

Cabinet Scrutiny Committee

Date: **Tuesday 16 March 2010**

Time: **10:00 am**

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

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

Membership

Mr P Morse (Chairman)

Mr T Adams
Dr A Boswell
Mr A Byrne
Mr J Dobson
Mr P Duigan
Mr R Hanton
Mr C Jordan
Mr J Joyce

Mr M Kiddle-Morris
Mr G Nobbs
Mr R Rockcliffe
Mr M Scutter
Mr J Shrimplin
Mr T White
Mr M Wilby
Mr R Wright

Parent Governor Representatives

Mr P East
Dr L Poliakoff

Church Representatives

Mrs J O'Connor
Mr A Mash

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

Kristen Jones on 01603 223053
or email kristen.jones@norfolk.gov.uk

A g e n d a

1 To receive apologies and details of any substitute members attending

2 Members to Declare any Interests

Please indicate whether the interest is a personal one only or one which is prejudicial. A declaration of a personal interest should indicate the nature of the interest and the agenda item to which it relates. In the case of a personal interest, the member may speak and vote on the matter. Please note that if you are exempt from declaring a personal interest because it arises solely from your position on a body to which you were nominated by the County Council or a body exercising functions of a public nature (e.g. another local authority), you need only declare your interest if and when you intend to speak on a matter.

If a prejudicial interest is declared, the member should withdraw from the room whilst the matter is discussed unless members of the public are allowed to make representations, give evidence or answer questions about the matter, in which case you may attend the meeting for that purpose. You must immediately leave the room when you have finished or the meeting decides you have finished, if earlier.

These declarations apply to all those members present, whether the member is part of the meeting, attending to speak as a local member on an item or simply observing the meeting from the public seating area.

3 Minutes

(Page 1)

To confirm the minutes of the meeting of the Cabinet Scrutiny Committee held on 9 February 2010

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

5 Call-in Item(s)

The deadline for calling-in any matters for consideration by the Cabinet Scrutiny Committee on 16 March from Cabinet on 1 March is 4.00pm on 8 March. Notification of any call-in items will follow.

6 Further Update on Progress Regarding the Recommended Changes to the Norfolk County Council County Farms Policy

(i) Suggested approach by the Scrutiny Support Manager

(Page 9)

(ii) Report by the Group Managing Director NPS Property Consultants Ltd

(Page 11)

Report to Cabinet on 1 March 2010 by the Cabinet Member
for Corporate Affairs and Efficiency and the Managing
Director of NPS Property Consultants Ltd

7 Private Finance Initiative

(i) Suggested approach by the Scrutiny Support Manager (Page 31)

(ii) Report by the Head of Finance (Page 33)

8 Corporate Area Assessment (CAA) Terms of Reference (Page 54)

The Cabinet Scrutiny Committee is asked to agree the Terms of
Reference as proposed by the Working Group.

9 Forward Work Programme: Additional Scrutiny Issues (Page 56)

Suggested Approach by the Scrutiny Support Manager

10 Forward Work Programme (Page 61)

Suggested approach by the Scrutiny Support Manager

Group Meetings

Conservative	9:00am	Colman Room
Green	9:00am	Room 532
Liberal Democrats	9:00am	Room 504

Chris Walton
Head of Democratic Services

County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 8 March 2010



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

The Working Style of the Cabinet Scrutiny Committee

(adopted 31 July 2001 and re-affirmed on 7 June 2005)

Independence: Members of the Scrutiny Committee will not be subject to Group whipping arrangements

Member Leadership: Agendas and meetings will be member led.

A Constructive Atmosphere: Meetings will be constructive, and not judgmental. People giving evidence at a Committee meeting should not feel under attack. Experience has shown that an atmosphere of challenge and constructive enquiry is vital to the success of the scrutiny process.

Respect and Trust: Meetings will be conducted in a spirit of mutual respect and trust.

Openness and Transparency: The Committee's business will be open and transparent. In particular, the minutes of Scrutiny Committee meetings will explain the discussion / debate such that they can be understood by an outside reader.

Consensus: Committee Members will strive to work together and while recognising political allegiances, attempt to achieve consensus and agreed recommendations. However scope for minority reports will be permitted.

Impartial and Independent Officer Advice: Officer advice and support will be impartial and independent, as officers support all members of the Authority (and not just the ruling Administration).

Regular Review: There will be regular reviews of how the process is working, and a willingness to adapt if things are not working well.

Programming and Planning: The Committee will have a programme of work and plans for individual meetings. Before each piece of scrutiny work, the committee will agree about the extent of the work, what information they will need initially and which members and officers they wish to see.

Managing Time: Committee meetings will be kept to a reasonable length of time, up to two hours. Also, where it is possible to conduct the Committee's business by circulating information between meetings, this will be done.

Cabinet Scrutiny Committee

Date: **Tuesday 16 March 2010**

Time: **10:00am**

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

Supplementary Agenda

5. Call-in Item(s)

Councillors James Joyce, Andrew Boswell, and George Nobbs wish to call-in the decision by Cabinet to approve the proposal to establish a delivery partner in the form of a new care company within the NORSE Group of Companies discussed at the Cabinet meeting on 1 March 2010, **Delivering the Strategic Model of Care (Care Homes) Agenda** (Item 14).

The full call-in letter and Cabinet report are included in the attached report by the Head of Democratic Services and Scrutiny.

- i. [Report by the Head of Democratic Services and Scrutiny](#) (Page A1)
- ii. [Report by the Director of Adult Social Services](#) (Page A13)

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

Date Agenda Published: 12 March 2010



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

Cabinet Scrutiny Committee**Minutes of the Meeting Held on 9 February 2010****Present:**

Mr A Adams	Mrs D Irving
Mr R Bearman	Mr C Jordan
Mrs J Chamberlin	Mr J Joyce
Mr G Cook	Mr M Kiddle-Morris
Mr J Dobson	Mr P Morse (Chair)
Mr P Duigan	Mr G Nobbs
Mr R Hanton	Mr M Wilby
Mr D Harrison	Mr A White

Also Present:

Mr A Gunson, Cabinet Member for Planning and Transportation
Mr H Humphrey, Cabinet Member for Fire and Community Cohesion
Mr J Goodey, Member of the Standards Committee
Mr S Revell, Chairman of the Standards Committee
Ms L Bainton, Senior Policy and Performance Officer
Mr P Burnham, Head of Community Safety
Mr K Cogdell, Scrutiny Support Manager
Ms K Haywood, Scrutiny Support Manager
Mr M Jackson, Director of Environment, Transport and Development
Mr M Langlands, Media & Public Affairs Manager
Ms S Massey, Head of Youth Justice Services
Mr J Shalom, Community Safety Co-ordinator
Mr C Small, Deputy Head of Service, Norfolk Youth Offending Team (YOT)
Mr C Walton, Head of Democratic Services
Mr G Wright, Area Director Children's Services

1. Apologies for Absence

Apologies for absence were received from Mr A Byrne, Dr A Boswell (Mr R Bearman substituted), Mr R Rockcliffe (Mrs Chamberlin substituted), Mr M Scutter (Mr Harrison substituted), Mr J Shrimplin (Mr G Cook substituted) and Mr R Wright (Mrs D Irving substituted). Mrs S Hutson, Cabinet Member for Children's Services had also sent her apologies.

2. Declarations of Interest

Members declared the following interests:

- Mr Hanton declared a personal interest in Item 6 as a Member of Norfolk Constabulary.

- Mr Dobson declared a personal interest in Item 5 as Chairman of a Parish Council.
- Mr Duigan declared a personal interest in Item 5 as a member of Dereham Town Council.
- Mr Joyce declared a personal interest in Item 5 as a member of Reepham Town Council.

3. Minutes

The minutes of the meetings held 19 January 2010 were confirmed as a correct record and signed by the Chair.

4. Items of urgent business which the Chair decides should be considered as a matter of urgency

There were no items of urgent business.

5. Call-in Item(s)

5.1 Street Lighting Policy, Recommendation (ii)

Mr M Joyce and Dr A Boswell called in the decision taken by Cabinet on 25 January 2010, Item 11 'Street Lighting Policy', Recommendation ii, approving the delegation of the decision on individual streets, including decisions on part-night lighting exemptions, to the Director of Environment, Transport and Development in consultation with the Cabinet Member for Planning and Transportation.

5.2 Mr Gunson, Cabinet Member for Planning and Transportation attended the meeting and provided information to the Committee, together with Mr Jackson, Director of Environment, Transport and Development.

5.3 In introducing the reason for the call-in, Mr Joyce reiterated that it related only to recommendation (ii) of the Street Lighting Policy proposals agreed by the Cabinet. The call-in did not relate to recommendations (i) and (iii). There were concerns about the consultation process and lack of Member involvement. Mr Joyce requested that a consultation process be detailed prior to implementation that incorporated councillors at all tiers and local communities.

5.4 During discussion of this item, the following points were noted:

5.4.1 Mr Gunson said that the report received by the Cabinet had mentioned a review of communication processes. However, he acknowledged that the report did not set out full details of the consultation process as this had not been fully worked through but it was axiomatic that the proposal to turn off lights between midnight and 5am would include consultation. It was intended that people would be informed of any proposed changes by a number of methods, such as letter drop. Systems and procedures would be put in place and these would be publicised. Mr Gunson said that he had made clear at the Cabinet meeting that consultation would take place with parish, town and district councils as well as the public.

5.4.2 Mr Gunson advised that three months prior to any work being carried out information would be sent to town, parish and district councils concerned and

depending on issues raised, further discussion might take place. If issues raised could not be resolved following discussion, then at that point the Cabinet Member and the Director would become involved.

- 5.4.3 Mr Nobbs asked what value the Cabinet Member had placed on the resolution made by the Norwich Area Committee. In response, Mr Gunson said that consultation had taken place with Norwich City Council and all future responses would be considered.
- 5.4.4 Mr Bearman, as Chairman of the Norwich Area Committee, said that he had written to the Leader to express the Committee's concerns but as yet had received no response. He said it was important that consultation should take place with all elected members in town, parish and district councils. They felt they were being left out of the process. Further he requested that County Councillors should receive notification of lights to be switched off.
- 5.4.5 Mr Joyce asked whether the opinions of those responding to the consultation would really be taken into account. In response, Mr Gunson said that whilst individual street lights could not be left on, as part of the consultation the authority would be looking for additional information such as errors in the exemptions (main roads and high and medium risk crime areas and other unspecified factors). There would be a desktop review of exceptions but the authority would not be able to take into account personal preferences.
- 5.4.6 Mr Jordan acknowledged Mr Gunson's confirmation that consultation would take place, but said that the perceived fears that arose due to street lights being turned off would be difficult to manage and asked how the Council would deal with the public perception that crime would increase. In response, Mr Gunson said that the views of the Police Authority had been taken into consideration and some evidence had been received from Essex County Council that a reduction in lighting had also seen a reduction in crime. Mr Jackson said that one of the stakeholders to be consulted would be the Safer Neighbourhood Forum but the only way to quantify the benefits of this proposed scheme would be by collecting data once the scheme was underway.
- 5.4.7 Mr Bearman said that all elected representatives should be included in the consultation process. Further, he felt that the information from Essex County Council was not a good comparison with Norwich and consideration should therefore be given within the first phase of the urban switch off to ensure that early results are fed back into further potential switch offs.
- 5.4.8 Mr Joyce said that all City and District councillors should be involved in the consultation process because they would know where problems were likely to occur.
- 5.4.9 Mr Dobson proposed an addition to recommendation (ii) as follows: "Approved the delegation of the decision on individual streets, including decisions on part night lighting exemptions, to the Director of Environment, Transport and Development and the Cabinet Member for Planning and Transportation after due consultation with local people through their elected representatives." Mr Dobson said this would assuage most people's concerns about the proposal. Mr Wilby seconded the proposal.
- 5.4.10 Mr Gunson said the Planning and Transportation department were preparing to send details to all members at the start of the consultation process. Whilst it had

been suggested that the County Council consult with every District Councillor personally, the procedure would be that the authority would consult with District Councils who would then consult with their elected members and any feedback received would be considered during the consultation process. Evidence would become available during the next month and this would be received by all Members.

- 5.5 The Chair said that, in his role as a local member, he felt that it was important that ways were sought to allay peoples' fears concerning perceived increases in crime. Additionally, he had experience of inadequate consultation processes when the lights were upgraded in his Division.
- 5.6 The Chair thanked the Cabinet Member for Planning and Transportation and the Director of Environment, Transport and Development for attending the meeting.

RESOLVED:

- 5.7 The Committee unanimously agreed to recommend to Cabinet that the wording of recommendation (ii) should be amended to read:

"Approved the delegation of the decision on individual streets, including decisions on part night lighting exemptions, to the Director of Environment, Transport and Development and the Cabinet Member for Planning and Transportation after due consultation with local people through their elected representatives."

6. Child Poverty Working Group: Update on Recommendations

- 6.1 Members received the annexed reports (7) by the Scrutiny Support Manager and the Director of Children's Services.
- 6.2 Mr G Wright, Area Director Children's Services attended the meeting to answer questions.
- 6.3 The Chair said the Child Poverty Working Group had been set up during the last Council but no members of the Group were currently councillors. The Working Group's report had, with the exception of one recommendation, been accepted by the Cabinet which had passed it onto the Norfolk County Strategy Partnership (NCSP) which now oversaw the work.
- 6.4 During discussion of this item, the following points were noted:
 - 6.4.1 Progress had been made against the recommendations in the Action Plan as set out in the Report and Go East had offered regional support in order to address the requirements of the Child Poverty Bill.
 - 6.4.2 It was suggested that the Children's Services Overview & Scrutiny Panel should receive details of the costs involved in providing free lunch for children in school holidays and through holiday play schemes, where they met the criteria for free school meals.
 - 6.4.3 It was suggested that the information contained within the report with regard to the Credit Union should be separated from debt advice as these were quite different. The focus should be on high levels of poverty rather than the recession. Mr Wright agreed to discuss this with colleagues in Economic Development.

- 6.4.4 Mr Wright said that Mrs Hutson, Cabinet Member for Children's Services, who was also the Member Champion, was very keen to see the Working Group's recommendations progress and was working with him to progress this.
- 6.4.5 It was suggested that in order to avoid duplicity of scrutiny, those recommendations that were being considered by the NCSP should be considered as part of the NCSP's scrutiny processes. As a member of the NCSP the Chair said that he would raise the issue of slow progress of the recommendations. It was further suggested that this Committee should receive an update report in 12 months time.
- 6.4.6 It was noted that raising aspirations activity remained a priority for partners and continued to develop. Members heard that Mr Fred Corbett, the Deputy Director of Children's Services was the representative for schools, early years and the community on the NCSP, and saw raising aspirations as an integral part of the 'Every Child Matters' Strategy.
- 6.4.7 The Chair said that the outcomes from the Working Group were taking a long time to progress for a variety of reasons and therefore, whilst the Committee might not need to scrutinize all aspects of the progress, the Committee should receive an update report.
- 6.4.8 The Chair thanked the Area Director Children's Services for attending the meeting.

RESOLVED:

- 6.5 Members agreed that they wished to receive an update report in 12 months time (February 2011).

7. Proactively Reducing Youth Crime

- 7.1 Members received the annexed reports (6) from the Scrutiny Support Manager, the Head of Youth Justice Service, Head of Community Safety and Interim Children's Trust Partnership Manager.
- 7.2 Mr Humphrey, Cabinet Member for Fire and Community Protection together with Ms S Massey - Head of Youth Justice Services, Mr P Burnham - Head of Community Safety, Mr C Small - Deputy Head of Service Norfolk Youth Offending Team (YOT) and Mr J Shalom - Community Safety Co-ordinator, attended the meeting to answer questions.
- 7.3 The Chair said that the background to this item was that 18 months ago it was proposed a Cabinet Scrutiny working group be set up to look at how the County Council helped to prevent young people progressing into the criminal justice system. 12 months ago it had been agreed to amend this so that it became a single agenda item discussion for the Committee, with particular focus on the Common Assessment Framework (CAF). It was then agreed by the current Committee to defer this discussion to include an update on how the CAF was operating.
- 7.4 During discussion of this item, the following points were noted:
 - 7.4.1 The work of the YOT was enhanced because of the support of local communities.
 - 7.4.2 Employment and training was a real issue because unemployment was one of the main reasons why young people offend.

- 7.4.3 With reference to CAF training, the ultimate aim was that every adult involved with young people would undertake CAF assessment training.
- 7.4.4 In response to a question concerning what action could be taken to stop low level criminal behaviour before young people came before the courts, Members heard that whilst statutory referrals into the YOT included the courts and Final Warnings by the Police, the Youth Inclusion and Support (YIS) Programme could provide voluntary support for young people aged 8 – 14 (8 – 17 in Norwich) involved in pre-criminal activity.
- 7.4.5 Whilst the figures showed a reduction in the level of youth crime, it was suggested that the Committee could possibly scrutinize the percentage of young offenders who are attending full time education (25+ hours a week) or full-time training or employment (16+ hours a week) which at 55% was worse than the national (75%) and regional (67%) picture.
- 7.4.6 Members heard that the YOT budgets were very complicated and whilst there had been a 2% funding uplift from partnerships, other funding had been variable; there had been a substantial reduction of 20% on one funding stream. The Chair suggested that the Committee's concerns surrounding the YOT budgets should be brought to the attention of the Cabinet.
- 7.4.7 By the time many young people become involved with the YOT they are, in effect, already in the youth justice system and it was suggested that it would be useful to find out whether the CAF worked in the context of facilitating the delivery of early intervention and prevention services to address youth crime and anti-social behaviour.
- 7.4.8 The Chair said he could see links with a previous report about the transfer of some functions from the Learning and Skills Council (LSC) to the County Council. That report had given numbers of 16-19 'Not Engaged in Employment or Training' (NEET) and detailed how 18 – 24 unemployment was high compared to other areas. The County Council had key decisions to make on how 16 – 19 funding was allocated.
- 7.4.9 Whilst CAF was a voluntary process there were ways of encouraging engagement and early intervention and schools were critical to this. Greater understanding of the CAF must be rolled out through the various forums accessed by Members such as Overview and Scrutiny Panels, District and County Council committees, voluntary sector organisations, school governing bodies and Members were requested to act as champions to ask whether CAFs had been completed. Members should publicize the DVD produced by the Taverham Youth Club which could be found on YouTube:
<http://www.youtube.com/watch?v=wMzSv4sVZqA>
- 7.4.10 Mr Nobbs requested a breakdown of the YOT budgets (total costs, the number of young people the YOT deals with and the total number of paid YOT staff).
- 7.4.11 Ms Massey agreed to ask the YIS Programme Manager, to provide a written response to Mr Joyce concerning the percentage of teaching staff who had undertaken CAF training.
- 7.4.12 Mr Humphrey said that the YOT had been a good example of partnership working. The CAF would make a tremendous difference in reducing the level of youth crime if everyone accepted their responsibility for it. Safer

Neighbourhood Teams were well aware of low level crime committed by young people and the percentage of low level crime (55%) was below the national figure.

7.4.13 The Chair thanked the Cabinet Member for Fire and Community Protection, the Head of Youth Justice Services, the Head of Community Safety, the Deputy Head of Service YOT and the Community Safety Co-ordinator for attending the meeting.

7.4.14 The Chair suggested the Committee commended to Cabinet the work of the YOT but expressed concern about its future funding. Further, he suggested:

- That all Members discuss the CAF with the various groups they are involved with.
- That a report be received at a future meeting of the Committee concerning the CAF (how many people were involved, how successful the CAF had been at identifying people at risk) and what could be done to achieve further improvements.
- That the Committee should consider undertaking a scrutiny to look at ways of getting young people into education and training (as the County Council would have new responsibilities for funding post-16 education and 18 – 24 learning). This scrutiny would require input from a range of departments such as Economic Development and Children's Services.

RESOLVED:

7.5 The Committee agreed that the Scrutiny Officer should scope the work suggested by the Chair and that a report be brought to a future meeting on ways to take this forward.

8. Forward Work Programme

8.1 Members received and agreed the annexed report.

8.2 The County Farms report had been postponed from this meeting and would be received at the 16 March meeting.

8.3 The Chair had received a letter from the past-Chairman of the Standards Committee regarding Ethical Governance of the County Council's key Partnerships. Scoping work would now be undertaken and the Chair would then write to Mr Revell, Chairman of Standards Committee.

[The meeting closed at 11.40am]

PAUL MORSE, CHAIR

Delivering the Strategic Model of Care (Care Homes) Agenda

Report by the Head of Democratic Services and Scrutiny

The report relates to the call-in the decision by Cabinet to approve the proposal to establish a delivery partner in the form of a new care company within the NORSE Group of Companies discussed at the Cabinet meeting on 1 March 2010, **Delivering the Strategic Model of Care (Care Homes) Agenda** (Item 14).

1. Cabinet, at its meeting on 1 March 2010, considered a proposal to establish a delivery partner in the form of a new care company within the NORSE Group of Companies.

A copy of the report that was considered by Cabinet is attached as [Appendix 1](#).

2. The minute extract from Cabinet's meeting is as follows:

"Delivering the Strategic Model of Care (Care Homes) Agenda

The Cabinet received a report (Item14), which advised that, after carrying out a thorough options appraisal, the best means of achieving the strategy was through the creation of a new care company wholly owned by the County Council.

In recommending this report, the Cabinet Member for Adult Social Services proposed amending the final recommendation to the Cabinet to request that the Adult Social Services Overview and Scrutiny Panel conduct a full pre-scrutiny of the Business Plan prior to Cabinet being invited to reach a decision on this matter.

The Cabinet Member for Planning and Transportation commented that the Business Plan needed full information on risks and more detailed financial information than had been provided to date. In reply, the Cabinet Member for Adult Social Services sought to reassure the member that figures included within the Cabinet report were indicative only, any split of profits etc would be worked up as part of the developing business plan over the summer.

Decision

RESOLVED -

The Cabinet agreed:

1. To note the progress made in developing proposals for achieving the Strategic Model of Care (Care Homes) strategy and a lasting legacy of high quality care and housing provision.

2. To approve the proposal to establish a delivery partner in the form of a new care company wholly owned by the County Council operating within the Norse Group of Companies, subject to Cabinet's approval of a satisfactory business plan.

3. Authorise the Director of Adult Social Services to take such steps as are necessary to establish the new arrangements within current budgetary constraints beginning with the development of a business plan for the company for future Cabinet approval, subject to the Adult Social Services Overview and Scrutiny Panel conducting a full pre-scrutiny of the Business Plan prior to Cabinet being invited to reach a decision on this matter.

Reasons for Decision

The best way in which to achieve the Strategic Model of Care (Care Homes) strategy was to develop a delivery partner in the form of a new care company within the Norse Group of companies, wholly owned by the County Council.

Alternative Options Considered

A thorough options appraisal process was carried out and involved the assessment of eight possible ways forward including the status quo and ceasing to own any care establishments or care staff. In the case of the status quo a refurbishment programme of over £60m would be required to upgrade current accommodation and even then accommodation standards agreed within the strategy would not be achieved.

In the case of ceasing to operate any care establishments or employ any care staff it would not be possible to either shape the market or generate new income streams to address forecast growth in demand."

3. Councillors James Joyce and Andrew Boswell and George Nobbs called in the matter. Their call-in letter is reproduced below:

"We wish to call-in the decision by Cabinet to approve the proposal to establish a delivery partner in the form of a new care company within the NORSE Group of Companies featured in the Cabinet papers of 1st March 2010,

Delivering the Strategic Model of Care (Care Homes) Agenda
(item 14, page A1)

After careful consideration, we wish to call-in the aforementioned decision of the Cabinet to approve the proposal to establish a delivery partner in the form of a new care company within the NORSE Group of Companies featured in the Cabinet papers of 1st March 2010. This is a major decision and we are concerned that the principle of setting up a new care company within NORSE was not exposed to pre-scrutiny by the Adult Social Services Overview & Scrutiny Panel. Equally concerning was the prevention of discussion of this topic at the Adult Social Services Overview & Scrutiny Panel on Tuesday 2nd March in the immediate wake of the Cabinet decision.

In order to consider the wider implications this will have for Norfolk County Council we would like to be provided with the following information:

1. A full detailed timeline of events from the inception of the idea to create a new care company to the publication of the Cabinet report.
2. All relevant correspondence between NORSE and Norfolk County Council / Adult Social Services regarding the inception and delivery of a new care company.
3. A copy of the detailed options appraisal referenced in the Cabinet papers, the date/dates the appraisal was drafted and reviewed, and membership of the appraisal team.
4. Details of elected member involvement in creating this initiative together with a list of the members of the Project Board and a register of those attending its meetings (including officers.)
5. Details of when and how the creation of this company has been evaluated on the risk registers for both NORSE and NCC Adult Social Services, and also the corporate risk register.
6. The details of any opinions of NCC's legal counsel on the project so far. If no legal counsel has been prepared on the viability of the proposal under procurement law and state aid legislation, then we request that it is prepared for the Cabinet Scrutiny Committee.
7. Details of any opinion offered by the County's Finance Department Has the head of Finance for example been able to confirm that the financial analysis of the project has been carried out in sufficient detail

We request the attendance of:

David Harwood, Cabinet Member for Adult Social Services
Bill Borrett, Cabinet Member for Corporate Affairs and Efficiency
Harold Bodmer, Director of Adult Social Services
Mike Britch, Managing Director of the Norse Group
Tony Williams (NCC share holder on Norse)
Victoria McNeil, Head of Law
Paul Britton, Head of Finance

Any relevant council officers representing the Cabinet Report



Councillor James Joyce



Councillor Andrew Boswell



Councillor George Nobbs"

Officer contact:

Kristen Jones

Tel: 01603 223053

Fax: 01603 224377

Email: kristen.jones@norfolk.gov.uk



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

Strategic Model of Care – Care Homes

Report by the Director of Adult Social Services

Summary. This report is in response to the ‘call in’ from the Cabinet Scrutiny Committee following the discussion / decision of County Council Cabinet on 1 March in relation to the proposal to establish a delivery partner in the form of a new care company wholly owned by the County Council operating within the Norse Group of Companies and authorising the Director of Adult Social Services to take such steps as necessary to establish the new arrangements within current budgetary constraints beginning with the development of a business plan for the company for future Cabinet approval.

Members of the Cabinet Scrutiny Committee have produced a series of questions and this report outlines a response to these.

1 Background

- 1.1 The paper presented to the county council cabinet on 1 March sought agreement, in principle, for Adult Social Services to negotiate formally with the Norse group to determine whether a business plan that meets the objectives of the project could be developed.
- 1.2 Cabinet agreed on 1 March:
 1. To note the progress made in developing proposals for achieving the Strategic Model of Care (Care Homes) strategy and a lasting legacy of high quality care and housing provision.
 2. To approve the proposal to establish a delivery partner in the form of a new care company wholly owned by the County Council operating within the Norse Group of Companies, subject to Cabinet’s approval of a satisfactory business plan.
 3. Authorise the Director of Adult Social Services to take such steps as are necessary to establish the new arrangements within current budgetary constraints beginning with the development of a business plan for the company for future Cabinet approval, subject to the Adult Social Services Overview and Scrutiny Panel conducting a full pre-scrutiny of the Business Plan prior to Cabinet being invited to reach a decision on this matter.
- 1.3 It was considered necessary to seek agreement for Adult Social Services to negotiate formally and openly with the Norse group. This would allow the Director of Adult Social Services to commit resources to the negotiation process while the clear and open agreement to negotiate would serve to prevent rumour and anxiety among staff and residents.

- 1.4 It was not considered necessary to take the cabinet paper to Overview and Scrutiny Panel before its presentation at Cabinet as the paper seeks agreement to develop a business plan for detailed scrutiny. It should be emphasised that at this stage, no conclusion has been reached as detailed modeling, financial costing and negotiations have not yet begun. It may not prove possible to reach an agreement or to produce a business plan for scrutiny by Adult Social Services Overview and Scrutiny Panel.

2 Information requested by Cabinet Scrutiny

2.1 Question 1 –Timeline

A detailed timeline is set out below

14 January 2008	Review Panel (ASSD Overview and Scrutiny)	Identifies a need for a change in the type of care currently provided, identifies the shortfall within the current stock and presents first thoughts on alternative options for provision.
10 March 2008	Cabinet paper	Considered a similar report to the above and <ul style="list-style-type: none"> • Agreed to consult on the proposed strategy on how the needs of older people who require care in care settings will be met in the future • Agreed to a feasibility study to be undertaken to review the current standards of the Council's homes and to assess whether they could be adapted to meet future expectations and standards
11 August 2008	Cabinet paper	Noted the findings from the public consultation and accepted the proposed strategy.
29 September 2008	ASSD Review Panel (ASSD Overview and Scrutiny)	Presents a detailed gap analysis of current position and future need. The paper lists the requirements to meet the strategy and identifies the need to carry out further work to identify options to meet the requirements. In the minutes the review panel noted that there would be an event to brief all interested parties (December 2008).
13 October 2008	Cabinet paper	Considered a report similar to the above. Cabinet agreed with the proposal to do further work leading to commissioning plans and for an event to which all potential partners would be invited.
December 2008	Consultation event with potential partners/ stakeholder	Chaired by ASSD Cabinet Member Attended by <ul style="list-style-type: none"> • Registered Social Landlords • Local Authority housing officers • Norfolk Health • Independent sector care providers • Developers
27 May 2009	Report to Project Board	The Project Board were asked to consider the progress on a number of options: <ol style="list-style-type: none"> 1. Procuring homes on an individual basis via a competitive dialogue process. 2. PFI The setting up of a joint venture company (JVC) was considered as a new option.

May to Sept 09	Research and early analysis on the delivery model options.	Streams of work in this period include: <ul style="list-style-type: none"> • Identification of ASSD outputs and outcomes • Early option appraisal modelling – early results show the JVC to be the optimal model • Early vision and risk analysis on the JVC •
7 September 2009	Project Board	The minutes identify the need to “identify options for staff management models for example JVC and DSO and feedback to the next meeting.
8 September 2009	ASSD Overview and Scrutiny Panel	The paper notes progress with the strategy, details of public consultation and outlines the intention to work with partners to fit the needs of the strategy.
16 October 09	Project Board	Steve Holland gave a presentation on delivery options and the need for a robust and transparent option appraisal process.
20 October 09	Joint Care Partnership meeting with Norse.	ASSD presented progress on the option appraisal and its scrutiny by Cabinet in January 2010. Discussed in detail ASSD strategic requirements and the future programme of work.
3 November 2009	Joint Care Partnership meeting with Norse.	Update meeting with Norse advising them on progress to date and looking at the wider operational picture.
12 November 2009	Management update with ASSD and Norse	To update management on the progress of the SMOC strategy, the option appraisal tool and the implications of the options for the service.
23 November 2009	Project Board	The board was advised that the non-financial preferred options were a public/public partnership and a public/private partnership. Corporate staff contributing to the financial appraisal.
14 December 2009	Project Board	Identified the need to resolve the wider legal and pensions issues, and therefore proposed a delay to the Cabinet paper.
6 January 2010	Project Board	Identified that more financial detail was required in relation to the proposal for a Care Company.
26 January 2010	Project Board	Paper approaching final draft but the board recognised a greater requirement for client side financial accountability and the proposed the establishment of a financial sub-group led by Janice Dane.
8 February	Cabinet Briefing	The paper was reviewed favourably, but it was identified that more detailed information was required.
10 February 2010	Project Board	Clarified the staged process – the current proposal for March Cabinet is a proposal to develop a detailed business model for a Care Company with Norse. The detailed business model and plan would then go to further Cabinet in approx June 2010.

24 February 2010	Unions and staff in NCC care homes and housing with care	Briefed about proposals to be considered by Cabinet with a generally positive response.
1 March 2010	Cabinet	Recommending Cabinet to note the progress made to date with the strategy, to approve the principle of establishing a delivery partner in the form of a new care Company within the Norse group of companies and approve the development of a business plan to be presented to Members for their consideration in summer 2010 before the new care company could be established.

2.2 **Question 2 – Correspondence between Norse and ASSD**

No formal correspondence has been exchanged between Norse and ASSD. A series of exploratory meetings were held in October and November 2009 with ASSD management and Norse.

2.3 **Question 3 – The Options Appraisal**

The option appraisal is attached to this report. The work stream for the option appraisal tool was undertaken by the Senior Responsible Owner, James Bullion, and the Programme Director, Steve Holland.

2.4 **Question 4 – Member and Project Board**

Cllr David Harwood, Cabinet Member for Adult Social Services, and his predecessor Cllr Chris Mowle were involved in discussions relating to the Strategic Model of Care work. The Cabinet member is not a member of the project board.

The project receives property advice from Norfolk Property Services, and Keith Jones attends the project board.

2.5 **Project Board attendees:**

Harold Bodmer – Director of Adult Social Services

James Bullion – Assistant Director - Community Care, Adult Social Services

Pam Cary – Assistant Head of Law

Kathy Bonney - Head of Service - HR & Organisational Development, Adult Social Services

Janice Dane - Head of Finance, Adult Social Services

Maureen Begley – Commissioning Manager, Adult Social Services

John Butler - Head of Service - Care Homes, Adult Social Services

David Goode - Practice Director, NPS Property Consultants Ltd

Peter Hawes - Managing Director, Norse Commercial Services

Ann O'Leary - Development Manager - Care Homes, Adult Social Services

Keith Jones - Property Review & Client Manager, NPS Property Consultants Ltd

Steve Holland - Principal Consultant Shared Services, Chief Executives Dept

Catherine Underwood - Assistant Director - Commissioning & Service Transformation, Adult Social Services

Karen Knight - Head of Service - Community Care, Adult Social Services

Heidi Laflin-Greasby - HR Service Partner, Adult Social Services
 Clare Male - Programme Manager, Adult Social Services
 Mick Sanders - Head of Supporting People, Adult Social Services
 Steve Holtz - Architectural Director, NPS Property Consultants Ltd

27 May 2009	7 September 2009	16 October 2009	23 November 2009
Harold Bodmer	Harold Bodmer	Harold Bodmer	Harold Bodmer
James Bullion	James Bullion	James Bullion	Kathy Bonney
John Butler	John Butler	Pam Cary	James Bullion
Ann O'Leary	Janice Dane	Janice Dane	John Butler
David Goode	Peter Hawes	Peter Hawes	Pam Cary
Mick Sanders	Keith Jones	Steve Holland	Janice Dane
Maureen Begley	Ann O'Leary	Steve Holtz	Steve Holland
	Pam Cary	Ann O'Leary	Keith Jones
	Catherine Underwood	Mick Sanders	Karen Knight
		Catherine Underwood	Heidi Laflin-Greasby
			Ann O'Leary
			Mick Sanders

14 December 2009	6 January 2010	26 January 2010	10 February 2010
James Bullion	James Bullion	James Bullion	John Butler
John Butler	John Butler	John Butler	Pam Cary
Pam Cary	Pam Cary	Pam Cary	Janice Dane
Janice Dane	Janice Dane	Janice Dane	Steve Holland
Steve Holland	Steve Holland	Steve Holland	Keith Jones
Karen Knight	Keith Jones	Keith Jones	Heidi Laflin-Greasby
Ann O'Leary	Karen Knight	Karen Knight	Ann O'Leary
Steve Holland	Heidi Laflin-Greasby	Heidi Laflin-Greasby	Clare Male
Mick Sanders	Ann O'Leary	Ann O'Leary	
	Clare Male	Mick Sanders	
	Mick Sanders		
	Catherine Underwood		

2.6 **Question 5 – Risk Evaluation**

The evaluation of the risk associated specifically with the creation of a Norse care company was undertaken within the framework of the option appraisal tool (see Q3). The creation of the proposed company has not been evaluated on the risk register of Adult Social Services or the Corporate risk register yet because the work to develop a detailed business plan has not yet taken place and it is not possible at this stage to describe the business risks. More general programme risks are captured using the corporate project management documentation.

2.7 **Question 6 – Legal Consultation**

Legal advice has been obtained from the inception of the project and has continued throughout the course of the project. Further details can be provided by the Head of Law at the Cabinet Scrutiny Meeting.

2.8 **Question 7 – Financial Analysis**

Janice Dane, Head of Finance for Adult Social Services has provided advice to the programme.

In addition, Andrew Skiggs and John Holland from Corporate Finance drew up the option appraisal tool in conjunction with the Programme Manager Steve Holland. This focuses on non-financial objectives. Corporate Finance involvement was not more in-depth at this stage, as the intention is to undertake detailed financial analysis during the next stage of the programme. This will then be presented to Adult Social Services Overview and Scrutiny panel.

The Finance Sub-group includes staff from Corporate Finance.

Officer Contacts

Harold Bodmer, Director of Adult Social Services

James Bullion, Assistant Director, Adult Social Services, 01603 222996,
james.bullion@norfolk.gov.uk

Steve Holland, Principal Consultant Shared Services, Chief Executives. 01603 228825, steve.holland@norfolk.gov.uk

Clare Male, Programme Manager, Adult Social Services, 01603 223189,
clare.male@norfolk.gov.uk



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

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE**Step 1 - Outline of proposed service change project and objectives**

1.1 *Please provide a brief title for this option appraisal for use when making reference to it.*

Adult Social Service - Strategic Model of Care - Care Delivery Vehicle

1.2 *Describe the benefits that the service change / project is seeking to deliver.*

Please note that this description should cover the benefits of the service change and not a method of delivering those benefits (for example, improve access to library services in a location not build a new library in a location). You need to double click the white box below before you can begin typing.

- Greater choice in the kind of care setting available for people in the County reflecting their preferences in how they live if they can no longer be supported at home
- Improved accommodation including private toilet facilities and wheelchair friendly layouts to enhance independence and dignity
- People have said that they would prefer a housing with care setting if they need to leave their homes and the strategy is designed to result in a mixed economy of care home and housing with care including options for rental, shared ownership or full ownership of flats and also provide for couples remaining together
- Specialist care home provision for those requiring short term care
- Specialist care home provision for people whose dementia is advanced when entering care
- Ability to provide varying levels of care without the need to move to a different care setting
- Best use of Norfolk County Council ASS resources
- Fully developing the Commissioning model for ASS
- Secure future for trained care staff
- Ability to shape the market in care provision to provide contestability, competition, high standards and fair pricing
- A thriving independent and voluntary sector market for care services
- Ability to access the capital needed for additional care settings construction
- Opportunity to achieve efficiency savings on the client side
- Achievement of Best Value

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 2 - Schedule of Service Output Objectives

Please give details of up to ten service outcomes that it is the project's objective to meet.

Please also detail the Service Plan references that support the objective (i.e. service plan, service objectives and the Corporate Objectives) and describe how these objectives are to be measured (e.g. 5% increase in local library issues within 12 months). N.B. Financial objectives (such as the generation of capital through the disposal of assets made surplus through a project) would not normally be included in this schedule: these objectives need to be defined in relation to service outcomes desired: detailed financial analysis will be conducted at a later stage when short-listed options are assessed in respect of their net whole life cost.

<u>No.</u>	<u>Service Output Objective</u>	<u>Service References</u>	<u>Measurement Details</u>
1	Ability to shape the market to raise standards, moderate prices and sustain mixed public, private and third sector supply		
2	Secure future employment and supply of trained NCC care staff		
3	Achieve strategic commissioning business model and maximise service efficiencies including savings and income		
4	Secure sufficient quantity and quality of care settings to meet demand		
5	Achieve maximum leverage of RSL programmes to maximise the impact of non NCC sourced capital		
6	Secure a sustainable and balanced care provision budget		
7	Keep procurement and programme management costs to a minimum		
8	Demonstrate Best Value in the use of resources deployed		
9	Minimise revenue consequences on ASS budgets whilst achieving strategy objectives		

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 3 - Weighting the Service Output Objectives to Reflect their Relative Importance

Objectives

	Numeric Weight
1 Ability to shape the market to raise standards, moderate prices and sustain mixed public, private and third sector supply	10
2 Secure future employment and supply of trained NCC care staff	8
3 Achieve strategic commissioning business model and maximise service efficiencies including savings and income	6
4 Secure sufficient quantity and quality of care settings to meet demand	10
5 Achieve maximum leverage of RSL programmes to maximise the impact of non NCC sourced capital	2
6 Secure a sustainable and balanced care provision budget	9
7 Keep procurement and programme management costs to a minimum	3
8 Demonstrate Best Value in the use of resources deployed	4
9 Minimise revenue consequences on ASS budgets whilst achieving strategy objectives	6

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 4 - Initial Identification of a Wide Range of Options

No.	Option Name	Further More Detailed Description of Option (if necessary)
1	<i>Continue with current model of care provision in current settings</i>	<i>Upgrade and maintain current homes and provide care as now</i>
2	<i>Dispose of all 26 homes and cease to provide care</i>	<i>Purchase all care in the market</i>
3	<i>Transfer care staff to new NORSE company and continue to provide care in current settings</i>	<i>Create a new NCC owned company as part of the NORSE Group leveraging existing NORSE capacity, maintaining all front line staff through TUPE transfer and releasing ASS staff no longer required</i>
4	<i>Transfer care staff to new NORSE company to provide care in new settings procured by NCC ASS</i>	<i>Create a new company as in 3 above and require it to provide care in new settings procured by NCC ASS</i>
5	<i>Transfer care staff to new NORSE company and responsibility for procuring new settings and providing</i>	<i>Create a new company as in 3 above and require it to provide care and procure new settings to replace/compliment current provision</i>
6	<i>Transfer care staff to new public/private JVC to provide care in current settings</i>	<i>Procure a JVC with a private sector majority share holding and require it to provide care in current homes</i>
7	<i>Transfer care staff to new public/private JVC to provide care in new settings procured by NCC ASS</i>	<i>Procure a JVC with a private sector majority share holding and require it to provide care in new settings procured by NCC ASS</i>
8	<i>Transfer care staff to new public/private JVC to provide care in new settings procured by the JVC</i>	<i>Procure a JVC with private sector majority share holding and require it to provide care and procure new settings</i>

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 5 - Evaluating Options in Relation to the Service Objectives

Options		Objective 1 Ability to shape the market to raise standards, moderate prices and sustain mixed public, private and third sector supply	Objective 2 Secure future employment and supply of trained NCC care staff	Objective 3 Achieve strategic commissioning business model and maximise service efficiencies including savings and income	Objective 4 Secure sufficient quantity and quality of care settings to meet demand	Objective 5 Achieve maximum leverage of RSL programmes to maximise the impact of non NCC sourced capital
1	Continue with current model of care provision in current settings	Potential to Achieve Objective: 1 - Moderate Contribution to Meeting Objective	4 - Meets Objective	0 - Does Not Meet Objective	0 - Does Not Meet Objective	0 - Does Not Meet Objective
	Certainty in Option Achieving Potential Outcome:	D - Unlikely (Less than 50%)	A - Certain / Highly Likely (Over 90%)			
2	Dispose of all 26 homes and cease to provide care	Potential to Achieve Objective: 0 - Does Not Meet Objective	0 - Does Not Meet Objective	2 - Substantial Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	0 - Does Not Meet Objective
	Certainty in Option Achieving Potential Outcome:			B - Likely (75% - 90%)	D - Unlikely (Less than 50%)	
3	Transfer care staff to new NORSE company and continue to provide care in current settings	Potential to Achieve Objective: 1 - Moderate Contribution to Meeting Objective	4 - Meets Objective	1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	0 - Does Not Meet Objective
	Certainty in Option Achieving Potential Outcome:	D - Unlikely (Less than 50%)	A - Certain / Highly Likely (Over 90%)	B - Likely (75% - 90%)	D - Unlikely (Less than 50%)	
4	Transfer care staff to new NORSE company to provide care in new settings procured by NCC ASS	Potential to Achieve Objective: 4 - Meets Objective	4 - Meets Objective	3 - Very Nearly Meets Objective	3 - Very Nearly Meets Objective	1 - Moderate Contribution to Meeting Objective
	Certainty in Option Achieving Potential Outcome:	C - Probable (50% - 75%)	B - Likely (75% - 90%)	B - Likely (75% - 90%)	B - Likely (75% - 90%)	D - Unlikely (Less than 50%)
5	Transfer care staff to new NORSE company and responsibility for procuring new settings and providing care in	Potential to Achieve Objective: 4 - Meets Objective	4 - Meets Objective	4 - Meets Objective	3 - Very Nearly Meets Objective	2 - Substantial Contribution to Meeting Objective
	Certainty in Option Achieving Potential Outcome:	B - Likely (75% - 90%)	A - Certain / Highly Likely (Over 90%)	A - Certain / Highly Likely (Over 90%)	A - Certain / Highly Likely (Over 90%)	B - Likely (75% - 90%)
6	Transfer care staff to new public/private JVC to provide care in current settings	Potential to Achieve Objective: 1 - Moderate Contribution to Meeting Objective	2 - Substantial Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	0 - Does Not Meet Objective
	Certainty in Option Achieving Potential Outcome:	D - Unlikely (Less than 50%)	B - Likely (75% - 90%)	B - Likely (75% - 90%)	D - Unlikely (Less than 50%)	
7	Transfer care staff to new public/private JVC to provide care in new settings procured by NCC ASS	Potential to Achieve Objective: 4 - Meets Objective	2 - Substantial Contribution to Meeting Objective	3 - Very Nearly Meets Objective	3 - Very Nearly Meets Objective	1 - Moderate Contribution to Meeting Objective
	Certainty in Option Achieving Potential Outcome:	C - Probable (50% - 75%)	B - Likely (75% - 90%)	B - Likely (75% - 90%)	B - Likely (75% - 90%)	D - Unlikely (Less than 50%)
8	Transfer care staff to new public/private JVC to provide care in new settings procured by the JVC	Potential to Achieve Objective: 4 - Meets Objective	2 - Substantial Contribution to Meeting Objective	4 - Meets Objective	3 - Very Nearly Meets Objective	0 - Does Not Meet Objective
	Certainty in Option Achieving Potential Outcome:	B - Likely (75% - 90%)	A - Certain / Highly Likely (Over 90%)	A - Certain / Highly Likely (Over 90%)	A - Certain / Highly Likely (Over 90%)	

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 5 - Evaluating Options in Relation to the Service Objectives

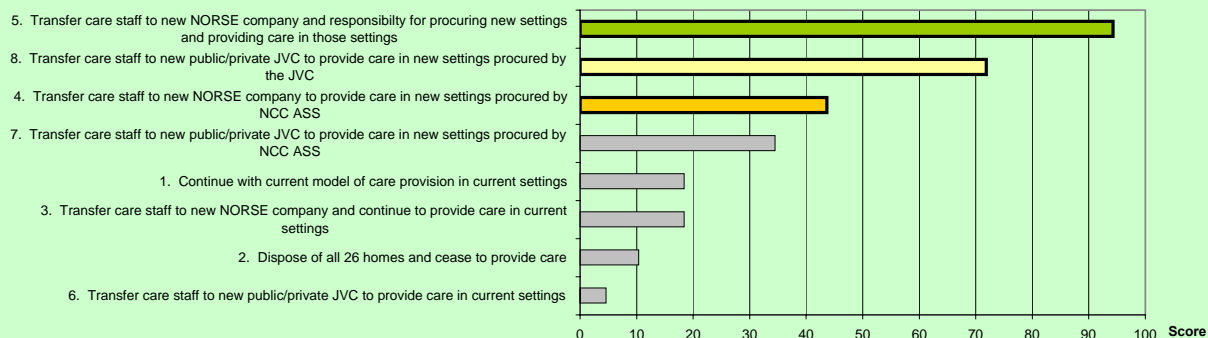
Options		Objective 6 Secure a sustainable and balanced care provision budget	Objective 7 Keep procurement and programme management costs to a minimum	Objective 8 Demonstrate Best Value in the use of resources deployed	Objective 9 Minimise revenue consequences on ASS budgets whilst achieving strategy objectives
1	Continue with current model of care provision in current settings	Potential to Achieve Objective: 1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	0 - Does Not Meet Objective
		Certainty in Option Achieving Potential Outcome: D - Unlikely (Less than 50%)	D - Unlikely (Less than 50%)	D - Unlikely (Less than 50%)	
2	Dispose of all 26 homes and cease to provide care	Potential to Achieve Objective: 2 - Substantial Contribution to Meeting Objective	4 - Meets Objective	1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective
		Certainty in Option Achieving Potential Outcome: C - Probable (50% - 75%)	A - Certain / Highly Likely (Over 90%)	C - Probable (50% - 75%)	D - Unlikely (Less than 50%)
3	Transfer care staff to new NORSE company and continue to provide care in current settings	Potential to Achieve Objective: 1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective
		Certainty in Option Achieving Potential Outcome: D - Unlikely (Less than 50%)	C - Probable (50% - 75%)	C - Probable (50% - 75%)	C - Probable (50% - 75%)
4	Transfer care staff to new NORSE company to provide care in new settings procured by NCC ASS	Potential to Achieve Objective: 2 - Substantial Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	2 - Substantial Contribution to Meeting Objective	2 - Substantial Contribution to Meeting Objective
		Certainty in Option Achieving Potential Outcome: C - Probable (50% - 75%)	C - Probable (50% - 75%)	C - Probable (50% - 75%)	C - Probable (50% - 75%)
5	Transfer care staff to new NORSE company and responsibility for procuring new settings and providing care in	Potential to Achieve Objective: 2 - Substantial Contribution to Meeting Objective	2 - Substantial Contribution to Meeting Objective	4 - Meets Objective	4 - Meets Objective
		Certainty in Option Achieving Potential Outcome: B - Likely (75% - 90%)	B - Likely (75% - 90%)	A - Certain / Highly Likely (Over 90%)	B - Likely (75% - 90%)
6	Transfer care staff to new public/private JVC to provide care in current settings	Potential to Achieve Objective: 1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective
		Certainty in Option Achieving Potential Outcome: D - Unlikely (Less than 50%)	D - Unlikely (Less than 50%)	D - Unlikely (Less than 50%)	D - Unlikely (Less than 50%)
7	Transfer care staff to new public/private JVC to provide care in new settings procured by NCC ASS	Potential to Achieve Objective: 2 - Substantial Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	2 - Substantial Contribution to Meeting Objective	2 - Substantial Contribution to Meeting Objective
		Certainty in Option Achieving Potential Outcome: C - Probable (50% - 75%)	C - Probable (50% - 75%)	C - Probable (50% - 75%)	C - Probable (50% - 75%)
8	Transfer care staff to new public/private JVC to provide care in new settings procured by the JVC	Potential to Achieve Objective: 2 - Substantial Contribution to Meeting Objective	1 - Moderate Contribution to Meeting Objective	2 - Substantial Contribution to Meeting Objective	3 - Very Nearly Meets Objective
		Certainty in Option Achieving Potential Outcome: B - Likely (75% - 90%)	B - Likely (75% - 90%)	B - Likely (75% - 90%)	B - Likely (75% - 90%)

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 6 - Short-Listing Projects for Further Consideration

No.	Option Name	Score	Non-Financial Ranking	Short-List?	Reason for Decision
5	Transfer care staff to new NORSE company and responsibility for procuring new settings and providing care in those settings	94	1	Short-Listed	Highest score and addresses all strategic objectives
8	Transfer care staff to new public/private JVC to provide care in new settings procured by the JVC	72	2	Short-Listed	High score and addresses most strategic objectives
4	Transfer care staff to new NORSE company to provide care in new settings procured by NCC ASS	44	3	Short-Listed	Moderate score and addresses some strategic objectives
7	Transfer care staff to new public/private JVC to provide care in new settings procured by NCC ASS	34	4	Eliminated From Further Consideration	
1	Continue with current model of care provision in current settings	18	5	Eliminated From Further Consideration	
3	Transfer care staff to new NORSE company and continue to provide care in current settings	18	5	Eliminated From Further Consideration	
2	Dispose of all 26 homes and cease to provide care	10	7	Eliminated From Further Consideration	
6	Transfer care staff to new public/private JVC to provide care in current settings	5	8	Eliminated From Further Consideration	

Option



OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 7 - Financial Appraisal : Whole Life Cost Analysis of Short-Listed Options

The level of financial assessment required will depend on the options being considered. Any fundamental changes to service delivery and major capital projects should be subject to a full twenty-five or thirty year whole life costing assessment. This should identify all revenue and capital costs associated with the options being considered.

When assessing the capital cost, this should be the gross capital cost (i.e. not reduced by any capital receipts or grants related to the project). A separate financial assessment should be completed for each option on the shortlist.

For very low value schemes, the assessment may be based upon a single year's assessment, showing the annual cost of the scheme (allowing for financing charges).

For all but very low value schemes, the assessment is based on Net Present Value (NPV) calculations. This treatment is completed using three discount rates: to identify any variation in the NPV ranking of options relating to the choice of discount rate.

Please choose the assessment period: **25 Years**

N.B. It is crucial that the period is sufficiently long to be appropriate to the most complex and expensive options on your short-list. The option appraisal guidance notes include a table to assist in choosing the correct assessment period, however, if you need further advice then please contact Andrew Skiggs, Norfolk County Council's Capital & CAA Manager, on 01603 22 3116 or andrew.skiggs@norfolk.gov.uk.

Please detail the reasons for your choice of assessment period below:

As capital build a consideration would suggest that a 25 year period would be appropriate as would potentially be the period of any loan undertaken

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

25 YEAR WHOLE LIFE COST ANALYSIS FOR OPTION FOUR: TRANSFER CARE STAFF TO NEW NORSE COMPANY TO PROVIDE CARE IN NEW SETTINGS PROCURED BY NCC ASS

REVENUE COSTS

Year: **1** **2** **3** **4** **5** **6** **7** **8** **9** **10**

Employee Costs	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480
Premises Costs	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613
Transport Costs	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032
Supplies & Services Costs	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820
Third Party Costs	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409
Cost of Capital	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810
Payments to Clients	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87
BMF	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320
Cost of Additional Capital											

REVENUE INCOME

Year: **1** **2** **3** **4** **5** **6** **7** **8** **9** **10**

Grants and reimbursements	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625
Customer and Client Receipts	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135

25 Year Net Present Value at 3.5% is £105,167,087

25 Year Net Present Value at 4.4% is £101,427,934

25 Year Net Present Value at 5.0% is £99,059,833

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

25 YEAR WHOLE LIFE COST ANALYSIS FOR OPTION FIVE: TRANSFER CARE STAFF TO NEW NORSE COMPANY AND RESPONSIBILITY FOR PROCURING NEW SETTINGS AND PROVIDING CARE IN THOSE SETTINGS

CAPITAL COSTS

Year: 1 2 3 4 5 6 7 8 9 10

Land - Purchase Costs	£ 2,000,000	£ 2,000,000	£ 2,000,000	£ 2,000,000	£ 2,000,000					
Buildings - Purchase Costs	£ 8,000,000	£ 8,000,000	£ 8,000,000	£ 8,000,000	£ 8,000,000					

CAPITAL RECEIPTS

Year: 1 2 3 4 5 6 7 8 9 10

Loan Receipt	£ 10,000,000	£ 10,000,000	£ 10,000,000	£ 10,000,000	£ 10,000,000					
--------------	--------------	--------------	--------------	--------------	--------------	--	--	--	--	--

REVENUE COSTS

Year: 1 2 3 4 5 6 7 8 9 10

Employee Costs	£ 13,763,480	£ 13,763,480	£ 13,763,480	£ 13,763,480	£ 13,763,480	£ 13,763,480	£ 13,763,480	£ 13,763,480	£ 13,763,480	£ 13,763,480
Premises Costs	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613
Transport Costs	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032
Supplies & Services Costs	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820
Third Party Costs	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409
Cost of Capital	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810
Payments to Clients	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87
BMF	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320
Cost of Capital	£ 200,000	£ 600,000	£ 1,000,000	£ 1,400,000	£ 1,800,000	£ 2,000,000	£ 2,000,000	£ 2,000,000	£ 2,000,000	£ 2,000,000
Additional costs of third party sales	£ 250,000	£ 500,000	£ 750,000	£ 1,000,000	£ 1,250,000	£ 1,250,000	£ 1,250,000	£ 1,250,000	£ 1,250,000	£ 1,250,000
Profit share to Norse	£ 50,000	£ 100,000	£ 150,000	£ 200,000	£ 250,000	£ 250,000	£ 250,000	£ 250,000	£ 250,000	£ 250,000

REVENUE INCOME

Year: 1 2 3 4 5 6 7 8 9 10

Grants and Reimbursements	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625
Customer and Client Receipts	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135
Gross Third Party Sales	£ 500,000	£ 1,000,000	£ 1,500,000	£ 2,000,000	£ 2,500,000	£ 2,500,000	£ 2,500,000	£ 2,500,000	£ 2,500,000	£ 2,500,000

25 Year Net Present Value at 3.5% is £110,906,655

25 Year Net Present Value at 4.4% is £106,892,922

25 Year Net Present Value at 5.0% is £104,351,457

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

25 YEAR WHOLE LIFE COST ANALYSIS FOR OPTION EIGHT: TRANSFER CARE STAFF TO NEW PUBLIC/PRIVATE JVC TO PROVIDE CARE IN NEW SETTINGS PROCURED BY THE JVC

CAPITAL COSTS

Year:	1	2	3	4	5	6	7	8	9	10
Land - Purchase Costs	£ 2,000,000	£ 2,000,000	£ 2,000,000	£ 2,000,000	£ 2,000,000					
Buildings - Purchase Costs	£ 8,000,000	£ 8,000,000	£ 8,000,000	£ 8,000,000	£ 8,000,000					

CAPITAL RECEIPTS

Year:	1	2	3	4	5	6	7	8	9	10
Loan Receipt	£10,000,000	£10,000,000	£10,000,000	£10,000,000	£10,000,000					

REVENUE COSTS

Year:	1	2	3	4	5	6	7	8	9	10
Employee Costs	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480	£13,763,480
Premises Costs	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613	£ 1,438,613
Transport Costs	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032	£ 47,032
Supplies & Services Costs	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820	£ 706,820
Third Party Costs	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409	£ 2,969,409
Capital Financing	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810	£ 305,810
Payments to Clients	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87	£ 87
BMF	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320	£ 690,320
Cost of Capital	£ 200,000	£ 600,000	£ 1,000,000	£ 1,400,000	£ 1,800,000	£ 2,000,000	£ 2,000,000	£ 2,000,000	£ 2,000,000	£ 2,000,000

REVENUE INCOME

Year:	1	2	3	4	5	6	7	8	9	10
Grants and Reimbursements	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625	£ 1,007,625
Customer and Client Receipts	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135	£ 6,696,135
Profit share from JV	£ 50,000	£ 100,000	£ 150,000	£ 200,000	£ 250,000	£ 250,000	£ 250,000	£ 250,000	£ 250,000	£ 250,000

25 Year Net Present Value at 3.5% is £115,912,292

25 Year Net Present Value at 4.4% is £111,681,054

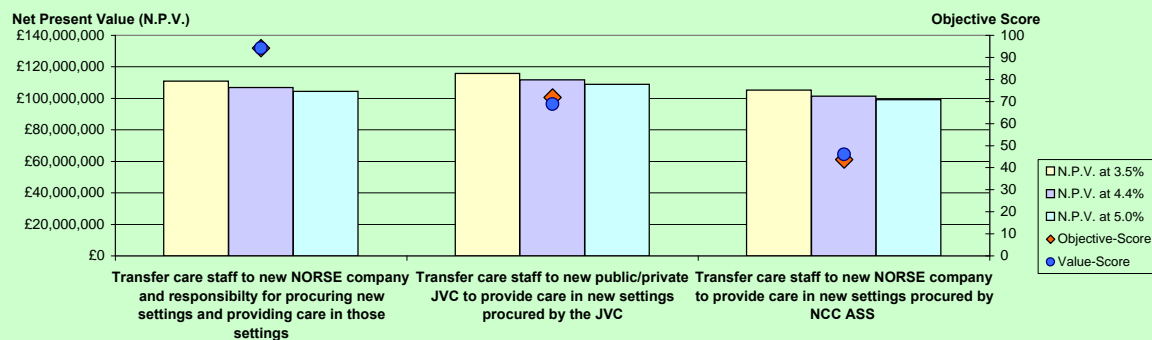
25 Year Net Present Value at 5.0% is £109,002,067

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 8.1 - Consideration of the Financial and Non-Financial Impact of the Options

Short-Listed Options		Objectives		25 Year Financial Implications				Numerical 'Value' ~ Objectives Achieved per £ ~	
No.	Option Name	Score	Non-Financial Ranking	N.P.V. at 3.5%	N.P.V. at 4.4%	N.P.V. at 5.0%	Financial Ranking	'Value' Score [♣]	'Value' Ranking
5	Transfer care staff to new NORSE company and responsibility for procuring new settings and providing care in those settings	94	1	£111 m	£107 m	£104 m	2	Highest Value (H.V.)	1
8	Transfer care staff to new public/private JVC to provide care in new settings procured by the JVC	72	2	£116 m	£112 m	£109 m	3	73 % of H.V.	2
4	Transfer care staff to new NORSE company to provide care in new settings procured by NCC ASS	44	3	£105 m	£101 m	£99.1 m	1	49 % of H.V.	3

Sorted by: 'Value' Ranking



♣ The 'value' score relates the Objective-Score to the mean average of N.P.V. figures, identifying the option that achieves the highest value and rating the other options in proportion to it (i.e. if Option 1 and Option 2 both achieve the same objective score of 120, but option 2 does so for half the expense: Option 2 would be 'Highest Value' while Option 1 would receive a value-score of 50 %). The graph above plots these scores against the same range as the Objective-Score; such that the Highest Value option is plotted at the top of the score range. **N.B.** This treatment is presented for information only, and may be helpful in relating the financial and non-financial factors with one another: the option that achieves the highest Value-Score should not automatically be endorsed. Further this treatment cannot be utilised for schemes that are cost neutral or that have net financial income (the sort places such schemes at the head of the list in the order of their Objective-Score).

OPTION APPRAISAL: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Step 8.2 - Conclusions and Selection of Preferred Option

8.2.1 *Please select the option that you have concluded to be most eligible for detailed consideration.*

5. Transfer care staff to new NORSE company and responsibility for procuring new settings and providing care in those settings

8.2.2 *Please discuss your reasons for this decision and your overall ranking of the options considered.*

You need to double click the white box below before you can begin typing.

The preferred option was a clear winner on both financial and non financial criteria. The ranking was a direct result of the weighting given to the evaluation criteria having regard to the strategic objectives of ASSD approved by Cabinet.

8.2.3 *Affordability Summary*

No Capital Requirement

Average Net Revenue Requirement: £5,167,124 p.a.

8.2.4 *Please enter the name(s) and position(s) of the officer(s) who have completed this appraisal.*

8.2.5 *Please enter the date on which this option appraisal was completed.*

OPTION APPRAISAL SUMMARY: ADULT SOCIAL SERVICE - STRATEGIC MODEL OF CARE - CARE DELIVERY VEHICLE

Service Output Objectives

<u>No.</u>	<u>Service Output Objective</u>	<u>Relative Importance</u>	<u>Service References</u>	<u>Output Measurement Details</u>
1.	Ability to shape the market to raise standards, moderate prices and sustain mixed public, private and third sector supply	10		
2.	Secure future employment and supply of trained NCC care staff	8		
3.	Achieve strategic commissioning business model and maximise service efficiencies including savings and income	6		
4.	Secure sufficient quantity and quality of care settings to meet demand	10		
5.	Achieve maximum leverage of RSL programmes to maximise the impact of non NCC sourced capital	2		
6.	Secure a sustainable and balanced care provision budget	9		
7.	Keep procurement and programme management costs to a minimum	3		
8.	Demonstrate Best Value in the use of resources deployed	4		
9.	Minimise revenue consequences on ASS budgets whilst achieving strategy objectives	6		

Option Appraisal Summary

OPTIONS		OBJECTIVES		SHORT-LIST		25 YEAR FINANCIAL IMPLICATIONS			
<u>No.</u>	<u>Option Name</u>	<u>Score</u>	<u>Non-Financial Ranking</u>	<u>Decision</u>	<u>Reason for Decision</u>	<u>Net Present Value (N.P.V.) at</u>			<u>Financial Ranking</u>
						<u>3.5%</u>	<u>4.4%</u>	<u>5.0%</u>	
1.	Continue with current model of care provision in current settings	18	5	Eliminated					
2.	Dispose of all 26 homes and cease to provide care	10	7	Eliminated					
3.	Transfer care staff to new NORSE company and continue to provide care in current settings	18	5	Eliminated					
4.	Transfer care staff to new NORSE company to provide care in new settings procured by NCC ASS	44	3	Short-Listed	Moderate score and addresses some strategic objectives	£105 m	£101 m	£99.1 m	1
5.	Transfer care staff to new NORSE company and responsibility for procuring new settings and providing care in those settings	94	1	Short-Listed	Highest score and addresses all strategic objectives	£111 m	£107 m	£104 m	2
6.	Transfer care staff to new public/private JVC to provide care in current settings	5	8	Eliminated					
7.	Transfer care staff to new public/private JVC to provide care in new settings procured by NCC ASS	34	4	Eliminated					
8.	Transfer care staff to new public/private JVC to provide care in new settings procured by the JVC	72	2	Short-Listed	High score and addresses most strategic objectives	£116 m	£112 m	£109 m	3

Selection of Preferred Option

It has been concluded that Option 5 (Transfer care staff to new NORSE company and responsibility for procuring new settings and providing care in those settings) is most eligible for detailed consideration.

**Further Update on Progress Regarding the Recommended Changes to
the Norfolk County Council County Farms Policy**

Suggested Approach by the Scrutiny Support Manager

1. Background

- 1.1 In March 2009 Cabinet considered and agreed the final recommendations of the Cabinet Scrutiny Committee working group's scrutiny of the Council's policy in managing the County Farms estate. Following this, Cabinet Scrutiny Committee agreed that it wished to receive an update from officers in six months on the progress made against the actions agreed by Cabinet.
- 1.2 At its meeting in September 2009, the Committee received an update report from the Managing Director, NPS Property Consultants Ltd, outlining progress against each of the working group's 33 recommendations. Members expressed particular concerns regarding:
 - Lack of progress in setting up a Steering Group (recommendation 24), putting the management contract out to tender (recommendation 33) and outsourcing work on the Management Strategy Plans (recommendation 8)
 - The proposed composition of the Steering Group
 - Whether tenants meetings were being held at regular intervals, and local members and tenants being invited
 - Lack of clarity around the relationship between the Steering Group, the Property Advisory Panel and the Corporate Affairs Overview and Scrutiny Panel
- 1.3 Members also requested copies of:
 - The Management Strategy Plan for the Mautby Estate
 - An outline of the investment required to maintain the estate
 - Details of the frequency of tenants meetings and how Members, including local Members, are notified of forthcoming meetings
- 1.4 The Committee concluded that its scrutiny of this item was not complete and that Cabinet at its next meeting should receive a copy of the minute of the above discussion, alongside a planned item on the 'Review of the Management Strategy of Norfolk County Council's Rural Estate'.
- 1.5 At its subsequent meeting in October 2009, Cabinet received and noted the draft minute of Cabinet Scrutiny Committee's discussion in September. It also received the report mentioned in 1.4 above from the Cabinet Member for Property, Corporate and Commercial Services and the Managing Director of NPS Property Consultants Ltd. This report suggested changes to the management strategy for County Farms that had been agreed by Cabinet in March 2009 in response to the recommendations of the working group. In particular, it sought Cabinet's approval for "flexibility" in terms of being able to continue realising capital receipts from the sale of land and buildings,

and the freedom to invest these receipts in assets outside of the estate, such as school buildings. In the event, the Cabinet decided to defer this item.

- 1.6 The attached report from the Managing Director of NPS Property Consultants Ltd provides an update on progress in implementing the recommendations of the scrutiny working group since the last update report in September 2009. This report was originally on the Committee's work programme for its meeting on 9 February but was deferred because of pressure of business.
- 1.7 In the meantime, the second attached report, 'Norfolk County Council's Rural Estate: Policy Statement', was considered by Cabinet at its meeting in 1 March. The report encompasses the scrutiny working group's recommendations around maintaining the overall size of the estate and investing to secure its sustainability and achieve a range of wider policy objectives. New Tenants' Advisory Boards, comprising tenants' representatives, the managing agents and Members of the County Council, will be responsible for implementing some of the more detailed recommendations, such as the length of tenancies. With regard to the future management arrangements for the estate, the report proposes that the contract for managing about half of the estate, situated in the West of the county, be put out to tender, with NPS Property Consultants Ltd continuing to manage the remainder situated in the East. The proposed policy principles and revised arrangements for managing the estate were accepted by the Cabinet.

2. Suggested Approach

- 2.1 It is suggested that the Committee:
- Considers the attached reports in the light of the information above
 - Addresses any outstanding questions to the Cabinet Member for Corporate Affairs and Efficiency
 - Agrees whether or not it has completed scrutiny of this issue and, if not, identifies the remaining issues and how it would like to proceed

Officer Contact: Keith Cogdell
Scrutiny Support Manager
01603 222785



If you need this report in large print, audio, Braille, alternative format or in a different language please contact the Customer Services Centre on 0344 800 8020 or Textphone 0344 800 8011 and we will do our best to help.

**Further Update on Progress Regarding
the Recommended Changes to the
Norfolk County Council
County Farms Policy**

**Report by the Group Managing Director
NPS Property Consultants Ltd**

This report updates on progress being made with regard to implementation of the recommendations made by the Cabinet Scrutiny Working Group in September 2008 since the last update report in September 2009.

1.0 Background

- 1.1 In September 2008, a working group nominated by the Cabinet Scrutiny Committee published a comprehensive report on Norfolk County Council's County Farms policy.
- 1.2 The report and recommendations contained therein were approved by Cabinet in March 2009.
- 1.3 On 29 September 2009, progress on implementation of the recommendations was reported to the Cabinet Scrutiny Committee.
- 1.4 This report is in response to the Cabinet Scrutiny Committee's request for a further update, consequently only additional progress from the last report in September 2009 has been noted.
- 1.5 Progress on each recommendation is reviewed in turn.

2.0 Recommendation 1

- 2.1 **The Estate should become an exemplar of innovation, investment and partnership working in the interests of tenants, local communities and present and future generations of Norfolk people.**
- 2.2 In December 2009 the County Council's Tree Safety Policy was adopted. A programme has now been prepared to implement this on the County Farms Estate over the next five year period and suitable training has been arranged for staff in line with the Policy recommendations.

3.0 **Recommendation 2**

3.1 **Optimising capital receipts should no longer be the principal priority for the management of the Estate.**

3.2 This change has been implemented and there have been no significant land sales since March 2009.

4.0 **Recommendation 3**

4.1 **Future priorities should be aimed at maximising the use of the Estate in meeting those objectives which are other than the purely financial one of land disposal for cash. Some of these have already been identified whilst others may be agreed in the future.**

4.2 Tenants are being encouraged to plant trees and hedges under the Carbon Reduction Grant and as a result, additional new planting is to be undertaken on the Ludham, Mautby, Stow, Thurne, Nordelph (Neatmoor Hall), Nordelph (Birchfield & Fryers) and Burlingham Estates.

4.3 Discussions have begun with the National Society of Allotment & Leisure Gardeners with the aim of working together to improve the utilisation of the County Council's allotments.

5.0 **Recommendation 4**

5.1 **Long-term objectives should show a clear commitment to new entrants, career progression for tenants and leadership within the industry.**

5.2 Working with the Norfolk Adaptation Group, risk assessments have been undertaken for the County Farms Estate in relation to global warming to assist with the County Council's continuity planning and help identify risks and opportunities in relation to the Estate.

6.0 **Recommendation 5**

6.1 **Management of the Estate should reflect a positive regard for the interests and views of its tenants, as well as to "the general interests of agriculture and of good estate management" (Agriculture Act 1970).**

6.2 Tenants continue to be consulted in relation to the Strategic Reviews of each Estate.

7.0 **Recommendation 6**

7.1 **Whilst consolidation of some farms into larger units may be necessary to ensure their future viability, the general aim should be to maximise the number and diversity of smallholdings. Diversification and other initiatives to support incomes should be supported.**

7.2 Opportunities will be identified as options in the Strategic Reviews.

8.0 **Recommendation 7**

8.1 **Detailed Management Strategy Plans for each part of the Estate should cover the next ten years and beyond. They should reflect the new vision and priorities for the Estate, and be reviewed every five years.**

8.2 Since the last report to the Cabinet Scrutiny Committee, draft Strategic Reviews and Management Plans have been prepared for the Bergh Apton, Brisley, Brundall and Ashill Estates.

9.0 **Recommendation 8**

9.1 **The development of the Management Strategy Plans should be regarded as a priority for delivering the new vision for the Estate and should be outsourced to provide a detached view from the day-to-day management of the Estate.**

9.2 A “market testing” exercise has been undertaken and comparative prices have been received from both Savills and Bidwells for the preparation of a strategic review. Progress with this has been superseded by the decision to put the management of County Farms out to tender later this year.

10.0 **Recommendation 9**

10.1 **The Management Strategy Plans should be based on detailed assessments of location, soil quality, condition and suitability of infrastructure for each part of the Estate, and should include targets, a monitoring process and investment plans.**

10.2 These will be incorporated in all Strategic Management Plans.

11.0 **Recommendation 10**

11.1 **Disposals in future should only be considered in terms of selling to invest back into the Estate, or further rationalisation, and should be neutral in terms of the total land assets of the Estate.**

11.2 The land market is currently under review to identify any opportunities to acquire land and re-invest in the Estate.

12.0 **Recommendation 11**

12.1 **The retained Estate should remain at an absolute minimum of 16,000 acres, subject to the provision in recommendation 13 regarding affordable housing.**

12.2 An application is being made to the Minister to permit the County Council to regain possession of a part of Statutory Allotment land at Felmingham for affordable housing, for which planning permission has been granted.

12.3 Sales of land at Bergh Apton and at South Walsham for affordable housing are progressing as approved.

13.0 **Recommendation 12**

13.0 **There should be a moratorium on further land disposals until the proposed Management Strategy Plans are available.**

13.1 This has been implemented.

14.0 **Recommendation 13**

14.1 **Any future disposals should be restricted to property that has been identified as being surplus in the Management Strategy Plans or where a price markedly above market value can be obtained. In either case, the proceeds should be shared, with 25% of capital and revenue receipts being re-invested in the Estate, including the purchase of additional land to maintain or increase the overall size of the Estate. The only exception to this should be the use of land for affordable housing, in which case a net disposal of land (as opposed to effective exchange) should be considered.**

14.2 Receipts are recorded and opportunities to acquire additional land are being investigated. There is currently a receipt value of £170k available for land purchases.

15.0 **Recommendation 14**

15.1 **There should be an assumption that sitting tenants should always have first refusal and reasonable preferential treatment in such disposals.**

15.2 No opportunities have arisen.

16.0 **Recommendation 15**

- 16.1 **Tenants should be adequately compensated if part of their land is sold.**
- 16.2 Tenants' co-operation is essential for the Council to be able to regain possession of land and compensation has to be sufficient for them to reach an agreement.
- 17.0 **Recommendation 16**
- 17.1 **There should be a programme of investment to ensure that infrastructure (including drainage systems where needed) is fit for purpose and properly maintained.**
- 17.2 A schedule of prioritised investment required for roads, properties and water supplies is under development.
- 18.0 **Recommendation 17**
- 18.1 **There should also be a programme of funding to support meeting the objectives of the Estate, including financial incentives and training for tenants to enable them to participate in new ways of working (as recommended in the Best Value Review 2001).**
- 18.2 We continue to fund the two Tenant training groups, the Denver Debaters in the West and the Amber Debaters in the East, in partnership with Richard Rampton of the Norfolk Rural Business Advice Service. The funding of these groups is eligible for matched funding through the Rural Development Programme for England 2007-2013 (RDPE). We have recently agreed 50% funding for two Tenants to attend a "Leadership and Innovation for Agriculture to 2020" course, organised by Richard Rampton of the Rural Enterprise Hub at Easton College and part funded by Landskills East.
- 19.0 **Recommendation 18**
- 19.1 **In order to give tenants more security and incentive to invest in their businesses, tenancies for twenty years should be the norm, with an absolute minimum of ten years.**
- 19.2 This will be dealt with on a case by case basis in consultation with the Cabinet Member if not covered by the Strategic Review.
- 20.0 **Recommendation 19**
- 20.1 **There should be clear criteria for allocating and renewing tenancies, including those on additional land. These criteria should include a willingness and ability to embrace new initiatives which support the wider objectives of the Estate.**
- 20.2 The Cabinet Member, with advice from the Tenants' Advisory Board, will decide on new lettings. Other lettings will be covered by the

21.0 **Recommendation 20**

21.1 **When tenants retire, first consideration should be given to succession by one or more of their children, where requested, on the condition that they have been directly involved in the business and are successfully assessed against the agreed criteria for new entrants.**

21.2 No cases have arisen.

22.0 **Recommendation 21**

22.1 **Where farms are jointly worked by couples, this should be reflected in their holding a joint tenancy.**

22.2 No requests have been received.

23.0 **Recommendation 22**

23.1 **There should be lower rents for new tenants in the early years to help with start-up costs. The exact level should reflect the quality of the infrastructure.**

23.2 There have been no new lettings.

24.0 **Recommendation 23**

24.1 **Rent should be reduced to compensate for obstacles to productivity such as drainage problems or inadequate storage facilities.**

24.2 Any such requests will be treated sympathetically.

25.0 **Recommendation 24**

25.1 **There should be a Steering Group comprising members, key internal and external partners (e.g. Planning and Transportation, Economic Development Team, Children's Services, Adult Education, Norfolk Rural Business Advice Service, Norfolk Smallholders Training Group, Easton College, tenants with relevant experience) to oversee the implementation of new Norfolk County Council policies and with the remit to keep the policies up to date and to report to the Corporate Affairs Overview and Scrutiny Panel on a regular basis.**

25.2 The Shaping Norfolk's Future Rural Economy Board, chaired by the Principal of Easton College, has agreed to act as a Steering Group and assist in setting out criteria for new tenancies, Tenant training and succession planning. The Group will enable the County Farms

strategies to reflect the wider rural economic strategy and provide a coherent way forward for farming in Norfolk.

- 25.3 A list of the members of the Rural Economy Board is attached to this report at Appendix 1.

26.0 **Recommendation 25**

- 26.1 **The land agents for the Estate need to have an understanding of tenants' individual circumstances. Each smallholding should be visited by a member of the land agents' team at least once a year, as well as holding regular tenants' meetings to which the local Member should be invited to attend.**

- 26.2 Land Agents continue to visit Tenants.

27.0 **Recommendation 26**

- 27.1 **If a suitable tenancy becomes available, the request from Norfolk Smallholders Training Group for "ten acres of land in central Norfolk for setting up a model smallholding" should be met.**

- 27.2 This will be offered when the opportunity arises.

28.0 **Recommendation 27**

- 28.1 **The possibility of using part of the Estate to pilot care farming for particular groups of vulnerable people should be explored.**

- 28.2 Mr Doeke Dobma took on the tenancy of Clinks Farm, Haddiscoe, in October 2009, thus establishing the Council's first Care Farm. Five organisations are now waiting to refer clients to the Clinks Care Farm.

- 28.3 Discussions have been held with a Tenant's wife on the Burlingham Estate who is interested in starting a Care Farm at Burlingham and she has been put in touch with Doeke.

- 28.4 The bid to Ecomind for funding for a joint venture Care Farm at Hill Farm, Stow Estate is still under consideration.

29.0 **Recommendation 28**

- 29.1 **Allegations of tenants subletting their land should be properly investigated and appropriate action taken to put a stop to such practice.**

- 29.2 Allegations will be investigated as they arise.

30.0 **Recommendation 29**

- 30.1 **The proposal in the report to Cabinet in October to provide social**

housing for older tenants on lifetime tenancies who cannot make provision for themselves should be acted on as a matter of urgency.

- 30.2 Representations will be made to the Department for Communities and Local Government in relation to the Consultation on “Guidance for Local Authorities on incentivising landowners to bring forward additional land for rural affordable housing on rural exception sites” to ask that nomination rights be extended to include “retiring farm tenants from a Statutory Smallholding Authority where that Authority is the landowner”.

31.0 **Recommendation 30**

- 31.1 **A separate ‘County Farms Panel’ should be established to take over the current remit of the Property Advisory Panel with regard to the Estate. This new Panel should have Executive powers, if legally possible, and include tenant farmer representatives.**

- 31.2 The Members on the new Tenant’s Advisory Boards are to be B Borrett and B Spratt in the East and B Borrett and R Rockcliffe in the West. At its meeting on 4 January 2010, Cabinet agreed the terms of reference and membership of the Boards. Cabinet also noted that the Tenants’ Advisory Boards could not, constitutionally, have executive powers.

- 31.3 Plans to establish the Tenant representatives on the Tenants’ Advisory Boards in the East and the West of the County are progressing and a letter is to be sent to all Tenants to make them aware of the opportunity and of how to get involved.

- 31.4 The Terms of Reference for the Boards are attached to this report at Appendix 2.

32.0 **Recommendation 31**

- 32.1 **The new ‘County Farms Panel’ should be consulted on all matters concerning the allocation, renewal or termination of tenancies, disposal of assets or tenant grievances and complaints. It should also keep under review the management of the contract between the County Council and its land agents and monitor progress in implementing the working group’s recommendations. The panel should report progress and any concerns that may warrant further scrutiny to the Corporate Affairs Overview and Scrutiny Panel.**

- 32.2 Any matters arising will be referred to the Corporate Affairs Overview and Scrutiny Panel.

33.0 **Recommendation 32**

- 33.1 **There should be a clear procedure, including Member**

involvement, for dealing with any grievances or complaints from tenants.

- 33.2 The NPS complaints procedure for County Farms Tenants has been prepared and placed on the County Farms website. This is a three stage complaints process which starts with a complainant contacting their local Member. If the complaint is unresolved at this stage, an NPS Officer will investigate and report and if it is still unresolved the problem will then be referred to the Property Advisory Panel to consider and determine. Tenants will be informed of this new process in the next Newsletter.

34.0 **Recommendation 33**

- 34.1 **Once the policy for the future of the Estate is agreed, the County Council should put the management contract out to tender. This recommendation to be considered by the above-mentioned Steering Group (recommendation 24) as to the best means by which the tendering process should proceed.**

- 34.2 It is proposed that the County Farms Estate will be divided into two areas, East and West. NPS will undertake the management of the East, with tenders for the management of the West being sought via the EU procurement process in April 2010. The revised arrangements should become effective from 1 October 2010.

35.0 **Conclusion**

- 35.1 It is proposed to incorporate the policy recommendations of the Working Group into a revised County Farms Management Policy which would form the basis of how the Estate will be managed and provide a framework within which the new managing agents can work.
- 35.2 The revised Policy will be presented to Corporate Affairs Overview and Scrutiny Panel in March and thence to Cabinet in April 2010.

Contact Officer

Mike Britch Tel: 01603 706100 mike.britch@nps.co.uk
Group Managing Director – NPS Property Consultants Ltd

Background Papers

Report of the Cabinet Scrutiny Committee County Farms Policy Scrutiny Working Group – September 2008

Report to the Cabinet Scrutiny Committee Regarding Progress on the Implementation of the Working Group's proposals – 29 September 2009.



If you need this report in large print, audio, Braille, alternative format or in a different language please contact Heather Anderson

Tel: 01603 706101

Fax: 01603 706102

Email: heather.anderson@nps.co.uk

and we will do our best to help

RURAL ECONOMY BOARD MEMBERSHIP

Sir Nicholas Bacon	Chair
Noel Bartram	Bernard Matthews
John Packman	Broads Authority
Chris Starkie	Shaping Norfolk's Future
Christine Hill	NFU County Chair
Clarke Willis	Anglia Farmers
David Martin	Business Link
Fiona McDiarmid	Norfolk County Council
Jeanette Thurtle	Federation of Small Businesses
David Lawrence	Easton College
Peter Medhurst	Rural Community Council
Sarah Wilson	Natural England
Teddy Maufe	Branthill Farms

COUNTY FARMS TENANTS' ADVISORY BOARDS

TERMS OF REFERENCE

Frequency of Meetings: Quarterly

Terms of Reference

The Tenants' Advisory Board (TAB) will comprise Tenants' representatives for the Estate (or parts of the Estate), the managing Agents and Members of Norfolk County Council.

The Tenants' Advisory Board will make recommendations to the Property Advisory Panel/Cabinet Members on:

- The criteria for allocating and renewing tenancies
- Provision of social housing for older tenants
- Disposal of assets/land
- Tenant grievances and complaints
- Issues arising from the management of the County Farms
- The criteria for the investment in the farms' infrastructure
- Length of tenancies
- Level of compensation if land is sold for affordable housing
- Training requirements for tenants
- Suggestions on the future management strategy for the Estate

If any issue directly affects the Tenants' representative, a substitute representative should attend that particular meeting to avoid any conflict of interest.

<p>Norfolk County Council's Rural Estate</p> <p>Policy Statement</p>
--

**Report by the Cabinet Member for Corporate Affairs and Efficiency
and the
Managing Director of NPS Property Consultants Ltd**

Summary

This report seeks to set out the policy framework for managing Norfolk County Council's Rural Estate, taking into account the recommendations of the Cabinet Scrutiny Working Group in September 2008, and asks Cabinet Members to endorse the policy statement and the proposed revised management arrangements.

1. Introduction

- 1.1 The Rural Estate in Norfolk currently extends to 6,570.81 hectares (16,236.80 acres), and is divided into 71 smaller Estates with around 145 tenants on fully equipped, partially equipped or bareland holdings.
- 1.2 There are 91 fully equipped tenants whose farms average about 61 hectares (151 acres).
- 1.3 The average age of a County Farms tenant is 56.
- 1.4 Total rental income from the Estate is £1.19 million per year.
- 1.5 Since the recommendations of the Cabinet Scrutiny Committee County Farms Policy Scrutiny Working Group were published in September 2008 there has been a measure of uncertainty in terms of management of the Estate and the tenants' expectations. This report seeks to put forward a coherent statement of policy based on the recommendations which can be used to guide the future management of the Estate.

2. Proposed Policy Statement

- 2.1 The following lists the County Council's aims and objectives for the satisfactory management of the Rural Estate and outlines how each should be achieved.

- i) **Maintain the size of the Estate at 16,000 acres or more. Where land or buildings are declared surplus, reinvest the capital receipts in order to further develop the Estate.**

Any areas identified as having development potential shall be actively promoted through the planning system and, when successful, sold with the benefit of a valuable consent and the capital receipt reinvested in the Estate.

Property identified as surplus in the Strategic Reviews shall be sold with vacant possession and any potential valuable planning consent shall be obtained prior to sale to maximise the price realised.

- ii) **Encourage commercial farm enterprises, maintain farm rental value and minimise rent debt and demonstrate sound estate management in practice, having due regard to the interests and aspirations of the tenants.**

Ensure the provision of viable unit sizes for a range of business models which will support or improve revenue on the Estate.

Provide the best professional standards in management of the contracts and of the Estate together with a close working relationship with the tenants to endeavour to meet their expectations and encourage sustainable farming methods to be adopted on the Estate.

- iii) **Develop the Estate as an exemplar of innovation, working with tenants, the County Council, communities and external partners.**

Work closely with Easton College, NRBAS, County Council Departments, tenants, Parish Councils, schools, other Smallholding Authorities and others to identify opportunities for partnership working in enabling improvements to sustainable farming, encouraging local food production, and delivering community benefits.

Work towards reducing carbon usage, for example by identifying sites and investing in farm-based, small-scale single mast wind power generation and utilising the “feed in” tariffs.

- iv) **Provide opportunities for new entrants to farming and for progression of tenants on the Estate**

Identify opportunities for new entrants to farming in Norfolk and for the progression of existing tenants in the Strategic Reviews, and investigate opportunities to allow older tenants to retire with dignity. This should ultimately increase the number of new entrants on the Estate and reduce the age profile of tenants.

- v) **In co-operation with the Environment Section of the Council, develop the Estate as an exemplar of collaboration between landlord and tenant in delivering conservation, biodiversity and access improvements.**

Work with tenants and Environment Officers to conserve the historic landscape and identify opportunities to enhance biodiversity; for example, by planting new hedges, woodlands and orchards and by improving field margins, ponds and wetland habitats.

In addition, improve public access on the Estate with permissive walks or bridleways to improve the health and wellbeing of local communities and visitors.

- vi) **Seek to develop farms to help deliver wider Corporate services and objectives such as use as an educational resource centre or Care Farm, in conjunction with the County Council's relevant departments. Also develop links with local schools.**

Promote the use of farms as an educational resource; for example to help deliver the Diplomas for 14-19 year-olds with outdoor learning or employment content.

Promote the development of Care Farms to provide the opportunity for tenants to diversify and deliver a day-care facility for Adult Social Service clients.

Promote links with schools to help them deliver the Sustainable Schools Initiative as defined in the document "Food Policy in Schools" produced by the National Governors' Association in conjunction with the Food Standards Agency (FSA).

The above will ensure that Council assets are fully utilised to deliver a broad range of services on behalf of the Council.

- vii) **Provide or organise mentoring and training for tenants to encourage better business management and diversification.**

Work in collaboration with NRBAS and others to provide training and opportunities to meet to compare and discuss business models in both the East and West of the County.

- viii) **Identify rural exception sites for affordable housing.**

Continue to promote rural exception sites to support the Council's commitment to assist District Councils in meeting affordable housing need as part of its Affordable Housing Initiative.

- ix) **Develop a wide range of farm sizes to encourage a variety of business models and support rural development and economic regeneration.**

Encourage tenants to diversify and develop a range of businesses to regenerate the rural economy, create additional job opportunities and help support the services in rural communities.

Offer a range of size holdings for new entrants and new businesses.

- x) **Develop 10-year management plans for each Estate to demonstrate what contribution each can make to the various policy objectives and enable tenants to plan and invest in their businesses for the future.**

Provide 10-year Strategic Review and Management Plans for each Estate which will give a framework for the development of the Estate within that time scale. Tenants are to be consulted as part of the initial and ongoing review processes and the plans will provide a structure for tenants which will enable them to plan their businesses more effectively.

- xi) **Establish a forum for tenants' views to be considered on management issues.**

Establish a Tenants' Advisory Board with tenant representatives in both the West and East of the County to meet with Members and Managing Agents to make recommendations to the Property Advisory Panel or the Cabinet Member on management issues.

Arrange opportunities for all tenants to meet on a regular basis for communication and networking purposes.

- xii) **Develop an investment programme to improve the infrastructure, buildings and storage capacity for crops on the Estate.**

Re-invest in the Estate to make it "fit for purpose" and maintain its capital value. Introduce an annual programme of dwelling refurbishment and improvement, upgrades to or replacement of farm buildings to provide "Farm Assured" quality crop storage facilities, and road and drainage works.

- xiii) **Manage the trees on the Estate in the interests of safety.**

Implement Norfolk County Council's Tree Safety Policy in relation to the trees and woodlands on the Estate. Ensure that the woodlands provide an exemplar of good woodland management practice.

- xiv) **Develop strategies to enable older tenants to retire with dignity and the Council to meet its obligations to tenants on retirement tenancies.**

In co-operation with tenants, seek ways of enabling older lifetime tenants to retire with dignity and thus provide opportunities for new entrants.

Seek nomination rights for these tenants should the Council provide a rural exception site for affordable housing.

Identify suitable housing to offer to tenants retiring at 65 where there is a need and the Council has an obligation to re-house them.

Assist the widows of tenants, where appropriate, with the provision of housing.

xv) **Actively encourage tenants to support the Campaign for the Farmed Environment.**

Promote the National Campaign for the Farmed Environment and provide advice and encouragement for all tenants to adopt management strategies which will protect the land and water courses and improve the habitat for birds and wildlife.

3. **Management Arrangements**

3.1 One of the key recommendations of the Working Group was that once the policy for the future of the Estate has been agreed, the County Council should put the management contract out to tender.

3.2 The Cabinet Member for Corporate Affairs and Efficiency has sought the views of other Authorities and interested bodies and concluded that the most appropriate means of tendering the contract should be as follows:

- Divide the Estate into two roughly equal sectors, East and West
- The contract for the West sector to be tendered via the EU procurement process with a commencement date for the new management agency of October 2010.
- NPS Property Consultants Ltd to undertake the management of the East sector.
- The Strategic Client and contract monitoring functions to be undertaken by the Director of Corporate Resources.
- A number of staff currently working for NPS will be subject to a TUPE transfer either to the new provider in the West or back to Norfolk County Council.

4.0 Resource Implications

4.1 Finance

4.1.1 Revenue

Additional provision of £1m has been made in the revenue budget 2010/11 to meet the cost of implementing the recommendations of the County Farms Working Group. Of this sum, £320,000 is to meet additional borrowing costs arising from a reduced level of capital receipts from the sale of farms. The remainder (£680,000) is to meet other costs of the recommendations, including the cost of delivering the revised management arrangements. The cost of proposals set out in this report will be met from within the approved budget.

4.2 Staff

4.2.1 A number of staff will be subject to a TUPE transfer as outlined in 3.2 above.

4.3 Property

4.3.1 There are no direct property implications other than those identified in the policy.

5.0 Legal Implications

5.1 The Estate must continue to be managed in accordance with section 39 of the Agriculture Act 1970, that is to provide opportunities for persons to be farmers on their own account. This requirement does not prevent rationalisation or net sales from the Estate in accordance with the proposals in section 2 above, provided that the requirements of the 1970 Act continue to be applied to the Estate remaining within the Council's ownership.

6.0 Equality Impact Assessment (EqIA)

6.1 The principles for the management of the County Farms Estate provide equal opportunities for all within the constraints of the particular circumstances of individuals that are governed by statute (tenancy regulations).

7.0 Section 17 – Crime and Disorder Act

7.1 There are no direct implications of this report for crime and disorder reduction.

8.0 Risk Implications

- 8.1 No additional risks exist other than those identified by the Working Group and subsequent Cabinet meetings.

9.0 **Alternative Options**

- 9.1 Cabinet could decide not to agree the recommended policy and ask the Working Group to re-visit its recommendations.

10.0 **Conclusion**

- 10.1 The revised policy statement encapsulates the recommendations of the Working Group and provides a framework for the future management of the Rural Estate.

- 10.2 The new Tenants' Advisory Boards will provide a forum for tenants to help shape the management of the Estate and, by working closely with Shaping Norfolk's Future Rural Economy Board, the County Farms Estate will be better integrated into the agricultural economy of Norfolk.

11.0 **Action Required**

- 11.1 Cabinet is asked to agree the policy principles for the management of the County Council's Rural Estate as outlined in section 2 above.
- 11.2 Cabinet is asked to agree the revised management arrangements for the County Council's Rural Estate as proposed in section 3 above.

Contact Officers

Mike Britch Tel: 01603 706100 mike.britch@nps.co.uk
Managing Director - NPS Property Consultants Ltd

Background Papers

Report of the Cabinet Scrutiny Committee County Farms Policy Scrutiny Working Group – 30 September 2008



If you need this report in large print, audio, Braille, alternative format or in a different language please contact **Heather Anderson**

Tel: 01603 **706101**

Fax: 01603 **706102**

Email: heather.anderson@nps.co.uk

and we will do our best to help

Private Finance Initiative

Suggested Approach by the Scrutiny Support Manager

1. Background

- 1.1 This issue was originally raised at the Cabinet Scrutiny Committee awayday on 28th July 2009 where the main objectives for this scrutiny were agreed as being:

- How has the County Council benefited from PFIs
- Has the County Council been correct in assessing the benefits/risks of PFI
- What lessons have we learnt from PFI

2. Issues to consider

- 2.1 The attached report from the Director of Corporate Resources addresses the main objectives raised above. In addition the Committee might wish to consider the following issues in its scrutiny:

- What are the lessons learnt from the failed County Council PFI bids
- What lessons can we learn from PFIs in other local authorities
- Risk Implications
 - What are the risk implications for NCC in comparison with traditionally procured projects?
 - What measures does NCC have in place to minimise these risks
 - What are the pros and cons of PFIs
 - How effective have the County Council's current policies and procedures been in identifying and managing the County Council's exposure to risk from PFI projects
 - What are the wider implications of PFI – effect on local economy, local jobs, accountability, transparency
 - How are members involved in the monitoring of PFI projects
- Flexibility
 - How can we build flexibility into contractual arrangements to ensure that they are responsive to major changes and changing service needs within the Council in the long term
- Finance
 - Has the financial crisis had any impact on PFIs within the County/ will cuts in public sector spending have any impact on current/future PFIs
 - What evidence is there that PFI has provided VFM for the Council tax

payers of Norfolk compared with other ways of financing large capital projects

- Does NCC employ external advisors (e.g. legal, financial) to assist in procurement and what are the cost implications for NCC of this

- **Cabinet**

- How does Cabinet consider the various financing options available to the County Council when undertaking a new large scale project
- Does Cabinet have a framework for making decisions about which option to choose
- To what extent does the Cabinet consider PFI to be a potential solution to funding large scale projects within the County Council during the current financial climate
- How can the County Council ensure that it is best placed to take advantage of the funding available from PFI.

3. Suggested Approach

It is suggested that the Committee considers the attached report and the issues raised in Section 2 above and agrees if there are any issues that it wishes to raise with Cabinet at this stage.

Officer Contact: Karen Haywood
Scrutiny Support Manager
01603 22891



If you need this report in large print, audio, Braille, alternative format or in a different language please contact the Customer Services Centre on 0344 800 8020 or Textphone 0344 800 8011 and we will do our best to help.

Private Finance Initiative (PFI) Impact on NCC

Report by the Head of Finance

Summary

Norfolk County Council has been engaged in the procurement and operation of PFI projects since the late 1990s. Currently it has 3 operational PFIs and one in procurement. PFI Contracts normally require the Service Provider to design, build finance and operate the assets over a long period, normally 25 years. During this period the service provider takes virtually all the risks of ownership of the assets.

Although some early PFI contracts faced criticism over the complexity of their procurement, their cost and the lack of flexibility during the operational phase, modern PFI contracts have advanced a great deal and now have the potential to address all the earlier criticisms.

PFI remains a small but key element of central government procurement strategy which it expects local authorities to use where appropriate. Under the PFI process Government makes available PFI funding to support capital projects that fit with their national strategy and meet the needs of the authority concerned.

This report covers the current PFI projects and indicates the benefits and disbenefits of PFI over the other procurement methods available to the council. The report is focused in the main on how PFI affects Norfolk and in answering the specific questions raised by the committee. Further detail can be found in the appendices.

1.0 Background

- 1.1 The Cabinet Scrutiny committee requested a paper on PFI in Norfolk for their meeting on the 16 March 2010. A brief was provided to officers in the form of a series of questions.

The questions raised by Cabinet Scrutiny Committee have been included in the paper and are shown in *bold italics*.

- 2.0 ***Brief history of PFI (How it came about, what it involves etc, alternative methods of funding, what sort of projects are considered appropriate for PFI, benefits/risks)***

- 2.1 ***Brief history of PFI*** - The Private Finance Initiative (PFI) was announced in 1992 with the aim of achieving closer partnerships between the public and private sectors. It has developed in scope and complexity, in the UK and around the world. It is a contracting process whereby public services are delivered through capital assets funded by the private sector.

2.2 ***What it involves*** - A PFI contract is a long term contract, typically 25 years. It usually requires the contractor to Design, Build, Finance and Operate (DBFO) the assets providing the public service. Payment for services is made through a Unitary Charge. This gives the contractor sufficient income to service their debt, maintain the asset and make a profit. The payment is subject to a performance regime whereby, if the contractor does not perform up to the required standard, the Unitary Charge payment is reduced.

2.3 ***What sort of projects are suitable for PFI?***
PFI is usually viewed as a method of funding services that require major capital investment. The specific requirements of the government sponsoring department will define the type of the service to be supported. The uses to which PFI is put are constantly developing. Although PFI cash grant is paid in respect of a specific project the grant is not ring fenced so can be used for other purposes as long as the council meets its commitment to the contract. (Appendix 1 gives examples of suitable projects)

2.4 ***Alternative methods of funding***

Instead of using PFI, the council can fund capital projects through:

- External Capital Grant
- Supported borrowing
- Prudential borrowing
- Capital receipts from sale of existing assets
- Revenue
- Joint venture – shared cost
- Rent/Lease of existing facility

2.5 ***What is PFI Credit and PFI Grant?***

PFI Credit is a measure of the level of support that the Government Sponsor is prepared to provide for a project. In the simplest terms it approximates to the capital or construction cost of the project.

PFI Grant is the name given to the cash grant given to the council by the Government in respect of the PFI Credits. (Please see Appendix 3.0 for further detail)

3.0 ***Benefits and risks of PFI***

3.1 **Benefits of PFI**

Funding

- Grant funds full capital costs
- Fixed price contract
- PFI Grant greater than Supported Borrowing
- Guaranteed grant level over 25 years
- No adverse effect on council borrowing ability
- No council revenue contribution expected
- Non-returnable cash grant

3.2 Procurement

- Well defined procurement
- Comprehensive cost control
- Multiple choice solutions from bidders
- Well developed bid analysis processes

3.3 Costs

- Predictable annual budget
- Economies of scale
- Effective future costing systems available

3.4 Service

- Contractor under obligation to maintain service standards
- Deductions if standards not met
- Permits occupants to focus on their work
- Improves service outcomes (e.g. pupil performance at school)

3.5 **Risks of PFI**

Funding

- Grant may not be sufficient
- Over demand can lead to sharing of available PFI funds
- The council can invest in a PFI funding application and can still fail to obtain funding.

3.6 Procurement

- Procurement is complex and costly
- The contract needs to be flexible to ensure service delivery
- More work than capital build
- There can be a limited bidder list
- Bids can be abandoned after high cost
- Council is required to make “commercial” decisions rapidly
- Users and stakeholders envisage getting all they want
- Unions and some others oppose PFI

3.7 Costs

- Cost creep can happen up to financial close
- Good management of operational PFI is essential
- Specialist managers are required
- PFI can be viewed as expensive and politically hard to sell

3.8 Services

- Persistent poor performance has to be addressed
- Step-in may be necessary
- Users complain about not being able to do what they want to the asset

4.0 ***What are the lessons learnt from the failed PFI bids?***

- 4.1 Norfolk has been successful in bidding for PFI funding for 5 out of 6 applications. The bid to fund the Social Services Homes for the Elderly project failed because the proposal contained too much housing, a service which the Government Sponsor, the Department for Health, does not primarily support.
- 4.2 Having been successful in bidding for funds for the Norfolk Grouped Schools Project, the procurement process itself later failed. This project has been considered later in this paper.

Similarly, Waste Contract A (which was not a PFI, but a similar public private partnership) also failed in procurement. This has already been the subject of Cabinet Scrutiny Committee consideration on 24 November 2009. In view of the complexity of the findings Members may wish to consult the committee papers on the subject.

5.0 ***What lessons can we learn from PFIs in other local authorities?***

- 5.1 PFI has been developed over time based on the experience of many different local authorities, which is now incorporated in standardised documentation and detailed procurement guides.
- 5.2 Central government and local government organisations have been set up to provide practical support to procuring councils. The Treasury's Project Review Group perform an independent and informed scrutiny of all PFI projects and will not allow any project to progress unless it is found to be fully justified, deliverable and affordable by the council concerned. This due diligence acts in the interests of the local authority as well as the sponsoring government department. Norfolk went through such a process in order to participate in the Building Schools For the Future.
- 5.3 Officers from the council attend regional and national meetings arranged by Local Partnerships to discuss all matters affecting their PFI.
- 5.4 The National Audit Office and Public Accounts Committee have scrutinised PFI and made suggestions for its improvement. These suggestions are monitored by all councils and the best suggestions implemented.

6.0 ***What are the risk implications for Norfolk County Council in comparison with traditionally procured projects?***

- 6.1 The key differences in risk are:
- PFI projects tend to be large and more costly than smaller conventional projects.
 - The project procurement team on PFIs tends to be larger than the capital equivalent.
 - Bidding for PFI Credit prior to starting procurement is at risk of failure; conventional funding is almost certain.

- PFI contracts risk transfer is complex and hard to negotiate during procurement; conventional contracts are far simpler.
- PFI contracts take longer to procure so a conventional contract can respond faster.
- It is more disruptive to remove an underperforming PFI contractor from an Operational contract.

6.2 ***What measures does Norfolk County Council have in place to minimise these risks?***

6.3 The council employs a number of tools to help manage risk, including:

- Project Risk Register that feeds the Corporate Risk Register
- Carefully designed Output Specification and scope monitoring that controls scope creep.
- Experienced teams
- External advisers
- Contract that identifies and allocated risk
- Constant costs assessment
- Project boards monitoring and scrutiny
- Scrutiny committee
- External Gateway reviews
- Sponsor approval processes

6.4 ***How effective have the County Council's current policies and procedures been in identifying and managing the County Council's exposure to risk from PFI projects.***

The Council's mechanisms for assessing major works and assisting in their delivery are:

- Cabinet
- Cabinet Scrutiny
- Review Panels
- Chief Officers Group Scrutiny
- Project Boards with Member and stakeholder involvement.
- Gateway reviews (Run by Local Partnerships)
- Forward Plan/Key decision process
- Overview and Scrutiny committees
- Efficiency Programme
- Case studies for scrutiny.
- Internal Audit reports
- Project Management Guides
- Officer Project Management training.
- Officer risk management training

6.5 In addition the central Government sponsoring department requires formal Business Cases (Outline and Final BC) that include:

- A detailed needs assessment
- A full assessment of all viable options.
- A detailed output specification
- Risk adjusted Public Sector Comparators.
- Risk registers
- Governance structures
- Prescribed Project team structures
- External advisers

These business cases are assessed by the Treasury's Project review Group to ensure they are robust.

6.6 Whilst the Salt Services contract predated the introduction of some of these processes, the last two projects, Norwich Area Schools and Street Lighting PFI have benefitted from them.

7.0 ***What are the wider implications of PFI – effect on local economy, local jobs, accountability and transparency?***

7.1 **Local Economy and Jobs**

PFI contracts are usually let to Special Purpose Vehicles (SPV) which employ subcontractors to deliver the capital works and operational services. The subcontractors normally seek local partners, supply chains and staff to deliver the service where they are available.

The County Council's Environment, Transport and Development department is a sub-contractor to Salt Union on the Salt Services PFI.

The Norfolk Area Schools project was let to a national company with a local branch, Kier. They have used local resources to deliver where such resources are available.

The street lighting PFI was let to Amey. They took on TUPE transfer Norfolk County Council staff and May Gurney staff. Amey actively sought to staff their project using local resources but, because of the nature of the work and the decisions of the transferees (who have a choice whether or not to transfer), this was not always possible.

7.2 The PFI Service provider is obligated under the contract and TUPE to take on those members of staff that have been working substantively on the service. The 25 to 30 year PFI contract to supply the services and can potentially provide better job security than would have been the case under a shorter contract.

It is more economical for contractors to use local workers than to bring workers in from out side the area. There will be direct and indirect jobs associated with the contract. Within the constraints of EU Procurement Law, the PFI Procurement evaluation process frequently asks what benefits to the local community will be provided by the contract.

7.3 **Accountability and transparency**

During the procurement process PFI projects are controlled by the Project Board which normally is made up of an all party complement of members as well as the Head of Service, union representation, stakeholder representation (e.g. Waste Partnership representative) and the Project Director or Project Manager.

PFI Service providers are required to comply with the Council's customer services standards. The contractor normally handles complaints and communications whilst the council monitors their reaction. Compliance with service standards is usually included in the contract Payment Mechanism and subject to payment deductions for non compliance. Serious complaints can be escalated for the attention of the Council.

- 7.4 PFI is procured by a process that allows the Council to inspect closely the bidder's financial model. The cost of a PFI contract and the payments made are however treated as commercially confidential. The detailed figures are available to Members on request, on the understanding they are not made public.

8.0 ***How are members involved in the monitoring of PFI projects?***

Members sit on the cross party Project Board that takes the project from conception to service delivery and sometimes into operational phase. Members in areas affected by PFI projects are provided with briefings on the nature and progress of the project. Major decisions and the voting of finances are considered by Cabinet and Cabinet Scrutiny Committee as well as the appropriate committee or panel.

9.0 ***Flexibility - How can we build flexibility into contractual arrangements to ensure that they are responsive to major changes and changing service needs within the Council in the long term?***

PFI Projects used to be criticised as inflexible, but several new elements have been incorporated in the latest PFI projects.

- 9.1 **Schedule of Rates:** The last two Norfolk PFIs have included a Schedule of Rates for future work. This provides a comprehensive list of priced items that may be used at any future date to price additional work. The Price list is usually linked to RPI so the VFM obtained from the tender will not be lost over time. If a rate does not exist then the schedule can be used as starting point for the negotiations.
- 9.2 **Compulsory tendering:** If the council is not satisfied at the cost of additional works proposed by the Service Provider it can call for the Service Provider to competitively tender the work. This encourages Service Providers to provide competitive prices for additional works.
- 9.3 **Obligation to propose improvements:** The street lighting PFI contract places an obligation on the contractor to draw the council's attention to any possible technical improvements. If the council wishes to implement such improvements they are ordered through the change mechanism.

9.4 **Change mechanism:** This is a contractual process whereby the service provider is instructed to price a change. If the change and price is acceptable to the council then the service provider is obligated to implement the change.

9.5 **Pre-Agreed Compensation on Termination:** All PFI contracts contain termination clauses so it has always been possible (but usually with financial consequences) for a council to withdraw from the contract by terminating it.

The latest development is that nowadays bids often include an early termination amount.

10.0 ***Finance - Has the financial crisis had any impact on PFIs within the County?***

The financial crisis has not had any discernable effect on the operational PFIs.

The Residual Waste Treatment PFI is currently in procurement and the team report that the key points to note are:

- Funders are now more likely to fund a project as a club of banks working together
- Funders' terms are still higher than they were before the financial crisis but have reduced from their peak
- The financial crisis has not delayed the project
- Whilst the number of banks active in the sector did reduce in early 2009, the numbers have now increased

11.0 ***Finance - Will cuts in public sector spending have any impact on current/future PFIs?***

The cash grant support for Norfolk's current PFIs is not expected to be affected by the cuts in public sector expenditure.

As to the future, a lot will depend on the view taken by the next Government. PFI was created in a recession where public debt had risen massively; as it has done recently. PFI was then viewed as a process for maintaining the level of public works necessary to prevent the wholesale collapse of the construction industry.

12.0 ***Finance - What evidence is there that PFI has provided VFM for the Council tax payers of Norfolk compared with other ways of financing large capital projects.***

PFI projects, where feasible, offer considerably better value for money than an equivalent conventional capital project. This is primarily because the value of the PFI grant is almost double the supported borrowing value even with the capital grants added to it.

The Norwich Area Schools PFI is funded by the schools contribution (using part of the Government grant to schools) and the central government PFI grant. No further contribution from the Council is required so the cost does not impact on council tax.

The Street Lighting PFI contract is funded by the PFI Grant and part of the Council's budget. The level of budget set for the first year of the PFI (when 20% of the new works took place) was almost the same as the previous year's maintenance budget. The tax payer is getting a better service for virtually the same money.

13.0 ***Finance - Does Norfolk County Council employ external advisors (e.g. legal, financial) to assist in procurement and what are the cost implications for the Council of this.***

External advisers provide two key specialist services; firstly they bring to the table the current, project specific, commercial knowledge required to deliver the project. In particular they are well placed to assess the complex financial models and advise if they reflect the current market positions. Secondly they have the ability to call on considerable resources when work needs to be progressed very quickly, as is often the case in PFI projects. They can also assist in the preparation of negotiating positions.

13.1 The council has several years experience of managing external advisers to augment our own skills. There is a growing resource of experienced officers in the council that are not only executing work that may otherwise have been performed by advisors but also questioning and testing advisors to ensure their work has been executed correctly and efficiently.

The cost of external advice to Norfolk's PFI's has been

External advisors costs.

- Salt Services contract - £0.38 (0.27% of contract cost)
- PPP Waste Contract A - £1.65M (0.2% of contract cost)
- Norwich Area Schools - £0.37m (0.24% of contract cost)
- Street Lighting PFI - £0.58M (0.37% of contract cost)

14.0 ***Has the County Council has been correct in assessing the benefits/risks of PFI?***

The last two PFI projects have been delivered on budget and (intentionally) under budget respectively. The processes to assess the cost of the work and the use of affordability guides for the contractor in the bid stage have ensured that the council receives the services it needs for the best price.

The NAS delivered the schools on time and are providing a good service. The street lighting PFI is ahead of the contract programme and has a very high approval rating. It would therefore seem reasonable to say that the council has correctly assessed the benefits and risks.

15.0 ***What lessons have we learnt from PFI?***

15.1 Norfolk's experience of PFI over several years indicates that:

- A detailed Business Case is an essential discipline for major projects.

- Careful consideration of the requirements at the outset ensures that our needs are met, justified and limits scope creep in later stages.
- Careful and detailed consideration of all viable options and the selection of the best option against pre-agreed criteria ensure the best procurement route is used.
- Careful analysis of the costs and risks enables more reliable estimates.
- Maintenance of a proper risk register contributes to the analysis of corporate risks.
- The requirement for a detailed approval process ensures Members are well informed when making key decisions.
- The transfer of risk to the party best able to handle it makes it easier to adhere to budgets as costs vary far less.
- Payment for performance ensures standards are maintained.
- The council needs skilled and experienced staff to reduce the procurement costs and manage the operational PFIs.

16.0 A specific question was asked about the Norfolk Grouped Schools PFI Project; this is covered below.

16.1 Background

Norfolk County Council had an approved PFI scheme to update schools in Norfolk funded by £92M worth of PFI Credits. In autumn 2004, the PFI deal fell through primarily because the PFI bidder got into financial difficulties and was not in a position to deliver the project.

16.2 When the PFI project was abandoned, the Cabinet concluded that a PFI was no longer an option because:

- The project was predominately maintenance which made it very hard to price. Consequently there was little confidence that worthwhile bidders would be attracted by a second procurement for the same project.
- The bids received might not offer good value for money because of the indeterminate risks involved.
- It would have involved another 2 to 3 years delay for a large number of schools
- Specialist procurement advice described the proposal to re-run the PFI as “risky”

DfES agreed in December 2004, that the PFI credits could be exchanged for £56m of supported borrowing. Concern was expressed at the time at the significant reduction in the value of the support offered but the Council accepted their offer

16.3 NPS Consultants were commissioned to take over the project. Cabinet approved capital expenditure of between £74 and £81m to execute the project. The Project is now almost complete and is expected to incur a capital cost of £85.6M. Additional works, not associated with the original projects agreed by Cabinet but subsequently approved by Members have increased the total programme of works to £96.3M.

16.4 ***How much did the original contractor allow for the capital cost compared with what the County Council eventually paid for the same capital programme work?***

It is not possible to make a definitive comparison of the capital costs, although broad estimates can be made. Some difficulties are:

- The PFI contract was never concluded. Costs might have increased before financial close.
- Adjustments are necessary to take account of inflation.
- The two projects did not cover exactly the same package of work.
- The capital build that replaced the PFI was required to respond rapidly to meet educational needs. This did not allow any alternative delivery methods to be investigated.
- The requirement for the replacement project, agreed by Cabinet, was that it should deliver to the agreed capital budget, which it did. It was not required to match the scope or cost of the PFI.

Such a comparison is not one which could or should have influenced the decision on re-provisioning the project. The PFI project was not concluded and proved undeliverable, as prospective sub contractors would not sign up to the capital costs proposed in the contractor's model. The Council was advised that to retender the project as a PFI would be "risky".

The capital cost included in the PFI, (adjusted to remove work not included in the capital replacement project and add elements of the contractor's bidding cost) is estimated at £65.6m.

The replacement capital build cost is £96.1m in total. This figure needs to be adjusted for inflation and scope of work, to match the original PFI. An estimate of the comparable capital cost is therefore £77.2m.

This suggests that the capital cost of the replacement project may be some £11m higher. This can only be indicative. If the cost was indeed higher, this might be because the pricing was more realistic and the project was working to a new brief, which was different from that of the original PFI project. The PFI contractor may have underestimated costs and this may have been part of the reason the PFI contract could not be delivered.

16.5 ***Is it possible to find out how much the contractor would have allowed in order to finance the loan that would have funded the work compared with what the Council will end up paying?***

On an April 2004 price base, the PFI Bidder's cost of debt was £122.5m which included £58.8M of interest (for a £63.6m debt).

The Council's cost of debt was £144.2m which included £82.0M of interest (for a £62.2m debt).

The Council's debt cost is £21.7m higher. The reason is that the council's borrowing carries interest on the full principal until the debt is paid off with a single repayment at the end. This has higher debt costs.

Under the PFI contract, the contract repays the principal of the debt throughout the period of the contract so total interest costs are lower.

- 16.6 ***It is often argued by critics of PFI that it's "downside" is the perceived greater cost which will be incurred in order to fund the contractor's borrowing and other associated costs. I would be interested to know, in this specific case, how much was the cash value of the PFI compared with what the Council will receive in the Government support that replaced it?***

The PFI project had been allocated PFI Credits with a cash value of £193.4M.

It is difficult to accurately assess a comparable total of the alternative funding for the conventional capital build. This is because some of the funding may have been available anyway and simply deployed to pay for this capital project. A maximum of £83.6m will be received over 40 years in respect of the £56m supported borrowing. A further £17.7m has been received as specific grant to schools; and £12.9m as government funding to VA schools for the current scheme. It appears that these amounts of funding to schools were made available specifically for the replacement project. The total funding for the project is therefore £124m.

17.0 **Cost to public purse.**

A comparison of the capital costs of the PFI and the conventional capital build does not tell the whole story. For example, under a conventional capital build, there is more flexibility as to the level, cost and timing of maintenance.

The total cost to the public purse is a combination of many factors, such as interest rates, capital costs, service standards, risk allocation and maintenance costs. It is not possible to accurately model all these factors to compare the cost to the public purse of the PFI and the capital build.

From the point of view of local council tax payers, they get an enhanced service for the same or lower cost, with little impact on council tax. From a national point of view, however, the PFI grant has to be funded by taxation, funded by all national tax payers.

18.0 **Conclusion**

PFI has now evolved over 17 years. It provides access to funds not otherwise available to the Council and therefore results in a lower net cost of projects.

It is only appropriate for capital projects over £20M. ICT assets have proved to be unsuitable for PFI funding. The Norfolk Schools PFI, being essentially a maintenance project rather than a capital build, proved undeliverable. It is now unlikely that such a building maintenance project would be accepted for PFI funding

PFI can be very time consuming to procure and there are risks but, once signed, the contract is in place for 25 years at a guaranteed predictable price. Conventional contracts are easier to procure initially but require a series of maintenance contracts, which may have less predictable costs.

PFI can be expensive, but delivers more than conventional capital builds, as it guarantees the maintenance of a new asset for the life of the contract and is supported by significantly more cash grant.

Norfolk's experience of PFI has been very good overall. The three PFIs in operation have produced very good services and provide excellent value for money.

- The Salt Services PFI contract has maintained our salt supplies when many other councils, using conventional salt management systems, have failed.
- The Norwich Area Schools project was completed on time, on budget and is delivering excellent services through five new and one expanded school. All this has been achieved at no net cost to the council.
- The Street Lighting PFI is replacing 50% of the life expired street lights in Norfolk over a five year period for essentially the same revenue budget that had previously only supported maintenance costs. Analysis of the rates for additional work shows that the PFI is less expensive than any alternative delivery method.

Background Papers

None.

Officer Contact

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

Name	Telephone Number	Email address
Adrian French	01603 223168	adrian.french@norfolk.gov.uk



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

A1.0 What sort of projects are suitable for PFI?

PFI is a method of funding for services that require major capital investment. In general the specific requirements of the sponsor will define the type of the service to be supported. The uses to which PFI is put are constantly developing but the table below gives some examples.

Possible LA projects that could be funded by PFI	Not possible by PFI
Central Government project Sponsors usually define what services they wish a PFI funded project to perform. PFI Funding can be provided to a Local Improvement Finance Trust (LIFT) project or a Local Education Partnership (LEP – re. Building Schools for the Future (BSF)).	Funding revenue expenditure.
	Funding capital expenditure to amortise existing debt.
	Funding capital expenditure to invest in shares, bonds, etc.
	Funding the capital purchase of <u>existing</u> facilities.
LA assets that have been sponsored to date by central government include :- <ul style="list-style-type: none"> • Schools • Street Lighting • Highway maintenance, bridges and new road development • Salt Services • Waste management (collection and disposal) • Social Housing • Sheltered Housing • Leisure facilities • Libraries • Community centres • Fire Stations • Joint services centres • Police Facilities • Council Offices • Care homes/Care centres 	Capital IT projects
	Projects with a capital value under £20M
	Maintenance only works
	<u>On their own</u> services that do not require an asset (e.g. Grounds Maintenance, catering, cleaning, personal care, etc.) although these can all be included as part of a contract that provides assets.
	Funding capital projects not procured through an EU compliant competitive procurement route.
	Funding projects where there is insufficient risk transfer or circularity of risk.
	Generally funding Joint Venture type projects except LIFT & LEP structures.
	Contracts that deviate from sector specific standard PFI Conditions

Norfolk's PFI Projects

A2.0 Salt Services Project

- A2.1 The pathfinder Salt Services PFI Contract was Norfolk's first PFI and was funded through £1.73M worth of PFI credits. It was signed in March 2000 between the Council and Salt Union. The annual unitary charge in 2009/10 will be £438,954 . The cost of salt to date averaged £38.33per tonne for the supply of 20,087 Kt of salt.
- A2.2 The contract provides storage for road salt so that pollution can be reduced and the salt maintained in optimum condition. The contractor must maintain minimum levels of salt in the barns. The council only pays for the salt when it is taken out of the barns. The Payment Mechanism contains a financial penalty that cuts in when salt stock levels drop below pre-agreed limits.
- A2.3 The physical assets that provide the service include 7 salt barns and associated weighbridge equipment, brine tanks and IT. The contract also includes taking delivery, loading gritting lorries and stacking the salt store. This husbandry is executed by the Council's Environment, Transport and Development department acting as sub-subcontractor to Salt Union.
- A2.4 The contract was initially viewed by some as expensive, difficult and time consuming to procure and some questioned its reliability to deliver the service. Following a reassessment of the operation the Council agreed with the Contractor an adjustment to the contract: in exchange for a small reduction in the severity of the Payment Mechanism, the contractor agreed to provide two additional strategic stockpiles of salt in Norfolk plus one strategic stockpile in Ellesmere Port for supply by ship to a local port.
- A2.5 The weather events of the last two years have highlighted the benefits of the PFI contract. In the winter of 2008/09, when some other authorities completely ran out of road salt, Norfolk had sufficient for its needs. In addition, at a time when the excess of demand over supply drove the spot prices for salt higher and higher, the Norfolk PFI bulk discount cut in to reduce the cost per tonne of our salt. It was only the creation and intervention of the DfT's Salt Cell (by which Government directs salt supplies to the areas of greatest need) that inhibited Norfolk from comfortably maintaining the service, during a difficult period, without issue or risk. During this period the Minister of Transport was moved to inform the media that Norfolk had sorted their salt supply situation and advised other councils to do the same.
- A2.6 During the past winter, 2009/10, the salt PFI contract continued to maintain workable salt levels under very difficult circumstances despite the second intervention of the Salt Cell. The contract continues until April 2020. The actions of other Authorities and the continued intervention of the salt cell indicate that contingency arrangements need to be kept under review with the contractor.

A2.7 Norwich Area Schools PFI (NAS PFI)

A2.8 The Council was granted £60M of PFI credits to fund the provision of 5 new junior schools and the significant enlargement of one secondary school.

The Cabinet's key requirement for the project were that:
it should be completed on time and should be fully funded by schools' contributions and the PFI grant i.e. at no cost to the County Council
The Cabinet's requirements were achieved. In addition, after completing construction a capital refund of £771K was given to the council.

A2.9 The Norwich PFI was overseen by a Board comprising all Party spokespersons as agreed by Cabinet. The Board met every six weeks and received highlight reports, together with a risk register and log of lessons learned. Specific items raised by members were followed up and reported back. The Board has now been subsumed into the BSF Project Board.

A2.10 The benefits of the NAS PFI reported by Childrens Services are as follows:-

- Transparent lifetime costs to enable the Council & Schools to understand full costs of maintaining Schools over long period
- Transparent reporting of FM issues to enable these to be addressed as they occur
- Close working relationship between the Council and Schools in the operation of the contract
- Good system for addressing poor performance in terms of either improvement or financial deductions
- Authority able to have tighter control over maintenance of Schools
- Schools maintained, in general, to a higher standard than traditionally run schools
- Schools handed back to Authority in well-maintained state, as specified by the contract. No areas allowed to be 'run down'.
- Responsibility for operation of schools removed from schools themselves, enabling teaching staff and governors to focus on education itself
- Better understanding for the Council of build and operational issues within Schools
- At the end of the contract the schools will be handed back in a good condition without any debt.

A2.11 The school staff and governors are happy to have a new school to teach in and are generally pleased with the building and the service they are receiving. There have however been some technical problems, like roof leaks at Lakenham School, which caused problems for a while and one day loss of teaching. These problems have now been addressed by the contractor.

We are however still in the early stages of a long relationship in which the contractor is learning what the school views as a priority and the schools how to manage the relationship with the contractor.

A2.12 Street Lighting PFI

- A2.13 The Street Lighting PFI grew out of the need to replace the life expired columns on Norfolk's Highway network. When the county started the project it offered the opportunity to the 7 districts in Norfolk to join in the project. Four took part in the early stages but only one, Kings Lynn and West Norfolk, actually signed up.
- A2.14 Norfolk was successful in its application for support and was granted £38.1M of PFI credits by DfT to facilitate the renewal of 50% of its lighting stock. Following a delay in procurement, whilst Norfolk waited for a new form of contract from the government, the project reached Financial Close on the 2nd November 2007.
- A2.15 The funding envelope approved by Cabinet in January 2005 remained extant for the full 33 months of procurement until Financial Close when it became possible to identify a real saving on the proposed 2008/9 budget of over £750 per annum. The Service provider, Amey Street Lighting (Norfolk) Ltd took over the maintenance of the street lighting service at the start of February 2008.
- A2.16 The contract achieved all the technical requirements set it and was delivered for less than the approved budget. The project is currently ahead of the contract programme and financially on course. A recent independent survey indicated that 86% of the population were satisfied with the street lighting service (10% had no opinion and 4% were dissatisfied)

A2.17 Residual Waste PFI

- A2.18 The Authority's Outline Business Case for PFI credits to support the cost of a residual waste treatment contract received ministerial approval on 12 February 2009 followed by Treasury approval on 17 March 2009 for the provisional award of £91m PFI credits which would provide £169m support over the period of a 25 year contract.
- A2.19 The Outline Business Case identified a site for bidders to use at the Willows Business Park on the Saddlebow Industrial Estate south of King's Lynn. The costs of an Energy From Waste facility were used as a reference project to help establish theoretical costs of a future service.
- A2.20 On 06 April 2009 Cabinet approved the placement of a contract notice for the Waste PFI contract in the Official Journal of the European Union in April 2009, this notice was sent on 23 April 2009. This supplemented a Prior Information Notice that was placed in February 2009.
- A2.21 Using an enhanced pre-qualification process ten applicants were reduced to a shortlist of four participants that was approved by Cabinet on 14 September 2009. Bids were received on 28 January 2010 and a recommendation for a shortlist of two bidders is expected to be made on 06 April 2010 before the call for final tenders.

A2.22 Adult Social Services PFI

- A2.23 The Strategic Model of Care for the elderly was agreed by Cabinet in October 2008. One of the delivery vehicles being considered by the Project Team for the project was the use of PFI to deliver the assets required by the service.

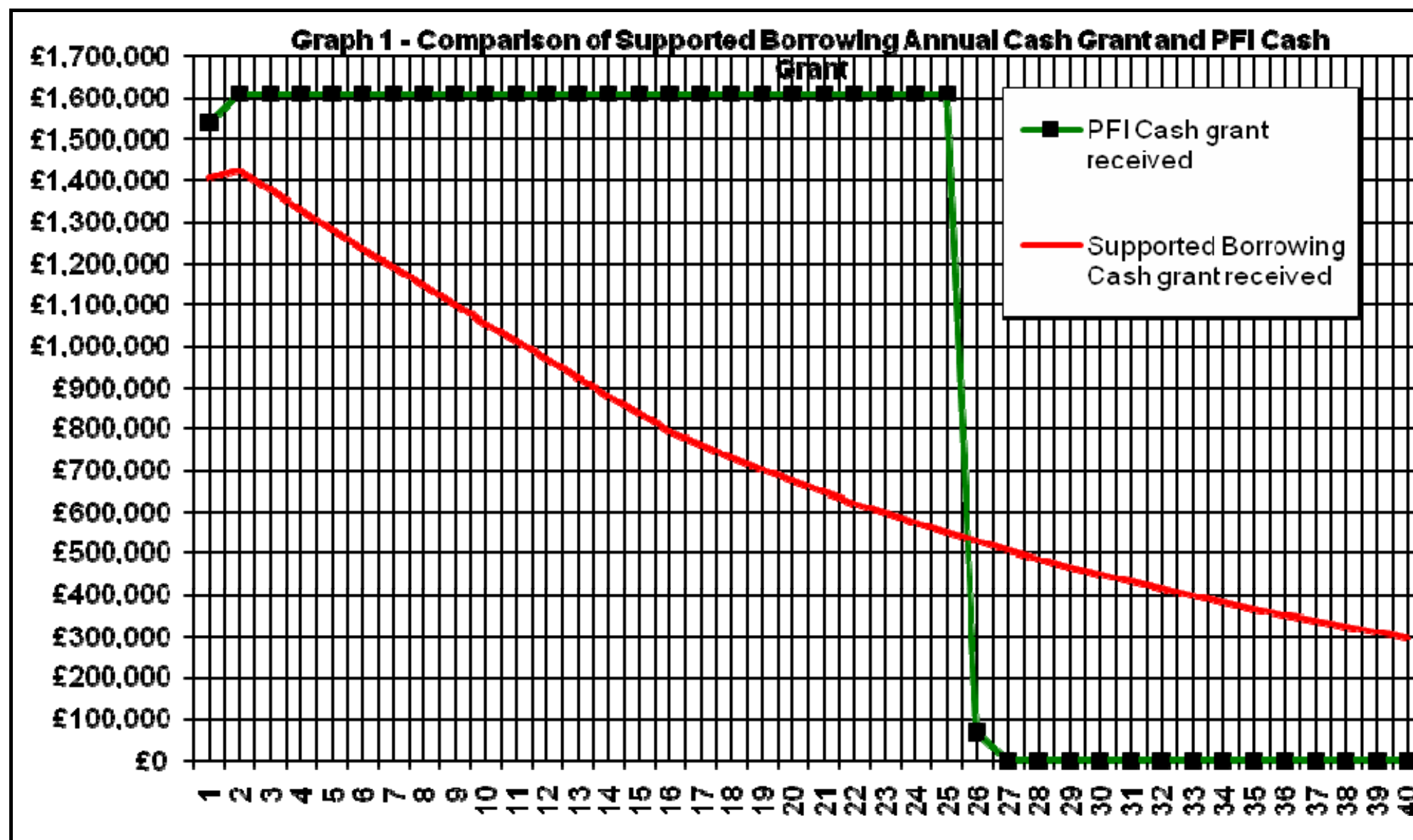
Responding to DfH letter of 8 April 2009, ASSD submitted and Initial Proposal Letter to DfH on the 22 May 2009. This advised of a requirement for £36M of credits to support Phase 1 of our project.

- A2.24 The Council was told in June 2009 that they had been unsuccessful in their Initial Proposal Letter. The reason given was that the Council had been “too strongly orientated towards housing services rather than social care.” DfH went on to say that they had funding available for approximately 12 projects but had received 33 applications.
- A2.25 A properly delivered PFI could have been expected to fully fund the capital cost of the assets used to deliver the care. Analysis of a Joseph Rowntree care cost model suggests that up to 30% of the cost of a care package relates the cost of purchasing the facilities alone and this could be viewed as a net cost reduction by the council.

- A3.0 **Simplified explanation of PFI Funding, Supported Borrowing and Prudential Borrowing.**
- A3.1 **How much is the support worth as a cash total?**
- A3.2 **PFI Funding** is paid in cash from the start of the service to the terminus of the contract when the grant ceases. It is now paid as an *Annuity* or in equal annual payments. As a rough rule of thumb the cash received in respect of PFI credits over 25 years is approximately double the credit level i.e. £20M of Credits equates to £40M cash grant over 25 years, i.e. £1.6M per annum. PFI cash grant is unaffected by settlement levels so, once the promissory note is issued by the Government department that is sponsoring the project, the council knows exactly how much it will reliably receive each year.
- A3.3 **Supported Borrowing** is paid based on a *reducing balance* formula (See below for example). This means it is theoretically paid ad infinitum but, because the size of the cash grant reduces year on year, as does the value of money, it is not unreasonable to assume that at the end of the 40th year the grant received is no longer material to the council.
- A3.4 Supported borrowing, unlike PFI, is predicated on the council contributing money from its own coffers i.e. from revenue savings, Council Tax or other sources. This contribution is required to top up the grant so the debt can be serviced. The proportion provided by the Government is set using a scaling factor which varies from year to year.
- A3.5 Although the absolute maximum this is likely to be is a little over 70%. What this means in simple terms is it possible to describe a £10M debt funded by supported borrowing as the equivalent of £7M of fully supported debt plus £3m of Prudential Borrowing. The scaling factor for Norfolk has however been as low as 22% in recent years.
- A3.6 If supported borrowing of £20M is considered, as in the example below, after 25 years the council could expect to have received a in total a maximum of circa £24M in cash; over 40 years it will have received a maximum of £29M in cash. At its peak in year 1 the cash support is a little over £1.4M and in the 40th year £0.3M (Please see the graph below).
- A3.7 **Prudential Borrowing** receives no grant at all and therefore must be funded from surplus budget or additional income.
- A3.8 **How much cash does the council receive per year from these funding options?**
- A3.9 This is best shown in graphical form. On the Graph 1 below the vertical axis is the amount of money received in pounds per annum and the horizontal axis the years since the start of the contract.

A3.10 For example, to ascertain the value of the annual cash support in year 20 you should do the following:

- follow the horizontal line along to **20** (i.e. 20 years) and then follow the vertical line up to the point where the Supported Borrowing line (thick line without squares) crosses the vertical “*20 year line*”. You will see that this point is just below the horizontal line indicating an income of £700,000.
- Continue up that same vertical “20 line” and you will see that the PFI Cash grant is £1,600,000.



Norfolk County Council
Cabinet Scrutiny Committee
Terms of Reference for Scrutiny of Norfolk County Council's Comprehensive Area Assessment
Scrutiny by a Working Group
Membership of the Working Group Members John Dobson Cliff Jordan Paul Morse Jim Shrimplin Tony White Officers Linda Bainton, Senior Policy and Performance Officer Karen Haywood, Scrutiny Support Manager
Reasons for Scrutiny In September 2009 Cabinet Scrutiny Committee considered a report from the Group Leads identifying the main elements of the CAA process and the activity so far in Norfolk. It was agreed that scrutiny had a role to play in challenging and adding value to the CAA process in Norfolk.
Purpose and Objectives for Scrutiny The overall purpose of the scrutiny is to challenge and contribute to the ongoing improvement agenda and the Working Group will do this by: <ul style="list-style-type: none">• Reviewing the effectiveness of the:<ul style="list-style-type: none">- County Council's response to addressing any future potential red flags- County Council in influencing other partners on shared improvement areas• Examining what lessons the County Council can learn from the good practice in Norfolk obtaining the green flag for 'Your Norfolk, Your Decision'.• Examining what lessons the County Council can learn from where success has been demonstrated in the Comprehensive Area Assessment.• Reviewing what lessons have been learnt from the first year of the CAA process

Outline for scrutiny

- Working Group will receive a brief overview of the outcome of the 2009 Assessment
- Working Group will give consideration to an outline programme of work, in line with the purpose and objectives of the scrutiny by:
 - Reviewing what has been learnt from the first year of the CAA process. The Working Group may wish to use semi-structured interviews with key people within NCC and also look at other sources (such as the joint inspectorates' review due in the early spring).
 - Reviewing the good practice demonstrated in Norfolk obtaining the green flag for 'Your Norfolk, Your Decision' and identifying the lessons to be learnt.
 - Although there are no red flags in Norfolk's assessment, there are some areas for improvement identified. The Norfolk County Strategic Partnership (NCSP) Board has asked the NCSP Management Group to take forward the areas for improvement. This Working Group will review the County Council's response to addressing any future potential red flags.
- At an appropriate stage, the Working Group will look at the effectiveness of the County Council in influencing other partners on shared improvement areas. This may take the form of semi-structured interviews, with key Norfolk people with a view to:
 - Understanding the general approach to improvement in the area
 - Identifying any barriers to improvement, and
 - Identifying what else could be done, by NCC, to overcome them

Issues and Questions to be addressed

To be agreed by the working group

People to Speak to

To be agreed by the working group

Deadlines and Timetable

To be agreed by the working group

Terms of Reference agreed by

Cabinet Scrutiny Committee

Date

16th March 2010

Forward Work programme: Additional Scrutiny Issues

Suggested Approach by the Scrutiny Support Manager

1. Background

- 1.1 At the last meeting of Cabinet Scrutiny Committee received a report regarding 'Proactively Reducing Youth Crime'. During the course of the meeting a number of issues were raised relating to the Common Assessment Framework and also the ways in which young people could be encouraged to go into education and training. As a result of this the Committee agreed that it would consider undertaking further scrutiny to look at these two issues.
- 1.2 In consultation with the Cabinet Scrutiny Committee Group Leads, terms of reference for the two topics have been scoped and attached at Appendix A and B. The Committee is asked to give consideration to these terms of reference.

2. Suggested Approach

- 2.1 It is suggested that the Committee:
 - Considers the attached terms of reference and agrees if there are any further issues to be added at this stage.
 - Agrees when it would like to consider these two topics

Officer Contact: Karen Haywood
Scrutiny Support Manager
01603 228913



If you need this report in large print, audio, Braille, alternative format or in a different language please contact the Customer Services Centre on 0344 800 8020 or Textphone 0344 800 8011 and we will do our best to help.

Norfolk County Council
Cabinet Scrutiny Committee
Terms of Reference for Scrutiny of Common Assessment Framework
Scrutiny by Cabinet Scrutiny Committee
Reasons for Scrutiny <p>The Common Assessment Framework (CAF) process provides a common method of needs evaluation across all services for children and families. It is a critical process to identify young people who are vulnerable and have additional needs for whatever reason.</p> <p>The CAF will enable:</p> <ul style="list-style-type: none"> • The early identification of needs • A reduction in the need for children and their families to re-tell their story to different agencies • A reduction in the need for multiple assessments • The early intervention of agencies providing support; and • The co-ordinated provision of services <p>Norfolk County Council and the Norfolk Children and Young People's Trust need to take the lead in making sure all services use CAF to identify at the earliest point what is going wrong and thereby prevent problems from escalating. Again, the County Council has a significant role in making this happen by ensuring CAF is used by all services that have a focus on children.</p> <p>In February 2010 Cabinet Scrutiny Committee received a report focusing on 'proactively Reducing Youth Crime'. One of the issues to arise from this scrutiny was the lack of awareness of the CAF and what could be done to achieve further improvements. It was therefore agreed to undertake further scrutiny focusing upon the CAF.</p>
Purpose and Objectives for Scrutiny <ul style="list-style-type: none"> • To examine whether the CAF has been successfully implemented in Norfolk and whether it is having a direct impact on preventing young people from drifting towards offending behaviour. • To consider where more effort and resources could be put to reduce the number of young people entering and remaining in the criminal justice system.
Issues and Questions to be addressed <ul style="list-style-type: none"> • Is the CAF having a positive impact on reducing youth crime in Norfolk • If yes, then why is the CAF having a positive impact

- What evidence is there that the CAF is diverting children and young people away from offending?
- How can Norfolk County Council ensure that our services are working together effectively to divert children and young people from offending
- What training is provided to people using the CAF and how many people have been trained to date
- What challenges have been encountered getting people to use the CAF
- How can we encourage outside partners to use the CAF
- How do the different partners work together to support the CAF
- How can members raise awareness and encourage rollout of CAF through the various forums that members attend that are relevant to young people.

People to Speak to

- Director of Children's Services
- Head of the Youth Offending team
- Head of Community Safety
- Interim Children's Trust Partnership Manager
- Member organisations of the Children and Young People's Partnership Trust
- Cabinet Member for Children's Services

Style and Approach

In March 2009 the Cabinet Scrutiny Committee agreed to consult with member organisations of the Children and Young People's Partnership to find out if there was any evidence that early intervention/prevention activity was directly diverting young people away from offending. In addition to submitting a response, representatives of the member organisations were invited to attend the Committee meeting to contribute to the debate.

Cabinet Scrutiny Committee Group Leads have indicated that they would still wish to consult with outside organisations and invite them to a future meeting.

Norfolk County Council
Cabinet Scrutiny Committee
Terms of Reference for Scrutiny of Young People aged 16-19 not in Education or Training (NEET)
Scrutiny by Cabinet Scrutiny Committee
Reasons for Scrutiny <p>In February 2010 Cabinet Scrutiny Committee received a report regarding 'Proactively Reducing Youth crime'. One of the issues to be raised in this report was the challenge of the numbers of young people who offend who are subsequently unable to attend full time (25 + hours per week) education, (16+ hours a week) training or employment). In the period April to September 2009; 55% of the young people who completed their involvement with the Youth Offending Team (YOT) met this target; this is worse than the national (74%) and regional (67%) picture. Whilst the YOT are working with partnership and families to improve this figure some young people are difficult to engage and stay motivated. The Committee has also noted that specialised provision is very costly and the economic downturn has affected the employment opportunities for young people with a criminal record or who have no qualifications.</p> <p>The Committee has noted that one of the main risk factors that can lead to youth offending is whether a young person is meaningfully engaged in education or employment. Linking to earlier work by the Committee regarding the abolition of the Learning and Skills Council and employability of young people the Committee has therefore agreed to scope further scrutiny work regarding how Norfolk County Council can encourage the employability of young people.</p>
Purpose and Objectives for Scrutiny <ul style="list-style-type: none"> To examine how Norfolk County Council in conjunction with key partners can encourage the employability of young people.
Issues and Questions to be addressed <ul style="list-style-type: none"> What education and training provisions are made for young people What percentage of young people in Norfolk are NEET How can the County Council engage more with communities and the young people who live within them to find local solutions to their employability. How can NCC improve the employability of young people. How does Norfolk County Council intend to identify learners' and employers' needs and also what providers are able to offer How can the requirements of employers, Higher Education providers and students be met at a time of significant resource constraints How successful has the County Council's promotion of the Apprenticeships scheme been

- How can we ensure that 14 year olds receive relevant education at aged 14 e.g. diplomas so that they don't become NEET at 16.

People to Speak to

- 14-19 Director
- Director of Children's Services
- Head of Youth Offending Team
- Head of Community Safety
- Economic Development
- Job Centre Plus

Cabinet Scrutiny Committee: Forward Work Programme

Suggested Approach by the Scrutiny Support Manager

1. Background

- 1.1 In July 2009, Cabinet Scrutiny Committee reviewed its current work programme and suggested topics that could potentially be included as future scrutiny topics. Following this meeting group leads met to score these topics and those receiving a high score were included for future consideration.
- 1.2 The current work programme is now set until April 2010 after which there are currently no topics scheduled for consideration. In light of this group leads met on 22nd February to give consideration to ways to refresh the work programme.
- 1.3 Consideration was given to issues which had previously been given a medium/low score and also topics which have been considered by other County Council's which may be in alignment with our own priorities. Several new topics for consideration were also raised.
- 1.4 Those topics suggested by the group leads are attached at Appendix A along with a brief outline of what the objectives for scrutiny might be and potential issues to consider. It is suggested that the Committee give consideration to these issues and agrees if they wish to include them onto the forward work programme for future consideration.

2. Suggested Approach

It is suggested that the Committee:

- Gives consideration to these issues and agreed if they wish to include them onto the forward work programme for future consideration.

Officer Contact: Karen Haywood
Scrutiny Support Manager
01603 228913



If you need this report in large print, audio, Braille, alternative format or in a different language please contact the Customer Services Centre on 0344 800 8020 or Textphone 0344 800 8011 and we will do our best to help.

Potential Future topics for Consideration

1. Regional Funding

1.1 Objective for scrutiny:

To consider the work of the regional bodies in the East of England and examine whether Norfolk is making the best use of the funding available from regional bodies.

Possible areas for consideration:

- To establish the role of the regional bodies in the East of England and how they link with Norfolk County Council
- To determine what regional funding is available in the East of England and how much of this funding is available to Norfolk
- How is funding being channelled within the region – What is the system to ensure resources are targeted to where they are most needed
- What involvement do members have in the regional bodies
- Is Norfolk making the best use of the funding available

2. Alcohol Misuse and Crime and Disorder

2.1 Objective: To consider the role of alcohol in crime and disorder and how effective Norfolk County Council and its partners are in reducing it.

Possible Issues to Consider:

A recent study (Alcohol Harm in Norfolk, 2007) has estimated that as many as 120,000 people in Norfolk have hazardous drinking levels. Highest rates of drinking (especially binge drinking) are estimated to be in the deprived areas of Norwich and Great Yarmouth.

Norfolk Ambition has cited one of the key challenges for the County Council as that of reducing the levels of crime, the fear of crime and anti social behaviour. There are particular issues relating to high rates of crime (hotspots) in deprived urban areas, alcohol related crime around nightlife venues and damage and theft in town centres. The issue also has links with LAA indicator 8.2 that relates to a reduction of the number of alcohol harm related admission rates.

- What level of anti social behaviour is attributed to alcohol and what is the extent of the problem in the County
- What measures are in place in Norfolk to minimise anti social behaviour associated with alcohol?
- How is this issue being addressed by the County Strategic Partnership
- What strategies are in place to educate young people regarding alcohol?

3. Under 18 Conception Rate

3.1 Objective: To be agreed

Background:

Although Norfolk's teenage conception rate is currently very slightly below the national average, teenage conceptions remain a priority for Norfolk because they are not being reduced. There has been a national reduction in the rates of teenage pregnancy between 1998 and 2006 of 13.3%. The East of England region has a reduction of 12.4% in the same time period. The 2006 figures reveal that Norfolk experienced a small reduction of 0.5%, but overall the County has undergone an increase of 6.8% since the baseline figure.

The County Council has been working hard to understand how partner agencies can contribute to reducing this trend however the achievement of the national target of a 50% reduction in under 18 conceptions is highly unlikely. The Government office has however acknowledged that this is a challenging target.

A two year lag in official teenage pregnancy statistics has previously meant that the impact of conception rates of projects and initiatives aimed at prevention could not be measured for two years. The development of proxy data to enable real time monitoring of conception rates should ensure that by March 2010 we should be able to rely on clearer up to date data. For the next 18 months partners will be using this data and focusing on increasing coverage of contraceptive and sexual health services.

Issues to consider:

- How effective are the current preventative strategies for teenage conceptions
- How effective is the support to teenage parents
- How do we address the different needs and strategies for prevention and support for different age groups
- How do we address the different needs of different sections of the community e.g. special needs, different ethnic groups
- How effective are the arrangements for multi agency working, joined up services and mainstream approaches to dealing with teenage pregnancies
- How effective is the work that Norfolk County Council undertakes with young people in care and those leaving care to stop them becoming teenage parents
- How effective is the current approach if teaching sex and relationship education to young people in schools
- What training is provided to school staff and agencies working with young people?

4. Organisational Review

4.1 Objective: To be agreed

Issues to consider:

- How do Cabinet members propose to implement the recommendations from the Organisational Review

- What steps are being taken to develop a second phase review within the County Council

5. Finance and Revenue Support Grant

5.1 Objective: To be agreed

Issues to consider:

- What are the implications for the County Council of the possible extreme reduction in the Revenue Support Grant for the 2011/2012 financial year.
- What measures do Cabinet have in place to address these issues

6. Roads Maintenance

6.1 Objective: To be agreed

Issues to consider:

- What has been the impact of the adverse weather conditions over the winter on the County's roads?
- How does the County Council plan to bring roads in the County up to an adequate standard for use by the people of Norfolk

7. Safeguarding Children across the authority

Group leads considered that whilst this issue needed further scoping it should be passed to the Children's Services Overview and Scrutiny panel for consideration.

APPENDIX B**Cabinet Scrutiny Committee: Current Forward Work Programme**

Meeting date	Topic	Objective	Report from
20 th April 2010	Scrutiny of large project processes to establish best practice	To examine: <ul style="list-style-type: none">• What lessons can be learnt from large project processes• How can we establish best practice for future projects	Director of Corporate Resources
	Contract Monitoring	To examine: <ul style="list-style-type: none">• How NCC monitors contracts and organisations• What lessons we can learn from best practice across the Council• How we monitor our sub contractors• What the County Council's contract standards are	Director of Corporate Resources
25 th May 2010			
29 th June 2010			
27 th July 2010			
24 th August 2010			
28 th September 2010			

Issues to be scheduled:

- **Meeting with MPs**

To be scheduled autumn 2010. Objectives still to be agreed by the Committee.

- **Pitt Review**

Progress update following the enactment of the Flood and Water Management Bill in 2010.

- **Waste PFI:**

To consider how the lessons learnt from Contract A are being applied to the Waste PFI. This will be the subject of scrutiny by this Committee at a timescale to be agreed.

- **Child Poverty Working Group**

Update on recommendations from Working Group in February 2011.

Current Working Groups:

- **Comprehensive Area Assessment**