 December 2015

Risk Description

To ensure disruption is minimised and ensure that we are able to maintain services and respond appropriately to a significant incident (Major or Moderate) both within and out of core office hours (N.B. this risk will be scored differently for different departments due to different levels of preparedness).

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	**10**	2	4	**8**	2	3	**6**	Jun-17	**Green**

Tasks to mitigate the risk	Progress update
1) All corporately agreed critical activities must have comprehensive Business Continuity plans. Plans to be agreed at Senior Management meetings.	1) 85% of BC plans completed across the organisation including 90% of critical plans. 65% of BC Plans have been reviewed within the last 12 months including 79% of critical plans. The Corporate BC plan is being reviewed and updated. The Resilience Team audits all plans as they are received and provides feedback to service managers where changes are required.
2) That departments are represented at Resilience Management Board meetings, that training is completed and that departments complete exercises/tests.	2) Most departments are represented at meetings regularly. Resilience and ICT followed up the initial meeting of 6th June and a list of actions were agreed at the latest meeting on the 1st July to strengthen ICT Business Continuity arrangements. Resilience have presented at the ICT Board, as a result members agreed to the ICT Continuity work proposed. We have invited the Head of Procurement to the Resilience Management Board to present on Supplier Continuity. Training and exercising has begun but a full programme of training and exercising needs to be developed.
3) First stage is a planned exercise to take place with the Customer Service Centre at the Corporate work area recovery (WAR) site, the second step is to complete an exercise with the Resilience represenatives at the Professional Development Centre (WAR site). Also, an exercise with the Resilience Management Board and CLT.	3) A recent visit at the Work Area Recovery site confirmed that a test with the CSC can be organised in the next 6 months. A date has been agreed and planning meetings booked in. The exercise will test several parts of the CSC plan. It is important to highlight that the scenario we will be testing will be loss of access to County Hall not loss of infrastructure at County Hall. Once this has been completed an assessment will be carried out on how other services could use the site and document invocation procedures if the site needed to be used both in and out of hours. CLT have had a number of briefings from the Resilience Team as well as an exercise on the impact of pandemic flu.

Tasks to mitigate the risk	Progress update
4) Complete a Business Impact Analysis every two years and review risks which could affect critical activities.	4) This has been completed and 93% of BIAs were returned. The Resilience Board has confirmed the critical activites as a result of this process. Resilience representatives completed a session on the risks to critical activities and ICT was identified as a high risk area that services were concerned about. The next BIA will be completed in September 2017.
5) To review Business Continuity E-Learning Course, relaunch, monitor uptake.	5) The online BC e-learning is available. We will promote the current e-learning module and monitor uptake.

Risk Number	RM017	**Date of update**	30 September 2016
Risk Name	Failure to construct and deliver Norwich Northern Distributor Route (NDR) within agreed budget (£178.95m)		
Risk Owner	Tom McCabe	**Date entered on risk register**	26 November 2015

Risk Description

There is a risk that the NDR will not be constructed and delivered within budget. Cause: environmental / building contractor factors affecting construction progress. Event: The NDR is completed at a cost greater than the agreed budget. Effect: Failure to construct and deliver the NDR within budget would result in the inability to deliver other elements proposed in the Norwich Area Transport Strategy (NATS) Implementation Plan. It would also result in a reduction in delivering economic development and negatively impact on Norfolk County Council's reputation. Exceeding the budget will also potentially impact wider NCC budgets and its ability to deliver other highway projects or wider services (depending on the scale of any overspend).

Original			**Current**			**Tolerance Target**				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	**9**	3	3	**9**	2	2	**4**	Feb-18	**Amber**

Tasks to mitigate the risk

The total project cost, not including the Postwick junction which has already been delivered, is £151.25m.
1) A project Board and associated governance mechanisms to be put in place. Monthly reporting will be provided to the Board (Chaired by Tom McCabe).
2) A project team is to be developed to include sufficient client commercial scrutiny throughout the works by Balfour Beatty, which will include a commercial project manager.
3) Main clearance works, archaelogical investigation and utility diversions planned for start on 4 January 2016. This will enable main construction to meet start planned for March 2016 to keep programme as short as possible.
4) Project controls and client team to be assembled to ensure sufficient systems and staffing in place to monitor costs throughout delivery of project.
5) Cost reduction opportunity meetings will be held throughout the duration of the construction.

Overall risk treatment: reduce

Progress update

1) A project Board and associated governance mechanisms are in place and monthly reporting is being provided to the Board (Chaired by Tom McCabe).
2) The project team is developed and includes sufficient client commercial scrutiny throughout the works by Balfour Beatty, including a commercial project manager.The contract includes significant incentivisation with the intention for the whole delivery team to stay within the available budget.
3) Main clearance works, archaeological investigation and utility diversions started on 4 January 2016 and have been delivered on programme (the risks of environmental and archaeology constraints restricting progress have passed). However, whilst progress is good, there remain some pressures on programme, with Network Rail approvals taking longer than planned for the Rackheath Bridge. Poor weather in June also slowed progress, but this has largely been recovered. The impacts on budget are being reviewed and monitored, but there is a risk to the overall budget.
4) Project controls and client team are in place to ensure sufficient systems and staffing to monitor costs throughout delivery of project.
5) All team focussed on reducing costs and further cost reduction opportunity meeting already held with further meetings ongoing.

Risk Number		RM018			**Date of update**				31 October 2016	
Risk Name		Potential failure to meet the needs of children in Norfolk.								
Risk Owner		Michael Rosen			**Date entered on risk register**				01 December 2013	
Risk Description										
CS Teams do not show the improved performance at the speed which is acceptable to DfE and Ofsted and subsequently, children and families do not receive a good/outstanding service.										
Original			**Current**			**Tolerance Target**				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	**10**	2	5	**10**	1	5	**5**	Mar-17	**Amber**
Tasks to mitigate the risk										
Action plans are being designed and delivered following each Ofsted monitoring visit. Strategic partnership arrangement is being developed with Barnardo's to focus on LAC and Care Leavers. Essex CC have been commissioned by the DfE to support our improvement activity.										
Progress update										
Feedback from the first monitoring visit was generally positive. All areas for development identified by Ofsted in that visit have been captured in the action plan. A joint innovations fund bid has been submitted with Barnardo's to assist in funding the partnership approach. Governance arrangements are being discussed. Colleagues from Essex have visited and we have provided them with a locality-level stocktake in order to inform them of current performance and to help identify where their support would be most beneficial.										

Appendix A

Risk Number	RM019	**Date of update**	14 November 2016
Risk Name	Failure to deliver a new fit for purpose social care system on time and to budget.		
Risk Owner	Catherine Underwood	**Date entered on risk register**	24 February 2016

Risk Description

Major risks include: 1) Being unable to resource the project to meet the April 2018 deadline 2) Setting a scope that is either too ambitious or not challenging enough 3) The market may not provide an affordable solution 4) It may be difficult to establish costs and fund the project 5) National and local agendas may cause our requirements to change radically between procuring and implementing the system 6) Corporate governance may be challenging to establish standard requirements for a complex project involving users from 5 council departments and 3 committees.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	5	**20**	3	5	**15**	1	4	**4**	Jun-18	**Green**

Tasks to mitigate the risk

1) Create and cost a resource and preliminary staffing structure profiled across years, and recruit to posts
2) Ensure scope is effectively challenged through staff, management and member consultation
3) Ensure the procurement route and SoR is clearly specified to appeal to the widest group of contractors that have a developed product that delivers Adults, Childrens and Finance
4) Ensure costs and resource plans are challenged reviewed by an external expert
5) Consult effectively with partners and stakeholders to ensure intelligence is captured and fed into the procurement requirements and within the implementation phases
6) Develop and review effective corporate governance to ensure service requirements are fed into the scope and Statement of Requirements.

Progress update

1) Recruitment to key posts undertaken, now appointed a Data Migration Manager.
2) The project scope has been reviewed by the SCS Management Board and by CLT.
3) Contract awarded August 2016 to Liquidlogic.
4) Cost, resource plans and the Statement of Requirements have been challenged and reviewed by an external ICT consultant and changes have been made to take these into account.
5) The Project Team is consulting with management groups, stakeholders and OLAs and is maintaining a watching brief on the development of Government and professional body agendas
6) Governance models developed in the preliminary stages have been reviewed in consultation with the Managing Director and Corporate Leadership Team and those changes are being implemented.
7) Data migration approach has been agreed by JLAG and CLT. 8) Detailed project plan being reviewed with Liquidlogic. 9) Business process workshops for Adults being held.

Risk Number	RM020a	**Date of update**	26 September 2016
Risk Name	Failure to meet the long term needs of older people		
Risk Owner	Catherine Underwood	**Date entered on risk register**	11 October 2012

Risk Description

If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care.

Original			**Current**			**Tolerance Target**				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	**25**	4	5	**20**	2	4	**8**	Mar-30	**Amber**

Tasks to mitigate the risk

- Implement a new model for social care
- Invest in appropriate prevention and reablement services
- Integrate social care and health services to ensure maximum efficiency for delivery of health and social care
- The Building a Better Future Programme will realign and develop residential and housing with care facilities
- Ensure budget planning process enables sufficient investment in adult social care .
- Adult Social Services is implementing a new more cost effective model for meeting peoples' needs based on Promoting Independence.

Progress update

The Adult Social Care mitigating tasks are relatively short term measures compared to the long term risk, i.e. 2030, but long term measures are outside NCC's control, for example Central Government policy.

The department is implementing Promoting Independence which will radically change Adult Social Services in Norfolk. The overall objective is: improving when and how people can get information and advice locally; helping people to meet their needs locally; helping people to be independent; a strengths based approach; and in turn reducing the number of social care assessments that Norfolk carries out and the amount of funded services provided.

Strengths based training has been rolled out to all social care practitioners in Adult Social Services .

An Interim Promoting Independence Strategy and Delivery Director has been appointed to help deliver the change.

Appendix A

Risk Number	RM020b	**Date of update**	26 September 2016
Risk Name	Failure to meet the needs of older people		
Risk Owner	Catherine Underwood	**Date entered on risk register**	01 April 2011

Risk Description

If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	2	4	**8**	Mar-17	**Amber**

Tasks to mitigate the risk

• Invest in appropriate prevention and reablement services
• Integrate social care and health services to ensure maximum efficiency for delivery of health and social care
• The Building Better Futures Programme will realign and develop residential and social care facilities. Adult Social Services has a new more cost effective model for meeting peoples' needs based on Promoting Independence.

Progress update

• The Norsecare development at Bowthorpe opened in April 2016.
• The department is delivering Promoting Independence, the new strategy for Adult Social Services: keeping people independent in their homes, meeting their needs in the local community and reducing the need for paid services. An Interim Promoting Independence Strategy and Delivery Director has been appointed to help deliverthe strategy.
• The department has invested in more reablement staff so that additional people can be reabled, needing either no home care or smaller packages of care.
• Agreement reached with the CCGs about Better Care Fund.

Risk Number	RM021	**Date of update**	14 October 2016
Risk Name	Failure of Estate Management		
Risk Owner	Simon George	**Date entered on risk register**	21 June 2016

Risk Description

There is a risk that the Council does not have a clear policy around estate management, is not acting in line with the expectations of a landlord, and does not have sound tenancy agreements in place.

Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	**12**	4	3	**12**	2	2	**4**	Mar-17	**Amber**

Tasks to mitigate the risk

1) County Farms Performance Review Meeting to be established and attended by officers.
2) Recommendations from the County Farms audit report to be implemented with progress to be noted at the County Farms Performance Review Meetings.
3) Follow-up audit to be established and reported to the January 2017 Audit Committee.

Progress update

1) The County Farms Performance Review Meeting has been established and officers meet regularly to consider improvements to estate management.
2) Recommendations are currently being considered and implemented, and progress monitored at the County Farms Performance Review Meetings.
3) The follow up audit is underway and will report to Audit Committee in January 2017.

Appendix A

Risk Number	RM022	**Date of update**	11 November 2016
Risk Name	Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact on Council objectives, financial resilience and affected staff.		
Risk Owner	Wendy Thomson	**Date entered on risk register**	26 July 2016

Risk Description

There are far-reaching implications to the Council, most notably for the Council's EU funded programmes supporting economic growth and regeneration, employment, environmental protection, research and development, and agricultural support within Norfolk. There is a risk that initially, implications for Norfolk County Council of the UK leaving the EU are not known or understood, causing uncertainty in Council business, planning, and service delivery. Uncertainty on both performance delivery and designation of the Council as Managing Authority following the EU referendum result could lead to an inability to draw down the funding required to manage the programme and have a significant reputation impact on the Council leading to an inability to submit payment claims to the EU. Cause: The EU Referendum held in June 2016, with the UK voting to leave the EU. Event: Article 50 being triggered with a limited understanding as to how the terms of exit affect Norfolk County Council service delivery. Effect: Uncertainty over the nature and the extent that the terms of exit triggered by invoking Article 50 will impact upon Norfolk County Council.

Original			**Current**			**Tolerance Target**				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	**12**	4	3	**12**	3	3	**9**	Apr-17	**Red**

Tasks to mitigate the risk

1) Officers to meet with key Government leads to keep updated on proposals, developments and risks.
2) Article 50 is yet to be triggered, so at this stage, Norfolk County Council should continue to monitor the post-Referendum environment.
3) Understand potential implications from the vote to leave the EU, by keeping abreast of official publications from local, central, and European government.
4) Engage with LGA to ensure all current funding is protected in post EU referendum decision making so that the economic benefit of the funding is not lost post EU referendum result and also that these funds be devolved locally.
5) Human Resources to support managers and staff who may be affected by this issue.
6) Meetings to take place with the Department for Communities and Local Government (DCLG) and the Department for Business, Innovation and Skills regarding funding to manage breaking the tie between programme performance and funding.

Progress update

Progress update
1) Meetings will be held with the appropriate bodies. 2) Norfolk County Council is monitoring the post-Referendum environment, working to be as proactive as possible to events unfolding. 3) Working to understand potential implications from the vote to leave the EU, by keeping abreast of official publications from the Local Government Association (LGA). The government has pledged to introduce the Great Repeal Bill in 2017, which the Council will monitor progress with. 4) Engaging with LGA to ensure all current funding is protected in post EU referendum result decision making, allowing for funds to be devolved locally. In respect to European funds, the UK government has agreed to honour the funding commitment for any project agreed up until the point of leaving the European Union (expected to be March 2019). 5) Senior Managers have been advised of support available for officers affected by these issues. 6) Monthly meetings established with the Department for Communities and Local Government (DCLG) and the Department for Business, Innovation and Skills with specific focus on 1. Gaining approval that the Authority will be designated funding in a timely manner 2. Securing support to gain authority from the EU Commission to break the tie between programme performance and funding to manage the programme because of the added risk to performance that the EU referendum result has created.

Appendix B – Risk Reconciliation Report

Significant changes* to the risk register since the last Policy and Resources Risk Management report was presented in September 2016.

Risk additions:

There are no risk additions since the last Policy and Resources Risk Management report.

Risk Closures:

There is one risk closure to report since the last Policy and Resources Risk Management report:

RM005: The risk that we cannot provide laptops that are configured and maintained to be modern, reliable and fit for purpose.

The ICT department has now resolved all significant functional issues with the laptop devices with only a couple of minor issues remaining. These are expected to be resolved completely by Christmas 2016.

Current Score Changes:

There is one current score change to report:

RM003: Potential reputational and financial risk to NCC caused by failure to comply with statutory and/(or) national/local codes of practice.

The impact score of this risk has moved from 5 to 4, reducing the score from 15 to 12. This follows the introduction of the six new Corporate Information Management Policies, 30+ corporate procedures, and an Information Asset Register in line with industry best practice.

Prospect Score Changes:

There is one prospect score change to report:

RM002: The potential risk of failure to manage significant reductions in local and national income streams.

The prospect of meeting this risk's target score by the target date has moved from green to amber. This follows the latest position on maintaining service expenditure within budgets set. Further updates will follow throughout the Autumn and Winter period, with officers monitoring and reviewing the Autumn statement.

Other Significant Changes:

There is one other significant change to report:

RM001 - Infrastructure is not delivered at the required rate to support existing needs and the planned growth of Norfolk

Since the last Policy and Resources Committee Risk Management report was presented in September 2016, there have been revisions made to Risk RM001. This risk was refreshed in October 2016 to better represent the funding element of the risk of not delivering infrastructure at the required rate. Amendments have been made to the risk title, description, mitigations and progress against risk mitigations.

* A significant change can be defined as any of the following;

- A new risk
- A closed risk
- A change to the risk score
- A change to the risk title, description or mitigations (where significantly altered).

Appendix C

Risk Management discussions and actions

Reflecting good risk management practice, there are some helpful prompts that can help scrutinise risk, and guide future actions. These are set out below.

Suggested prompts for risk management improvement discussion

In reviewing the risks that have met the exception reporting criteria and so included in this report, there are a number of risk management improvement questions that can be worked through to aid the discussion, as below:

1. Why are we not meeting our target risk score?
2. What is the impact of not meeting our target risk score?
3. What progress with risk mitigation is predicted?
4. How can progress with risk mitigation be improved?
5. When will progress be back on track?
6. What can we learn for the future?

In doing so, committee members are asked to consider the actions that have been identified by the risk owner and reviewer.

Risk Management improvement – suggested actions

A standard list of suggested actions have been developed. This provides members with options for next steps where reported risk management scores or progress require follow-up and additional work.

All actions, whether from this list or not, will be followed up and reported back to the committee.

Suggested follow-up actions

	Action	Description
1	Approve actions	Approve recommended actions identified in the exception reporting and set a date for reporting back to the committee
2	Identify alternative/additional actions	Identify alternative/additional actions to those recommended in the exception reporting and set a date for reporting back to the committee
3	Refer to Departmental Management Team	DMT to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to committee
4	Refer to committee task and finish group	Member-led task and finish group to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to committee
5	Refer to County Leadership Team	Identify key actions for risk management improvement and refer to CLT for action
6	Refer to Policy and Resources Committee	Identify key actions for risk management improvement that have whole Council 'Corporate risk' implications and refer them to the Policy and Resources committee for action.

Corporate Strategic Risks - Heat Map

LIKELIHOOD	Insignificant 1	Minor 2	Moderate 3	Major 4	Extreme 5
Almost Certain 5					
Likely 4			14a, 14b, 21, 22		20a
Possible 3			17	20b, 1, 10, 3, 11, 4	7, 6, 2, 19
Unlikely 2					16, 18
Rare 1				13	

IMPACT

Key △ = Becoming more of a risk / ▭ = Risk is stable / ▽ = Becoming less of a risk

No.	Risk description	No.	Risk Description
1	Infrastructure is not delivered at the required rate to support existing needs and the planned growth of Norfolk.	11	The potential risk of failure to implement and adhere to an effective and robust performance management framework.
2	The potential risk of failure to manage significant reductions in local and national income streams	13	The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions.
3	Potential reputational and financial risk to NCC caused by failure to comply with statutory and/or national/local codes of practice.	14a	The amount spent on home to school transport at significant variance to predicted best estimates.
		14b	The amount spent on adult social care transport at significant variance to predicted best estimates.
4	The potential risk of failure to deliver effective and robust contract management for commissioned services.	16	Failure to adequately embed Business Continuity into the organisation.
6	The potential risk of failure to effectively plan how the Council will deliver services over the next 3 years commencing 2015/16.	17	Failure to construct and deliver Norwich Northern Distributor Route (NDR) within agreed budget (£178.55m).
7	Potential risk of organisational failure due to data quality issues.	18	Failure to make the required improvements leading to take-over of Children's Services.
10	The risk of the loss of key ICT systems including: - internet connection; - telephony; - communications with cloud-provided services; or - the Windows and Solaris hosting platforms.	19	Failure to deliver a new fit for purpose social care system on time and to budget.
		20a	Failure to meet the long term needs of older people.
		20b	Failure to meet the needs of older people.
		21	Failure of Estate Management.
		22	Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact on Council objectives, financial resilience and affected staff.

Policy and Resources Committee

Item No13

Report title:	**Health, Safety and Well-being Mid Year Report**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Wendy Thomson**

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 its employees and others affected by its business undertaking, including anyone it provides services to (either directly or through a 3rd party) e.g. school pupils, 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 the County Council also owes a ‘duty of care’ to those affected by its business. However the law allows judgements to be made on what measures are ‘reasonably practicable’ to be provided. This judgement allows proportionality between risk and cost.

The Health, Safety and Well-Being Team (HSW) 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 sensible and proportionate decisions that support the council to meet its key service priorities without exposing the authority, our employees or others to unnecessary risks.

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 (CLT) and the Policy and Resources Committee annually on progress on meeting the stated health, safety and well-being objectives and to provide an overall summary of health and safety management within the organisation. In addition a half yearly report provides an update to the annual report.

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

Executive summary

This report updates information provided in the annual report presented in July, also comparing against national performance indicators.

It also updates members on the work carried out by the HSW Team on work strands identified in the July annual report.

The incident figures reported in July were accurate and have not needed to be updated meaning there is no longer a delay in reporting.

The number of incidents reported has plateaued and remains low when calculated per FTE. The half yearly figures for this year suggest that this trend will continue.

In comparison to the national statistics we compare favourably, with 2.02 reportable incidents per 1000 FTE compared to a national average of 2.75. This is a positive indicator that NCC has an effective and robust health and safety management system.

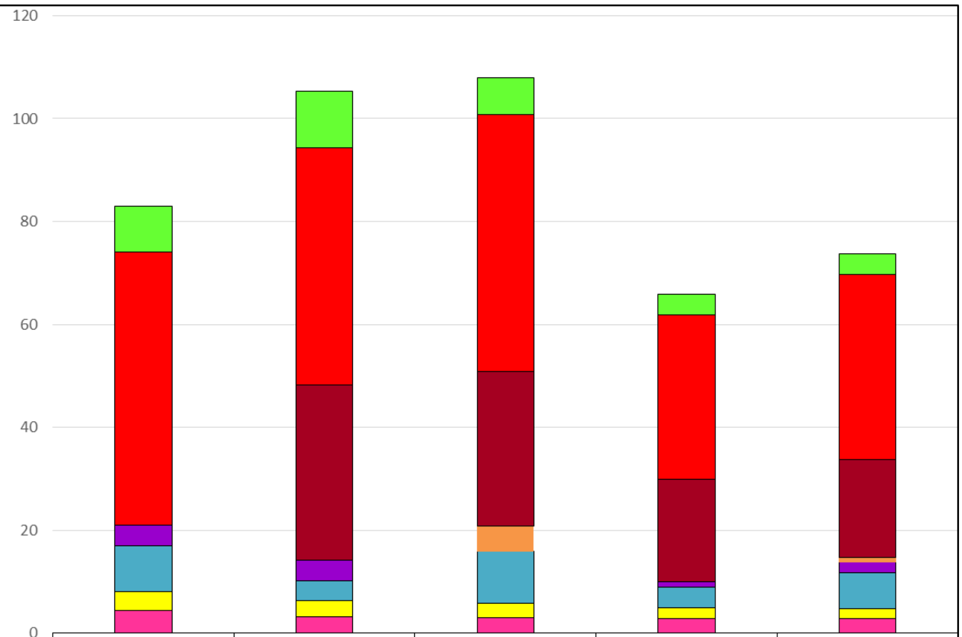
The team is on track to deliver all of the work strands outlined in the annual report with a number already complete.

Recommendations: Members are asked to consider and comment on the Health, Safety and Well-being Mid-Year report.

1. Updated Performance Data for 2015/16

1.1 A summary of NCC's health and safety performance based on provisional accident and incident statistics was provided in the annual report. The following graph and table provides updated and final statistics for the period 2015/16 and how these compare to previous years. Table 1 also shows incident rates per 1000 employees and the national (all industries) incident rates.

1.2



	11/12	12/13	13/14	14/15	15/16
Fatality	0	0	0	0	0
Major	9	11	7	4	4
Over 3 day injury	53	46	50	32	36
Of which are reportable from 2012 (over 7 days)	0	34	30	20	19
Reportable Ill health	0	0	5	0	1
Reportable Dangerous Occurrence	4	4	0	1	2
Non employee taken to hospital	9	4	10	4	7
Reportable Incidents to employees per 1000 f.t.e. employees	3.6	3.05	2.81	2.01	2.02
National Incidents (All Sectors)	4.46	3.2	3.05	2.92	2.75

Table 1: Number of reportable incidents (RIDDOR) per year for NCC and national equivalent rates

1.3 There has been no change in the number of reportable incidents compared to those stated in the annual report. This is due to the introduction and embedding of an online incident reporting system since 2012 which has removed the previous delay in reporting. The number of reportable incidents remains broadly the same as the previous year. Although the national incident rate has reduced, NCCs rate remains significantly lower. This consistency in figures provides confidence in the framework and support provided by the HSW team to ensure risks are appropriately managed.

1.4 The number of non-reportable incidents occurring within NCC reduced slightly and the number of incidents per 1000 full time equivalent members of staff (see table 2), has reduced to 2013/14 levels following a slight increase last year. Although the year on year reduction in incidents is slowing, the trend continues to be a downward one.

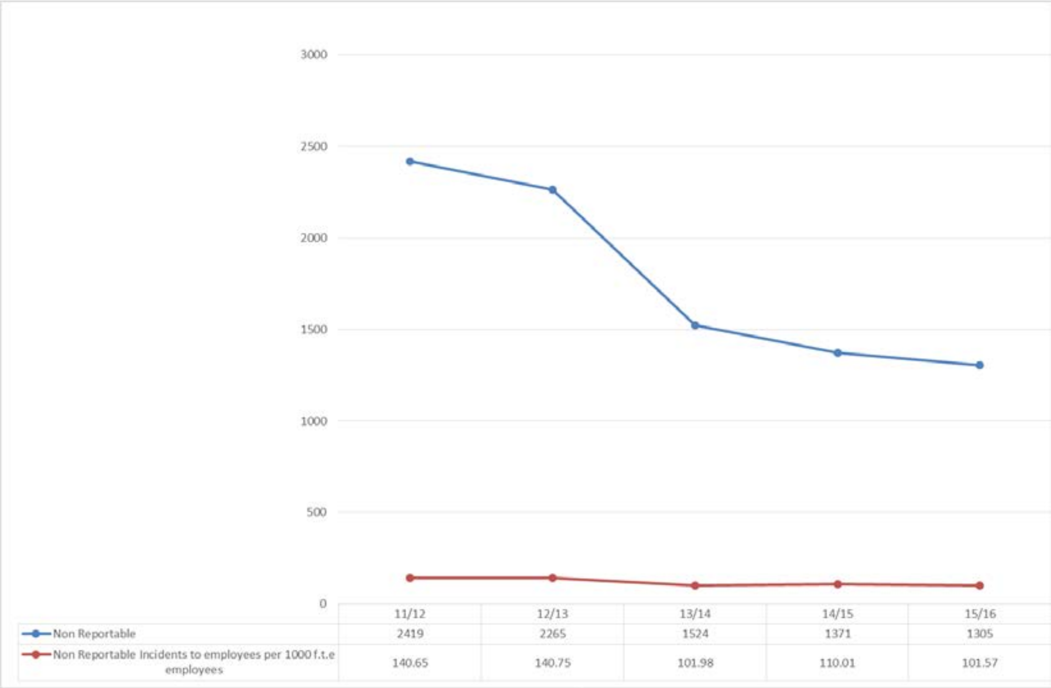


Table 2: Number of non-reportable incidents per year for NCC

2. Mid-Year Data for 2016/17

2.1 The table below shows reportable and non-reportable incident data currently held for quarters one and two this year, compared with the same period last year.

2.2 Although there appears to be a significant reduction in the number of reportable incidents so far this year compared with 2015/16, the levels last year were high compared with other years. Consequently the rate per 1000 FTE employees suggests NCC is on track to maintaining the current positive reporting trend.

2.3 Non-reportable incidents have reduced by 10% compared with the same period last year and reflects the downward trend over the past 6 years.

	2014/15 Q's 1&2	**2015/16 Q's 1&2**	**2016/17 Q's 1&2**
Over 7 days	1	7	0
Major	0	1	1
Fatality	0	0	0
Non-employee taken to hospital	2	3	1
Reportable Ill health	0	0	0
Reportable Dangerous Occurrence	0	2	0
Reportable Incidents to employees per 1000 FTE employees	0.08	1.07	0.08
Non Reportable	447	559	503
Non Reportable Incidents to employees per 1000 FTE employees	34.49	46.21	41.35

Table 3: Number of incidents to date in 2016/17 compared to 2015/16 and 2014/15

3. Improvement Strand Progress

A number of the planned pieces of work have not yet started, but are anticipated to be completed as scheduled. The following section gives updates on areas where progress has been made.

3.1 **Improvement Strand 1: Ensure Health, Safety and Well-being Policies and associated documents remain fit for purpose and support the overarching priorities, ambitions and direction of NCC**

3.1.1 Work has started to restructure the HSW section of PeopleNet and Schools PeopleNet to make it easier to navigate. At present this has concentrated on priority areas - namely construction, commissioned services and procurement – which affect other work-strands. The remaining areas will be redesigned by March 2017 and implemented, subject to the new PeopleNet platform.

3.1.2 The risk assessment compliance code has been reviewed and recommendations made that will make the process easier to understand and carry out. As this is fundamental to health and safety management, representative groups have been identified to consult on the changes and ensure that the suggested modifications will have a positive impact on service delivery.

3.2 **Improvement Strand 2: Ensure Health, Safety and Well-being Services are applied effectively across the County Council to successfully equip managers and employees to become self sufficient**

3.2.1 A system has been developed to enable Children's Services and Adult Social Services to monitor the health and safety aspects of their commissioned contracts. This system supports existing information and training provided by HSW enabling managers to be more self-sufficient. The HSW team remain involved with the higher risk commissioned activities.

3.2.2 The DSE eLearning training and assessment review has begun with the aim of improving the process to make it more streamlined, provide managers with greater control over monitoring and compliance and most importantly, to update the course to reflect more flexible ways of working in NCC.

3.2.3 Tailored health and safety training has been developed and is being delivered to managers of staff based at County Hall from October to December. This training looks at the needs of the particular group and includes segments delivered by specialists in that field, for example the facilities team attend and provide information on premises related responsibilities. Further tailored health and safety training is being developed for office managers at Vantage House, Priory House and Vantage house, with delivery planned by April 2017.

3.2.3 We have monitored a sample of construction activities on school sites and the standards generally found to be adequate. Further sites will be monitored later in the year with particular emphasis on the schools' management of the construction activities.

3.2.4 Promotional materials have been sent to well-being facilitators (staff who act as a well-being champion in their team/workplace) and HR officers in order to raise awareness of the tools available to address stress and chronic health issues. A slight increase (of 1-2-1 support by Well-Being Officers) has taken place in quarter 2, this may be related to the increased publicity but it is currently too early to confirm a trend.

3.3 **Improvement Strand 3: To provide dedicated timely professional expertise and support in areas of NCC priority or significant impact (high or complex risk)**

3.3.1 The Occupational Health and Well-Being Manager has been working collaboratively with Public Health in relation to the newly-commissioned Workplace Health Service and how it is applied to NCC. For example, NHS health checks for NCC staff has found 72% of those attending were overweight or obese and seeking advice on weight management. Consequently, we are making arrangements for Public Health commissioned weight management courses to be made available to employees. We anticipate these will commence before April 2017 at County Hall followed by other sites with sufficient interest from employees.

4. Financial implications

4.1 There are no direct financial implications in respect of this report although there are financial implications if health and safety is not appropriately managed as outlined in 5 below.

4.2 The 2015/16 annual report detailed the new sentencing guidelines and the increased financial implications of non-compliance since its introduction. This prediction has been realised and nationally fines of over £1 million have been imposed. The HSW team have begun collating case studies and providing these to relevant services highlighting the increased organisational risk this poses.

5. Issues, risks and innovation

5.1 If the Authority does not have a robust and proactive health and safety management system there are legal, reputational and financial risk implications e.g. 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.

5.2 The improvement plan developed each year aims to strengthen the system and keep the risks to NCC at an acceptable level. Good progress has been made on the improvement plan for 2016/17, with work initiated for many of the strands, or planned with completion expected by the end of the year.

6. Background

This report is an update on information provided in the Health, Safety and Well-being annual report presented in July 2016.

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:

Officer Name: Ian Wheeler **Tel No: 01603 223432**
Email address: **ian.wheeler@norfolk.gov.uk**

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Policy and Resources Committee

Item No 14

Report title:	**Establishment of alternative business structure – nplaw (Norfolk Public Law)**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Executive Director of Finance and Head of Law**

Executive summary

nplaw (Norfolk Public Law) is the shared legal service hosted by the County Council which operates as a zero budget traded service providing legal advice and representation to local authorities and other public bodies in Norfolk and in other areas of England and Wales. The service returns a surplus each year which is shared between the County Council and the 3 other district council stakeholders. The shared service partnership has been identifying ways in which to increase its client base and realise a greater share of its income from external clients.

This report asks the Policy and Resources Committee to agree to the formation of a company regulated by the Solicitors' Regulatory Authority (SRA). This type of company is known as an 'alternative business structure' (ABS) because it is not a traditional law firm in that it is not owned by lawyers.

Recommendations:

1. Agree that a wholly owned County Council company be incorporated ('the Company').

2. Agree that the Executive Director of Finance and the Head of Law may each take all necessary steps so that the Company may be licensed by the SRA as an ABS.

3. Agree to amend the Constitution to enable the establishment of the Company, with the County Council as sole shareholder and operating under the control of two directors who are solicitors (as required by regulation).

4. To agree that the directors of the Company will be the Practice Director and the Assistant Practice Director, nplaw to fulfil the function of being in day to day control of the Company.

5. To note that the contracts of employment of all nplaw staff will be amended to allow them to be employed by both the County Council and the Company.

1. Proposal

1.1 nplaw (Norfolk Public Law) is the shared legal service hosted by the County Council which operates as a zero budget traded service providing legal advice and representation to local authorities and other public bodies in Norfolk and in other areas of England and Wales. The service returns a surplus each year which is shared between the County Council and the 3 other district council stakeholders. The shared service partnership has been identifying ways in which to increase its client base and realise a greater share of its income from external clients.

1.2 This report asks the Policy and Resources Committee to agree to the formation of a company regulated by the Solicitors' Regulatory Authority (SRA). This type of company is known as an 'alternative business structure' (ABS) because it is not a traditional law firm in that it is not owned by lawyers.

2. Evidence

2.1 In its medium term business plan, nplaw has set out how it intends to increase the proportion of its trading income from external clients to assist with returning a higher financial surplus and thereby reduce legal costs of its stakeholder partners. As part of this strategy, the service has been looking to establish an ABS to enable it to pursue business currently not permitted under the regulatory requirements of the SRA.

2.2 The range of clients that nplaw can work for is restricted because of the rules of the SRA which prohibit local authority in-house lawyers working for anyone other than their employer and, in limited circumstances, for other public bodies and local charities.

2.3 Since the introduction of the Legal Services Act 2007 it has become possible for law firms to be owned by non-lawyers and businesses which are not law firms. These are known as 'alternative business structures' or 'ABS' and must be licensed by the SRA. An ABS is a limited company regulated by Companies House and subject to the normal company regulations. However there is an additional requirement that they are licensed by the SRA to conduct legal business. The licensing procedure is designed to ensure that the owners of an ABS are fit and proper persons to own a legal business and that the procedures in place to fund the company mirror those of a conventional legal practice with the object of protecting clients and their money. The provisions of the Act means that Norfolk County Council can now set up a wholly owned company offering legal services for a commercial purpose, enabling work to be carried out for local authorities, other public sector organisations, private companies and individuals.

2.4 Discussions have taken place with the SRA to prepare the way for the application, and nplaw is working closely with them to ensure that the application meets their criteria. The SRA is clear that the new Company must be very aware of situations where a conflict of interest might arise. Relevant provisions will be included within the policies of the Company.

2.5 nplaw will continue to pursue as much business as possible trading as nplaw within the current structure and regulations. The Company will only trade in circumstances where nplaw cannot undertake the work directly. To satisfy SRA requirements and ensure that the activities of the Company are maintained entirely separately from the nplaw in-house service, the new Company will be branded independently from the in-house service

2.6 It is proposed that all legal work currently undertaken for Norfolk County Council and work undertaken as part of existing trading activities will remain with the current nplaw shared service. The Company will only undertake work that cannot be undertaken by the in house service. This is because any net profits generated by the Company are subject to corporation tax at 20%, therefore to place all trading activity within the Company may not make commercial sense. We will ensure that the Company bears a proportion of expenditure.

2.7 In order to start the process, and enable nplaw to explore additional future markets, it is necessary to apply to the SRA for an ABS. The processes set out in this report provide the actions necessary for the ABS to come into existence. It is intended that in the first instance the work undertaken by the ABS will be relatively small in comparison to that carried out by nplaw. There will be an initial bedding in period, whilst work opportunities are explored. In the absence of a licence for an ABS in place, it is not possible to start those initial approaches to the wider market.

2.8 Norfolk County Council as sole shareholder will retain appropriate oversight and control over the ABS, ensuring that due process is followed at all times. At its incorporation the ABS will adopt model Articles, which stipulate that the directors are responsible for the management of the company's business, for which they may exercise all the powers of the company.

2.9 To satisfy the requirements of SRA as part of the application process, a business plan is being prepared setting out the governance arrangements, finance, marketing and regulatory matters

2.10 As part of the licensing requirements the Company is required to have in place two individuals identified as a Compliance Officer for Legal Practice – who must be a solicitor (COLP) and a Compliance Officer for Finance and Administration (COFA). The role of the COLP is to oversee compliance with the SRA's regulatory requirements (other than those relating to accounts rules) and the role of the COFA is to oversee compliance with the SRA's accounts rules. It is proposed that an experienced solicitor within nplaw is identified as the COLP and the Practice Manager is identified as the COFA. Each of these roles bears a personal responsibility to ensure that the ABS complies with the terms of their authorisation, with their statutory obligations and reports failures in compliance to the SRA. The roles include an obligation to ensure that there are policies, procedures and records in place to ensure that compliance and risk management requirements for the firm are met and that the firm conforms to the Solicitors Accounts Rules in order to protect client money.

4. Financial Implications

4.1. An ABS has been identified as a mechanism for nplaw to achieve growth through increasing its client base. As a separate legal entity the ABS will be able to work for organisations other than local authorities and public sector bodies. Additional income can be generated through access to a wider client base.

4.2. The initial forecasting has identified additional surplus of £50,000 to £300,000 from 2017/18 through to 2019/20 respectively, which would be achieved through adopting a growth strategy.

4.3. Corporation Tax will be payable on profits generated by the ABS. It is therefore imperative that management decisions on how work is allocated between the nplaw in house service, and the ABS takes into account the impact of Corporation Tax on profits that may accrue. Services will only be provided by the ABS where regulations prevent the provision of such services by the in house department.

4.4. There are set up costs and running costs for the ABS as well as costs implicit in the regulatory requirements. However the existing service already conforms to private practice standards for the conduct of its business by reason of its Lexcel accreditation.

4.5. There is a registration fee payable to the SRA in order to licence the ABS estimated at £2600.00. Payment will be made from the current reserve balances of nplaw. The set up costs will be repaid to the in house service in the year following a full year of operation, which is anticipated at this stage to be 2017/18.

4.6. The nplaw management team will develop a business plan for the ABS once approval is obtained for establishing the company.

5. Legal Implications

5.1 The purpose of the recommendation is to enable the ABS to operate within the regulatory framework of the SRA and to enable legal services to be offered to clients that would not be lawful within the current trading restrictions on Local Authorities.

5.2 The SRA has a licensing regime to approve ABS to practice as legal entities. A licensed ABS is accountable to the SRA for the conduct of its business. The SRA serves the public interest by protecting the consumers of legal services. An ABS would be subject to investigation and ultimately closure by the SRA if complaints exposed shortcomings in the running of the Company.

5.3 In achieving licensed status the Company will have satisfied the SRA that all risks have been adequately measured and mitigated in relation to client business and that all officers of the company are fit and proper persons to manage and administer the firm, fully cognisant of their personal responsibility and accountability to the SRA for the conduct of the business.

6. Staffing and Other Resource Implications

6.1 The creation of the new company will result in a variation to the employment contracts of all existing nplaw staff to enable them to be employed concurrently by both the nplaw in-house service and the ABS

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**:
Victoria McNeill	01603 223415	victoria.mcneill@norfolk.gov.uk

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Policy and Resources Committee

Item No 15

Report title:	**Disposal and Acquisition of Properties**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Executive Director of Finance**

Strategic impact

Proposals in this report are aimed at supporting County Council priorities by exploiting properties surplus to operational requirements, pro-actively releasing property assets with latent value where the operational needs can be met from elsewhere and strategically acquiring property.

The ongoing property disposals programme is one of the key strategic actions within the Asset Management Plan with a sharp focus on maximising income through adoption of a more commercial approach to property.

Executive summary

As part of corporate management of property and a systematic approach to reviewing the use and future needs of assets for service delivery there is now more emphasis on minimising the extent of the property estate retained for operational purpose. However on occasion there will be the requirement to acquire or reuse a particular property to support a service to delivers its aims.

By adopting a “single estate” approach internally, and sharing property assets with public sector partners through the One Public Estate programme, the Council is aiming to reduce net annual property expenditure by a further £5 million during 2016-2019.

Consideration is also given to suitability of surplus property assets for use or redevelopment to meet specific service needs that could improve quality of services for users and/or improve financial efficiency for the Council e.g. facilitating the supply of assisted living accommodation and other housing solutions for people requiring care.

This means that as well as continuing with the rationalisation of the operational property estate to reduce the number of buildings used by the Council, a more commercial approach is being adopted over the sale or redeployment of surplus property assets.

Recommendations:

1. **Policy & Resources Committee (P&R) are asked to confirm that all leases out, or licences (including extension/renewal of a lease/license), are at full market value.**

2. **P&R are asked to agree to the lease of part of the Snetterton Closed Landfill**

Site to BioCHP for £30,000 per annum on terms agreed.

3. **P&R is asked to formally declare Land at Pound Lane, Thorpe St Andrew surplus to Council requirements and instruct the Head of Property to dispose of the site in accordance with established policy.**

4. **P&R is asked to formally declare the 3 former highway landholdings surplus to Council requirements and instruct the Head of Property to dispose of the site in accordance with established policy.**

1.0 Introduction

1.1 The Council actively manages its property portfolio in accordance with the adopted Asset Management Plan. Property is held principally to support direct service delivery, held for administrative purposes or to generate income. Property is acquired or disposed of as a reaction to changing service requirements, changing council policies or to improve the efficiency of the overall portfolio.

1.2 In the event of a property asset becoming surplus to a particular service need there are internal officer processes to ascertain whether other service areas have an unmet need that could be addressed by using the property asset for that service.

1.3 This process has also been extended to ascertain if surplus properties would be of beneficial use by a public sector partner. Any proposals for retention or transfer to another organisation are only agreed if supported by a robust business case showing service benefits and are funded from approved budgets.

1.4 The above assessments are carried out by the Corporate Property Officer (the Head of Property) in consultation with the Corporate Property Strategy Group (CPSG). Once it is confirmed there is no further council requirement the Policy & Resources Committee is asked to formally declare property assets surplus.

1.5 The Head of Property reviews options for maximising income from surplus properties. These will range from selling immediately on the open market (to the bidder making the best offer overall), through to direct development of the land and buildings and selling the completed assets, in the expectation of enhanced income for the Council.

1.6 For properties to be sold immediately there is sometimes a need to consider selling directly to a specific purchaser instead of going to the open market. This may be justified where the third party is in a special purchaser situation and is willing to offer more than the assessed market value. Conversely this might be to a purchaser who is in a unique position of control for the unlocking of the full latent value of the Council site (ransom situation). A direct sale without going to market can also be justified if there are specific service benefits or a special partnership relationship which is of strategic value with service/community benefits.

1.7 In making recommendations for direct sale without going to market, or direct property development, the Head of Property will consider risks, opportunities, service objectives, financial requirements and community benefits.

2.0 Policy on charging market rents

2.1 This proposal is aimed at ensuring transparency and consistency of charging market rents and licence fees for NCC properties.

2.2 From time to time the County lets out/licences the use of its properties to third parties that can include (not an inclusive list), other parts of the public sector, schools, playgroups, individuals, service providers, private sector companies, community & voluntary groups, charities and sports clubs.

2.3 This is undertaken for a number of reasons:

- In connection with service provision for the county council.
- Contributes to a county council policy that is supporting a particular service, social or community strategy.
- There is no immediate operational need for a particular property and so as a meanwhile use the property may be let/licensed to a third party with the aim of mitigating holding costs whilst the longer term future use is determined.
- To generate an income to support council services.

2.4 To date the letting/licensing of property has been inconsistent with varying application of terms and this proposal is aimed at introducing consistent and transparent policy for ALL leases and licences. Leases/licenses to commercial organisations, private companies and individuals not providing services to the County Council are usually undertaken at market rent/licence fee and generally are not an issue. However, there are three principle areas of concern to be addressed:

2.4.1 A number of County Council properties are let/licensed to non-commercial organisations such as playgroups, charities, sports clubs and voluntary groups etc. Whilst some third sector tenants are already paying market rent/licence fees for their properties; there are many others where this is not the case.

2.4.2 For some properties a market rent/licence fee is calculated and agreed, however there is a conscious decision not to collect it.

2.4.3 Some organisations and companies are providing services to the county council under a service contract. Many of these are not paying a market rent/licence fee.

2.5 There are a number of reasons cited why rents/licence fees are not charged at a market rate/collected:

- There is an assertion that money would go around in a circle as a service would need to reimburse the service provider.
- There is a policy to support a particular community activity.

2.6 This approach has engendered a corporate attitude that property is a "free resource" that can be used to support a particular policy and in effect property is being used to subsidise the policy. This in itself is not an issue however the hidden nature of this subsidy is.

2.7 It should be noted that for some sites and buildings the market rent will in fact be assessed as nil to reflect the circumstances that no market exists for particular buildings as a result of, for example, construction, maintenance and location.

2.8 There is a strong rationale for supporting a market rent policy for all properties let out by the council as follows:

2.8.1 S.123 (2) of the Local Government Act 1972. which requires that:

"Except with the consent of the Secretary of State, a council shall not dispose of land under this section… for a consideration less than the best that can reasonably be obtained."

Notwithstanding the provisions of the General Disposal Consent 2003 whereby authorities are able to dispose of properties where r the difference between the unrestricted value of the interest to be disposed of and the consideration accepted is £2,000,000 (two million pounds) or less.

2.8.2 Recommended Best Practice - There is an existing significant body of guidance with regard to the setting and charging of rents. This includes:

- The Audit Commission recommendation that voluntary organisations should be charged a full market rent and then the local authority should give grants to cover that rent as considered appropriate.

- The Royal Institution of Chartered Surveyors (RICS) advise that:

  "Any good property management system should be able to identify at any juncture the use and occupation of any building in the portfolio and the terms under which the property is let. The issue of whether the letting is to a third party in partnership with the council or to an 'at arms length' occupier should not influence the nature and terms of that letting."

2.8.3 Equity of treatment. The County Council wishes to support the third sector and values the contributions of all of its existing third sector tenants. However, not every such body is able to occupy Council owned property and if those that do are given a concessionary rent, they are being given preferential treatment through effectively a 'hidden subsidy' which is not available to other Third Sector, non-commercial organisations. By adopting the policy recommendations articulated through this report all such bodies will be treated in an even handed and transparent manner.

2.8.4 Protect the Building Fabric - Property assets are a valuable strategic resource of the council. They cost money to use and maintain and also help the council to fulfil its wider social and community objectives. A formal lease or licence and full market fee/rent for third party use protects the council's asset base over the long term as the council retains a financial liability as landlord for these assets. These two instruments of a formal lease and market rents helps the council to ensure statutory servicing, maintenance and major repairs to the external and structural fabric of the buildings. The proposed policy would reduce the risk of any building failures as well as ensure the long term viability of buildings for other potential users in the future.

2.8.5 Protect the Council's reputation & minimise risk - If a consistent approach is not adopted a fundamental problem occurs which is about deciding which bodies to subsidise and which to not subsidise. Any decision to support a body in this way will lead to a succession of 'me too' claims from similar or related bodies and can elicit claims of discrimination if that similar consideration or support is not shown. Adopting a consistent approach avoids this potential pit fall and limits the risk to the council appearing to act in a potentially discriminatory way.

2.8.6 Is in accordance with the overall transparency agenda.

2.8.76 Drives the correct behaviours for occupiers such as encouraging the efficient use of space and ensures property is not seen as a "Free Good".

2.9 It is aimed to make the whole process of occupation and use of council properties consistent and transparent and treating all potential occupiers of council owned assets in an even handed and transparent manner. To this end it is proposed a number of key principles are adopted in relation to leases and licences:

- All new occupation by third parties of NCC owned and controlled buildings to be by way of a formal lease or licence that will set out clearly the respective obligations for the land and buildings occupied.
- A full market rent/license fee will be payable by all third party organisations/lessees.
- At the next rent review, and if the lease allows, impose a market rent.
- Leases to commercial organisations will be on a Full Repairing and Insuring basis.
- Service charges will be detailed and identified separately.

- All leases and licenses will be approved in accordance with the prevailing financial regulations as laid out in the council's constitution.
- Instruct service departments to develop the appropriate budgets so as to be able to grant aid organisations/service providers to pay the property costs (rent, rates, utilities, repairs & maintenance and other service charges etc.)
- Publish and maintain a list of all leases/licenses to third party/non-commercial organisations detailing the rent/licence fee and terms of occupation, cross referenced to the appropriate service policy/strategy.

2.10 P&R are asked to confirm that all leases out, or licences (including extension/renewal of a lease/license), is at full market value. Where service providers /organisations are supporting NCC strategies the property costs may be supported by grant aid provided by service departments.

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3.0 Proposals

Snetterton Closed Landfill site, Harling Road, Snetterton NR16 2JU

3.1 Snetterton Landfill Site is currently managed by Norfolk County Council. The site ceased accepting waste for disposal on 15 June 2003. Norfolk County Council assumed responsibility for the aftercare of the site in 2008.

3.2 Part of the site is a fenced compound measuring approximately 270m² (0.07 acres). Within the compound is a 1 megawatt (MW) export electrical grid connection. This was previously connected to a gas engine supplying energy to the electrical grid but in 2015 became unviable.

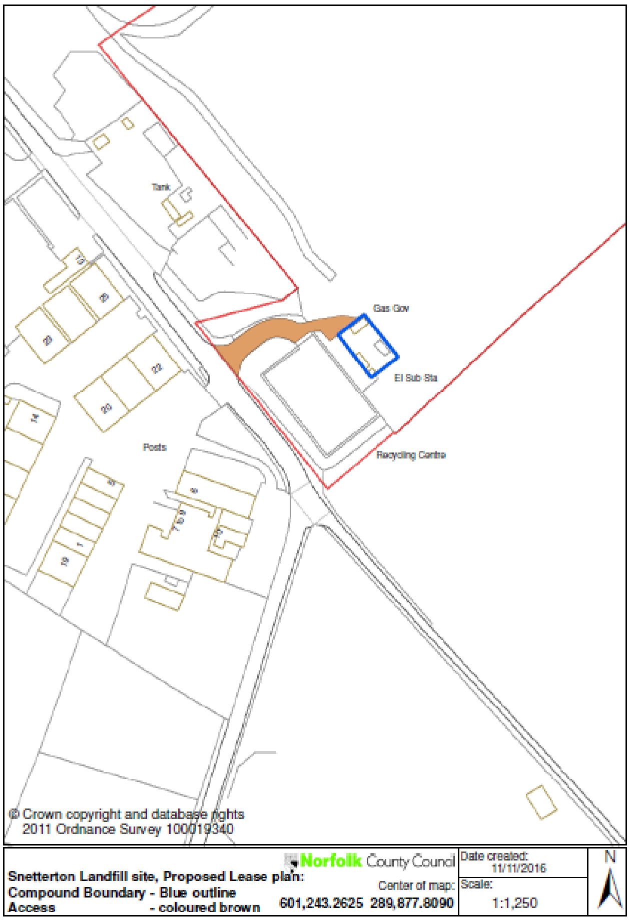
3.3 NCC has maintained the 1MW grid export connection for future use to utilise for alternative energy production. The small size of the site has limited the possible use of the connection. Grid backup has been identified as a viable option, but it requires to be bundled in to a minimum 3MW scheme that is located close by. NCC has sought a possible tenant of the compound who could utilise the small space and bundle with other local projects.

3.4 The NCC has secured an offer from an operator, BioCHP Ltd, who has the ability to bundle a capacity in excess of 3MW in the surrounding location.

3.5 Terms have been agreed for a 10 year lease, with break options, at a base rental of £30,000 per annum subject to annual review based on retail price index (RPI) data. In addition a 'super profit' element has been agreed should the operator's gross income exceed pre-determined limits. The rental offer is based on a percentage of projected turnover generated from supplying the grid connection. Terms are agreed subject to the tenant securing all necessary licences within an agreed timescale.

3.6 Access to the landfill compound will be shared with other users with the operator limited for the use proposed, i.e. energy generation. This arrangement protects the ongoing liabilities of NCC to maintain and safeguard the closed landfill site.

3.7 P&R are asked to agree to the lease of part of the Snetterton Closed Landfill Site to BioCHP for £30,000 per annum on terms agreed.



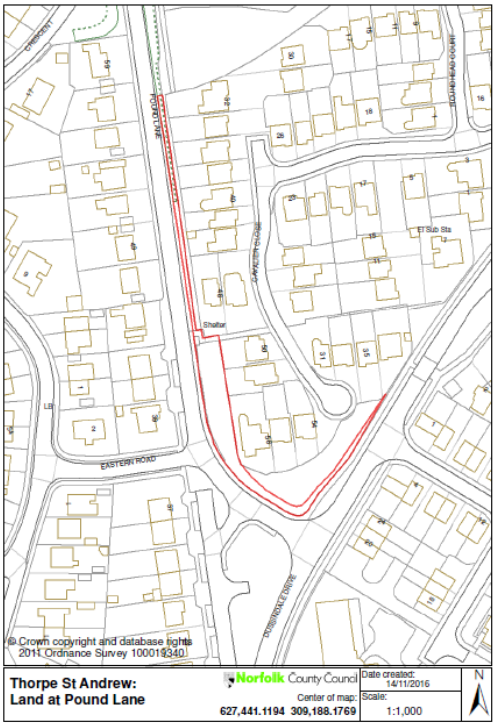
Snetterton Landfill and Energy Compound

Land at Pound Lane, Thorpe St Andrew

3.8 This property formed part of a County Farm estate, but was omitted from the sale when the land was sold to develop the Dussindale Estate. The property area is approximately 925 m².

3.9 Following a review by the Head of Property in consultation with Corporate Property Strategy Group (CPSG) it has been confirmed that this site is not suitable for use by other NCC services.

3.10 P&R is asked to formally declare this property surplus to Council requirements and instruct the Head of Property to dispose of the site in accordance with established policy.



Former Highways Land Holdings

3.11 The Council's property portfolio includes a number of land parcels across the County that have been left over from various road schemes undertaken over a number of years. Although some may be required in the future or may be used temporarily for specific uses and to generate income a majority of the smaller sites have been declared surplus by the relevant service. There is now an opportunity to review these to consider disposal for income and facilitate beneficial use by local residents.

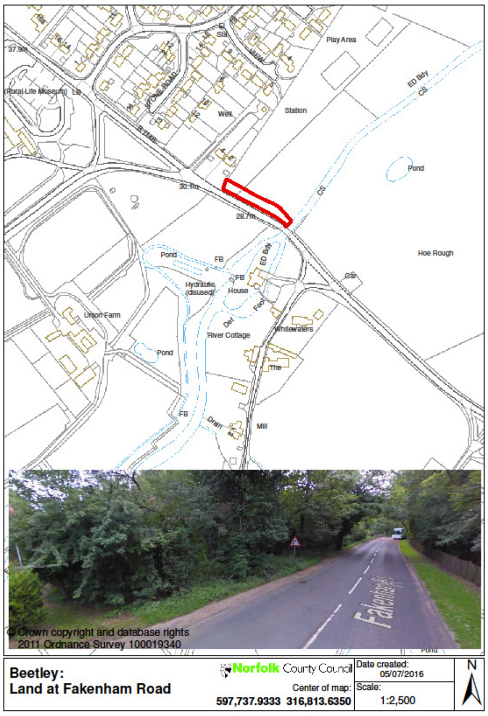
3.12 Following a review by the Head of Property 3 former highways land holdings have been reviewed by CPSG and confirmed as not suitable for other service use. These are:

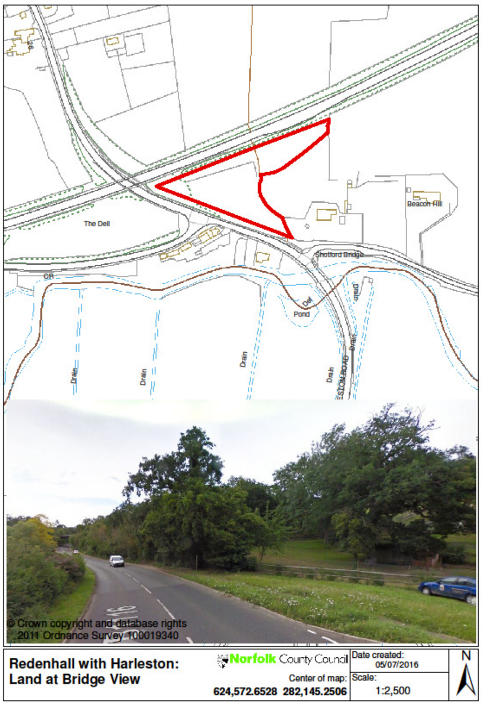
Beetley – Land at Fakenham Road
Cranwich – Woodland at Lyn Road t
Redenhall with Harleston – land at Bridge View

Although savings in property costs from disposal of these holdings is likely to be small, their continued ownership does require management and there are risks of periodic expenditure to deal with grounds maintenance, fly tipping and health and safety works.

3.13 These sites will be added to the council's disposal list. Advice on the most efficient method of disposal of the sites will be sought to enable the formation and development of a programme of disposals of these landholdings.

3.14 P&R is asked to formally declare the 3 former highway landholdings, as listed above, surplus to Council requirements and instruct the Head of Property to dispose of the sites in accordance with established policy.





4.0 Financial Implications

4.1 Decisions in this report will ultimately result in sale proceeds which will support funding of the Capital Programme or the repayment of debt. Other financial implications include:

- Reduction in property expenditure and financial efficiency through reduction in the number of buildings retained.
- Generating revenue income/capital receipts from the exploitation of surplus property assets.
- Disposal and development costs to fund planning and assessment work. The cost of these will be funded from future receipts.

5.0 Issues, risks and innovation

5.1 For disposals and acquisitions in the usual way the legal implications are around the parties agreeing to the terms of the agreement for each disposal and entering a contract.

6.0 Background

6.1 There are several strands forming the strategic background to these proposals, namely:

- The overall Councils priorities of **Excellence in Education**, **Real Jobs**, **Good Infrastructure** and **Supporting Vulnerable People**.
- The adoption by the Council on 1st June 2015 of a new Asset Management Plan 2015-18 (AMP) and subsequent approval by Policy & Resources Committee on 31 May 2016 of a new prioritised work plan for 2016-19 as part of a refreshed AMP.
- The adoption of an updated property savings plan, that calls for £5.1m of savings for 2016-19.
- Re-imagining Norfolk that anticipates improving property and assets, through a more innovative and commercial approach.
- The Norfolk One Public Estate Programme that is supporting the joint strategic exploitation of the combined public sector property estate.
- The Devolution offer anticipates working with government to identify new settlements and accelerate housing delivery.
- The medium term financial strategy includes commercialisation of NCC property assets as a priority to help diversify the Council's funding.

6.2 Strategic asset management is focussed on:

- Releasing properties that are costly, not delivering services efficiently or in the wrong location.
- Exploiting the latent value of the property estate with an emphasis on using the retained estate more intensively or identifying opportunities to generate revenue income or increasing the capital value.
- Reducing future maintenance liabilities and reducing the overall carbon footprint.
- Directing spend on "core" property assets that are to be retained over the long term.

6.3 There are several key targets in the new prioritised work plan in the refreshed

AMP that support these proposals:

- Ongoing implementation of the property savings plan.
- Continued focus on office rationalisation.
- Ongoing implementation of a 5-year disposals programme, allied with seeking opportunities for development.
- Surplus Highways land – implement disposals of packages of land parcels no longer required for road schemes.
- Develop options for “top 5” sites with development potential.
- Deliver strategy to promote surplus/fringe sites for housing.

Officer Contact

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\\Norfolk.gov.uk\nccdfs1\CorporateProperty\Team Admin\Meetings\Committees\Policy and Resources Committee\2016-2017\2016-11\Final report\16.11.28 P&R committee, disposal and acquisition report (rfiwb) FINAL 1.0.doc

Policy and Resources Committee

Item No 16

Report title:	**Appointment of Directors in NCC related Companies – Supplement**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Executive Director of Finance – Simon George**

Strategic impact

This report helps to ensure that there is transparency about the appointment of Directors to companies the County Council has an interest in.

Executive summary

Financial Regulations require Full Council to approve the appointment of Directors to companies in which the County Council has an interest, taking the advice of the Executive Director of Finance. Policy and Resources Committee received a report on the appointment of Directors at its meeting 26 September 2016, which was subsequently agreed by County Council 17 October 2016.

This report sets out details of one clarification in respect of the original report and seeks approval for amendments to a number of existing Director appointments.

Policy and Resources Committee is recommended to:

1. **Recommend to Full Council to confirm the Directors of Norse Care Limited and Norse Care Services Limited as set out in Table 1.**

2. **Recommend to Full Council the appointment of Joel Hull as a Director of Norfolk Energy Futures Limited, replacing Paul Borrett.**

3. **Recommend to Full Council the Director appointments in respect of Norfolk Safety CIC as set out in Table 3.**

1. Background

1.1. Authorisation by Norfolk County Council is required for the appointment of Directors that the County Council and / or a Norse Group company is entitled to appoint. The requirement for this authorisation is contained in Financial Regulation 5.10.6:

> "The appointment of directors to companies/trusts 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."

1.2. Policy and Resources Committee received a report on the appointment of Directors at its meeting 26 September 2016, which was subsequently agreed by County Council 17 October 2016. Since that time, a clarification to the original report and one new Director appointment have been identified.

2. Clarification of Director appointments – Norse Group

2.1. The original report of 26 September incorrectly referred in section 2.3 to the replacement of Joanne Cooke as a Director of Norse Care Limited and Norse Care Services Limited by Ian Mackie. The report should instead have referred to Joanne Cooke being replaced by Tom McCabe. Ian Mackie is already serving as a Director of these companies. This was in any case reflected in recommendation 3 of the original report which proposed that Policy and Resources Committee: "*Recommend to Full Council that Tom McCabe be appointed to directorships previously held by Anne Gibson, including appointment as Chairperson of the Norse Group Ltd and as director of Norse Care Limited and Norse Care Services Limited.*"

2.2. This change serves to ensure that the boards of Norse Group Limited, Norse Care Limited, and Norse Care Services Limited are consistent and share the same Directors. For the avoidance of doubt, the Directors of Norse Care Limited and Norse Care Services Limited are set out in the table below, for Member approval.

Table 1: Norse Care Limited and Norse Care Services Limited

Company Name	Reg. Number	NCC % shares	Date of Incorp.	Directors
NORSE CARE LIMITED	7445484	100	19 Nov 10	Martin Hopkins; Michael Britch; Karen Knight; Tom McCabe; Cllr Ian Mackie
NORSE CARE (SERVICES) LIMITED	7445495	100	19 Nov 10	Martin Hopkins; Michael Britch; Karen Knight; Tom McCabe; Cllr Ian Mackie

3. Proposed Director appointments – other companies

3.1. Since the preparation of the 26 September report, an existing Director has resigned from the Council. It is therefore proposed that Joel Hull be appointed to replace Paul Borrett as a Director of **Norfolk Energy Futures Limited**. The Directors of Norfolk Energy Futures Limited are set out in the table below for Member approval.

Table 2: Norfolk Energy Futures Limited

Company Name	Reg. Number	NCC % shares	Date of Incorp.	Directors
NORFOLK ENERGY FUTURES LIMITED	7856300	100	22 Nov 11	Harvey Bullen; David Collinson; Joel Hull

3.2. Since the preparation of the 26 September report, there have been changes to the Director appointments to **Norfolk Safety CIC**. This includes a replacement for Karen Palframan, as noted in the previous report. In addition, the Chief Fire Officer, Roy Harold, retired from the County Council in November 2016. The Chief Fire Officer holds an appointment as a Director of Norfolk Safety CIC. It is proposed that David Ashworth (Acting Chief Fire Officer) be appointed to this directorship.

Table 3: Norfolk Safety Community Interest Company

Company Name	Reg. Number	NCC % shares	Date of Incorp.	Directors
NORFOLK SAFETY CIC	9384905		12 Jan 15	Glenn Floyd; Steven Aspin; David Ashworth

3.3. The Executive Director of Finance recommends that Policy and Resources Committee notes these appointments and forwards them on to Full Council for approval.

4. Financial Implications

4.1. The Council's Financial Regulations require Full Council to approve the appointment of Directors to companies in which the Council has an interest. This report ensures that there is transparency about the Director appointments made by the Council and supports compliance with Financial Regulations.

4.2. While there are no direct financial implications of this report, Council approval of the appointment of Directors will help to ensure that the Council's financial and other interests are effectively safeguarded by appropriate, named representatives, who are accountable to the County Council.

5. Issues, risks and innovation

5.1. There are no significant risks or implications beyond those set out in the financial implications section of the report.

6. Background Papers

Appointment of Directors in NCC related Companies: Shareholder consents required under Articles of Association of Norse Group Companies and Financial Regulation 5.10.6, Policy and Resources Committee, 26 September 2016, Item 13:

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

Officer Contact

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

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Policy and Resources Committee

Item No 17

Report title:	**Recommendations from the Constitution Advisory Group**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Victoria McNeill, Head of Law and Monitoring Officer**

Strategic impact

It is important that the Council's constitution is fit for purpose and reflects the requirements of the County Council.

Executive summary

This report sets out recommendations from the Constitution Advisory Group meeting held on 11 November 2016. The recommendations cover:

- Terms of Reference of the Personnel Committee
- Appointments and Disciplinary Action relating to Senior Officers
- Committee Responsibility for Drug and Alcohol Commissioning
- NORSE Governance – Terms of Reference of the Policy and Resources Committee
- Delegations to the Executive Director of Community and Environmental Services

Recommendations: To agree the recommendations of the Constitution Advisory Group for consideration by the Council as follows:

1. **To agree the revised wording to the terms of reference of the Personnel Committee as set out in Appendix 1 to Annexe A and recommend it to the Full Council for approval and incorporation into the Council's Constitution.**

2. **To agree and recommend to Council for approval the revised wording of Part 6.4 of the Constitution as set out in at Appendix 1 to Annexe B.**

3. **To agree and recommend Council to remove responsibility for Drug and Alcohol commissioning from the Adult Social Care Committee and incorporate it into the Communities Committee's responsibilities for developing policy, reviewing performance and budget in relation to Public Health.**

4. **To agree and recommend to Council that Part 4.1 of the Constitution is amended to add the following to the terms of reference of the Policy and Resources Committee:**

• That the Council's purposes for participation in the Norse Group companies are clearly established and reviewed annually by the Policy & Resources Committee.
• That Norse reports annually to P&R on both past performance against the council's purposes and KPIs and future business plans for the Norse Group companies, with appropriate assurances from the Executive Director of Finance and the Head of Law and Monitoring Officer. The Council has two distinct interests in Norse, as the sole shareholder in the Norse Group where its interests are ownership interests, and as a customer of some of the Norse companies where its interests are service delivery interests. As part of the business plans, that Norse commits to a range of KPIs against which it is measured, including:
(i) a value statement summarising the benefits accruing to NCC through ownership of Norse, including target rebate, dividend and return on any loans, provided the level of dividends, combined with rebates, should not be so large as to impact either short-term working capital or future investment requirements to meet long term spending objectives;
(ii) other KPIs such as the percentage of new work derived from private sector contracts, the profitability of such work and the total return to NCC.
• That, in relation to new Companies (as defined by the Articles of Association) proposed by the Norse Group, the Executive Director of Finance will establish annually business objectives including the financial return expected. Proposals for Companies meeting these business objectives will be fast-tracked for approval by the Executive Director of Finance, through the P&R Committee or via the urgent business procedures for P&R business (where commercially necessary).

5. **To agree and recommend to Council the following amendment to the Delegations to the Executive Director of Community and Environmental Services - Part 6.2, B, Sub Para 2 "**Responding to District Council consultations on planning applications or to development proposals by Government departments, statutory undertakers, local authorities or other decision making bodies provided that the proposal is consistent with County Council policy, is unlikely to raise controversial issues of a strategic nature and the Local **Member** *member is in agreement* **has been informed of the proposed response."**

1. Proposal

1.1 This report asks members to consider the recommendations of the Constitution Advisory Group (CAG) which met on 11th November 2016. Changes to the constitution are recommended to the Council by this Committee following their consideration by the CAG.

2. Evidence

2.1 **Terms of Reference of the Personnel Committee**. The Terms of Reference of the Personnel Committee are set out in the Council's Constitution, Part 4.1. The Personnel Committee has approved draft revisions to remove inconsistencies with other parts of the Constitution (report on page 11 of the Committee papers at: Personnel Committee 21/10/2016).) The report considered by the CAG is attached at Annexe A, with Appendix 1 to Annexe A showing the proposed changes and summarising the reasons, which are detailed in the Personnel Committee report. The revised terms of reference will more accurately describe the responsibilities and delegated powers of the Personnel Committee. This will bring the document up to date and so improve clarity and transparency in respect of the Council's decision-making. No change to the actual business and decision-making of the Personnel Committee will result. CAG supported these amendments.

To agree the revised wording to the terms of reference of the personnel Committee as set out in Appendix 1 to Annexe A and recommend it to the Full Council for approval and incorporation into the Council's Constitution.

2.2 **Appointments and disciplinary action relating to senior officers**

Personnel Committee on 21 October 2016 considered a report (see at page 17, 21/10/2016) proposing revised text and an amended list of senior posts for Member appointments. The report considered by CAG is attached at Annexe B and proposed changes to Part 6.4 of the Constitution are set out in at Appendix 1 to Annexe B. CAG agreed (by 7 votes to 1) that reducing the number of posts where Members would make appointments to 8, i.e. Managing Director (Head of Paid Service), Directors of Public Health, Adult Social Care, Children’s Services, Community and Environmental Services, Finance, together with the Chief Fire Officer, and Monitoring Officer rather than the current 29 was appropriate given the current structures and put the proper accountabilities for making appointments in place. It was noted that Members would still have a role in senior appointments through involvement as stakeholders and CAG agreed to ask officers to give further consideration to reflecting this involvement in the constitution. There would be no practical change to the arrangements for taking disciplinary action against senior staff.

To agree and recommend to Council for approval the revised wording of Part 6.4 of the Constitution as set out in at Appendix 1 to Annexe B.

2.3 **Committee responsibility for drug and alcohol commissioning**

Part 4.1 of the Council Constitution currently states that the Adult Social Care Committee is responsible for drug and alcohol commissioning. Communities Committee has responsibility for Public Health and for the development of policy in relation to drug and alcohol services, setting the policy context for the commissioning strategy. It is also responsible for reviewing performance of drug and alcohol services and agreeing its budget. It is proposed that, in the interests of efficient governance and to preserve the link between policy and commissioning strategy, Communities Committee should be responsible for drug & alcohol commissioning, as it is for other public health commissioned services. The Chairs of both committees have been consulted and agreed to this proposal as has the Director of Adult Social Care. CAG supported this proposal.

The Committee is asked to agree and recommend Council to remove responsibility for Drug and Alcohol commissioning from the Adult Social Care Committee and incorporate it into the Communities Committee's responsibilities for developing policy, reviewing performance and budget in relation to Public Health.

2.4 **NORSE Governance Review – Amendment to Terms of Reference of the Policy and Resources Committee**

The review of NORSE Governance was reported to the Policy and Resources Committee in March 2016, where a number of governance recommendations were agreed. One recommendation was that the constitution be amended to clarify the purpose of the Council's participation, the process for parent company approval of business plans and strategies and the Policy & Resources Committee's role in oversight and decision-making. CAG supported the amendments which are set out in the recommendations in the Executive Summary of this report.

It is recommended that the Committee agree and recommend to Council that part 4.1 of the Constitution (Terms of Reference of the Policy and Resources Committee) be amended accordingly

2.5 **Delegations to the Executive Director of Community and Environmental Services - Part 6.2, B, Sub Para 2**

CAG considered the following proposed amendment regarding delegations to the Executive Director of Community and Environmental Services with regard to responding to District Council planning applications:

Set out below is the suggested change (new wording in **bold**, deleted text in <u>*underlined italics)*</u>:

"Responding to District Council consultations on planning applications or to development proposals by Government departments, statutory undertakers, local authorities or other decision making bodies provided that the proposal is consistent with County Council policy, is unlikely to raise controversial issues of a strategic nature and the Local **Member** _member is in agreement_ **has been informed of the proposed response."**

The rationale behind this proposal was that the County Council's formal response to a consultation is likely to be on a rapid turnaround timescale. "Agreement" of a Local Member is simply inappropriate as one member cannot have a veto on the response. If the Local Member is strongly opposed to the draft response he or she can ask for the delegation not to be exercised and instead the response taken to Planning Regulatory Committee (time permitting) to be settled.

CAG accepted the proposal by 5 votes to 2, with the proviso that local members had an opportunity to see the proposed response before it was submitted to the District Council.

It is recommended that the Committee agree and recommend to Council the above amendment to the Delegations to the Executive Director of Community and Environmental Services - Part 6.2, B, Sub Para 2.

3. Financial Implications

There are no financial implications

4. Issues, risks and innovation

4.1 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:

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ANNEXE A
Date 11 November 2016

Terms of Reference of the Personnel Committee

Report by the Managing Director

The Personnel Committee has approved draft changes to the Committee's Terms of Reference. CAG is asked to agree the revised wording at Appendix 1 and recommend it to the Policy and Resources Committee for referral to Full Council for approval and incorporation into the Council's Constitution.

1. Background

1.1. The Terms of Reference of the Personnel Committee are set out in the Council's Constitution, Part 4.1. The Personnel Committee has approved draft revisions to remove inconsistencies with other parts of the Constitution; see report on page 11 of the Committee papers at: Personnel Committee 21/10/2016.

1.2. The Terms of Reference are attached at Appendix 1, showing the proposed changes and summarising the reasons, which are detailed in the Personnel Committee report.

1.3. The revised Terms of Reference will more accurately describe the responsibilities and delegated powers of the Personnel Committee. This will bring the document up to date and so improve clarity and transparency in respect of the Council's decision-making. No change to the actual business and decision-making of the Personnel Committee will result.

2. Recommendation

2.1. Members are asked to agree the revised wording at Appendix 1 and recommend it to the Policy and Resources Committee, for referral to Full Council for approval and incorporation into the Council's Constitution.

Background Papers
The Council's Constitution: Constitution
Personnel Committee report: Personnel Committee 21/10/2016

Officer Contact
If you have any questions about matters contained in this paper please contact:

Name	Telephone	Email address
Roger Graham-Leigh	01603 222914	roger.graham-leigh@norfolk.gov.uk
IN TRAN communication for all	If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 and ask for Roger Graham-Leigh or textphone 0344 800 8011 and we will do our best to help.	

APPENDIX 1 to Annexe A

Norfolk County Council Constitution

PART 4.1 COMPOSITION AND TERMS OF REFERENCE OF COMMITTEES

4.1 PERSONNEL COMMITTEE

COMPOSITION:

5 Members of the Council, to include the Leader of the Council

TERMS OF REFERENCE:

[Existing wording, with change proposals in *bold italics*.]

1. Except to the extent delegated to Chief Officers in accordance with the Officer Employment Procedure Rules set out in Part 6.4 of the Constitution, to determine the terms and conditions on which staff hold office (including procedures for their dismissal).
No change proposed.

2. To be responsible for the appointment of the Head of Paid Service, statutory and non-statutory Chief Officers and Deputy Chief Officers (all as defined in the Local Government and Housing Act 1989). This power includes the establishment of ad hoc Appointment Panels to carry out this function.
Delete the words ", statutory and non-statutory Chief Officers and Deputy Chief Officers (all as defined in the Local Government and Housing Act 1989)" as the clause conflicts with the appointment process for these officers set out in Part 6.4.

3. To be responsible for taking disciplinary action in respect of the Head of Paid Service, in accordance with the procedures required by the Officer Employment Procedure Rules.
No change proposed.

4. To designate an officer as Head of Paid Service (subject to approval by the full Council) and to provide staff etc. for that officer.
Delete entire clause, as it conflicts with full Council responsibilities.

5. To designate an officer as the Monitoring Officer and to provide staff etc. for that officer.
Delete entire clause, as the Monitoring Officer is designated elsewhere in Constitution.

6. To make arrangements for the proper administration of the Council's financial affairs including the appointment of the Chief Finance Officer.
Delete entire clause, as it conflicts with remit of Chief Finance Officer, and with the appointment process set out in Part 6.4.

7. To designate the Council's "Proper Officers".
Delete entire clause, as Proper Officers are defined in Part 6.3.

NOTE: The procedures for taking disciplinary action in respect of Chief Officers, Deputy Chief Officers, the Chief Finance Officer and Monitoring Officer are set out in the Officer Employment Procedure Rules ***The Personnel Committee has no role in these matters, which fall to the Head of Paid Service. This Note is not part of the Terms of Reference and should be deleted***

.

ANNEXE B

Appointments and disciplinary action relating to senior officers

Report by the Managing Director

The Personnel Committee has endorsed proposed revisions to Part 6.4 of the Council's Constitution, which sets out arrangements for the appointment and discipline of officers. CAG is asked to review the revised wording, and make recommendations to the Policy and Resources Committee for referral to Full Council for approval.

3. Background

3.1. Arrangements for the appointment of, and disciplinary action in respect of, the council's officers are set out in Part 6.4 of the Council's Constitution.

3.2. There is no statutory requirement that Members must be involved in the appointment of any officer. However Part 6.4 provides a list of posts to be appointed by Members. There are presently 29 posts in the list.

3.3. The text defining which posts are to be Member appointments needs revision to reflect that the organisation's structure has changed significantly, and that key responsibilities are now shared between fewer senior officers.

3.4. The text of Part 6.4 also needs revision to remove inconsistencies in the use of the terms 'Chief Officer' and 'Deputy Chief Officer', which carry statutory definitions but are not always used in that sense in the text.

3.5. Personnel Committee on 21 October considered a report (see at page 17 here: Personnel Committee 21/10/2016) proposing revised text and an amended list of senior posts for Member appointments. The revised version is at Appendix 1 of that report.

[The proposed revised version of Part 6.4 is attached at APPENDIX 1]

3.6. The Committee endorsed the proposed revisions for consideration by CAG.

3.7. CAG are recommended to review the revised wording, which gives effect to the intentions of the Personnel Committee, and recommend it to the Policy and Resources Committee, for referral to Full Council for approval.

3.8. Results of updated research into the practice of other county councils is attached at Appendix 2 of this report.

4. Other considerations

4.1. The change in terminology from using 'Chief Officer' and 'Deputy Chief Officer' except where the statutory meaning is intended, and the redefinition of which senior officers will be appointed by Members, will require consequential changes in Section 9 of Part 6.4, *Officers Delegated Powers In Respect Of Staffing Matters*. The Monitoring Officer can make such consequential amendments once the changes are approved.

4.2. The Council's Pay Policy Statement, which is not part of the Constitution, will also require revision to reflect the revised arrangements. This will be referred to Full Council separately as part of the annual update of the Statement.

5. Recommendation

5.1. Members are asked to:

5.1.1. review the revised wording of Part 6.4 of the Constitution at Appendix 1 of the Personnel Committee report, and make recommendations to the Policy and Resources Committee for referral to Full Council for approval.

5.1.2. authorise the Monitoring Officer to make such consequential changes to other sections of Part 6.4 as necessary, flowing from the revisions as recommended.

Background Papers

The Council's Constitution is available on the Council's website at: https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/corporate/norfolk-county-council-constitution

The Personnel Committee report is at: Personnel Committee 21/10/2016

Officer Contact

If you have any questions about matters contained in this paper please contact:

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APPENDIX 1 to Annexe B

Proposed changes to Part 6.4

Deleted text shown as double-strike-through. New text shown as bold italics.

These rules incorporate the standing orders required by Regulation 3(1) and Part ~~II~~ ***IV*** of Schedule 1 and Regulation 6/Schedule 3 of the Local Authorities (Standing Orders) (England) Regulations 2001.

1. RECRUITMENT AND APPOINTMENT (GENERAL)

1.1 DECLARATIONS

(i) The Council will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of any existing councillor or officer of the Council; or of the partner of such persons. Every member and senior officer of the Council must disclose to the Managing Director any relationship known to him/her to exist between himself/herself and any person whom he/she knows is a candidate for an appointment under the Council. The Managing Director or Chief Officer must bring any such disclosure to the attention of the Chairman of the Personnel Committee.

(ii) No candidate so related to a councillor or an officer will be appointed without the authority of the relevant chief officer or an officer nominated by him/her.

1.2 SEEKING SUPPORT FOR APPOINTMENT

(i) Subject to paragraph (iii) the Council will disqualify any applicant who directly or indirectly seeks the support of any councillor for any appointment with the Council. The content of this paragraph will be included in any recruitment information.

(ii) Subject to paragraph (iii) no councillor will seek support for any person for any appointment with the Council.

(iii) Nothing in paragraphs (i) and (ii) above will preclude a councillor from giving a written reference for a candidate for submission with an application for appointment.

2. RECRUITMENT OF HEAD OF PAID SERVICE AND ~~CHIEF~~ *SENIOR* OFFICERS

For the purposes of this Part of the Constitution, a list of senior officers is provided in Part A of the Appendix. The senior officers listed are those which:

a) are statutory chief officers for the purposes of regulation 3 of Schedule I Part IV of the 2001 regulations, or

b) are non-statutory chief officers or deputy chief officers for the purposes of that regulation, and are also:

- ***i. members of the County Leadership Team, or*** *ii. the Monitoring Officer.*

Where the Council proposes to appoint the Head of Paid Service or a ~~chief~~ ***senior*** officer and it is not proposed that the appointment will be made exclusively from among their existing officers, the Head of Human Resources and Organisational Development will:-

(a) draw up a statement specifying:

(i) the duties of the officer concerned; and

(ii) any qualification or qualities to be sought in the person to be appointed;

(b) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and

(c) make arrangements for a copy of the statement mentioned in paragraph (a) to be sent to any person on request.

3. **APPOINTMENT OF HEAD OF PAID SERVICE**

(a) The full Council will approve the appointment of the Head of Paid Service following the recommendation of such an appointment by an Appointment Panel appointed for this purpose by the Personnel Committee. The Appointment Panel must interview all qualified applicants for the post or select a short list of such qualified applicants and interview those included on the short list. The Panel must be politically balanced but will not count in the overall allocation of seats to political groups because of its ad-hoc nature.

4. **APPOINTMENT OF ~~CHIEF OFFICERS AND DEPUTY CHIEF OFFICERS~~ *SENIOR OFFICERS***

(a) An Appointment Panel will appoint **~~chief officers and deputy chief officers~~** ***senior officers***. The Panel will be appointed for this purpose by the Managing Director in consultation with the Group Leaders and must be politically balanced. The Panel may comprise or include some or all the members of the Personnel Committee.

~~(b) A list of Chief Officers and Deputy chief officers for the purposes of this paragraph is annexed to this Appendix.~~

5. **OTHER APPOINTMENTS**

(a) **~~OFFICERS BELOW DEPUTY CHIEF OFFICER~~** The appointment of officers ~~below deputy chief officer~~ ***other than as provided above, and*** ~~(~~other than assistants to political groups~~)~~, is the responsibility of the head of paid service or his/her nominee, and may not be made by councillors . In this respect ~~he~~ ***she*** has arranged for ~~chief officers~~ ***heads of department*** to exercise this function in respect of such staff within their Department (see para 12 of the table below).

It may be appropriate in some cases for Members to meet candidates in an informal environment. It may also be appropriate in limited circumstances, for the relevant Committee Chairman to speak with the ~~Chief Officers~~ ***head of department*** about the person specification prior to the post being advertised.

A list of posts for which such informal arrangements would be appropriate is provided in Part B of the Appendix.

(b) ~~ASSISTANTS TO POLITICAL GROUPS~~ The recruitment of assistants to political groups will be carried out in accordance with the Council's proper processes but appointments will be made in accordance with the wishes of the political group to which the post has been allocated.

6. DISCIPLINARY ACTION IN RESPECT OF THE HEAD OF PAID SERVICE, CHIEF FINANCE OFFICER AND MONITORING OFFICER:

~~(a) No disciplinary action in respect of the Council's head of paid service, its monitoring officer or its chief finance officer, except action described in paragraph (b), may be taken by the Council, or by a committee, a subcommittee, a joint committee on which the Council is represented or any other person acting on behalf of the Council, other than in accordance with a recommendation in a report made by a designated independent person under regulation 7 of the Local Authorities (Standing Orders) (England) Regulations 2001.~~

~~(b) The action mentioned in paragraph (a) is suspension of the officer for the purpose of investigating the alleged misconduct occasioning the action; and any such suspension must be on full pay and terminate no later than the expiry of two months beginning on the date on which the suspension takes effect.~~

~~(c) In paragraph (a), "chief finance officer", "disciplinary action", "head of the authority's paid service" and "monitoring officer" have the same meaning as in regulation 2 of the Local Authorities (Standing Orders) (England) Regulations 2001 and "designated independent person" has the same meaning as in regulation 7 of those Regulations.~~

~~(d) In addition, any proposal to dismiss the Head of Paid Service must (i) follow the procedure in para 7(a) below but with the substitution of the body proposing the dismissal for the reference to the Head of Paid Service and (ii) be approved by the full Council.~~

Any disciplinary action in respect of the Head of Paid Service, Chief Finance Officer and Monitoring Officer will comply with the 2001 Local Authorities (Standing Orders) (England) Regulations 2001 as amended by the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015.

7. DISCIPLINARY ACTION IN RESPECT OF ~~CHIEF OFFICERS AND DEPUTY CHIEF OFFICERS~~ *SENIOR OFFICERS*

(a) The Head of Paid Service will be responsible for taking disciplinary action in respect of C~~hief Officers and deputy Chief Officers~~ ***senior officers (as listed in the Appendix)*** ~~(~~including their dismissal~~)~~.

(b) The Council's Disciplinary Procedure will apply, except in the case of disciplinary action in respect of the Chief Finance Officer or Monitoring Officer. The Head of Paid Service will consult the Head of HR and

Organisational Development and the Head of Law as to any disciplinary process or proposed disciplinary action relating to senior officers.

~~In the case of disciplinary action in respect of deputy Chief Officers he will first consult the relevant Chief Officer.~~

~~(b) Notice of dismissal of a senior officer must not be given by the Head of Paid Service until:-~~

~~(i) The Head of Paid Service has notified the Head of Human Resources and Organisational Development of the name of the person who he wishes to dismiss and any other particulars which the Head of Paid Service considers are relevant to the dismissal.~~

~~(ii) The Head of Paid Service is satisfied that any objection received within that period is not material or is not well-founded.~~

8. DISCIPLINARY ACTION IN RESPECT OF OTHER STAFF

Disciplinary action against or the dismissal of other staff will only be taken by the Head of Paid Service or his nominee. In this respect he has arranged for ~~chief officers~~ ***heads of department*** to exercise these functions in respect of such staff within their Departments (see para 15 of the table below).

Councillors will not be involved in disciplinary action against or the dismissal of any officer below deputy chief officer except (a) where such involvement is necessary for any investigation or inquiry into alleged misconduct, through the Council's disciplinary, capability and related procedures, as adopted from time to time may allow a right of appeal to members in respect of disciplinary action or dismissals or (b) in the case of political assistants (where such action will be taken after consultation with the relevant Group Leader).

[For clarity in this Draft, Section 9 OFFICERS DELEGATED POWERS IN RESPECT OF STAFFING MATTERS is not shown, as that section is not directly affected]

Appendix to Part 6.4

Part A

Senior Officers for the purposes of Part 6.4 of the Constitution

Executive Director of Childrens Services
Executive Director of Adults Social Services
Executive Director of Community and Environmental Services
Executive Director of Finance
Director of Public Health
Chief Fire Officer
Monitoring Officer

This list will be updated from time to time to reflect changes to posts.

Part B

Members may be informally involved in appointments to the following posts

Lead Officers responsible for:

Adult Social Work and Health:

- ***Early Help and Prevention***
- ***Social Work***
- ***Commissioning***
- ***Service Delivery***

Children's Services:

- ***Education***
- ***Children's Social Work***
- ***Early Help***
- ***Quality and performance***

Environment and Transport:

- ***Highways***
- ***Transport***
- ***Cultural Services***
- ***Environment***
- ***Planning***
- ***Economic Development***

Corporate Resource Management:

- ***Property***
- ***Procurement***
- ***Budgeting and Financial Management***
- ***Information Technology and Management***
- ***Pensions Management and Treasury***
- ***Human Resources and Organisational Development***
- ***Corporate Planning, Performance and Intelligence***
- ***Communications***

~~ANNEX TO PART 6.4~~

~~PART A - CHIEF OFFICERS~~

~~Department~~	**~~Post Title~~**
	~~Managing Director~~
~~Children's Services~~	~~Executive Director of Children's Services~~
~~Community & Environmental Services~~	~~Executive Director of Community & Environmental Services~~
~~Finance~~	~~Executive Director of Finance~~

~~Adult Social Services~~	~~Executive Director of Adult Social Services~~

~~PART B - (POSTS FALLING WITHIN THE DEFINITION OF DEPUTY CHIEF OFFICER AND IN WHOSE APPOINTMENT IT IS PROPOSED MEMBERS BE FORMALLY INVOLVED)~~

~~Department~~	**~~Post Title~~**
~~Community & Environmental Services~~	~~Director of Public Health~~
~~Resources~~	~~Head of Business Intelligence, Performance & Partnerships~~
~~Resources~~	~~Head of Human Resources and Organisational Development~~
~~Resources~~	~~Head of Law~~
~~Resources~~	~~Head of Democratic Services~~
~~Finance~~	~~Head of ICT & Information Management~~
~~Resources~~	~~Head of Programme Management Office~~
~~Finance~~	~~Head of Procurement~~
~~Community & Environmental Services~~	~~Assistant Director Environment & Planning~~
~~Community & Environmental Services~~	~~Assistant Director – Highways & Transport~~
~~Community & Environmental Services~~	~~Assistant Director – Cultural Services~~
~~Community & Environmental Services~~	~~Assistant Director – Economic Development & Strategy~~
~~Community & Environmental Services~~	~~Assistant Director – Community Safety & Chief Fire Officer~~
~~Community & Environmental Services~~	~~Project Director - BDUK~~
~~Adult Social Services~~	~~Assistant Director –Adult Social Work & Occupational Therapy~~
~~Adult Social Services~~	~~Assistant Director – Early Help and Prevention~~
~~Adult Social Services~~	~~Director – Integrated Health & Care~~
~~Adult Social Services~~	~~Assistant Director – Integrated Commissioning~~
~~Children's Services~~	~~Assistant Director – Education~~
~~Children's Services~~	~~Assistant Director – Children's Social Work~~
~~Children's Services~~	~~Assistant Director – Early Help & Prevention~~
~~Children's Services~~	~~Assistant Director – Performance & Challenge~~
~~Finance~~	~~Head of Pensions, Investment & Treasury~~
~~Finance~~	~~Head of Budgeting & Financial Management~~
~~Finance~~	~~Head of Property~~

APPENDIX 2

Other County Councils' practice

	Members involved in decision making			Notes - see below for explanation
Local Authority	**Head of Paid Service and Chief Officers**	**Deputy Chief Officers**	**Number**	
Lancashire	Yes	No	5	(1)
West Sussex	Yes	No	6	(1)
Lincolnshire	Yes	No	7	(1)
Northamptonshire	Yes	No	7	(1)
Cornwall	Yes	No	8	(1)
Cumbria	Yes	No	9	(1)
Durham	Yes	No	8	(1)
Suffolk	Yes	No	10	(1)
Devon	Yes	Yes	14	(1)
Wiltshire	Yes	Yes	15	(2) Hierarchical structure so few posts covered
Northumberland	Yes	Yes	20+	(2) Unclear exactly how many posts are covered
Kent	Yes	Yes	21	Defined by grade.
East Sussex	Yes	Yes	22	(2)
Hertfordshire	Yes	Yes	31	(2)
Hampshire	Yes	Yes	37	(2)
Essex	Yes	Yes	41	(2)
Surrey	Yes	Yes	tbc	Numbers not clear.

(1) Statutory Chief Officers plus other Executive Directors or equivalent. Some include additional specified senior posts and the Monitoring Officer.
(2) Statutory definition of Deputy Chief Officer applies

Policy and Resources Committee

Item No 18

Report title:	**Norfolk Business Rates Pool**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Executive Director of Finance – Simon George**

Strategic impact

On 7 November 2016, Norfolk Leaders considered the allocation to projects of funding from the 2015-16 levy on business rates growth that would have been paid over to Central Government if the Norfolk Business Rates Pool were not in place.

This paper follows on from the previous report to this Committee in October and provides an overview of those projects agreed to be funded from the 2015-16 saved levy during 2016-17 for endorsement by Policy and Resources.

Executive summary

The Norfolk Business Rates Pool Agreement states that Norfolk Leaders (acting as the “Pool Board”) have responsibility for decision making in relation to pooled funds.

This paper appends the most recent report presented to Norfolk Leaders in November and summarises the decisions about allocation of 2015-16 pool resources taken by the Pool Board for Policy and Resources Committee’s information.

Policy and Resources Committee is recommended to:

1. **Endorse the allocation of the 2015-16 pool surplus to projects following the discussions held at Norfolk Leaders Group.**

1. Background

1.1. As reported to the last meeting of this Committee, NNDR3 business rate outturn returns show the saved levy for 2015-16 to be **£2.449m**.

1.2. Two North Norfolk projects have pre-agreed allocations totalling **£0.500m** to be funded from the 2015-16 saved levy of £2.449m:

- Wells Maltings was allocated £0.450m and, due to a re-profiling of the saved levy required to allow for GP surgery appeals seen in 2014-15, this project was deferred to the 2015-16 Pool.
- Cromer West Promenade was allocated £0.150m from the 2014-15 Pool and, due to required re-profiling, is set to receive the £0.050m balance on the grant from the 2015-16 Pool.

1.3. Norfolk Leaders have considered a proposal to allocate some of the 2015-16 saved levy to increase the Pool's volatility fund by **£0.700m** to £1.000m. This increased fund would help to allow the Pool to deal with the potential impact of NHS Trust reliefs or similar reliefs or appeals payable by Norfolk pooled authorities.

1.4. This leaves **£1.249m** of the 2015-16 saved levy for use on economic development projects in the county.

2. 2015-16 Business Rates Pool – Norfolk Leaders' decisions

2.1. The report at Appendix 1 includes details of the proposed list of projects to be funded from the 2015-16 total available of £1.249m.The Norfolk Leaders group considered the proposed list of projects to be funded from the 2015-16 saved levy as set out in the report on 7 November 2016. At this meeting, the projects totalling the full amount of £1.249m set out in the appended report were approved. It was noted that approval of one project (Tech East – operational support) which was due to receive £0.136m, was delegated to the Chief Executives group pending the provision of some further information about the project.

2.2. Policy and Resources Committee are invited to endorse the decisions about funding allocations to projects made by Norfolk Leaders.

3. Financial Implications

3.1. There are no direct financial implications of this report for the County Council, however the formation of a Norfolk Business Rates Pool has proved worthwhile for Norfolk Authorities in 2014-15 and 2015-16, retaining an additional £4.595m in the county.

3.2. Pool Funds are held on a partnership cost centre by Norfolk County Council as Lead Authority for the Pool. There are no budget implications in 2016-17 for the County Council or any of the Pool members from the decision on what level to hold the volatility fund, although the level of the volatility fund does impact on the total available to support economic development projects.

4. Issues, risks and innovation

4.1. There are no significant risks or implications beyond those set out in the financial implications section of the report.

5. Background Papers

Norfolk Business Rates Pool Annual Report 2015-16, Policy and Resources Committee, 31 October 2016, Item 13:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/502/Committee/21/SelectedTab/Documents/Default.aspx

Officer Contact

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

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2015-16 Business Rates Pool – projects sign off and grant administration

Norfolk Leaders, 7 November 2016

Summary

The purpose of the Business Rates Pool (BRP) is to make strategic investments that align with the Local Enterprise Partnership Strategic Economic Plan and Norfolk Growth Prospectus. Leaders tasked the Norfolk Strategic Growth Group (NSGG – comprising the eight Norfolk LA Chief Executives and the MD of the LEP) with recommending and implementing the annual allocation of grants from the Pool.

Projects submitted for funding from the 2015-16 have been appraised by the Norfolk Operational Growth Group (NOGG – district, county and LEP representatives, nominated by the NSGG) and the project list has subsequently been reviewed by the NSGG. Norfolk Leaders are asked to sign off the final list of projects at this meeting, so that grant offers can then be issued.

The final 2015-16 Pool amount is confirmed as £2,449,396. However, due to a number of new claims being received by local authorities from NHS Trusts for business rate relief (on the basis they have charitable status), it is recommended by the accountable body (Norfolk County Council) and finance officers that a further £700,000 be added to the 'volatility fund' from the 2015/16 Pool. (The Pool established a £300k 'volatility fund' from the 2014/15 Pool, identified in the Leaders' agreement to protect against future reductions in rate.) On this basis £1,749,396 is available for allocation to projects from the Pool.

Additionally, two projects were pre-agreed in 2014-15 to be funded from the 2015-16 Pool; the Wells Maltings project (£450,000) and the Cromer West Promenade (£50,000). This means there is **£1,249,396** available for distribution to new projects.

New projects with a proposed BRP contribution of this amount are outlined at Appendix A.

As per last year's agreement, Norfolk County Council's (NCC's) Economic Programmes Team will manage grant administration. The NSGG and Programmes Team will shortly undertake of the review the grant administration process to ensure appropriate arrangements are in place.

Recommendations

Leaders are requested to:

i) Increase the level of the local volatility fund to £1,000,000, with the use of £700,000 from the 2015-16 Business Rates Pool;

ii) Confirm use of £500,000 of the 2015-16 Pool to fund the Wells Maltings and Cromer West Parade projects in North Norfolk; and

iii) Confirm the use of the remaining £1,249,396 from the 2015-16 Pool to fund new economic development projects as described in Appendix A.

iv) Note the continuation of the current pooling arrangements for 2017-18.

1. Introduction

1.1 The 2015-16 retained Business Rates Pool amount is confirmed as £2,449,396. After the recommended retention of £700,000 from the 2015/16 Pool to increase the 'volatility fund' to £1,000,000, £1,749,396 is available for committed and new economic development projects which are outlined at Appendix A. Points to note are:

1.1.1 Funding for the Wells Maltings (£450,000) and West Cromer Promenade (£50,000) projects has been committed to previously, and has first call on the 2015-16 project allocation;

1.1.2 A submission from TechEast (the LEP's tech sector group) for £136,000 has been endorsed in-principle by the NSGG. The Suffolk Growth Group and the LEP has recently approved funding for TechEast, as it is considered to be an important vehicle for the promotion of the tech sector in Norfolk and Suffolk. However, the NSGG has asked TechEast to provide additional information concerning specific outputs to be delivered in relation to Business Rates Pool funding. The Leaders are asked to delegate the authority to make the final decision re this project to the NSGG; and

1.1.3 It is possible alternative sources of funding can be found to support the 'Great Yarmouth Energy Sector support project', for example via the Norfolk Infrastructure Fund. If so, the £50,000 will be returned to the Pool.

This then makes maximum use of the 2015-16 Pool funds; the full BRP amount is allocated (see Appendix A).

In terms of leverage, the funds allocated (**£1,249,000**) to the recommended projects leverage an additional **£4,395,000** in private and public sector match funding.

2. Purpose and Structure of the Business Rates Pool (BRP)

2.1 DCLG required all authorities to notify them by 31st October for any changes to current pooling arrangements. Due to this timing, it was agreed to continue with the present arrangements for 2017/18 but leaders are today requested to retrospectively note this continuation.

2.2 As outlined in the agreement signed by Norfolk local authority Leaders, 'the purpose of the Business Rates Pool is to make strategic investments designed to support Norfolk priorities within the Local Enterprise Partnership Strategic Economic Plan (SEP) and Norfolk Growth Prospectus. Priority will be given to schemes which:

- Lever funding from other sources, eg LEP Local Growth Fund, European funds
- Support projects which will lead to:-
    - Job creation
    - Further business rates growth
    - Improved skills and qualifications
    - New business creation/expansion
    - Housing growth

- Are ready to start on site and have all relevant permissions, licences, land ownership arrangements in place.

2.3 Leaders subsequently agreed that two types of projects would be supported:

- **Feasibility/Development projects** – that won't directly and immediately deliver the outputs above, but are a necessary precursor 'unlock' the delivery of those outputs; and
- **Direct Delivery projects** – for projects that will directly deliver SEP outputs.

3. Volatility Fund

3.1 The 'volatility fund' was established to mitigate against the risks of business rate volatility.

3.2 The level of the volatility fund was agreed in 2014-15 at £300,000.

3.3 Finance officers advise an increase the level of the volatility fund to £1,000,000 as a consequence of the increased risks from the potential repayments of NHS Trust applications for business rate relief. It is recommended that the additional £700,000 be funded from the 2015-16 business rates pool.

3.4 The adequacy of the fund (£1,000,000) will be reviewed when the 2016-17 BRP outturn figures are known.

4. Administration of the grants by Norfolk County Council (NCC)

4.1 Projects have been appraised by the Norfolk Operational Growth Group (district, county and LEP representatives, nominated by the NGG) and the project list has been reviewed by the NSGG. Norfolk Leaders are recommended to sign off the final list of projects to receive grants at their meeting on 7 November 2016, for which this paper is tabled.

4.2 It is proposed that NCC's Economic Programmes Team, which has considerable expertise in administering grant funds, undertakes the distribution and monitoring of the grants agreed.

4.3 The team undertaking this work are self-financing. Work will be logged through an electronic time recording system, ensuring that only actual hours worked are claimed for, against an agreed hourly rate.

4.4 Where possible, this cost will be covered from interest received by NCC, as the lead authority holding the funds. If this is not sufficient, the remainder would be taken from the Pool's contingency balance.

4.5 Milestones will be tracked by NCC as part of the claims process. If any issues are identified, they will be reported to NOGG and then the NSGG. In the case of Direct Delivery projects, NSGG may then ask for a monitoring visit to be undertaken. This will be carried out by a member of the Economic Programmes Team, completing a template report.

5. Currently funded projects

5.1 A monitoring report will be presented to the next Leaders meeting detailing progress and outputs in relation to projects funded from previous year's BRP allocations.

5.2 The NOGG and the Economic Programmes Team will jointly undertake a review of grant determination and administration processes now that two annual cycles of pooling and grant-making have been undertaken. Findings will be reported to the NSGG, and any recommendations for significant changes in processes and procedures will be bought to a future Leaders meeting.

6. Recommendations

Leaders are requested to agree:

i) Increase the level of the local volatility fund to £1,000,000, with the use of £700,000 from the 2015-16 Business Rates Pool;

ii) Confirm use of £500,000 of the 2015-16 Pool to fund the Wells Maltings and Cromer West Parade projects in North Norfolk; and

iii) Confirm the use of the remaining £1,249,396 from the 2015-16 Pool to fund new economic development projects as described in Appendix A.

iv) Note the continuation of the current pooling arrangements for 2017-18.

APPENDIX A: PROJECTS AND FUNDING OVERVIEW **TOTAL POT: £2,449,396 less £700k Volatility Fund = £1,749,396**

Project name & type	Authority	Revenue /Capital	Outputs	Anticipated Outcomes	BRP grant requested	Match funding
Beacon Park Phase 3 (Great Yarmouth) - feasibility study & masterplan	Great Yarmouth	Revenue	Feasibility study & masterplan to be completed by June 2017	10ha new employment land (2018), 993 new jobs, 17 new businesses, 34k sqm. office space (all 2029)	40,000	40,000
Bittern Line Improvements (B'land Business Park) - feasibility study	Broadland & N. Norfolk	Revenue	Feasibility study completed within 12 months	Support the delivery of 10,000 new homes and 3,500 new jobs	50,000	50,000
Browick Business Park 'Grow on' facility (Wymondham) - feasibility study	South Norfolk	Revenue	Feasibility study completed by March 2017	Direct: 105 jobs, 60k sqf employment premises. Indirect: 800 jobs, 11ha land unlocked	10,000	10,000
Cambridge Norwich Tech Corridor - operational support	Breckland & S. Norfolk	Revenue	Dedicated staff and resources	By 2031: 8,700 (net) new jobs, 150 new businesses, £558m additional GVA, £905m additional private sector investment	200,000	200,000
The Conge' (Great Yarmouth) - development brief	Great Yarmouth	Revenue	Town centre (re)development brief by March 2017	Approx. 83 new jobs, 100 new dwellings, 15 new businesses, Regeneration of centre of GY	25,000	25,000
Scottow Enterprise Park 'Estate Hub' - refurbishment	County Council	Capital	Development of 600sqm. of office/incubation space by Nov. 2016	12 new jobs, 9 new businesses, 4 collaborations b/t academia & SMEs	98,000	108,000
Greater Norwich Food Business Growth Centre- market assessment study	South Norfolk	Revenue	Market assessment study by March 2017	25 new and 100 safeguarded jobs, 10 new businesses	15,000	15,000
Hethel Technology Park - market assessment study	South Norfolk	Revenue	Market assessment study by March 2017	By 2026; ~920 jobs, 20ha employment developed, 50k sqm floor space	15,000	15,000
King's Lynn Town Centre Regeneration - pre-development works	KLWN	Capital	Contribute to site demolition, clearance & infrastructure works	By 2019; 6.5k sqm employment floor space, 330 new jobs, 8 new businesses	200,000	1,200,000

STEM Enterprise Centre - feasibility study	North Norfolk	Revenue	Feasibility and business case by March 2017	Within 3-4 years; 24-30 new tenants, 45 start-ups, 120 new jobs.	25,000	25,000
Norwich Digital Incubator - market assessment study	Norwich City	Revenue	Market demand & needs analysis study by March 2017	100-200 new jobs (80-160 high level)	20,000	20,000
TechEast - operational support	Norfolk CC (+ SCC, LEP)	Revenue	Operational support – additional information to be provided	Within 5 years; 2,237 jobs (90% high-level), 120 IF Tech start-ups pa, £480 additional GVA	136,000	347,000
West Winch Relief Road (King's Lynn) - road design	KLWN	Revenue	Road design	Relief road will support delivery of 1,200 new homes (by 2026), & >1,600 from 2026-2036	200,000	600,000
Norfolk Economic Development Plan – Plan development	Norfolk CC	Revenue	Contribution to the cost of developing a Norfolk Economic Development Plan, including commissioning and development of investment models.	TBD during the development of the Plan	100,000	100,000
South Denes Energy Sector - operational support	Great Yarmouth	Revenue	Operational support, for staff and resources	Longer-term outcomes; 1,800 new jobs, 30 new businesses, 37.5k sqm. commercial floor space	50,000	100,000
Hethel Technology Park - master plan	South Norfolk	Revenue	Master plan completed by March 2017	Longer-term outcomes; 920 high skilled jobs, 20 ha. employment land, 50k sqm. commercial floor space	35,000	35,000
Unlocking brownfield sites in King's Lynn town centre - feasibility study	King's Lynn	Revenue	Feasibility study completed by Nov. 2017	Unlock stalled housing and employment land sites, delivering 200-250 houses, 150 new jobs & 4k sqm. new commercial floor space	30,000	70,000
Total					**1,249,000**	**3,690,000**
BRP surplus					*396*	

Policy and Resources Committee

Item No 19

Report title:	**Notifications of Exemptions Under Contract Standing Orders**
Date of meeting:	**28 November 2016**
Responsible Chief Officer:	**Simon George, Executive Director of Finance**

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 valued at over £250,000 that have been made since the last such notification.

Recommendations:

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 set out below.

Supplier	Value, term and reference no.	Short description of Contract and Reason for Extension	Date seen by the Chairman
Break	£495,039.75– 1 July 2016 to 1 April 2017 (EX71-16).	**Disabled children/young people.** Residential respite service at Nelson Lodge. Extension pending tendering exercise.	5 August 2016
	£588,000– 1 July 2016 to 31 March 2017 (EX229-16).	**Children with disabilities** Trafalgar Lodge, residential home CF97. Extension pending tendering exercise.	5 August 2016

Supplier	Value, term and reference no.	Short description of Contract and Reason for Extension		Date seen by the Chairman
Extra Hands	£1,003,470– 1 July 2016 to 30 June 2017 (EX280-16)	**Home Support** North Block	Contracts extended to permit the home care market to settle down and a new approach to tendering contracts of this type to be developed. The decision was taken in order to minimise the risk to service users, in light of considerable market turbulence and difficulties in recruiting and retaining home care staff.	19 July 2016
Carewatch (Central Norfolk)	£2,270,112– 1 November 2016 to 31 October 2017 (EX285-16)	**Home support** Block 1S South (£1,074,840pa) and Block 1HB-A Broadland (£60,216pa)		19 July 2016
Mears Care	£7,287,800– 1 November 2016 to 31 October 2017 (EX286-16)	**Home support** Block 2NE (£646,932pa); 1NW (£740,220pa); 4S (£703,872pa); 3S (£823,680pa); 1NB-D (£729,196pa)		19 July 2016
Manorcourt	£1,117,916– 1 November 2016 to 31 October 2017 (EX287-16)	**Home support** Block 2S-S (£558,958 pa)		19 July 2016
GYB Services	£1,169,000 – 18 August 2016 to 31 December 2017 (EX393-16)	**Norwich Northern Distributor Road landscaping** Landscaping works. It was identified that an in-house contractor (part of Norse Group) could deliver these works more cheaply than Balfour Beatty and agreed that these works should be taken out of their contract and granted to GYB services		2 September 2016

Officer Contact

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

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