Norfolk County Council
at your service

Policy and Resources Committee

Date:	**Monday, 1 December 2014**
Time:	**10 am**
Venue:	**Edwards Room, County Hall, Norwich**

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

Membership

Mr G Nobbs (Chair)

Mr T Adams
Mr S Agnew
Mr M Baker
Mr M Castle
Mr A Dearnley
Mr J Dobson
Mr T FitzPatrick
Mr T Garrod
Mrs S Gurney
Mr D Harrison
Mrs J Leggett
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Dr M Strong
Mrs A Thomas

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

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Agenda

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

2. Minutes **(Page 5)**

To agree the minutes from the meeting held on 27 October 2014.

3. Members to Declare any Interests

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

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

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

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

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

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

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

5. Local Member Issues

Fifteen minutes for local members to raise issues of concern of which due notice has been given.
Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Wednesday 26 November 2014**.

6 To receive a presentation by Peter Manning (Head of International Trade for Essex County Council) on Essex County Council's Partnership with Jiangsu Province, China

7 **Performance and Risk Monitoring Report** **(Page 19)**
Report by Head of Business Intelligence and Performance Service & Corporate Planning & Partnerships Service

8 **2014-15 Revenue Monitoring Reports**
Month 6 **(Page 46)**
Month 7 **(Page 91)**
Reports by Interim Head of Finance

9 **2014-15 Capital Monitoring Reports**
Month 6 **(Page137)**
Month 7 **(Page169)**
Reports by Interim Head of Finance

10 **Mid-Year Treasury Management Monitoring** **(Page 224)**
Report by Interim Head of Finance

11 **County Hall Maintenance Programme** **(Page 238)**
Report by Interim Head of Finance

12 **Health, Safety and Well-being Mid Year Report** **(Page 253)**
Report by Temporary Director of Strategy and Resources

13 **Digital Norfolk Ambition update report** **To Follow**
Report by Head of ICT and Information Management

14 **Review of Governance Arrangements** **(Page 261)**
Report by Temporary Director of Strategy and Resources

15 **Proposed ban on the release of floating sky lanterns and mass release of balloons on Norfolk County Council owned land** **(Page 266)**
Report by Interim Director of Environment, Transport and Development

Group Meetings

Conservative	9:00am	Colman Room
UK Independence Party	9:00am	Room 504
Labour	9:00am	Room 513
Liberal Democrats	9:00am	Room 530

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

Date Agenda Published: 21 November 2014

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Norfolk County Council
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Policy and Resources Committee

Minutes of the Meeting Held on Monday 27 October 2014
10:00am Edwards Room, County Hall, Norwich

Present:
Mr G Nobbs (Chair)

Mr T Adams
Mr M Baker
Mr M Castle
Mr A Dearnley
Mr J Dobson
Mr T FitzPatrick
Mr T Garrod
Mrs S Gurney
Mr D Harrison
Mrs J Leggett
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Dr M Strong

Substitute Members Present:
Mr J Childs for Mr S Agnew
Mr C Jordan for Mrs A Thomas

Other Members Present:
Mrs M Somerville
Mr R Coke
Mr J Joyce
Mr P Smyth
Ms S Whitaker

1. Apologies

1.1 Apologies for absence were received from Mr S Agnew (Mr J Childs attended as substitute) and Mrs A Thomas (Mr C Jordan attended as substitute).

2 **Minutes**

2.1 The minutes of the previous meeting held on 5 September 2014 were confirmed by the Committee and signed by the Chairman.

2.2 Following on from comments that had been made at the previous meeting about the Digital Norfolk Ambition Programme, Mrs Leggett asked why the County Council was installing upgrades to the schools admission system at the busiest time of the year. The Interim Director of Environment, Transport and Development agreed to provide Mrs Leggett with a written answer (see Appendix A to these minutes).

3 **Declarations of Interest**

3.1 Mr Garrod declared an “other interest “in “Sea Change”, an Arts Organisation operating in the Great Yarmouth area.

Mrs S Gurney declared an “other interest “in that her son was employed by Norse.

Mr Morphew declared an “other interest “in that his wife was Chair of “the Garage” in Norwich.

4 **Items of Urgent Business**

4.1 There were no matters of urgent business.

5 **Local Member Issues**

5.1 There were no local Member issues for which due notice had been given

6 **Workforce Profile 2013-14**

6.1 The annexed report (6) by the Acting Head of Human Resources was received.

6.2 In the course of discussion the following key points were made:

- The report provided the Committee with an annual overview of the NCC Workforce during 2013/14.
- The Committee noted the reasons set out in paragraph 4.3 of the report for staff voluntarily leaving or changing roles within the Council and the reasons for sickness absence that were set out in paragraph 13.5 of the report.
- The Acting Head of Human Resources agreed to let Mr Proctor know after the meeting what action the Council was taking to fill the skills shortages that were mentioned at paragraph 5.3 of the report (see Appendix A to these minutes).
- Mr Dobson said he would like to meet with the Acting Head of Human Resources to discuss some of the workforce challenges facing the Council, including the recent changes in NCC’s core workforce (both schools and non-schools), staff turnover and issues related to the employment of a more flexible workforce.
- In response to a comment by Mr Jordan, the Acting Head of Human Resources said that she would examine if it was possible for the impact on the workforce of improvements in ICT to be measured and monitored in some way in future reports, however, she added that it was important to keep in mind that ICT was only one of a range of factors that made service reductions possible (see Appendix A to these minutes).

6.3 **RESOLVED**
That the Committee note the trends relating to the current workforce, the work undertaken by the Council and the future skills and behaviours required across the organisation that were set out in the report.

7 **2014-15 Revenue Monitoring Report –Month 5**

7.1 The annexed report (7) by the Interim Head of Finance was received.

7.2 In the course of discussion the following key points were made:

- Chief Officers had responsibility for managing their budgets within the amounts approved by the County Council.
- The latest budget monitoring position showed the Council's predicted revenue overspend to be at its lowest level since the start of the financial year.
- The Council had better budgetary data available to it this year than was the case in previous years. This data was being used to maintain and retain cost pressures within Children's Services and Adult Social Care within the current year's budget.
- The Council had factored into its budget planning processes the need to prioritise resources within departments and to support demand led services.
- In reply to a question, the Interim Director of Environment, Transport and Development said that it was hoped the final cost of terminating the Willows Energy from Waste Contract would be known by Christmas. However, it could take longer, he said.
- The Interim Head of Finance agreed to let Mrs Leggett know why the purchase order performance charts (on page 84 of the agenda) contained "blank columns" and why one of the "blank columns" contained a figure just short of 50%. See appendix A to these minutes.
- It was noted that there had been significant progress in respect of reducing retrospective purchase orders –orders raised after the invoice had been received –however the introduction of new and improved ordering processes and a cultural change in the approach that was being taken across the Council meant that there remained room for further improvement.

7.3 **RESOLVED-**

That the Committee note the following:

- Revenue expenditure was forecast to overspend by £0.025m on a net budget of £308.397m.
- General Balances were forecast to be £19.000m at 31 March 2015, before taking into account the forecast overspend.
- The improved income/debt reporting, at Appendix 11to the report.
- The inclusion of the Corporate Risk Register, at Appendix 13 to the report.

8 **2014-15 Capital Monitoring Report –Month 5**

8.1 The annexed report (8) by the Interim Head of Finance was received.

8.2 In the course of discussion the following key points were made:

- The Interim Head of Finance agreed to let Members have further information regarding the work that was being done to identify renewable energy projects suitable for loans from Norfolk Energy Futures Ltd. See Appendix A to these minutes.
- The Interim Head of Finance agreed to let Mr Proctor know the reasons for the delay in the sales of the properties at Royal Britannia Crescent, Great Yarmouth which had been sold or were in the process of being sold (pages 118-119 of the agenda referred).See Appendix A to these minutes
- Mr Proctor asked why the sales value of the Oaks site, Harvey Lane, Norwich had risen from £500K to £1m. In reply, the Interim Head of Finance said that this was based on professional advice from NPS which said the site was suitable for bespoke designs on large plots which appealed to the more lucrative “self build market”. He said the term “self build” was, however, misleading; each plot would have a site specific individual bespoke design, open to developers as well as individuals. There was no intention to restrict the sale of the site to a small number of purchasers. The sale of this site as recommended would help address housing demand in this attractive area of Norwich.
- It was noted that NPS had reviewed the Outline Business Plan for the Oaks site and had confirmed the valuations on which the business case was based.
- Mr Dobson asked if the suggested approach in relation to the Oaks site meant an increase in the Council’s budgetary spending and therefore required a decision of Full Council. In reply, the Head of Law advised that this revised “spend to save scheme” was a revision to the approved budget and therefore the decision to go ahead could be made by the Policy and Resources Committee.
- Mr Proctor asked if the requirement for £100k of prudential borrowing to fund the initial investment in the Oaks site remained necessary in view of the increased site value and the Committee agreed the scheme could proceed without this borrowing requirement.

8.3 **RESOLVED**

That the Committee:

- Note the revised expenditure and funding of the 2014-17 capital programme and the changes which had occurred following the position reported on 29 September 2014, as set out in Section 1 of Annex A to the report.
- Note the progress towards the achievement of the 2014-15 programme, as set out in Section 2 of Annex A to the report.
- Note the proposed changes to the disposals schedule and the impact on the capital receipts reserve, summarised in Section 4 of Annex A and further detailed in Appendix 5 to the report.
- Note the impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 2 to the report.
- Approve the revised spend to save scheme in relation to the Oaks site, Harvey Lane, Norwich, as set out in Appendix 6 to the report.

9 **Strategic and Financial Planning 2015-18: Shared Services**

9.1 The annexed report (9) by the Temporary Director of Strategy and Resources that was circulated with the supplementary agenda was received

9.3 **RESOLVED**

That the Committee:

- Endorse the schedule of additional savings set out in Appendix A to the report.
- Recommend the individual savings as set out in the schedule.
- Note the risks set out in section 2.5 of the report relating to savings already consulted and agreed upon.
- Note the arrangements that were set out in the report to ensure tight control on revenue budgets and to highlight any issues or risks to Policy and Resources Committee.

10 **Strategic and Financial Planning 2015-18**

10.1 The annexed report (10) by the by the Head of Business Intelligence and Performance Service & Corporate Planning and Partnerships Service and Interim Head of Finance that was circulated with the supplementary agenda was received.

10.2 The Committee received on the table written feedback from Chairs of service committees on proposals to meet the predicated budget shortfall for 2015/16, and contribute to the shortfall in the two subsequent years (2016/17 and 201718). Members also received an updated full list of savings proposals bringing together the outcome of all committee decisions.

10.3 The Committee also noted the arrangements for consultation that were set out in Section 8 of the report and the arrangements for assessing the impact of the savings that were set out in Section 5 of the report. The Committee took these matters into account in deciding on the course of action that they wished to take.

10.4 Mr FitzPatrick said that while he appreciated that there had been very tight deadlines for the production of feedback from service committees the feedback should have been circulated to Members in advance of the meeting.

10.5 The Committee Chairs gave verbal updates on the main issues from each of the service committees.

10.6 The following key points were made In relation to Adult Social Care:

- The proposed savings were based on a balanced budget being achieved for Adult Social Care for the current financial year.
- The Adult Social Care Committee had voted separately on each of the specific savings proposals that were listed in the paper that was laid on the table and agreed to ask the Policy and Resources Committee to take a corporate approach to the Council's budget. There had been a general concern at Adult Social Care Committee that the demand for services required a more radical whole council strategy.

- The proposal in relation to the procurement and commissioning of transport facilities would seek to enable and use existing community based transport solutions paid for from Personal Budgets by service users with reduced or no subsidy from the Council.
- There was an assumption that the costs associated with the Care Act would be funded by the Government.
- There had been some concern at Adult Social Care Committee about the proposal to reallocate the annual £1m rebate provided by Norse Care from the adult social care residential care reserve (capital) to the revenue budget. In reply, Mrs Gurney said that an alternative approach had been suggested (but not agreed by the Adult Social Care Committee) that involved the £1m being spend on an "invest to save scheme" with the savings being returned to the revenue budget.

10.7 The following key points were made in relation to Communities:

- The savings in the Norfolk Fire and Rescue Service could be made without a significant impact on frontline services and would not therefore require consultation with the public.
- The proposals in relation to the Norfolk Museums Service included raising income from charging for car parking at Gressenhall Workhouse and Farm and charging for entry to the Ancient House Museum, Thetford in winter.
- The proposals in relation to the Norfolk Library Service included the one-off sale at auction of some antiquarian and collectable books. The books were specialist and had a monetary value but were not current library lending stock. These items did not relate to Norfolk or its history.
- It was proposed to review how the Council delivered support to the arts, including arts grants. This proposal would include speaking to stakeholders and partners to whom the Council provided arts grants. It was also considered important for this consultation to take into account the specific requirements of rural communities.
- A number of strategic reviews were either underway or being planned in respect of the services covered by the Communities Committee to ensure that services were sustainable in the long term.

10.8 The following key points were made In relation to Children's Services:

- The proposed savings were based on a balanced budget being achieved for Children's Services for the current financial year.
- In reply to Members' questions it was pointed out that potential new ways of working in relation to school and college transport were continuing to be explored. However, the Children's Services Committee remained concerned about the implementation of savings from Post 16 Transport which had been agreed by the Full Council in February 2014. If this saving did not go ahead then alternative savings would need to be found.

10.9 The following key points were made In relation to EDT:

- The EDT Committee had considered the risks associated with delivering the Committee's saving from highways maintenance and the implications that this could have on the condition of the highway.
- Following the EDT meeting Ian Mackie, on behalf of the County Farms Board, had identified savings to the value of £385,000 that could be made from the county farms estate and it was proposed to use this to replace the saving from highway maintenance.

10.10 The following key points were made In relation to Policy and Resources Committee:

- The Policy and Resources Committee had received a report at item 9 on this agenda that highlighted the main issues for shared services.
- The savings included the rationalisation of procurement functions.
- Mr Proctor asked for Members to receive more information to explain the projected growth in business rates in Norfolk, which involved increasing the 20 % of distributed funding. The answer can be found at Appendix A to these minutes.

10.11 With regard to the second of the bullet points at paragraph 8.4 on page A21 of the supplementary agenda, it was pointed out that the assumption that there would be no increase in Council Tax for 2015/16 and the principle of hypothecation should appear in the public consultation as two separate issues.

10.12 The Chairman moved, seconded by Mr Baker:

"The Committee welcomes the initiative of the County Farms Working Group in identifying and freeing up the additional sum of £385,000.
The Committee notes the concerns expressed by Members of the EDT Committee concerning the cumulative impact of budget cuts on highways maintenance. We also note the concerns expressed by Members of the Children's Services Committee about the impact of the previously agreed changes to 16-19 Transport and the concerns expressed by Members of the Adult Social Care Committee in relation to the financial challenges facing our demand led services.
The Committee agrees that, in the light of the significant challenges facing the Council, it would be premature at this stage to commit the monies released by the County Farms Working Group. We therefore agree to defer any recommendation on the use of these monies pending further discussions in each committee and feedback from the public consultation process."

10.13 A proposed amendment by Mr Dobson was declared invalid on the grounds that it would negate the words contained in the motion.

10.14 Mr FitzPatrick said that Members should have been given more time to carefully consider the wording of the motion which had been laid on the table without prior notice.

10.15 On being put to the vote there were 10 votes in favour of the motion and 6 votes against and 1 abstention, whereupon it was

RESOLVED-accordingly.

11 **Internal and External Appointments**

11.1 The annexed report (11) by the Temporary Director of Strategy and Resources was received.

11.2 The Committee noted the mechanisms for Member feedback from those external bodies on which they represented the Council that were set out in paragraph 1.3 of the report.

11.3 **RESOLVED-**
That the Committee make the following appointments to those external and internal bodies listed below:

LOCAL GOVERNMENT ASSOCIATION APPOINTMENTS

1. LGA General Assembly (4)
George Nobbs (4 votes)
Tom FitzPatrick (1 vote)
Alison Thomas (1 vote)
Mike Sands (1 vote)

2. County Council Network (4)
Tom FitzPatrick
Tom Garrod
George Nobbs
Marie Strong

3. East of England Local Government Association (1) and 1 substitute
George Nobbs
Tom FitzPatrick (sub)

It was noted that the appointments to all of the above three bodies were made at the June cycle of the Committee and that no action was required.

4. LGA Urban Commission and LGA Rural Commission

These two bodies had been disbanded therefore no appointment was required.

5. LGA Coastal Issues Special Interest Group (SIG) (1)

The names of Michael Baker and Hilary Cox were put forward to represent the Council on this Group.
On being put to the vote there were 9 votes on favour of Michael Baker and 7 votes in favour of Hilary Cox whereupon

Michael Baker was appointed to this Group.

The Committee noted that LGA Coastal SIG Champions took forward the coastal strategy and represented the collective interests of all maritime local authorities.

POLICY AND RESOURCES COMMITTEE OUTSIDE BODIES

Greater Norwich Growth Board (1)
Steve Morphew

The Committee noted that the Greater Norwich Growth Board was the body through which the County Council, together with Broadland District Council, Norwich City Council, South Norfolk Council and the New Anglia Local Enterprise Partnership, worked together to manage the Government's housing and job growth targets. The growth targets for the Greater Norwich area were to deliver at least 37,000 new homes and 27,000 new jobs by 2026.

POLICY AND RESOURCES COMMITTEES/ BOARDS/PANELS/ GROUPS

1.Joint Consultative & Negotiating Committee (7)

Deputy Leader (David Harrison)
1 Labour (Bert Bremner)
3 Conservative (Andrew Proctor, Tom FitzPatrick, Tony Adams)
1 Lib Dem (John Timewell)
1 UKIP (Rex Parkinson Hare)

It was noted that these appointments were made at the June cycle of the Committee. This was a forum for discussion between staff trades unions and the County Council on employment related matters.

2. Member Support & Development Advisory Group (10)

4 Conservative – Colin Foulger, Judy Leggett, Tom Garrod, Tony White
2 Labour - David Collis, Julie Brociek-Coulton
1 Lib Dem – Eric Seward
2 UKIP - Stan Hebborn and Paul Smyth
1 Green – the Committee agreed that the Green Group should be invited to nominate a Member to serve on this Advisory Group.

This Group championed Member Development and Member Support

3. NORSE

The names of Roger Smith and Toby Coke and Colleen Walker were put forward to represent the Council on this body.
On being put to the vote there were 7 votes in favour of Roger Smith and 9 votes in favour of Toby Coke and Colleen Walker whereupon the following were appointed:

Shareholder Representative - Toby Coke
Member Director - Colleen Walker (serves on the Norse Group Board, NPS Board and NCS Board).

4.NORSE Member/Officer Shareholder Committee (6)

1 Lib Dem - John Timewell
3 Conservative - Roger Smith, Bill Borrett, Wyndham Northam
1 UKIP - Toby Coke (as current Shareholder Representative)
1 Labour – Mick Castle

This Committee supports the development of NORSE Group, ensures that the legal and commercial interests of the County Council are considered and protected and advises this Committee accordingly.

5.NORSE Care Liaison Board (2)

Member Director of the NORSE Board (Colleen Walker) and the Chairman of Adult Social Care Committee (Sue Whitaker).

6. Property Reference Panel (6)

3 Conservative - Nigel Dixon, Tony White, Cliff Jordan
1 UKIP - Colin Aldred
1 Lib Dem - John Timewell
1 Labour - Steve Morphew (served as Cabinet Member for Finance, Corporate and Personnel and was the Chairman of the Panel)

This Panel was created to advise the Cabinet Member on Property matters. Under the Council's new governance structures, property matters are the responsibility of this Committee. It was agreed to reconsider the need for a Property Reference Panel after the seminar which has been arranged on property matters.

7. Strategic Equalities Group (6)

Deputy Leader - David Harrison
1 Lib Dem - Tim East
1 Conservative - John Dobson
1 Green - Elizabeth Morgan
1 UKIP – Jonathan Childs
1 Labour – TBA

The above appointments were made at the June cycle of the Committee.
No action was required from the Committee. The committee noted that this body provided Member leadership on equality for Norfolk County Council, ensuring that the authority delivers its duties with respect to the Equality Act 2010 and the Public Sector Equality Duty.

8. Treasury Management Panel (9)

2 Labour - Bert Bremner, Emma Corlett
4 Conservative - Ian Mackie, Brian Iles, Cliff Jordan & Andrew Proctor
2 UKIP - Toby Coke, Michael Baker
1 Lib Dem - Brian Watkins

9. ESCO (Energy Saving Company) (1)

Deputy Leader (David Harrison)
This appointment was made at the June cycle of the Committee. No action was required from the Committee.

10. Constitution Advisory Group (7)

3 Conservatives (Andrew Proctor, Alison Thomas, John Dobson)
1 Labour: TBA
1 Lib Dem: TBA
1 Green: Richard Bearman
1 UKIP: TBA
These appointments were made at the June cycle of the Committee. No action was required from the Committee.

The meeting concluded at 11.50 am

CHAIRMAN

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Appendix A

Action:-To let Mrs Leggett know why the County Council was installing upgrades to the schools admission system at the busiest time of the year.

Answer:-

1. An update to the school admission system was required to deliver statutory changes for the current admission round.

2. The update had initially been scheduled for 7 September 2014 to avoid the busiest time of year. However, it proved more complex than anticipated. It was a significant update partly because of the technical database upgrade involved and partly because Children's & Families Act legislative changes also had to be applied to the system before the admissions update could be applied.

3. The implementation was delayed until 13 October as the latest date to minimise disruption to parents, anticipating the system would be available on 14 October, which would have minimised impact on parents seeking a secondary school place before the statutory closing date of 31 October. The date was achieved, but numerous problems were encountered which resulted in periods of system unavailability until 24 October.

4. The Admissions Service agreed to extend the deadline without penalising the applicant recognising the key time lost.

Workforce Profile 2013-14

Action:- To let Mr Proctor know what action the Council was taking to fill the skills shortages that were mentioned at paragraph 5.3 of the report.

Answer:-
At the Policy & Resources Committee on 27th October 2014, I agreed to write to you about the measures NCC had taken in response to Skills Shortages identified in the Workforce Profile. A range of measures have been used over the previous financial year. These include using different advertising media for example social media, internet search engines, train stations, direct contact through universities and colleges as well as greater targeting of localised media. In some areas, NCC has re-branded service areas to attract the quality of applicants we require. Other approaches have included increased use of flexible working and annualised contracts to attract skills that are hard to find. We have also included approaches to grow our own expertise like using secondments to gain experience of different agencies, developing training pathways and creative ways of enabling for example newly qualified social workers to gain high quality and supported experience.

Action:- The Acting Head of Human Resources said that she would examine if it was possible for the impact on the workforce of improvements in ICT to be measured and monitored in some way in future reports, however, she added that it was important to keep in mind that ICT was only one of a range of factors that made service reductions possible.

Answer:-
At the Policy & Resources Committee on 27th October 2014, in response to your comment on the impact of IT on NCC's Workforce Profile, I agreed to investigate whether it was possible to identify whether we could identify the contribution of IT to staff reduction. The impact of ICT is one factor among several. The range of factors that impact on the workforce numbers include new models of delivery (for example increased integration with the NHS), changing local authority functions coming into NCC (for example Public Health) and moving out of NCC (for example Academies), changing customer needs, financial reductions as well as use of commissioning which changes the knowledge and skill requirements we require an employer. As changes in the workforce often include more than one of these variables, we are not at present able to identify these factors individually. We are however, doing a piece of work to try to identify more clearly the benefits that accrue from better ways of working and I hope that the correlation with staff numbers will be more clearly identified.

Revenue Monitoring Report

Action:- To let Mrs Leggett know why the purchase order performance charts (on page 84 of the agenda) contained "blank columns" and why one of the "blank columns" contained a figure just short of 50%.

Answer:- Thank you for pointing out this error – it has been corrected for period 6 monitoring. The "blank" column contained data relating to Independence Matters, which is a separate company and should have been excluded from the chart.

Capital Monitoring Report

Action:- To let Mr Proctor know the reasons for the delay in the sales of the properties at Royal Britannia Crescent, Great Yarmouth which have now been sold or are in the process of being sold (pages 118-119 of the agenda refers).

Answer:- Construction at Royal Britannia Crescent took approximately 14 months, 2 months longer than the original feasibility plan. Necessary improvements in flood defences contributed to the delay. Sales were slow during winter and early spring 2013-14 however sales have picked up significantly, partly helped by a review of pricing which was designed to make the properties more attractive to buyers while ensuring that receipts will cover construction costs.
As at the 29th October, 12 of the 19 properties have been sold. The remaining 7 unsold properties, are all with solicitors and progressing towards sale, but not yet completed. All units are expected to be under new ownership by Christmas.

Action:- Mr Proctor asked for further information to show the projected growth in Council income from business rates. Mr Proctor also raised questions about the reasons for the increase in the sales value of the Oaks site from £500K to £1m. He asked if the requirement for £0.100m of prudential borrowing to fund the initial investment in the Oaks site was still necessary and the Committee agreed this spend to save scheme could proceed without this requirement.

Answer:- The nominal allocation of prudential borrowing to fund the £0.100m expenditure is simply to cover the period between the expenditure being incurred, and the receipt of income from the sale which may span a financial year end. When sold, the expenditure will effectively be funded from the sales proceeds.

Action:- To supply all Members of the Committee with further information regarding the work that is being done to identify renewable energy projects suitable for loans from Norfolk Energy Futures Ltd.

Answer:- Cabinet, at its meeting on 12 September 2011 agreed to the establishment of Norfolk Energy Futures Ltd (NEF) as a free-standing company, wholly owned by Norfolk County Council, with a focus on investing and levering funds into a portfolio of projects focused around renewable energy schemes, initially through taking advantage of the various government tariff schemes. Governance is through a Board of Directors consisting of Senior Officers, upwards to an Investment Panel comprising of Chief Officers and Members.

The initial focus had been in the areas of wind turbines, tapping into the favourable financial incentives at the time, resulting in 19 wind turbines installed on NCC's County Farms sites. Since then work has taken place to provide an attractive solar PV package (entitled 'Solar Gain') for commercial sites. Increased networking and business approaches over the last six months are now starting to reach fruition on finding the market for 'Solar Gain'.

NEF is involved in discussions with Breckland Council, and NCC, in a bid submitted into New Anglia Strategic Economic Plan (SEP) with a view to drawing down match funding to help install a £2M solar park at Snetterton Heath, part of the Breckland Council's Employment Area. This is currently hampered through the lack of local energy infrastructure. Within the Council itself, discussions are ongoing around the potential of fitting solar panels to buildings, with 5 sites considered as part of the Norfolk Fire Service portfolio considered the most promising. NEF will also aim to target 'Solar Gain' at a range of public and private sector partners in the coming months.

During the last few months there has been a significant change in the Directors and staffing of NEF, with a number of employees leaving the Council. This has provided an opportunity to consider again the way in which NEF is resourced and this is currently being addressed. Clearly, operating a 'thin' structure has limited the capacity to oversee projects in their entirety. Therefore, it is also exploring opportunities to take on an equity partnership role with other financial project financers

Policy and Resources Committee

Item No7

Report title:	**Performance and risk monitoring report**
Date of meeting:	**1 December 2014**
Responsible Chief Officer:	Head of Business Intelligence and Performance Service & Corporate Planning and Partnerships Service

Strategic impact

Performance monitoring and management information helps committees undertake some of their key responsibilities – informing future committee activity, budget setting and providing contextual information to many of the decisions that are taken.

Executive summary

This paper reviews quarter two (April to September 2014) performance results for the Council as a whole and also for those specific service areas that are covered by this Committee. Overall performance is mixed, when judged against the indicators that make up the performance dashboard.

Key highlights for this quarter include:

- Our running costs are coming down, including the amount we spend on our premises. We continue to make reductions in energy use and costs as part of our carbon reduction programme although reducing our business mileage remains a challenge.
- The latest GSCE results see Norfolk move up 19 places to 119th in the education league tables and almost 73% of Norfolk schools are now rated Good or Outstanding following an Ofsted inspection – an improvement compared with this point 12 months ago, but still below the England average of 81%.
- The number of initial contacts made to both adult social care and Children's Services continues to rise, increasing the demand on front line social care services.
- Adult Social Care continues to make improvements in the number of service users receiving self-directed support enabling more people to take greater control of their own social care. There is a challenge around giving carers the level of support that they need, something that is being addressed through the local implementation of the Care Act
- Prevention and early intervention and raising awareness of health problems is being driven by Public Health. In the longer term, work on health checks and healthy communities will have a positive impact upon the demand for social services.
- The way in which people access our services is changing with an increasing number of contacts across cultural services being made through the internet or by telephone.
- Public satisfaction with the overall performance of the Council has fallen.
- In common with similar Fire and Rescue Services, the availability of retained firefighters to respond to an emergency remains a challenge in parts of the county, particularly rural areas.
- Delays in timescales and shortfalls in the achievement of 2014/15 savings means the Transformation Programme overall continues to be Amber, although good progress is being made with some projects.
- There are 12 risks that fall within the remit of Policy and Resources Committee that have a corporate significance and therefore appear on the Corporate Risk Register. Of these, four have an Amber rating.

Recommendation

Committee members are asked to:

- Review and comment on the performance information
- Consider any areas of performance that require a more in-depth analysis.

1 Introduction

1.1 This paper enables Policy and Resources to undertake its responsibilities for providing a 'whole council view' of performance in addition to its responsibilities for monitoring performance of key cross-cutting services, including ICT and Information Management, Property and Asset Management, Legal and Governance, Business Continuity, Corporate Planning and Partnerships, Programme Office, Communications and Public Affairs, Business Intelligence and Performance, Human Resources – organisational development, Finance, Risk Management and Procurement. The performance dashboard for these service areas is presented in Appendix B with an overview of council performance in Appendix A.

1.2 This report largely focusses on performance in quarter two but makes use of the latest available data wherever possible. Following feedback from a number of Committees the format of performance and risk reports has been enhanced to provide a clearer focus on Red and Amber measures and additional information is supplied around risk management.

1.3 In discussing this report, Members may identify additional specific areas that they want to cover routinely or items that they want to see as the subject of a more in-depth analysis for future meetings. Such items will then be included in the Policy and Resources Forward Plan.

2 Managing Change

2.1 The County Council continues to manage significant changes as a result of the economic downturn and other drivers. The setting up of a refreshed organisation-wide change programme was set out in the 4 November 2013 Cabinet paper 'Implementing – An Accelerated Programme of Organisational Change for Norfolk County Council'.

2.2 The Directorate Transformation Programmes include projects to deliver our financial, organisational and operational goals. These projects currently have a savings target of £61.14m over three years (this does not include the additional savings requirements which are currently being developed).

2014/15	2015/16	2016/17	Total over 3 years
£25.26m	£19.077m	£16.807m	£61.144m

2.3 The programme is reporting as Amber for the period up to October 2014 due to some delays in timescales and shortfalls in achievement of 2014/15 savings.

2.4

Dashboard Assessment by Programme					
Programme	Overall	Timescales	Benefits	Budget	Resources
Shared Services	AMBER	GREEN	AMBER	GREEN	AMBER
Adult Social Care Services	AMBER	GREEN	AMBER	GREEN	GREEN
Cultural Services	AMBER	AMBER	AMBER	GREEN	GREEN
Children's Services	AMBER	AMBER	AMBER	GREEN	GREEN
ETD	GREEN	GREEN	GREEN	GREEN	GREEN
Fire & Rescue	AMBER	AMBER	GREEN	GREEN	GREEN
County Hall (WorkStyle)	GREEN	GREEN	GREEN	GREEN	GREEN

2.5 The Community Services: Adult Social Care programme aims to make best use of all aspects of Community Services to deliver legislative changes, to help ensure value for money, and a more personalised, localised and community based approach to adult care. Adult Social Care also needs to achieve savings of £25,094m over three years. Updates on key activities in the period to October 2014 include the following:

- The new mental health social care service model is now in place. 57 staff successfully transferred on the 1 October and an appointment has been made to the Head of Service role.
- Norfolk submitted its latest health check for the implementation of the Care Act to the Association of Directors of Adult Social Services (ADASS) on the 23 September 2014 and the finance business lead started on the project full time on 1 October 2014.
- The revised Better Care Fund plan was approved by the Health and Well-Being Board in September and submitted on target to NHS England. Positive feedback has been received from the Nationally Consistent Assurance Review (NCAR) conducted by KPMG who stated that the Norfolk plan is one of the best seen in the area. A baseline review of Norfolk's 28 locality and 8 collaborative schemes and projects has now commenced with a focus on resource, project disciplines and alignment to BCF National.

2.6 The Community Services: Cultural Services Programme aims to work with people to achieve their potential and to build strong communities, redesigning services and business models in libraries and museums. Cultural Services needs to achieve savings of £1,534m over three years. Updates on key activities in the period to October 2014 include the following:

- The successful delivery of the project to introduce gift aid and cultural exemptions in museums has produced greater benefits than anticipated as they have enabled museums to gain the full value of higher than usual admissions increases over the summer.
- The reduction in library staffing has been implemented and has met the savings target.
- A temporary business development manager has been appointed to enable further exploratory discussions to take place to develop libraries as hubs.

2.7 Children's Services has an improvement plan to meet their aim for all children in Norfolk to achieve their full potential and have their needs met at the earliest possible opportunity so that no child in Norfolk is left behind. Children's Services also needs to achieve savings of £22,228m over three years. Updates on key activities in the period to October 2014 include the following:

- The Children's and Families Bill Special Education Needs and Disabilities (SEND) successfully went live on 1st September with all statutory requirements met including electronic on-line Education, Health and Care Plans.
- The Children's Services reorganisation proposal commenced a consultation on 22 September 2014.
- Work is continuing on the Looked After Children (LAC) numbers and positive progress has been made in reducing the numbers over the last few months.

2.8 The Shared Services programme involves the continued redesign of support services (HR and OD, Finance, Procurement, nplaw, ICT, Business Intelligence & Performance Service and Corporate Planning & Partnerships, Democratic Services and Corporate Programme Office) whilst at the same time supporting change across the whole organisation. Shared Services needs to achieve savings of £4,631m over three years. Updates on key activities in the period to October 2014 include the following:

- The Local Government pension scheme project completed delivery of the fully automated solution.
- The new budget management system (Budget Manager) roll out has made good progress and circa 475 staff have been trained on the system to date.

2.9 The Fire and Rescue Service is reshaping its services by: changing how it responds more effectively and efficiently to emergencies; making changes to how staff work shift duties; improving the way the Service buys and uses large and small vehicles; making better use of fire stations and other resources, redesigning and transforming the way the Service operates. The Fire and Rescue Service has successfully delivered the majority of its savings for 2014/15 and is on track to deliver savings of £1.770m for this year.

2.10 Environment Transport and Development's transformation programme aims to deliver a range of projects focusing on how ETD could do things better, faster, cheaper and more efficiently. In 2014/15 the programme has a focus on delivering cashable savings. ETD needs to achieve savings of £5,486m over three years.

2.11 The County Hall programme brings together the building refurbishment with the work style activities required to complete the much-needed maintenance to County Hall and develop more efficient use of office space within the building. The programme continues to be on track. Teams from Community Services and Children's Services are now on the 8th floor and the 7th floor was successfully handed back in September and is being re-occupied during October and November.

3 Managing Resources

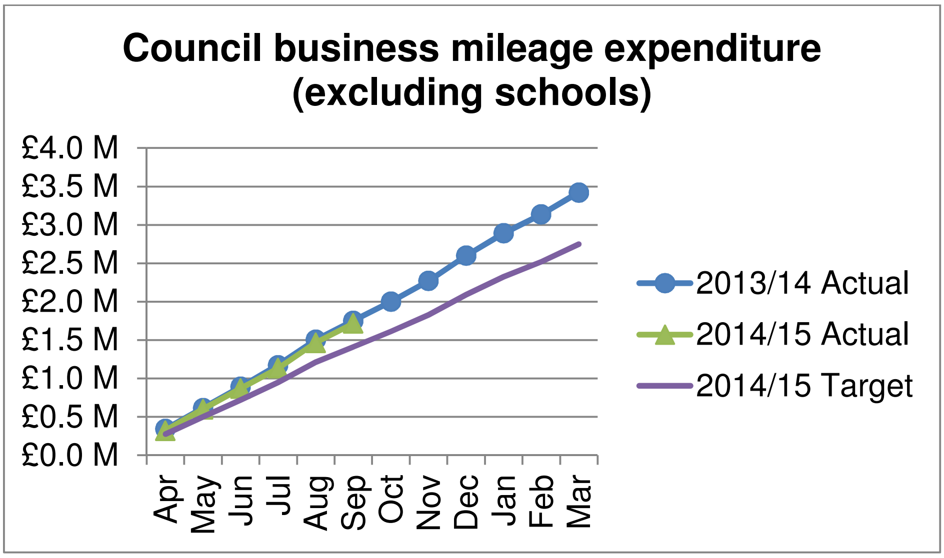
3.1 Detailed financial reporting is contained within the '2014/15 Revenue Finance Monitoring Report' elsewhere on this agenda. To avoid duplication financial data is not reported here. Instead this section focusses on how well the Council is managing its people and property as these assets are essential to the delivery of good services.

Red measure: Business mileage

3.2 As part of the efficiency savings agreed under Putting People First, a target was set for a reduction in business mileage claims to begin in April 2014 and run for three years. The target in the first year was to achieve a cost reduction of 20% (saving £673,258) on the costs incurred, in 2013/14. Excluded were costs incurred by schools. As well as cost savings and reducing carbon emissions, other benefits to the Council include an increase in productive working time as employees reduce the need to travel by making greater use of technology and more flexible ways of working. It is recognised that there will always be a need to balance savings in business travel with operational effectiveness.

3.3 This measure continues to be Red as between April and September 2014 we only spent £35,319 less on business mileage when compared to April to September 2013. However this is only a 2% reduction compared to the £350,341, 20% reduction that we have set as our profiled target for September. Overall the costs are £303,849 above target. Work to re-promote and champion the importance of managing business travel across departments continues to take place.

3.4



Surveillance measure: Reducing energy costs and carbon dioxide emissions

3.5 Work to reduce carbon dioxide emissions results in reduced energy costs to the Council. For the last five years we have been actively working to achieve a 25% emissions reduction target, based upon a 2008/09 baseline. At the end of March 2014 we had not met our target as our carbon footprint had only reduced by 17.1%. However, we had successfully reduced energy consumption and energy costs by 20.1% and 21.7% respectively.

3.6 The next phase of the programme, agreed by Cabinet on 4 November 2013, is a 50% reduction in our carbon footprint by 2020. The key elements of focus within this programme are:

- the impact of the corporate buildings portfolio (excluding schools)
- street lighting (including traffic signals) and
- transport (for in-year reporting, only business mileage data is available- see previous section)

A plan for the achievement of the 50% reduction target is under development. It is envisaged that the final draft of this plan will be brought to the March 2015 meeting of the EDT committee for sign off.

3.7 For the first 6 months of the financial year, the corporate buildings estate carbon footprint is tracking at 8.4% less on average when compared to 2013. Overall for the whole council the carbon footprint at the end of September 2014 was 58.25% of the baseline.

3.8 The County Council is responsible for 51,000 street lights, 11,000 illuminated signs and 2,500 illuminated bollards. All street lighting operations, including upgrade and maintenance are covered within a 25 year Private Finance Initiative (PFI) contract, let to Amey in 2008. The contract does not include electricity costs which are paid by the County Council. Street lighting accounts for some 15% of the County Council's total energy use, costing £2.2m each year.

3.9 At the end of September the carbon footprint of street lights was 92.92% of the baseline. In total, since April 2008 when NCC street lighting initiatives started, we have saved 6,930,685 kWh in energy 3,694 tonnes of carbon dioxide and £678,608 in energy bills. A paper looking at options for reducing street lighting energy use was considered at the Environment Development and Transport committees October meeting.

Surveillance measure: Property costs

3.10 A key aim for the Council is to increase levels of utilisation of property and significantly reduce these costs. For 2013/14 the total revenue costs (excluding schools) was £24m or £4694 per full time equivalent (FTE) employee. The cost per employee was higher than in 2013 because employee numbers have reduced more quickly than the reduction in property revenue expenditure.

3.11 **Annual levels of property revenue expenditure (excluding schools)**

	2010/11	**2011/12**	**2012/13**	**2013/14**
Total revenue cost (excl. schools)	£25m	£25.5m	£26.1m	£24m
Cost per FTE employee (excl. schools)	£3324	£4240	£4472	£4694

3.12 Some progress has been made in rationalising the property estate and reducing property costs and there is now work in place that will intensify this work. The aim is to reduce property revenue expenditure to £19m for 2017/18.

3.13 Approval has been secured to create an internal Corporate Property Team. The team will be responsible for driving down property costs and achieving the savings target set out above. The team will also develop a set of measures that will be used in future to report the ongoing performance of the property estate and the property service.

Green measure: Reducing sickness absence – whole council (incl. schools)

3.14 Fewer staff are absent from work due to sickness. Since 2009/10 the average number of days sickness absence per FTE (Full Time Equivalent) recorded for the whole council (including schools) has reduced each year reaching a low of 6.96 days in 2013/14. Whilst we just failed to meet our 0.25 day reduction target we did reduce sickness absence by 0.1 day. The target for 2014/15 has been set at 0.25 days lower than 2013/14 at 6.71 days per FTE.

3.15 The data for quarter two 2014/15 shows that absence levels have reduced slightly against our performance in 2013/14 with an average 2.74 days absence per FTE this year compared to 2.89 days in 2013/14.

Green measure: Sickness absence – Resources (excluding ICT)

3.16 Whilst sickness absence levels in Resources have been higher than average in the Council, the number of days sickness absence per FTE (Full Time Equivalent) reduced in 2013/14 to 7.77 days from 8.47 days in 2012/13. This followed targeted work in respect of long term sickness absence. A stretch target for 2014/15 has been set at 7.47 days per FTE to support further improvement.

3.17 The data for quarter two 2014/15 shows that absence levels are broadly comparable with our performance in 2013/14 with an average of 3.78 days absence per FTE this year compared to 3.74 days in 2013/14. HR continues to work closely with managers to make reductions in sickness absence a priority.

Risk management

3.18 The Policy and Resources Committee risk register reflects those key business risks at a corporate level that need to be managed by the Senior Management Teams of the services that report to the Committee and which, if not managed appropriately, could result in the organisation failing to achieve one or more of its key objectives and/or suffer a financial loss or reputational damage. The risk register is a dynamic document that is regularly reviewed and updated in accordance with the Council's "Well Managed Risk – Management of Risk Framework".

3.19 There are 12 risks that fall within the remit of Policy and Resources Committee that have a corporate significance and therefore appear on the Corporate Risk Register. This register is reviewed regularly by Chief Officers Group and reported to the Audit Committee.

3.20 Four of these risks have an Amber rating (i.e. they have a current risk score of 12 and above with prospects of meeting the target score by the target date of Amber or Red). The current Amber risks are:

- RM0200 Capacity for change - Insufficient capacity for business transformation
- RM14097 Shortage of personnel for a variety of reasons e.g. illness, industrial action, inclement weather etc., including loss of key senior personnel
- RM14100 Loss of key ICT systems
- RM13968 Failure to follow data protection procedures

Appendix C contains more details of these risks, along with progress with mitigation measures.

3.21 Details of the remaining 8 risks are not reported as these are considered to have mitigation measures that are on target. However for information they are listed below.

Risk Number/Name	Risk Score	Prospects
RM13918 "Staffing - The speed and severity of change in work activities".	12	Green
RM14156 "Liability for legal challenge to procurements conducted by ESPO"	6	Green
RM14080 "Failure of tender process".	8	Green
RM14169 "Failure to deliver planned revenue budget savings in 2014/15".	9	Green
Risk 14146 "Failure to effectively manage County Hall refurbishment and maintenance".	15	Green
Risk RM " Embedding the committee system".	4	Green
RM14183 "Loss of internet connection and the ability to communicate with Cloud provided services".	12	Green
RM14184 "Successful cyber attack".	8	Green

3.22 The evidence is that risks are being managed to an appropriate level with mitigation tasks being undertaken. In all cases risks have been reviewed by risk owners to ensure that risk scores and target dates reflect the current position against current service objectives. Risk registers are challenged by the Strategic Risk Manager to ensure a consistent approach to risk management across all teams.

4 Service performance and outcomes for Norfolk People

This section provides an overview of service performance from each Committee in order for Policy and Resources committee to fulfil its duties of 'whole council view' of performance in addition to its responsibilities for monitoring performance of key cross-cutting services. It also sets out how the Council is improving outcomes for individuals and communities.

Children's Services

4.1 Norfolk Children's Services is undergoing an intensive period of improvement and challenge under the direction of the new Children's Services Committee and the independently chaired Norfolk Education Challenge Board and Norfolk Safeguarding Children Board. Members of the Children's Committee are closely scrutinising progress and receive monitoring reports at each meeting.

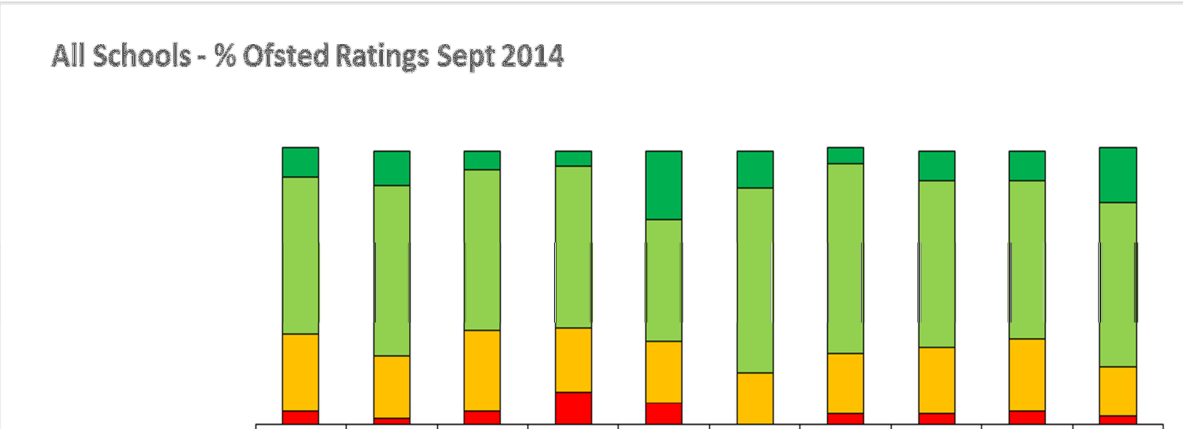
Education

4.2 "Excellence in education" is one of three priorities where the Council is aiming to make a significant difference. A Good School for Every Norfolk Learner continues to be the strategy to support further improvement in provision and outcomes in Norfolk schools. The the next phase of improvement work must focus on:

(i) District variation
(ii) Individual pupil performance including outcomes for vulnerable pupils
(iii) Increasing the proportion of good or better schools across the county
(iv) System leadership.

4.3 In 2014, 52.6 % of Norfolk pupils achieved 5 GCSEs at grades A*–C including English and mathematics in 2014. Although this shows a decline of 2.4 percentage points from 2013, it compares favourably with national figures, where the drop was 4.7 percentage points. The latest results put Norfolk in 119th place, up 19 places from last year in the Local Authority league tables.

4.4 Almost 73% of Norfolk schools are now rated Good or Outstanding following an Ofsted inspection – an improvement compared with this point 12 months ago, but still below the England average of 81%. There is, however, inconsistency in inspection outcomes across Districts, as shown in the following chart.



	Breckland	Broadland	Kings Lynn and West	Great Yarmouth	Norwich	South	North	Norfolk 30/9/14	Norfolk 31/3/14	National 31/03/14
Outstanding	11	13	7	6	25	14	6	11	11	20
Good	57	62	59	59	45	67	69	61	58	60
Requires Improvement	28	23	29	23	22	19	22	24	26	18
Inadequate	5	2	5	12	8	0	4	4	5	3

4.5 Norwich has the highest number of outstanding schools. Nationally, infant schools are over represented in the percentage of outstanding schools compared to other types of schools and this is the case in the Norwich district. Great Yarmouth and the North Norfolk district have the smallest percentage of outstanding schools.

4.6 To focus on reducing this district variation, there has been a review and refining of the work of the District Education Improvement Boards. District performance has been shared with all schools through 'A Flying Start' (an achievement booklet sent to every Norfolk school in September 2014), meetings with headteachers, workshops for system leaders, discussions with headteacher associations and presentations to Governors.

4.7 The Norfolk Pupil Premium Strategy will be published this term. It will include challenge to school leaders and governors to increase attainment of pupils eligible for Pupil Premium and Pupil Premium Plus and thereby narrow the gap in academic achievement between pupils from more deprived backgrounds and their peers.

Children's Social Care

4.8 We anticipate that there will be an Ofsted Joint Inspection of Child Protection, Looked-After Children and Care Leavers' Services in the near future. This month a new temporary post has been created within the audit team (no increase in budget needed): Inspection Readiness Officer. This will be a full time post to co-ordinate all activities across NCC and the partnership concerned with preparation for the next Ofsted visit and further inspections. In 2015 there will be a new integrated/ aligned inspection regime where all partner agencies will be inspected contemporaneously with a single report produced as a result of this inspection.

4.9 Continued increases in the number of initial contacts relating to concerns around children's welfare continues to place an unsustainable strain on the "front door" of children's social care in Norfolk. On average there are more than 3,000 individual contacts received, many of which relate to more than one child. Of these, only around 600 instances meet the threshold for further investigation.

20%
of contacts resulted in a referral to social care during September

4.10 Work in conjunction with Norfolk County Council and the Norfolk Safeguarding Children Board continues with partners to ensure thresholds to social care are embedded and understood, and that agencies manage risk appropriately in the community and only refer to social care when necessary. This activity should result in a reduction in the amount of time spent processing contacts which do not require any social worker intervention. This in turn should result in an increase in performance relating to the timeliness of Initial Assessments, where currently only around 54% are completed within the 10 working-day timescale.

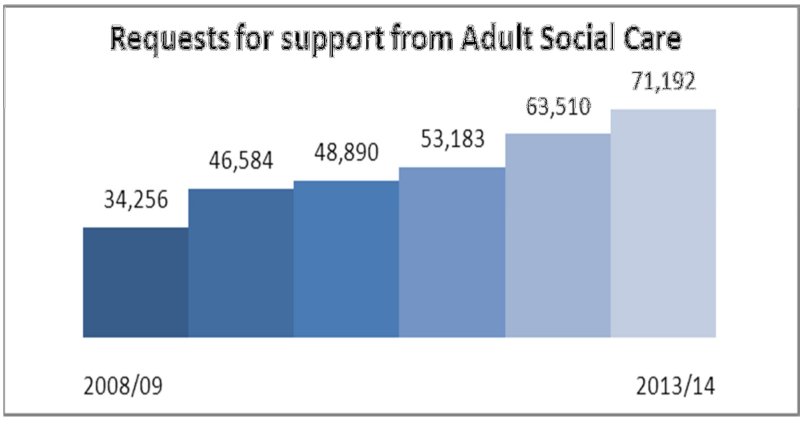
4.11 Child protection 'child seen' visits continue to be an area of concern as while three quarters of children are visited in timescale, only half of children are seen alone during these visits and there has been no improvement over the past six months. This is of particular concern as recent national high profile cases resulting in Serious Case Reviews have highlighted that seeing and interacting with children alone can expose risks of serious harm which would not otherwise have been apparent.

4.12 At the end of September there were 1109 Looked After Children - continuing a four month downward trend. However our LAC population remains significantly higher than those in similar Local Authorities, the Eastern Region and across England as a whole. A LAC reduction strategy is being rolled-out which includes operational delivery plans to ensure continued focus on SMART planning for children and young people in our care with a focus on reunification with families wherever it is appropriate and safe to do so.

4.13 Performance around LAC care plans, Personal Education Plans and Pathways plans remains poor at 81%, 74% and 66% respectively and this is the subject of intensive management action, as all three plans are statutory requirements. As such, we would expect to see improvement in compliance across all three areas in the near future.

Adult social care

4.14 Demand for adult social care services continues to increase. This is highlighted in the following graph:



Self-directed support

4.15 Self-directed support and personalised budgets are important as they give people more choice and control over their social care support. Self-directed support take-up rose from 80.6% in quarter 1 to 86.2% in quarter two (Green), above the target of 70%. Continued improvements are also reported in the proportion of self-directed support received as cash payments (up from 34.4% to 36.2%- Green). Cash payments are important as they provide people with the freedom to spend their budget allocation in ways that they really want to help them remain independent.

Reablement services

4.16 Reablement is a vital part of the Council's strategy for ensuring that people are able to stay in their own home. As reflected later in this report, Norfolk successfully keeps a higher proportion of people at home compared to the national and 'family group' averages. The proportion of older people still at home 91 days after discharge into reablement services has improved from 87.1% at quarter 1 to 87.9% in quarter two, though this remains down on the same period last year and is short of our stretching 90% target.

Increasing support to carers

4.17 Carers of people who receive social care are entitled to receive an assessment of their needs, in their own right, as opposed to it being part of the assessment of the person that they care for.

4.18 The indicator that measures this – 'Carers receiving an assessment or review as a percentage of service users in receipt of care' – remains Red and performance has worsened since quarter one, going from 46.8% to 44.3%. This reduction is a concern and steps are being taken to improve things. These include:

- Improving the way we explain the carer's assessment process to carers so that they are clear about the benefits of them and are less likely to decline an assessment
- Making sure dedicated workers are available for assessments
- Making sure all carers assessments are fully recorded

4.19 It is also helpful to consider this indicator in context. Norfolk has the highest rate of carers in the Eastern region, and the Council provides more assessments per 100,000 people than any other authority in the region. The main concern at this stage is that performance is getting worse, rather than being poor overall – though we will continue to monitor progress closely.

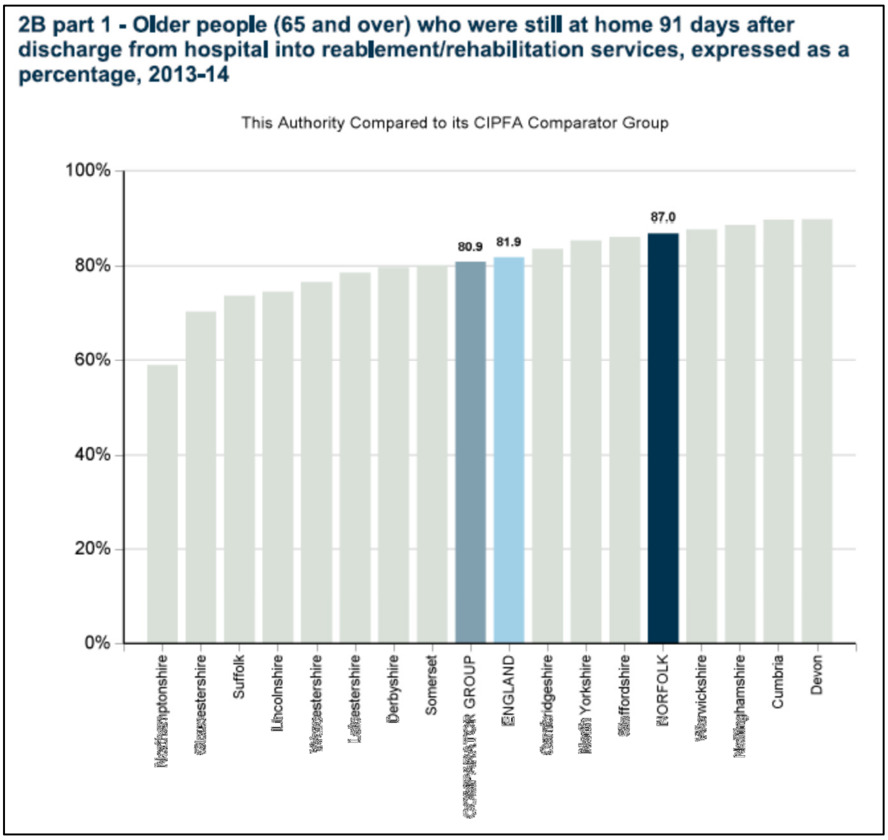
4.20 In considering this issue the Council remains mindful of the up-coming changes to the legislation around the Care Act and the likelihood that this will require a more fundamental review of the total support available to carers. In short, any increases in support will be helpful in meeting the legislation, but any significant system or policy changes should be made as part of the planned approach to implementing the Act.

Benchmarking

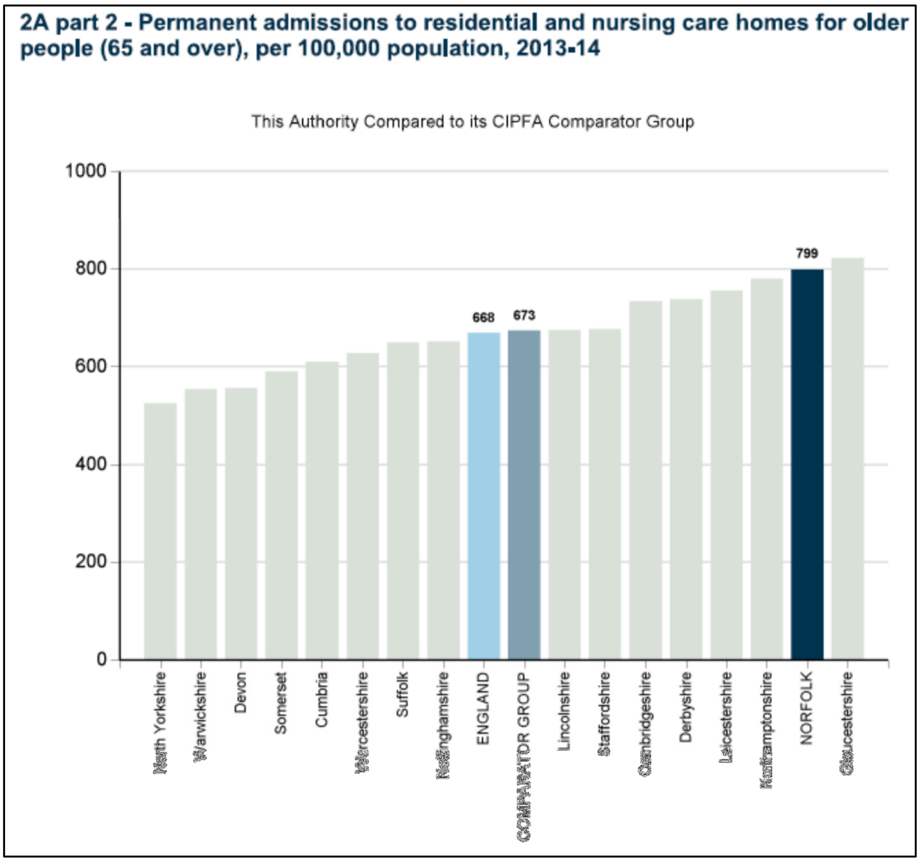
4.21 Provisional 2013/14 national benchmarking data for adult social care is now available and has been considered in detail by the Adult Social Care Committee at its November meeting. The data shows that Norfolk has comparatively:

- good performance in indicators relating to service user experiences and choice, reablement and delayed discharges caused by social care;
- has around average performance for indicators around rates of self-directed support and people with learning disabilities with employment; and
- relatively poor performance around permanent admissions to residential care and people with mental health problems that have employment.

4.22 **Good performance:** Norfolk successfully keeps a higher proportion of people at home compared to the national and ‘family group’ averages.



4.23 **Poor performance:** Norfolk's 18-64 admissions are significantly higher than in similar councils, although recent changes in the way we are required to report permanent admissions to residential care is seeing improvements.



4.24 The benchmarking data acts as a prompt for investigations into performance levels and service patterns. For example the residential care rates shown above are being used as a key line of investigation as the Council reviews it's care pathways and seeks to identify better ways of preventing or delaying the deterioration of people's health and independence. Very practically these benchmarks will also be used to help the Council to set its future targets.

Communities

Visitors to cultural resources

4.25 Norfolk's cultural resources continue to be popular with a high number of visitors. In quarter two there were 229,036 visitors to Norfolk's museums (Green), around 20,000 more than our target for that period and more than in the same period last year.

4.26 In 2013/14 the number of people visiting Norfolk's libraries appeared to be falling whilst virtual visits were rising. It is not yet possible to see if this is a trend as the data for visitor numbers is not available because of a change in the system which counts library visitors.

4.27 The number of people accessing services from the Norfolk Record Office remains high. Between April and September 2014 there were over 73,000 actual and virtual visitors to the Norfolk Record Office, compared to 99,514 for 2013/14 as a whole. The visits in quarters one and two combined can be broken down as follows: Archive Centre (10,275); education and outreach events outside of the Archive Centre (10,733); remote enquiries (4,073); and website visits – including visits to NORCAT online catalogue (48,306).

Registering deaths within timescale

4.28 In the previous report Members were informed that performance is good across all areas of the registration service except for the registration of deaths, particularly where the Coroner had called for a post mortem or Inquest to be held into the cause of death. These deaths represent an average of 16.5% of all deaths registered in Norfolk and the target for registering these deaths is seven days. The following table shows how Norfolk's performance is below Regional and National averages.

4.29 **Deaths requiring post mortem and inquest**

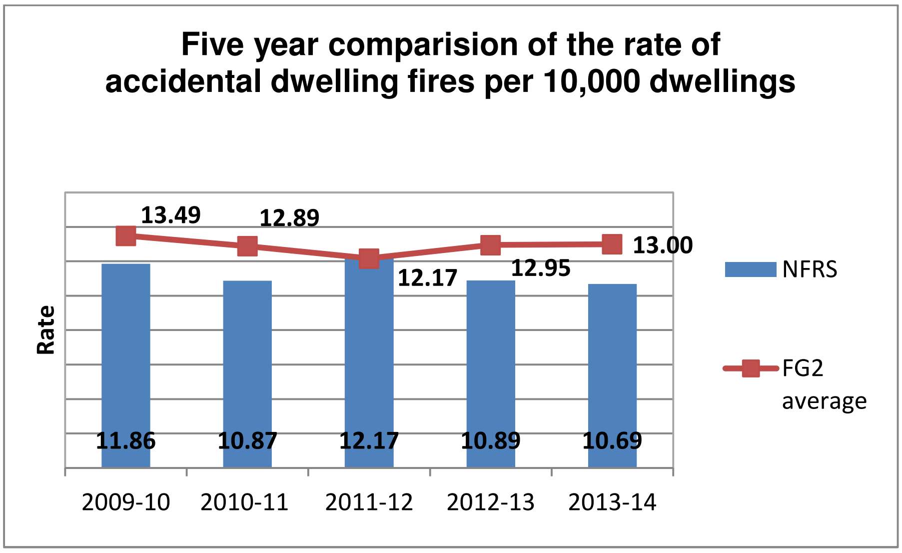
Month	Deaths (excl PM)	Norfolk %statutory timescale	Regional %	National %	Performance compared to national
April-14	90	21%	36%	46%	-25%
May-14	97	26%	30%	45%	-19%
June-14	111	42%	33%	46%	-4%
July-14	132	27%	35%	50%	-23%
August-14	101	17%	37%	47%	-30%
Sept-14	116	36%	36%	45%	-9%

4.30 Although September's figure shows a big improvement on the very poor performance in August, the background as to why is becoming clearer following discussions with the coroner. Changes to coroner legislation have been implemented to avoid more cases having to go to inquest. This has meant more post mortems and more histology reports. A lack of pathologists in Norfolk and the resultant need for hospitals to share the resource added to the issue. September finds the service back to the regional average and it is hoped that this trend will continue. Existing processes and ways of working are being reviewed and in particular it is being considered whether deploying a registrar at the coroner's office might help.

Accidental dwelling fires

4.31 We know the majority of fires in Norfolk where lives are put in danger are in people's homes and Norfolk Fire and Rescue Service (NFRS) takes this risk into account when planning its services. For the last five years the rate of accidental dwelling fires in Norfolk has been lower/ better than its Family Group average.

4.32



4.33 Whilst performance is currently on target for this measure the direction of travel is negative. Between April and September 2014 there have been 227 accidental dwelling fires – 14 fewer than the target (Green) but 33 more fires than the same time period in 2013 (when there were 194 fires). The current performance is more aligned with that of 2011/12 when Norfolk recorded its highest level of accidental dwelling fires in over 10 years (see graph).

4.34 At the end of quarter two 2014, a total of 18 people were injured in accidental dwelling fires, compared to 16 between April and September 2013. However there have been no reported accidental dwelling fires deaths this year, compared to 4 in 2013.

4.35 We are currently reviewing our targeting of those most at risk and working with other Fire and Rescue Services to establish good practice in this area. Once we have completed this work it will enable us to improve the efficiency and effectiveness of our Community Safety activities.

Retained firefighter availability to respond to emergencies

4.36 Retained firefighters play a key role in the delivery of fire and rescue services in the county, particularly in market towns and rural areas. Retained firefighters are paid, part-time personnel who crew 39 out of 41 fire stations in the county. In total there are 492 retained fire fighters and 188 full-time firefighters in Norfolk. There is currently a shortfall of 27 retained personnel with shortages in staff at 16 fire stations. As a result of minimum crew requirements, when there is a shortfall in personnel it can mean that a fire engine cannot be sent out in an emergency. This may then impact upon Emergency Response Standards performance as the fire engine that attends an incident may not come from the nearest fire station.

4.37 Retained firefighter availability is declining. It was 80.1% (Red) for April and September 2014- well below the 84% recorded for the same period last year (April to September 2013) and below the stretching target of 90%. However, benchmarking data shows that the downward trend in retained firefighter availability experienced in Norfolk is also being reflected in the performance of our Family Group with all, except Durham and Darlington FRS.

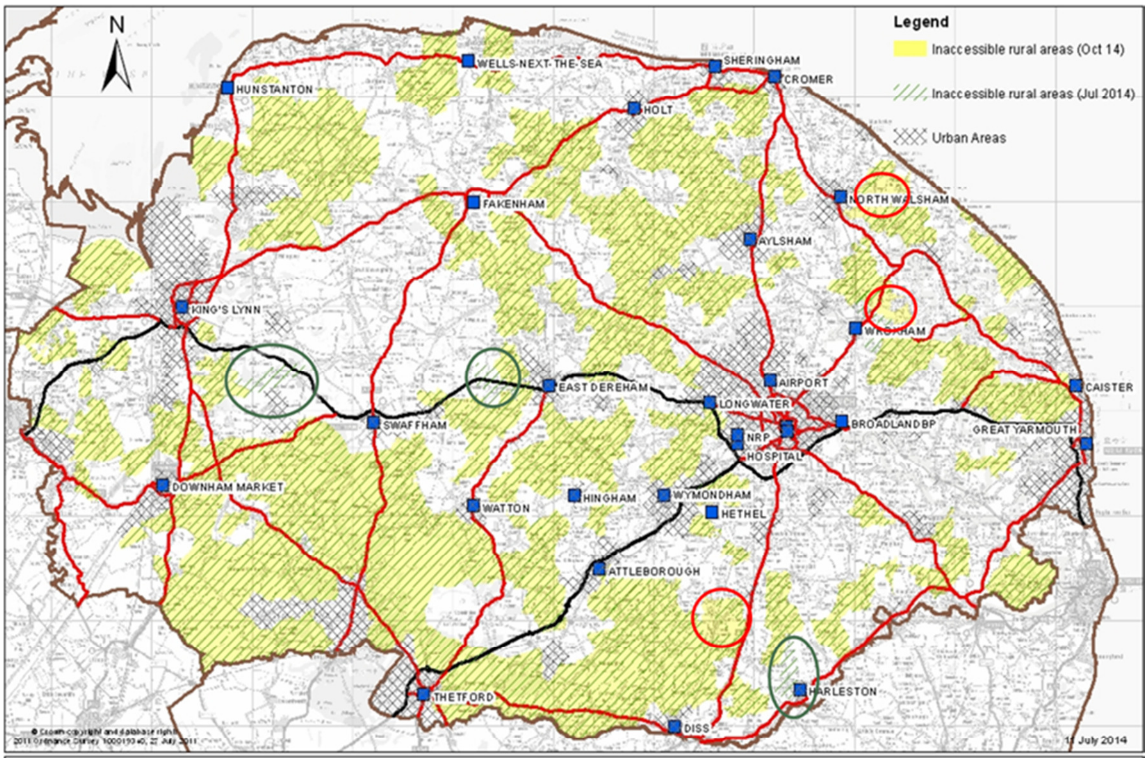
4.38 NFRS has taken a number of steps to improve availability of retained engines, including a new policy for availability, tighter contractual arrangements, introducing Retained Support Officers, and performance managing staff.

Environment, Development and Transport

Access to work, school and other key services

4.39 Providing cost effective public transport coverage in a large rural county like Norfolk is a challenge. However for 33% of households in Norfolk without access to a vehicle and for those who cannot drive, public transport provides essential access to work, school and other key services.

4.40 The following map illustrates how 74.99% of the Norfolk population has access to market towns and key employment locations from rural areas - just short of our 77% target. The map shows changes in accessibility between the measure taken in July and October 2014. Red ovals indicating being where accessibility has reduced and green ovals where it has improved.



Public Transport Accessibility to Market Towns and Key Employment Locations from Rural Areas October 2014
Access between 0700-1000 returning between 1600-1900. Maximum Travel Time = 60 minutes

Norfolk County Council
Planning & Transportation GIS
Scale @ A4 1: 400,000 Centred on 599779 312804

4.41 The areas where accessibility, in terms of access to employment sites, has improved are around Pentney and Gressenhall. This is as a direct consequence of the Pentney Flyer service and the journey to work service offered by the Swaffham Flexibus. The areas where accessibility have worsened are: in an area near Wroxham, where a bus stop has been removed from the service; and Forncett and North Walsham, where there have been some minor changes to the bus timetables that have increased the journey times and some of the Norwich-bound through services for villages in the North Walsham area now operate via Stalham and not North Walsham.

4.42 The Council continues to work with a wide range of transport providers, including Demand Responsive Transport (DRT) and Community Transport (CT), to develop a flexible alternative to timetabled services in some of the more rural areas of the county. At present 11% of journeys are undertaken using Demand Responsive Transport (DRT) against all subsidised bus services – above our target of 9%.

People killed and seriously injured on the roads

4.43 After a sustained period of successful reductions to road casualty numbers (which saw the Council given Beacon status in Road Safety in 2007), there has been a lack of further progress over the first three years of our current 10-year monitoring period. This has been further highlighted in recently released figures for the years 2012 and 2013 which show Norfolk in the bottom five of local authorities, following a rise of 40 KSI per annum. Whilst this comparison gives only a limited snapshot of performance, the trend during 2014 has continued to show an increase, although this is in line with that of a 'family group' of authorities with similarities to Norfolk.

4.44 Further work is required to establish the cause of this increase, and what measures will be required to improve our position. We are discussing this with our partners in the Norfolk Joint Casualty Reduction Partnership and actions may include potential targeted campaigns (revenue funded) and/or further engineering measures (capital funded).

Household waste and recycling

4.45 Early indications in 2014/15 are that waste levels in April to June 2014 are 1.88% higher than in April to June 2013, which is a large enough data set to justify changing projections of year-end performance. Additionally the outcome of mid-year procurements to deliver new services has delivered a higher unit cost than expected. Very limited initial data from the start of the new materials recovery facility (MRF) contract indicates an annual tonnage of 80,000, which is lower than that projected by the Norfolk authorities.

4.46 National comparative data for waste and recycling for 2013/14 is expected to be released around November and will enable a broad comparison of performance with other authorities.

Economic Development

Creating jobs and encouraging business start ups

4.47 The quarter two Economic Intelligence Report, which is produced by Economic Development and Strategy team, brings together key business, economic and labour market intelligence to provide a regular insight into the current state of the Norfolk economy. The report suggests that there has been a boost in tourism, a slight rise in house prices and a reduction in the number of unemployed people.

4.48 The number of people claiming out of work benefits in Norfolk is falling. In September 2014 there were 8,715 people claiming Jobseekers Allowances (JSA) in Norfolk, a decrease of 1,735 since last quarter and a considerable decrease in claimants from 14,308 since September 2013. This compares favourably to the average for the Eastern region and England.

4.49 The number of people who are unemployed in the county is falling. In the year from July 2013 to June 2014 20,800 people of working age were unemployed in Norfolk. This compares to last quarter when 26,600 were unemployed. This compares favourably to the average for the Eastern region and England.

Enterprise Norfolk

4.50 Enterprise Norfolk is a free service, helping anyone with an idea for a business to make it a reality. Norfolk County Council is leading the project, with an investment of £400,000 over two years, finishing in December 2014, and working with Norfolk's district, borough and city council partners who also provide match funding. The programme has a target of 150 starts per year for two years; in year 1 (Jan - Dec 2013) 288 starts were created. The programme will end in December 2014. By the end of October 2014 it had already delivered over 300 starts.

Apprenticeship Norfolk Fund

4.51 Apprenticeships enable young people to start working and earn a wage whilst learning key skills and gain the qualifications that future employers want. Supported by Norfolk County Council, the Apprenticeships Norfolk Network has been set up to make it easier for employers and young people to find out more about apprenticeships. By September a total of 452 wage grants to employers have been delivered against an initial target of 400.

4.52 The County Council is actively looking to attract and support Care Leavers into apprenticeships. To date, 23 Care Leavers started apprenticeships as part of the programme against a target of 41. Fourteen are still on the programme. Additional care leavers have moved into apprenticeships as a direct result of the programme although their employers have not been eligible for the grant and so have not been counted against the target.

4.53 A further 19 Care Leavers have taken up a Pre-Apprenticeship Programme, and of those, 9 are still on programme, 4 have completed and have moved into work or an apprenticeship (one funded by the Apprenticeships Norfolk Fund), one returned to education and 5 returned to the Not in Education, Employment or Training (NEET) group. The significant number of early leavers from the Care Leaver group highlights that we need to do more to prepare and support these young people to succeed in a work environment.

Norfolk Residents Survey 2014

4.54 Each year we ask residents for their views on a range of issues including how satisfied they are with their local area, their attitudes towards community cohesion and for their views on services provided by Norfolk County Council. This helps us to understand our residents' and customer requirements and concerns so that we can better plan for services in the future.

4.55 The annual survey is carried out by Ipsos MORI. A postal survey was delivered to 5,600 households in Norfolk from 27 June – 17 August 2014 and 1,581 people responded, giving an overall response rate of 28%. Some of the headline results are summarised below. Fewer councils are taking part in this survey and so benchmarking data that would enable us to compare ourselves to similar authorities is not readily available.

4.56 Members are invited to a presentation by Ipsos MORI on 12 December where further feedback will be given on resident satisfaction with services provided by the council.

4.57 Satisfaction with the local area remains high; well over four in five residents (86%) are satisfied with it as a place to live. Most also continue to feel a strong sense of belonging to their local area (69%), and a majority agree that local people pull together to improve things in their neighbourhood (60%).

4.58 Concerns still remain in terms of the local economy. A majority of residents think that the local cost of living, local wage levels and job prospects have got worse over the last three years – very few think they have improved. That said, there is evidence that residents are becoming less pessimistic about these things. The balance of opinion is not as negative as it was in 2012 or 2013, which suggests that the national economic recovery may be having an effect locally.

4.59 Whilst more residents think the level of crime has got worse rather than better over the last three years, some comfort can be taken from the fact that this strength of negative sentiment appears to be waning. However, residents perceive local health services to have got significantly worse since 2013, along with the level of traffic congestion and clean streets.

4.60 Residents' perceptions of the Council are less positive in 2014. Just over two in five residents (42%) are now satisfied with the overall performance of Norfolk County Council, compared to 52% in 2013. This level of satisfaction was last seen in 2009. It is hard to say conclusively what is driving the decline in satisfaction, but it may be related to a range of things including: negative media coverage; a decline in how well informed residents feel (since we know that the more well informed people feel, the more positive they are likely to be about their council); and, a concern that some key services such as street cleaning appear to be getting worse in the eyes of residents.

4.61 Correspondingly, fewer residents feel the Council provides value for money (down from 63% in 2013 to 56%), feel the Council is trustworthy (down 10 percentage points to 59%), is efficient and well run (down 11 percentage points to 55%), or is making the local area a better place to live (down four percentage points to 69%).

4.62 The fall in Council satisfaction is also accompanied by a fall in the proportion of residents who feel well informed about the Council as a whole (down from 56% in 2013 to 49%) – as previously mentioned, we know how well informed people feel tends to be strongly linked to overall satisfaction with the Council.

4.63 Attitudes towards many Council services remain positive. Satisfaction continues to be high for local tips and household waste recycling centres (83%), although below the level of 2013 (86%). Ninety-five per cent of users are satisfied with the library service overall, in line with 2013, and satisfaction with museums ranges from a high of 94% for Gressenhall Farm & Workhouse to a low of 74% for the Ancient House Museum of Thetford Life.

4.64 User satisfaction with the Norwich Park & Ride bus service is also high, although lower than in 2013 (down from 93% to 84%). However, there is low awareness of the holdall smartcard@ with just one in five residents (22%) being aware of it – this probably reflects the very targeted marketing undertaken by the service amongst existing users. The survey results provide little in the way of firm evidence about how well the scheme is working since so few residents felt able to give an opinion.

4.65 Attitudes towards the Norfolk Fire and Rescue Service remain very positive. Three in four residents (78%) are satisfied with the service overall, and almost as many agree it provides value for money (77%).

4.66 On the other hand, there are a number of services which are demonstrating lower, or declining, levels of satisfaction. User ratings for local schools have gone down (from 86% satisfied in 2013 to 73%). Just under half of Norfolk residents (45%) are satisfied with the local provision of public transport information, and active dissatisfaction appears to be increasing here. This latter finding may be disappointing for the Council, since public transport information, particularly bus information, has recently been upgraded – there may be other issues at play here.

4.67 Satisfaction remains low with the condition of roads and pavements and how well these are repaired, although ratings are unchanged from 2013. Wider polling shows this to be a big issue across the local government sector more widely; it is certainly not a unique problem to Norfolk. However, there has been a decline this year in satisfaction levels for other road and highway services, including for street lighting repairs, signage, drains and vegetation maintenance.

4.68 Attitudes towards the standard of adult social care remain very evenly split. Only half of residents (49%) say they are confident about the standard of social care provided in Norfolk; residents are just as likely to say they are not confident (51%). Of those who have used adult social care in the last 12 months, three in five (60%) are satisfied with the service, and one in four (28%) are dissatisfied (albeit the low base size mean that these figures should be seen as indicative only).

4.69 One in three residents (33%) agrees they can influence decisions that affect their local area, but a majority (67%) disagree this is the case. This is in line with previous years of the survey. The proportion of residents that would like to get more involved in local decision-making has gone up (from 24% in 2013 to 28%), although they are more likely to be those residents disgruntled with the Council.

Equality, accessibility and rural assessments of the budget proposals

4.70 The Corporate Planning and Partnerships service is co-ordinating work to assess the equality implications of the Council's budget proposals. The assessments will draw upon a range of evidence, with an emphasis on public consultation, to ensure that the council fully understands the nature of any potential impact. This is an important area of work, as the findings will ensure that committees are able to scrutinise the potential impact of proposals on vulnerable service users before making any decisions.

4.71 At this stage it is clear that the potentially vulnerable people most likely to be affected are disabled and older people.

4.72 A special meeting of the Council's Strategic Equality Group has been arranged for 21 November 2014 and this will assure itself of the arrangements in place to ensure the appropriate impacts are assessed.

4.73 Arrangements are also being made to assess the rural impact of proposals. The Rural Community Council has provided helpful expert advice on this. A draft model for conducting rural assessments has been agreed, and a meeting of the Rural Community Council has taken place to discuss methodology and consider the high level rural implications of the budget proposals.

4.74 Draft assessments will be published in November. The final impact assessments will be published alongside the Policy and Resources budget papers for 26 January 2015. This is consistent with legislation and will allow members sufficient time to inspect each proposal's impact in relation to equality and rural issues (along with all the other relevant evidence), prior to the meeting on 26 January to agree the recommendations to Full Council on 16 February 2015.

5 Recommendation

Committee Members are asked to:

1) Review and comment on the performance information
2) Consider any areas of performance that require a more in-depth analysis.

6 Financial Implications

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

7 Issues, risks and innovation

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

8 Background

8.1 Within the Committee system of governance, individual committees are responsible for monitoring their performance, and taking corrective action where this is needed. However, it is important that there is an overview of performance across the Council, and this responsibility rests with the Policy and Resources Committee. The relevant section from the Constitution says:

"The Policy and Resources Committee provides a 'whole council' view of performance, budget monitoring and risk. In addition the Committee has responsibility for developing and monitoring the specific enabling corporate services, including ICT, finance and risk management, property and asset management, human resources and organisational development, legal and governance, communications and public affairs and business continuity."

This report and accompanying appendices support Members of this Committee in fulfilling this responsibility.

9 Officer Contact

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

Officer Name: Daniel Harry **Tel No:** 01603 222568
Email address: daniel.harry@norfolk.gov.uk

Officer Name: Steve Rayner **Tel No:** 01603 224372
Email address: steve.rayner@norfolk.gov.uk

IN TRAN communication for all

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Appendix A

Overview of Performance April to September 2014

(A key to the symbols used is provided at the end of Appendix B)

Managing change				
	Date	**DoT**	**Rating**	**Target**
Transformation programme overall (A progress report of individual projects is in the main body of the report).	Sept 2014	→	AMBER	GREEN

Managing our resources					
Measure	**Value**	**DoT**	**Date**	**Rating**	**Target**
Premises related costs per FTE (excl. schools) [A]	£4,694	↑ ✗	March 2014	SURV	SURV
Reduction in carbon dioxide emissions (All sources, whole council incl. schools) Target: 25% reduction equals 75% of baseline)	82.9%	↓ ✓	March 2014	▲	75%
% CO^2 emissions from automatically metered buildings compared to 08/09 baseline [M]	58.25%	↓ ✓	Sept 2014	SURV	SURV
Business mileage expenses paid (NCC excl. schools)	£1,716,386	↓ ✓	Sept 2014	▲	£2,748,891
Average number of days employee sickness per FTE (Whole council incl. schools) [Q]	2.74	↓ ✓	Sept 2014	★	6.71

Service performance					
Measure	**Value**	**DoT**	**Date**	**Rating**	**Target**
% Pupils achieving 5 GCSEs grades A*-C inc. English & Maths [A]	52.6%	→	July 2014	●	60%
Child protection: Percentage of contacts resulting in a referral to social care	20%	↓ ✗	Sept 2014	SURV	SURV
Child protection: Percentage of re-referrals to social care	25.7%	↑ ✗	July 2014	SURV	SURV
Child protection: Percentage of initial assessments completed within timescale	54%	↓ ✗	July 2014	SURV	SURV
Number of Looked After Children	1109	↓ ✓	Sept 2014	▲	770 by March 2017
Percentage of Looked After Children with care plans	81.2%	↓ ✗	Sept 2014	SURV	SURV
Service users using self-directed support at the end of the reporting period	86.2%	↑ ✓	Sep 2014	★	70%
Service users using self-directed support at the end of the reporting period who receive cash payments	36.2%	↑ ✓	Sep 2014	★	25.5%
Library and Information Services – actual and virtual visitors	Data not available due to change of system				
Museums - actual visitors	229,036	↑ ✓	Sept 2014	★	205,705
% of dangerous highway defects dealt with within agreed timescale	98.49%	↑ ✓	Sep 14	●	100%
% of journeys undertaken using Demand Responsive Transport (DRT) against all subsidised bus services	11%	↑ ✓	Sep 14	★	9%

Measure	Value	DoT	Date	Rating	Target
Diversion of local authority collected municipal waste from landfill (Q)	181,253t landfilled	↑ X	Year-end 2013/14	-	177,172t landfilled
Improve % Early Years settings judged good or better	78% (700/894)	→	Sept 2014	●	82%
Improve % Primary phase schools judged good or better	72% (249/346)	↑ ✓	Sept 2014	▲	79%
Improve % Secondary phase schools judged good or better	64% (28/44)	↓ X	Sept 2014	▲	75%
Improve % Special schools judged good or better	91% (10/11)	↑ ✓	Sept 2014	★	82%
Outcomes for individuals and communities					
Measure	**Value**	**DoT**	**Date**	**Rating**	**Target**
Satisfaction with services (annual tracker survey)	42%	↓ X	August 2014	SURV	SURV
Satisfaction with the way in which we handled customer complaints (annual tracker survey)	45%	↑ ✓	August 2014	SURV	SURV
% residents who feel they can influence decision affecting their local area (annual tracker survey)	33%	↓ X	August 2014	SURV	SURV
% of carers supported following an assessment or review	44.3%	↓ X	Sep 2014	▲	49.5%
Number of people killed and seriously injured on the roads	389	↑ X	Sept 2014	★	389
Number of accidental fires in the home	227	↑ X	Sept 2014	★	481
NHS Healthchecks uptake in Norfolk	49%	↓ X	Sept 2014	▲	66%

Appendix B

Cross-cutting services performance April to July 2014

Note - a key to the symbols used is provided at the end of the dashboard.

Managing change

	Date	RAG	DoT	Target
Shared Services Programme	Sept 2014	AMBER	→	GREEN
County Hall (Workstyle)	Sept 2014	GREEN	→	GREEN

Managing our resources

Measure	Value	DoT	Date	Rating	Target
% of total spend on contract (where systems permit this to be measured)[M]	85.2%	↑ ✓	Aug 2014	SURV	SURV
Business mileage expenses paid (Resources)	£84,966	↓ ✓	July 14	▲	£131,083
% CO^2 emissions from AMR metered buildings compared to 2008/09 baseline (Resources)	73.30%	↓ ✓	Sept 2014	SURV	SURV
Average number of days employee sickness per FTE (Resources) [Q]	3.78	↑ X	Sept 2014	★	7.47

Service performance

Measure	Value	DoT	Date	Rating	Target
Percentage of invoices paid by authority within 30 working days of receipt [M]	89.3%	↓ X	Aug 2014	★	90%
ICT Shared Services call abandonment rate	16.41%	↓ ✓	Sept 2014	SURV	SURV
Service Restoration requests received by ICT Shared Services	53.85%	↓ ✓	Sept 2014	SURV	SURV
ICT Service Request Average Response Time (Days)	7.09	↓ ✓	Sept 2014	SURV	SURV

Outcomes for individuals and communities

Measure	Value	DoT	Date	Rating	Target
Percentage of people who felt that they were well informed of our services (through tracker survey) [A]	49%	↓ X	July 2013	SURV	SURV
Percentage of press releases taken up by at least one media outlet.	97%	↓ X	Sept 2014	★	90%
Percentage of positive news articles in the printed media	46%	↑ ✓	Sept 2014	★	30%

★	Performance is on target, no action required.
●	Performance is slightly off-track.
▲	Performance is worse than the target, action required.

DoT – Direction of travel i.e. better or worse than the previous period.	
↓X or ↑X	Value has worsened.
↑✓ or ↓✓	Value has improved.
→	Value has stayed the same.

Notes

- Targets are as at March 2015 unless otherwise stated. Some targets will be profiled - thus performance in a month, whilst lower than the year-end target, may be on track.
- All performance indicators are reported monthly, unless otherwise noted by ‘Q’ (denotes quarterly reporting) or ‘A’ (denotes annual reporting).
- SURV – denotes an indicator where no target is set but trends in performance are reported.
- BLUE – rating for change projects that indicates that a project has been successful completed.

Appendix C: Corporate Risk Register

Guide to risk ratings

Each risk score is expressed as a multiple of the impact and the likelihood of the event occurring.

- Inherent risk score – the level of risk exposure before any action is taken to reduce the risk
- Current risk score – the level of risk exposure at the time the risk is reviewed by the risk owner, taking into consideration the progress of the mitigation tasks
- Target risk score – the level of risk exposure that we are prepared to tolerate following completion of all the mitigation tasks.

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

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

This Appendix includes those corporate risks within the remit of Policy and Resources Committee with an Amber rating (i.e. they have a current risk score of 12 and above with prospects of meeting the target score by the target date of Amber or Red). Details of the remaining 8 risks (all Green) are not reported as these are considered to have mitigation measures that are on target. However for information they are listed below.

Green rated risks:

- RM13918 “Staffing - The speed and severity of change in work activities”.
- RM14156 “Liability for legal challenge to procurements conducted by ESPO”
- RM14080 “Failure of tender process”.
- RM14169 “Failure to deliver planned revenue budget savings in 2014/15".
- Risk 14146 “Failure to effectively manage County Hall refurbishment and maintenance”.
- Risk RM ” Embedding the committee system”.
- RM14183 “Loss of internet connection and the ability to communicate with Cloud provided services”.
- RM14184 “Successful cyber attack”.

Risk Register - Norfolk County Council

Risk Register Name	Corporate Risk Register		Red
Prepared by	Steve Rayner	High	Amber
Date updated	August 2014	Med	Green
Next update due	December 2014	Low	Met

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Corporate *(P&R Committee)*	RM0200	Capacity for change - Insufficient capacity for business transformation	The proposals require significant transformation and change to services and there is a risk that there will be insufficient capacity to re-design services and implement new ways of working. Insufficient capacity and resources in the organisation to make required business transformation resulting in change projects not being delivered on time and risk that business as usual could fail in some areas.	01/04/2011	3	4	12	3	4	12	• Corporate Programme Office established and rigorously reviews and reports progress of the Council's business transformation programme (Norfolk Forward) on a monthly basis within a formal governance and reporting structure. • Capacity and resource planning is a key part of this agenda to ensure successful delivery of the strategic outcomes • Any issues are addressed by the Norfolk Forward Strategic Programme Board through prioritisation of projects or where necessary the utilisation of the cost of change budget • The corporate performance framework looks at four themes, (Managing change, Managing the budget, Quality and Performance of Services and Outcomes for Norfolk people). This enables us to assess the impact our change priorities have on our business as usual performance and resources.	**Summary statement:** Resource issues impacting the delivery of the NCC change programme are being addressed at a departmental level in the first instance and where there are issues which require priority decisions or additional funding they will be escalated to COG for resolution. **Process, Behaviour and Planning:** Project and programme resource pinch points are being addressed at project and programme board level for resolution and escalated to RMT only when they cannot be resolved. **Systems and Management Information**: The Portfolio and Resource Management System (PRMS) is now rolled out across Shared Services Programme and the large Directorate Transformation Programmes. This enables demand for shared services to be identified at a project level which will provide information for resource planning in shared services.	2	4	8	31/03/2017	Amber	Anne Gibson	Diana Dixon	22/08/2014
C	HR Shared Services *(P&R Committee)*	RM14097	Shortage of personnel for a variety of reasons e.g.. illness, industrial action, inclement weather etc., including loss of key senior personnel	The risk of a shortage of personnel could result in inadequate capacity to deliver our services, reputational damage for the organisation, and litigation in the case of being unable to deliver our key statutory obligations. This is particularly the case with Payroll specialist and Oracle functional/ technical staff given the high level of payroll legislative changes (Real Time Information, Pension Scheme changes (LGPS 2014, TP & NHS 2015)) impacting at the same time as extensive organisational change.	01/04/2013	3	4	12	3	4	12	BCPE001 Business Partners / HR Service Manager / HR workforce planning team Ensure key skills for critical activities are documented to support redeployment of staff in the event of needing staff to support critical activities. BCPE002 Ian Cooper - Maintain critical skills within NCC's Corporate HR system.	11 March 2014: Arrangements established for bringing together focused Org Review Team to support change programme. Retention of specialist resource agreed to March 15. Continuing management of high demand on Payroll and ESC staff due to LGPS2014, TP and RTI. 08 August 2013: Qualifications can now be added to an employee's personal record via self service. This is available to approx. 4000 employees and allows a wide range of qualifications to be recorded. Whilst this does not fully meet the need as it is not yet possible to record skills, just qualifications, a greater range of information is now available. Increased scope of both the available functionality and number of employees who can access self service is planned.	3	2	6	30/09/2014	Amber	Audrey Sharp	Ian Cooper	23/07/2014

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	ICT Shared Services *(EDT and P&R Committee)*	RM14100	Loss of key ICT systems	Loss of core or loss of a key ICT systems, communications or utilities for a significant period could impact on delivery of critical services.	01/04/2013	3	4	12	3	4	12	BCI001 - Ensure ICT solutions are designed, implemented and operated to provide the agreed level of resilience	24 February 2014 - ICT systems and services will migrate to Tier 3 (National infrastructure) data centres as part of DNA during 2014. As part of this work HP will deliver a Business Continuity plan and Disaster recovery plan for the services transferring and update them as the work progresses. The corporate Business Continuity Team will be directly involved. 17/09/2014 Update of 7 August to be followed up by a review of the BIA and individual ICT plans, Infrstructure plans review to be completed in draft by the end of October.	2	3	6	31/03/2015	**Amber**	Tom Baker	Kurt Frary	18/09/2014
												BCI002 - Ensure the ICT dependencies and requirements of the business are fully understood and reflected in ICT operational services, ICT infrastructure / platforms, ICT continuity plans and ICT recovery processes	Dec 2013 - ongoing, DNA programme of information and application discovery works now in progress to confirm baseline 24 February 2014 - ICT Business Continuity plans are to be reviewed Feb 2014 and updated March 2014 to reflect lessons learnt as part of the datacentre power outage major incident.								
												BCI003 - Ensure the increased availability of ICT platforms and services through planned migration of data centre services from County Hall and Carrow House to more appropriate and resilient environments	Dec 2013 - DNA contract awarded to HP, detail planning for migration of data centre services due early 2014 24 February 2014 - Kurt Frary Infrastructure services manager has worked with business continuity team to review the BIA for ICT and will feed the outcome into the business continuity review. Initial meeting took place 17/09/2014 to be followed up by a review of the BIA and individual ICT plans, Infrstructure plans review to be completed in draft by the end of October.								
												BCI004 - Ensure provision of appropriate ICT support for business services operating outside of standard business hours	Dec 2013 - ICT out of hours support arrangements worked effectively during 'Storm surge' emergency incident 24 February 2014 - DNA was approved in November 2013 and work has commenced to plan the migration of services as per BCI001								
C	Information Management *(EDT and P&R Committee)*	RM13968	Failure to follow data protection procedures	Failure to follow data protection procedures can lead to loss or inappropriate disclosure of personal information resulting in a breach of the Data Protection Act and failure to safeguard service users and vulnerable staff, monetary penalties, prosecution and civil claims.	30/09/2011	3	5	15	4	5	20	An Information Compliance Group (ICG) has been set up with responsibility for developing policies and procedures and monitoring compliance with the DPA. New staff, volunteers, and contractors' employees do not have unsupervised access to the council's computer facilities or personal data until they have completed the data protection and information security courses (e-learning and workbook based options are provided). Refreshers at no longer than 3-year intervals are mandatory. Completion of courses is monitored and 'overdue' completions are reported to COG and line managers. In areas where sensitive personal data is held, a) rules have been introduced to ensure that recipient information is accurate before the data is sent out of the council, and b) communications plans to reminding staff of procedures are in place. A standard procedure for notifying, investigating, categorising the seriousness, and addressing the causes of, breaches of the DPA is now in place. Incidents are notified to and logged by the Corporate DP Officer who submits weekly reports to the Chief Information Officer and monthly updates to the ICG. COG, advised by the Chief Information Officer and the Monitoring Officer, is required to confirm whether a breach should be notified to the Information Commissioner. In future regular reports to be provided to Departmental SMTs. Further recommendations around the organisation information compliance status have been submitted and approved by COG. These recommendations are now being drawn up into a formal plans.	An Information Management Shared Service has been established to integrate all information activities, including Information Compliance and Information Security. Practioners will be co-located, and common processes and procedures introduced where they do not already exist. Formal launch of the service took place on 02 May 2013. Reviewed 21 November 2013 - recommendations of Information Compliance Group presented to, and agreed by COG. Agreed no change to prospects and current scoring due to increased actions implemented and highlighted following recent breaches. Reviewed 04 February 2014 - no change. Reviewed 16 May 2014 - no change to scoring, however target date to be extended to 31 March 2015. 29-08-14 - IM has rolled out a DP Workshop programme for Children's Services specifically targeting DP within a social care environment. 30-09-14 - Working wiith Comms and OD the IM service are working to develop an organisation DP campaign centred on protecting and governing citizen centric personal information. 01-10-14 - IM are working with the business community to undertake a physical file audit to ensure robust Information Governance practices are embedded within the culture of the organisation.	1	4	4	31/03/2015	**Amber**	Tom Baker	Mark Crannage	01/10/2014

Policy and Resources Committee Item No8A

Report title:	2014-15 Revenue monitoring report month 6
Date of meeting:	1 December 2014
Responsible Chief Officer:	Interim Head of Finance

Strategic impact

This report gives details of the forecast outturn position for the 2014-15 Revenue Budget, General Balances, and the Council's Reserves at 31 March 2015, together with related financial information.

Executive summary

On 17 February 2014, the County Council agreed a net revenue budget of £308.397m. At the end of each month, officers prepare financial forecasts for each service showing forecast expenditure and the impact this will have on earmarked reserves.

Members are recommended to note the following:

- **Revenue expenditure is forecast to overspend by £2.852m on a net budget of £308.397m.**
- **General Balances are forecast to be £19.000m at 31 March 2015, before taking into account the forecast overspend.**
- **The inclusion of benchmark data in the income/debt report, at Appendix 11, to be expanded as more information becomes available.**
- **Norfolk County Council has one of the lowest levels of revenue reserves as a proportion of net expenditure when compared to other shire counties, as shown in Appendix 14.**

1. Introduction

The Annex to this report summarises the Authority's 2014-15 financial position at the end of month 6: September 2014.

2. Evidence

The attached annex summarises forecasts for each service and the resulting impact on reserves and provisions.

The annex also summarises:

- Changes to the approved budget
- The impact of planning assumptions
- Performance against savings targets Savings
- Treasury management
- Payments, debt and purchase order performance
- The Council's corporate risk register

3. Financial Implications

As stated above, revenue expenditure is forecast to overspend by **£2.852m** on a net budget of £308.397m. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers are mandated to explore measures to reduce or eliminate potential over-spends in-year, for example by reducing expenditure, to minimise the call on reserves.

4. Issues, risks and innovation

Risk implications

4.1 Officers have considered all the implications which members should be aware of, and an annex has been added to the attached report which summarises the financial implications arising from the Council's corporate risk register.

4.2 Apart from those listed in the report, there are no other implications to take into account.

5. Background

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

Officer Contact

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

Name	Telephone Number	Email address
Peter Timmins	01603 222400	peter.timmins@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk

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Annex A

Norfolk County Council

2014-15 Revenue Finance Monitoring Report Month 6

Report by the Executive Director of Finance (Interim)

1 Introduction

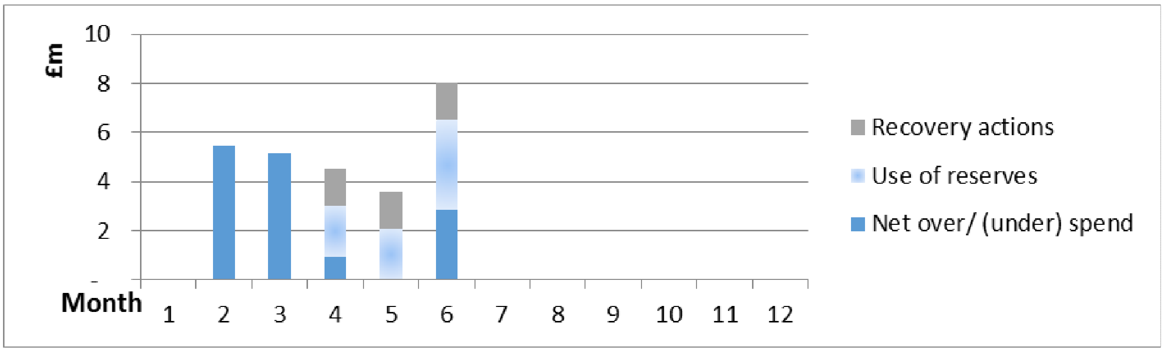
1.1 This report gives details of:

- the latest monitoring position for the 2014-15 Revenue Budget
- forecast General Balances and Reserves at 31 March 2015 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

2.1 At the end of September (month 6):
Revenue expenditure is forecast to overspend by **£2.852m** (month 5: £0.025m), after identified recovery actions and approved use of reserves, on a net budget of £308.397m. The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2014-15, by month, after recovery actions and approved use of reserves: Month 6 overspend £2.852m.



- The largest change to the net forecast overspend since last month is primarily the result of additional Adult Services safeguarding costs, partly offset by additional income from service users. There continue to be pressures relating to residual waste management and recycling credits.

- Chief Officers are expected to explore measures to reduce or eliminate the overspend in-year, for example by reducing expenditure, to minimise the call on reserves.

- General Balances are forecast to be £19.000m at 31 March 2015, before taking into account the forecast overspend.

- The Council has earmarked revenue reserves forecast to be £49.371m at 31 March 2015, which reflects the Willows settlement to date and forecast as set out section 6 and other movements including the approved use of reserves necessary to address budgetary pressures. The Council separately holds Reserves in respect of Schools estimated to be £36.438m at 31 March 2015.

- As can be seen in paragraph 6.5 and Appendix 14, as at 31 March 2014 Norfolk County Council's reserves as a proportion of the net budget are significantly lower than the average for English shire counties.

3 Agreed budget, changes and variations

3.1 The 2014-15 budget was agreed by Council on 17 February 2014 and is summarised in Appendix 1. The budget has been monitored in accordance with the timetable at Appendix 2.

Table 1: 2014-15 original and revised net budget by service

Service	**Approved net budget**	**Budget last period**	**Changes to budget September 2014**	**Revised budget**
	£m	£m	£m	£m
Children's Services	161.903	161.966	-	161.966
Community Services - Adults	248.597	249.724	-	249.724
Community Services - Cultural	15.326	15.298		15.298
Environment, Transport and Development	108.840	108.912	-	108.912
Fire and Rescue Service	27.804	27.804	-	27.804
Resources	55.457	54.907	-	54.907
Finance General	-309.530	-310.214	-	-310.214
Total	**308.397**	**308.397**	**-**	**308.397**

3.2 The Council's total net budget has not changed during the year to date. No re-allocations between services have taken place this month.

3.3 The approved net budget shown has taken into account discussions at County Council on 17 February resulting in a one-off £1m allocation not reflected in the papers prepared in advance of the meeting. This allocation is for supporting personal care/wellbeing services for older people and is funded from revenue saving on deferring borrowing for 2014-15 only.

3.4 Significant new in-year revenue grants over £0.100m are listed in Appendix 3.

3.5 In September the Council succeeded in a bid with Norfolk and Suffolk NHS Foundation Trust for more than £600,000 of Transformation Challenge Award funding to support mothers with postnatal depression and post-puerperal psychosis – preventing babies and young children needing to come into care.

3.6 The Council has been awarded a Special Educational Needs and Disability (SEND) Implementation Grant of £0.639m. The purpose of this grant is to provide support to local authorities in England towards additional expenditure incurred implementing SEND reforms, including in transferring children and young people from statements to Health and Care plans.

4 Control of growth, cost pressures and savings targets

4.1 **Planning assumptions:** The key cost pressures identified during the preparation of the 2014-15 budget (budget book page 10) are shown in Appendix 4 along with a brief narrative showing the status in each of the following areas.

Table 2: 2014-15 key planning assumptions

Key planning assumptions	Impact £m	Status
Government funding reductions	24.786	Cost pressure realised
Pay and price inflation	14.260	General price inflation rate currently marginally lower than forecast
Demographics	11.590	Long term demographic pressures still apply
Willows Power and Recycling Centre	8.000	Cost pressure realised

"Demographics" refer primarily to Looked after Children and Adult Community Services demographic growth planning uncertainties at the time of budget setting

4.2 **Savings targets:** The key savings targets required for the preparation of a balanced 2014-15 budget are shown in Appendix 5.

4.3 Forecast savings of £66.013m are £2.254m (previous month £2.229m) short of the budgeted £68.267m savings target. Savings in Community Services – Cultural, ETD, Fire, Resources and Finance General remain on track. The number and cost of Looked After Children is a continued pressure in Children's Services as are arrangements relating to reviews of agreements for mental health and care services in Community Services. A full analysis of savings is shown in Appendix 5.

4.4 **Termination of Willows Energy from Waste contract**: As reported to County Council on 27 May, Cabinet of 7 April 2014 resolved to allow the Willows Energy from Waste contract to terminate for planning failure. The contract was formally terminated on 16 May 2014. Contractual termination costs were estimated at £33.7m, including £13.075m paid in July and August 2014. Further details are included in section 6.

5 Revenue outturn – forecast over/underspends

5.1 Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all of their cost centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget is achieved for the year.

5.2 Based on the position at the end of September 2014 the latest projection for the 2014-15 revenue outturn shows a net projected overall overspend of £2.852m, after identified recovery actions and approved use of reserves.

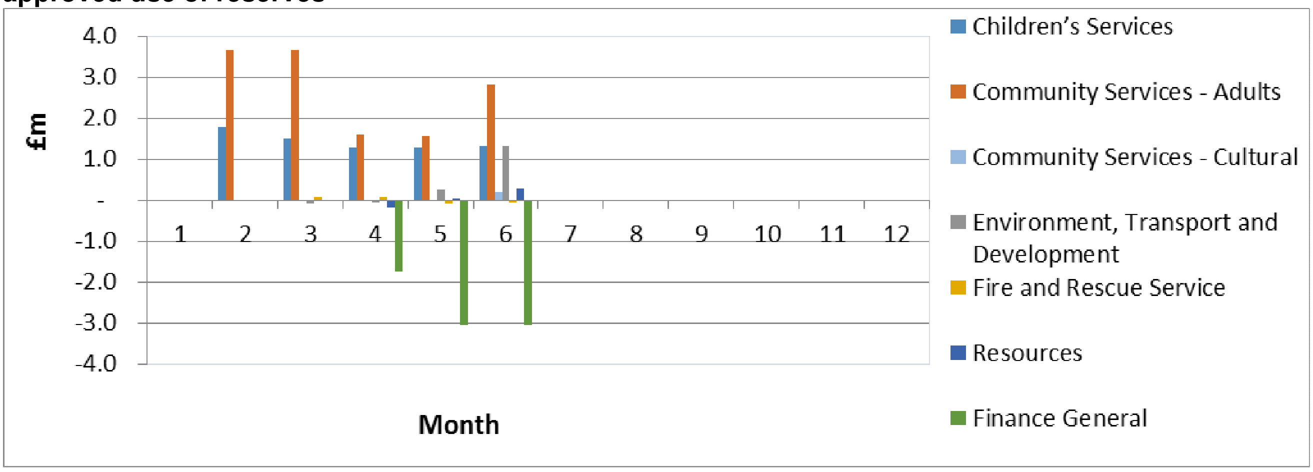
5.3 Details of all projected under and over spends for each service, together of areas where mitigating action is being taken, are shown in Appendix 6, and are summarised in the following table:

Table 3: 2014-15 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Children's Services	161.966	1.319	0.81%	A
Community Services - Adults	249.724	2.830	1.13%	A
Community Services - Cultural	15.298	0.205	1.34%	A
Environment, Transport and Development	108.912	1.331	1.22%	A
Fire and Rescue Service	27.804	-0.060	-0.22%	G
Resources	54.907	0.293	0.53%	G
Finance General	-310.214	-3.066	0.99%	G
Totals	**308.397**	**2.852**	**0.92%**	

5.4 The following chart shows service outturn projections by month:

Chart 2: service revenue outturn projections 2014-15, by month, after recovery actions and approved use of reserves



- The main differences since last month are a) in Community Services – Adults: primarily the result of an additional £5.8m pressure on Adult Services safeguarding costs, partly offset by forecast £2.3m additional income from service users and b) in Highways and Transportation Services, where there are pressures within the Park and Ride infrastructure including higher costs and uner-recovery of income.

5.5 Analysis by subjective type:

Table 4: 2014-15 forecast over/(under) spends by subjective

Subjective analysis	***Approved budget***	**Projected over / (under) spend**	**%**
Expenditure	**£m**	**£m**	
Employees	529.601	-1.276	-0.18%
Premises	44.531	0.168	0.38%
Transport	52.143	-0.047	-0.09%
Supplies and services	139.030	0.432	0.31%
Agency and contract services	455.408	20.928	4.48%
Transfer Payments	24.681	-2.414	-8.98%
Support Services	1.596	2.651	166.10%
Departmental recharge	43.503	0	0.00%
Capital Financing	106.240	-1.114	-1.05%
Income		0	
Government Grants	-789.646	-0.971	0.12%
Other Grants, Reimbursements etc.	-69.483	-9.966	14.34%
Customer & Client Receipts	-103.673	0.052	-0.05%
Other income		-0.004	
Interest Received	-1.832	-0.421	22.98%
Corporate Recharges including Capital Finance	-72.085	0	
Departmental Recharge	-48.492	0	
Budgeted net transfers to earmarked reserves and general balances	-3.125		
Recovery actions		-1.510	
Use of reserves		-3.656	
Total	**-308.397**	**2.852**	

5.6 The main pressures in absolute terms relate to the cost of adult social care agency and contract services, with a large percentage increase in “support services” a significant part of which relates to hired transport costs. A more detailed analysis of over and underspends by subjective and service is shown in Appendix 7.

6 General balances and reserves

General balances

6.1 On 17 February 2014 Council agreed the recommendation from the Head of Finance that a minimum level of General Balances of £19m be held in 2014-15. General Balance levels at 31 March 2015 are estimated as follows.

Table 5: forecast general balances

	£m
General Balances 31 March 2014 – Outturn report	17.288
Transfer to Residual Waste Treatment Contract Reserve (see below)	(1.288)
General Balances at 1 April 2014	**16.000**
Use of released funds for one-off purposes: Increase in General Balances, agreed County Council 17 February 2014	3.000
Latest forecast General Balances at 31 March 2015	**19.000**

The forecast does not take into account the current year projected overspend.

Earmarked reserves levels and forecasts

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

Table 6: budget and forecast reserves

	Forecast balance 31.3.15 when budget approved (Feb 2014)	Actual balances b'fwd 1.4.14	Previous month forecast 31 March 2015	Current forecast 31 March 2015
	£m	£m	£m	£m
Earmarked reserves - non schools	32.931	77.669	47.148	49.371
Residual Waste Treatment Contract Reserve	11.000	19.065	0.000	0.000
Reserves for Capital Use	6.270	1.755	3.526	3.146
Earmarked reserves - schools	37.661	43.075	33.388	36.438
Total	**87.862**	**141.564**	**84.062**	**88.955**

As part of the budget setting process, non schools reserves were forecast to reduce significantly during the year. Since the last report, the largest changes related to further anticipated use of the Organisational Change and Redundancy and IT reserves, offset by a transfer of £3m from the Redundancy Provision to the Organisational Change and Redundancy reserve in order to comply with a tighter definition of what can be included within provisions for statutory financial reporting purposes.

6.3 The decrease in forecast schools' reserves is accounted for by a reduction in LMS balances due primarily to anticipated academy conversions and forecast use of balances in-year. The increase this month relates mainly to an anticipated carry forward of Early Year's dedicated schools grant relating to places for 2, 3 and 4 year olds.

6.4 A full list of reserves can be found in Appendix 8. This appendix also lists the Council's accounting provisions, which are amounts put aside to fund future liabilities or losses which are certain or very likely to occur, but where the amounts or dates when they will arise are uncertain. As noted in 6.2 above, a transfer of £3m from the Redundancy Provision to the Organisational Change and Redundancy reserve forecasts in order to comply with a tighter financial reporting definitions.

Comparison with other authorities

6.5 A report produced in October 2014 by the Society of County Treasurers based on statistical returns as at 31 March 2014 shows the following:

Table 7: reserves as a proportion of net budget as at 31 March 2014

	Non-ringfenced reserves (earmarked and unallocated)	Unallocated reserves
Average for SCT members	28%	5%
Norfolk County Council	20%	3%

On both measures, Norfolk County Council's reserves as a proportion net budget (revenue support grant, retained business rates and council tax) is significantly lower than the average for English shire counties. For total reserves as a proportion of net budget Norfolk is in the lowest quartile. Details can be found in Appendix 14.

Residual Waste Treatment Contract Reserve

6.6 As reported to County Council on 27 May, Cabinet of 7 April 2014 resolved to allow the Willows Energy from Waste contract to terminate for planning failure. The contract was formally terminated on 16 May 2014 incurring contractual termination costs estimated at £33.7m for which a Residual Waste Treatment Contract Reserve has been set aside as follows:

Table 8: Creation and use of Residual Waste Treatment Contract Reserve

	£m
Opening balance 1 April 2014, before transfer of excess general balances	19.065
Outturn 2013-14 – excess of general balance over minimum requirement	1.288
Savings in 2014-15 (total £5.350m)	
Norse contributions	1.000
Sale of property – substituted for current revenue funding of capital project	0.700
Waste procurement arrangements	0.650
Household waste reserve	1.000
Savings in 2014-15 – Approved by County Council	
Reduction in funding set aside for redundancies based on past trends	1.000
Service reductions - Libraries	0.140
Service reductions – Road maintenance	0.860
Budget 2014-15 cost pressure: Willows Power and Recycling Centre planning uncertainty (ref Appendix 4)	8.000
Total set aside	**33.703**
Payment made to July 2014 – forex and interest risk costs	(11.800)
Payment made August 2014 – planning inquiry costs	(1.275)
Balance subject to agreed costs not yet made public	**20.628**

The opening balance comprised transfers from excess general balances, transfers from underspends, and other initiatives including 2013-14 savings in Community Services (£1.3m), ETD (£0.8m), Fire (0.4m) and Resources (£2.5m).

The Council has made payments from the Residual Waste Treatment Contract Reserve of:

- £11.8m representing the cost of cancelling arrangements put in place to mitigate foreign exchange and interest rates risks.
- £1.275m (net of recoverable VAT) representing public inquiry costs indemnified by Norfolk County Council.

Further payments have been made in September and November, but at the time of writing, the value has not yet been made public. Payments made are contained within the remaining balance shown above.

7 Treasury management, payment performance and debt collection

7.1 **Treasury management**: the corporate treasury management function ensures the efficient management of all the authority's cash balances. A detailed update is included as Appendix 9.

7.2 **Payment performance**: approximately 460,000 invoices are paid annually. In September 2014, 95.6% were paid within a target of 30 days from receipt, against a target of 90%. An analysis is shown in Appendix 10.

7.3 **Debt recovery**: Each year the County Council raises over 120,000 invoices for statutory and non-statutory services totalling over £900m. Outstanding debt: the value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council.

7.4 The debt collection analysis at Appendix 11 was significantly enhanced in period 5, and for this period external benchmarks have been added and will be developed further in future reports.

7.5 Period 6 statistics include:

- A summary of 2013-14 debt collection performance showing that 92% of all invoiced income was collected within 30 days of issuing an invoice, and 98% was collected overall
- Collection performance for September 2014: 90.1% (previous month 89.3%) of invoices were collected within 30 days
- Levels of outstanding debt – secured £9.35m and unsecured £29.8m (previous month £8.98m & £29.2m respectively) and
- Debts written off (ref paragraph 7.6 below).

7.6 For the period 1 April 2014 to 30 September 2014, 471 debts less than £10,000 have been written off following approval from the Executive Director of Finance. These debts totalled £141,282.66. No debts over £10,000 have been written off.

8 Purchase order performance

8.1 Whenever a commitment is made to purchase goods or services, a purchase order should be raised in advance. The Council's objective is that ultimately there should be no 'retrospective' purchase orders – orders raised after the invoice has been received with a target of no more than 5% by April 2015.

8.2 Performance against this objective is measured in two ways:

- by value – the value of spending via retrospective orders as a percentage of total spending; and
- by volume – the number of retrospective orders as a percentage of all orders.

8.3 As can be seen in Appendix 12, performance on both measures has improved. Compared to the same month last year, average retrospective spending has reduced from 41% to 15% by value, whilst the proportion of orders which are retrospective has fallen from 41% to 29%. The tables in Appendix 12 also set out the performance by directorate have been expanded this month to show monthly performance by directorate as well as the general trend.

9 Financial risk management

9.1 The Council's risk management processes seek to identify, analyse, evaluate and treat risks. This is done through all levels of the organisation, and summarised at departmental and corporate level.

9.2 Risks which affect corporate or strategic objectives are gathered in the corporate risk register. The Council's Audit Committee receives reports on key corporate risks, progress on their treatment and corporate risk management performance on a quarterly basis.

9.3 An analysis of corporate risks, together with associated financial implications is shown in Appendix 13.

9.4 There are currently three risks which are classed as high or "red", being the risks associated with:

- Failure to meet the long term needs of older people
- Failure to follow data protection procedures
- Looked After Children overspends

Further details of timescales, and mitigation targets are shown in Appendix 13.

9.5 There have been no significant changes to the risks identified since the last report.

10 Medium Term Financial Strategy

10.1 The Council's Medium Term Financial Strategy 2014-17, includes the following policy objectives:

Table 9: MTFS 2014-17 action and status

MTFS 2014-17 action	**Current status**
County Farms: To review the economic case for the investment in and returns from County Farms	A member working group has been set up to review County Farms strategy and policy, and a potential contribution of £0.385m to the 2015-16 budget has been identified.
Carbon – to consider the stretch target proposed by the October 2013 Corporate Resources Overview and Scrutiny Panel for the 2015-18 MTFS.	A Carbon and Energy Reduction Programme Report was presented to the September EDT Committee This shows that there have been savings across all services of 17.1% when compared to the 2008-09 baselines. The Council is working towards achieving 50% by 2019-20, with a particular focus on transport (including business mileage) and street lighting.
Other medium term budget objectives	**Risks**
EU funding target: to achieve savings of £750,000 each in 2015-16 and 2016-17 – to contribute towards adult care services	The Economic Programmes Team in ETD is assisting council departments to utilise EU funding to help deliver corporate priorities and relieve spending pressures. A number of projects with some potential have been identified but are at an early stage. Community Services – Adults will be assessing the impact any potential under-funding from this potential source of income while officers aim to promote activities which could generate EU income in 2015-16.

Officer Contact

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

Name	**Telephone Number**	**Email address**
Peter Timmins	01603 222400	peter.timmins@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk

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Appendices

Appendix 1: Approved budget

Appendix 2: Monthly timetable

Appendix 3: In-year grant funding

Appendix 4: Planning assumptions

Appendix 5: Savings

Appendix 6: Projected outturn for each service

Appendix 7: Revenue projections by subjective

Appendix 8: Projected earmarked reserves and provisions

Appendix 9: Treasury management

Appendix 10: Payment performance

Appendix 11: Debt collection

Appendix 12: Purchase order performance

Appendix 13: Corporate risk register summary

Appendix 14: Reserves as a proportion of net budget 2013-14 – SCT comparison

Appendix 1

Approved budget 2014-15

Agreed by Council 17 February 2014

	Approved budget
Analysis by service	**£m**
Children's Services	161.903
Community Services - Adult	248.597
Community Services - Cultural	15.326
Environment, Transport and Development	108.840
Fire and Rescue Service	27.804
Resources	55.457
Finance General	-309.530
Total net expenditure	**308.397**

Funded by	
Council tax	-308.397
Total	**-308.397**

Subjective analysis	
Expenditure	
Employees	529.601
Premises	44.531
Transport	52.143
Supplies and services	154.176
Agency and contract services	455.408
Transfer Payments	24.681
Support Services	1.596
Departmental recharge	43.503
Capital Financing	106.240
Total Expenditure	**1,411.879**
Income	
Government Grants	-789.646
Other Grants, Reimbursements etc.	-87.754
Customer & Client Receipts	-103.673
Interest Received	-1.832
Corporate Recharges including Capital Finance	-72.085
Departmental Recharge	-48.492
Council Tax	-308.397
Total Income	**-1,411.879**

Appendix 2

Budget monitoring timetable 2014-15

Table A2: Budget monitoring timetable 2014-15

Accounting Period	Accounting Month Period End	Finance report prepared	MEMBERS & PUBLIC circulation	Meeting	Forecast net overspend/ (underspend)
					£m
April	30-Apr				
May	31-May	Fri 27/06/2014	Fri 04/07/2014	Mon 14/07/2014	
June	30-Jun	Fri 25/07/2014	Thu 28/08/2014	Fri 05/09/2014	5.157
July	31-Jul	Fri 29/08/2014	Fri 19/09/2014	Mon 29/09/2014	0.958
August	31-Aug	Thu 25/09/2014		Mon 27/10/2014	0.025
September	30-Sep	Mon 27/10/2014	Fri 21/11/2014	Mon 01/12/2014	2.852
October	31-Oct	Thu 27/11/2014	Fri 21/11/2014	Mon 01/12/2014	
November	30-Nov	Fri 02/01/2015	Fri 16/01/2015	Mon 26/01/2015	
December	31-Dec	Wed 28/01/2015			
January	31-Jan	Thu 26/02/2015	Fri 13/03/2015	Mon 23/03/2015	
February	28-Feb	Thu 26/03/2015	Mon 20/04/2015	Tue 28/04/2015	
March	31-Mar	Thu 30/04/2015	tbc	tbc	
	Outturn	Tue 02/06/2015			

Appendix 3

In-year Grant Funding

The following table summarises revenue grants greater than £0.100m announced since the budget was approved, due to be received in 2014-15:

Table A3a: New grant funding > £100,000 since 1 April 2014

New Grant Funding	Details	£m
PE and Sports Grant	New unconditional DfE grant for the improvement of PE and sports in schools	1.174
Universal Infant Free School Meals Grant	Grant to enable schools to provide free school meals to all pupils in reception, year 1 and year 2.	5.395
DCLG Transformation Challenge Award funding	Grant resulting from successful joint bid by Norfolk and Suffolk NHS Foundation Trust for government funding to help support new mothers with postnatal depression and puerperal psychosis – preventing babies and young children needing to come into care.	0.623
Business Rates cap compensation grant	Compensation for the reduced income from business rates as a result of the 2% cap on the small business rates multiplier.	1.195
Special Educational Needs and Disability (SEND) Implementation Grant	The purpose of this grant is to provide support to local authorities in England towards additional expenditure lawfully incurred or to be incurred by them in implementing the SEND reforms, including in transferring children and young people from statements and young people in further education or training who had Learning Difficulty Assessments to Education, Health and Care plans.	0.639
	Total in-year grants > £100,000 to date	**9.026**

The following grants have been confirmed to fund existing schemes for which no budget was originally set due to uncertainties at the time of the budget:

Table A3b: Grant funding > £100,000 since 1 April 2014, continuation of previous schemes not confirmed at time of budget

New Grant Funding	Details	£m
Troubled Families Grant	Government programme designed to help troubled families.	3.178
Adoption Reform Grant	Government grant designed to recognise the programmes of change underway in the area of adoption.	2.410
	Total in-year grants > £100,000 to date	**5.588**

Appendix 4

Financial Plan – 2014-15 planning assumptions

In preparing the 2014-15 financial plan, the following key risk areas have been taken into account (Cost Pressures, Budget Book page 10).

Table A4: key financial planning assumptions 2014-15

Planning assumption 2014-15	Financial impact	Latest position
	£m	
Significant funding pressures		
Government funding reductions	24.786	No change in assumption. Note: the council tax freeze grant was anticipated in the 2014-15 base budget.
Significant cost pressures		
Pay inflation	1%	At the time of writing, pay negotiations are on-going.
Price inflation	14.260 (includes pay and price inflation)	Price inflation has only been forecast where there is a contractual need or where it is known that price increases will occur. Rates of inflation applied to budgets differ between 0% where inflationary increases have been withheld, to an expected 7% rise in the contract price for electricity. Some budgets will experience price rises linked to CPI which was forecast at 2.34%. The Consumer Prices Index (CPI) grew by 1.2% in the year to September 2014, down from 1.5% in August. (Source: ONS).
Demographics – primarily increases in Looked after Children and Adult Community Services demographic growth	11.590	Community Services – Adult demographic pressure of £6.934m was based on the latest ONS statistics for population growth (2.18% in over 65s and 0.36% in 18-64 year olds) and 2013/14 expenditure trends. More assessments were undertaken in the first 6 months of 2014-15 compared to 2013-14 indicating continued pressures within this area. Learning Difficulties demographic pressures were calculated by forecasting the number of service users transitioning from Children's Services and estimates of expected growth in adult service users. These forecast pressures are under review. Children's Services original demographic pressure of £2.081m was based on being 40 Looked After Children above target. The demographic pressure was revised to £3.931m in November 2013 taking into account LAC being 84 above target and revised average LAC costs. The demographic pressures are inextricably linked with budgeted savings in place to change the services provided to prevent children coming into care.
Willows Power and Recycling Centre planning uncertainty	8.000	The County Council resolved to terminate the Willows Energy from Waste contract on 7 April 2014, resulting in termination costs estimated at £33.7m and a reserve set up for this amount . The Council has made payments of £13.275m from the reserves relating to foreign exchange and interest rates risks, plus further payments in September and November the details of which had not been made public at the time of writing.

Appendix 5

Financial Plan 2014-15 savings

Table A5a: savings 2014-15 by category and by service

	Children's Services	Community Services - Adults	Community Services - Cultural	ETD	Fire	Resources	Finance General	Total
Categorisation of Saving	£m	£m	£m	£m	£m	£m	£m	£m
Organisational Change - Staffing	0.375	0.460	0.260	1.250	0.499	2.769	0.000	5.613
Organisational Change - Systems	6.610	1.340	0.212	3.340	0.381	3.174	0.000	15.057
Procurement	0.790	2.900	0.000	6.400	0.000	0.094	0.000	10.184
Shared Services	0.000	1.804	0.260	0.050	0.000	0.000	0.000	2.114
Capital	0.000	0.000	0.000	0.200	0.724	0.000	0.000	0.924
Terms & Conditions of Employees	0.126	0.108	0.000	0.038	0.000	0.019	0.000	0.291
Income & Rates of Return	0.000	0.000	0.361	1.623	0.043	0.411	5.138	7.576
Assumptions under Risk Review	0.484	0.000	0.000	0.150	0.036	3.201	7.220	11.091
Reducing Standards	2.790	4.000	0.931	1.151	0.000	0.073	0.000	8.945
Cease Service	0.474	2.615	0.010	0.300	0.087	0.000	0.000	3.486
Budgeted Savings	**13.160**	**14.702**	**2.034**	**14.502**	**1.770**	**9.741**	**12.358**	**68.267**
P04-15 Forecast Savings	**11.649**	**13.227**	**2.034**	**14.502**	**1.770**	**9.741**	**12.358**	**65.281**
Variance	**-1.511**	**-1.475**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-2.986**

Table A5b: savings variance summary

Savings Variance	Children's Services	Community Services - Adults	Community Services - Cultural	Total
Categorisation of Saving	£m	£m	£m	£m
Organisational Change - Staffing	0.000	0.000	0.000	0.000
Organisational Change - Systems	-2.115	0.000	0.216	-1.899
Procurement	0.000	-1.250	0.000	-1.250
Shared Services	0.000	-0.200	-0.220	-0.420
Capital	0.000	0.000	0.000	0.000
Terms & Conditions of Employees	0.000	0.000	0.000	0.000
Income & Rates of Return	0.000	0.000	0.004	0.004
Assumptions under Risk Review	0.484	0.000	0.000	0.484
Reducing Standards	0.120	0.000	0.000	0.120
Cease Service	0.000	-0.025	0.000	-0.025
Total	**-1.511**	**-1.475**	**0.000**	**-2.986**

As at P06-15 forecast savings of £66.013m are £2.986m short of the budgeted £68.267m savings target.

Savings in ETD, Fire, Resources and Finance General are all on track.

The number and cost of Looked After Children are not reducing as planned leading to a forecast saving shortfall of £2.115m.

This shortfall in Children's Services have been offset slightly by an additional £0.484m saving for reduced retirement costs for teachers, achieving a saving of £0.120m early to reduce funding for school crossing patrols.

Community Services – Adults are £0.250m short on a saving to review the agreement with the Mental Health Trust, and £1.000m short on the saving to review the Norse Care agreement for the provision of residential care. The remaining £0.200m shortfall in Community Services – Adults is on the saving for joint senior management posts with Health, and £0.025m short on the saving to charge people who fund their own social care the full cost of transport. To mitigate the shortfall, Community Services – Adults have identified use of £1.475m of the Prevention Reserve, which was set up to mitigate the risk in delivering the prevention savings.

Projected revenue outturn by service analysis

Chief Officers monitor their cash limited budgets throughout the year and report the position through the Executive Director of Finance. The latest projection for the 2014-15 revenue budget shows a net projected overall variance analysed as follows:

Table A6a: projected revenue over and (under) spends by service

Service	Revised Budget £m	Service total projected overs spend £m	Service total projected (under) spend £m	Net total over / (under) spend £m	%
Children's Services	161.966	6.646	-5.327	1.319	0.81%
Community Services - Adults	249.724	12.432	-9.602	2.830	1.13%
Community Services - Cultural	15.298	0.224	-0.019	0.205	1.34%
Environment, Transport and Development	108.912	1.422	-0.091	1.331	1.22%
Fire and Rescue Service	27.804	0.584	-0.644	-0.060	-0.22%
Resources	54.907	0.472	-0.179	0.293	0.53%
Finance General	-310.214	0.000	-3.066	-3.066	0.99%
Totals current month	**308.397**	**21.780**	**-18.928**	**2.852**	**0.92%**
Previous month	308.397	12.829	-12.804	0.025	0.01%

The net overspend is a result of a range of underlying forecast over and underspends which are listed on the following pages and which are the subject of detailed monitoring.

Reconciliation between current and previously reported underspend

Table A6b: monthly reconciliation of over / (under) spends

	£m
Forecast 2014-15 over/(under)spend previous month	**0.025**
Movements in current period - summary	
Children's Services	0.039
Community Services - Adults	1.226
Community Services - Cultural	0.227
Environment, Transport and Development	1.066
Fire and Rescue Service	0.016
Resources	0.261
Finance General	-0.008
Latest forecast over / (under) spend after use of reserves	**2.852**

Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all of their cost centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget is achieved for the year.

Where action has not been identified, it may be necessary to draw on reserves:

Table A6c: recovery actions and use of reserves

Service	Revised Budget £m	Service total projected over spend £m	Identified recovery actions £m	Use of reserves £m	Net total over / (under) spend £m
Children's Services	161.966	1.319	-	-	1.319
Community Services - Adults	249.724	7.996	-1.510	-3.656	2.830
Community Services - Cultural	15.298	0.205			0.205
Environment, Transport and Development	108.912	1.331	-	-	1.331
Fire and Rescue Service	27.804	-0.060	-	-	-0.060
Resources	54.907	0.293	-	-	0.293
Finance General	-310.214	-3.066	-	-	-3.066
Totals current month	**308.397**	**8.018**	**-1.510**	**-3.656**	**2.852**
Previous month	308.397	3.537	-1.510	-2.052	0.025

Appendix 6 continued

Projected revenue budget outturn by service - detail

Children's Services	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Additional Looked After Children agency costs	2.115		0.514
Additional Residence / Kinship costs	0.496		0.214
Savings on Looked After Children legal costs		-0.580	-0.150
Savings on Looked After Children transport costs		-0.190	
Additional costs of Ofsted unregulated accommodation for 16/17 year olds	0.260		-0.090
Additional adoption allowances	0.159		
Additional adoption recruitment costs	0.020		
Additional fostering recruitment costs	0.098		
Reduced fostering allowances		-0.280	-0.280
Reduced running costs of NCC's Children's Homes		-0.225	-0.225
Reduced cost of Information Advice and Guidance Service		-0.250	-0.050
Reduced cost of Early Years & Childcare Service		-0.330	-0.130
Savings on school crossing patrols		-0.120	
Reduced school pension/redundancy costs		-0.484	
Reduced Education Support Grant due to schools becoming academies	0.224		
Additional cost of SEN transport	0.550		
Clinical commissioning team		-0.144	0.236
Dedicated Schools Grant			
Additional school maternity costs	0.095		
Additional cost of Early Years 1-2-1 SEN	0.300		0.300
Reduced cost of Early Years 2 year old entitlement		-2.424	-2.424
Reduced cost of Early Years 3/4 year old entitlement		-0.300	-0.300
Cont'n to schools contingency fund as a result of the above	2.329		2.424
Forecast outturn for Children's Services	**6.646**	**-5.327**	**0.039**
		1.319	

Community Services	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Community Services - Adults			
Management, Finance and Transformation		-2.087	
Commissioning, including Supporting People	1.212		-0.600
Central Services – Business Development	0.098		0.074
Human Resources, Training and Organisational Development		-0.008	
Safeguarding	10.257		5.686
Prevention	0.865		-0.044
Income from Service users		-2.341	-2.286
Over / (under) spend before recovery actions	**12.432**	**-4.436**	**2.830**
		7.996	
Recovery actions - including use of £1m Norsecare contract rebate to mitigate overspend, plus other actions centred around Adult Social Care and Purchase of Care budgets.		-1.510	
Use of Reserves		-3.656	-1.604
Forecast total for Community Services - Adults	**12.432**	**-9.602**	**1.226**
Over / (under) spend after recovery actions and approved use of reserves		**2.830**	
	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Community Services - Cultural			
Norfolk Libraries and Information Service	0.210	-	0.210
Museums and Archaeology Service		-	
Norfolk Records Office	0.014		0.019
Arts Service		-0.017	
Adult Education Service		-0.002	-0.002
Norfolk Guidance Service		-	
Active Norfolk		-	
Forecast total for Community Services - Cultural	**0.224**	**-0.019**	**0.227**
		0.205	
Note: Part of the forecast overspend for the Norfolk Libraries and Information Service may be the subject of a proposed use of reserves, in which case it will be considered by the Communities Committee and subject to further approval.			

Environment Transportation & Development	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Highways and transport services	0.175		0.561
Environment and Public Protection	1.247		-0.064
Economic development and strategy		-	-
Business development and support		-0.091	-0.047
ICT		-	0.616
Forecast out-turn for ETD	**1.422**	**-0.091**	**1.066**
		1.331	

Fire and Rescue Service *Note: the over and underspend categories have been re-allocated this month to better reflect management reporting lines*	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Service Level Salaries	0.072		0.021
Water Supply		-0.019	-0.002
Procurement and Supplies		-0.001	0.004
Premises		-0.035	0.011
ICT Services		-0.107	-0.107
Fleet Services	0.206		0.140
Integrated Risk Management Plan	0.008		0.002
Operational Assurance and Resilience	0.021		-0.009
USAR - Salary Grant		-0.194	-0.078
Incident Response Unit		-0.003	0.008
High Volume Pump		-0.005	-0.005
Water Rescue	0.099		0.090
DEFRA Flood Dive Team		-0.006	-0.046
HR & Business Support		-0.152	0.077
Community Safety		-0.011	-0.011
Youth Development	0.030		-0.433
Training		-0.062	0.194
Operations	0.059		0.186
Commercial Training		-0.009	0.018
Fire Protection		-0.040	-0.042
Central Finance - HQ	0.089		-0.002
Forecast outturn for Fire and Rescue Service	**0.584**	**-0.644**	**0.016**
		-0.060	

Resources and Finance General	Projected over spend	Projected under spend	Change this month
Resources	£m	£m	£m
Policy and Performance – Norfolk Ambition / Projects		-0.104	
Procurement		-0.075	
Human Resources – reduced income from schools	0.261		0.261
Nplaw – reduced internal demand	0.211		
Net forecast outturn for Resources	**0.472**	**-0.179**	0.261
		0.293	
Finance General			
Adjustment to forecast interest on balances		-0.421	-0.008
Adjustment to minimum revenue provision		-1.114	
ESPO dividend		-0.336	
S31 Business Rates cap compensation grant – unbudgeted adjustment re 2% inflation cap		-1.195	
Net forecast outturn for Finance General	**0.000**	**-3.066**	**-0.008**
		-3.066	

Appendix 7

Latest Revenue Projections by subjective analysis

Table A7: Revenue forecast (under)/over spend by subjective

Subjective analysis	***Approved Budget by subjective***	**Children's Services**	**Community Services - Adults**	**Community Services - Cultural**	***ETD***	***Fire & Rescue***	***Resources***	***Finance general***	***Total variance***
		Forecast (under)/over spend							
Expenditure	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**	**£m**
Employees	529.601	-0.889	-0.170		0.084	-0.122	-0.179		-1.276
Premises	44.531	-0.225	0.393						0.168
Transport	52.143	-0.100	0.053						-0.047
Supplies and services	139.030	2.203	-1.771						0.432
Agency and contract services	455.408	-0.254	21.182						20.928
Transfer Payments	24.681		-2.414						-2.414
Support Services	1.596	0.360	2.229			0.062			2.651
Departmental recharge	43.503		0						0
Capital Financing	106.240		0					-1.114	-1.114
Income									0
Government Grants	-789.646	0.224						-1.195	-0.971
Other Grants, Reimbursements etc.	-69.483		-9.630					-0.336	-9.966
Customer & Client Receipts	-103.673		-1.667		1.247		0.472		0.052
Other income			-0.209	0.205					-0.004
Interest Received	-1.832							-0.421	-0.421
Corporate Recharges including Capital Finance	-72.085								0
Departmental Recharge	-48.492								0
Budgeted net transfers to earmarked reserves and general balances	-3.125								
Recovery actions			**-1.510**						-1.510
Other – use of reserves			**-3.656**						-3.656
Council Tax / net expenditure	**-308.397**	**1.319**	**2.830**	**0.205**	**1.331**	**-0.060**	**0.293**	**-3.066**	**2.852**

Note: On 17 February 2014, County Council approved budget proposals for 2014-2017 which included the profiled use of non-schools earmarked reserves. Where needed, they are shown above to mitigate forecast overspends.

Appendix 8

Reserves and provisions

Earmarked Reserves	Forecast 31.3.15 Approved Budget £m	Actual Balances 1.4.14 £m	Forecast Balances 31.3.15 Prev mnth £m	Forecast Balances 31.3.15 current £m
All Services				
Building Maintenance	1.186	1.672	2.152	2.152
Information Technology Reserve	2.934	10.226	6.056	5.823
Repairs and Renewals Fund	2.157	3.925	3.330	3.135
Unspent Grants and Contributions (including Public Health Reserve)	4.789	12.826	6.930	6.930
	11.066	**28.649**	**18.468**	**18.040**
Children's Services				
Children's Services Improvement Fund	-	1.741	0.241	0.241
	0.000	**1.741**	**0.241**	**0.241**
Community Services				
Adult Education Income Reserve	0.018	0.160	0.159	0.159
Adult Social Services Residential Review	2.023	3.025	2.330	2.330
Adult Social Care Legal Liabilities	2.253	3.094	0.133	0.133
Archive Centre Sinking Fund	0.274	0.261	0.263	0.263
Museums Income Reserve	0.024	0.039	0.024	0.024
Prevention Fund	1.267	1.140	0.533	0.533
Residual Insurance and Lottery Bids	0.100	0.423	0.410	0.410
	5.959	**8.142**	**3.852**	**3.852**
ETD				
Economic Development	2.649	4.215	2.184	2.184
Highways Maintenance	1.930	4.625	4.190	4.190
Historic Buildings	0.178	0.199	0.086	0.086
NDR Reserve	-	2.500	2.500	2.500
Norfolk Infrastructure Fund	0.491	2.015	1.218	1.217
P & T Bus De-registration	-	0.064	0.064	0.064
P & T Demand Responsive Transport	-	0.156	-	-
P & T Park & Ride	0.012	0.012	-	-
P & T Road Safety Reserve	0.000	0.150	0.226	0.226
P & T Street Lighting Sinking Fund	5.595	7.040	7.005	7.005
ETD – Re-procurement Strategic Partnership	-	0.035	-	-
ETD – Transformation Reserve	-	0.625	-	-
Public Transport Commuted Sums	0.016	0.016	0.014	0.014
Waste Management Partnership Fund	-	0.397	0.382	0.382
	10.871	**22.049**	**17.869**	**17.868**
Fire				
Fire Operational Equipment Reserve	0.298	0.967	0.967	0.962
Fire Pensions Reserve	0.273	0.348	0.348	0.348
Fire Operational Reserve	0.177	0.542	0.542	0.542
	0.748	**1.857**	**1.857**	**1.852**
Resources				
nplaw Operational Reserve	0.306	0.306	0.286	0.286
	0.306	**0.306**	**0.286**	**0.286**

Corporate				
Car Lease Scheme surplus	0.798	0.222	0.222	0.222
Health and Wellbeing Board Reserve (part previously included with Strat. P'ship reserve)	-	0.027	0.027	-
Local Assistance Scheme Reserve	-	0.900	0.871	0.900
Strategic Partnership	0.016	0.184	-	-
Icelandic Banks Reserve	0.790	2.444	0.999	0.999
Industrial Estate Dilapidations	0.010	0.010	0.010	0.010
Insurance	0.017	0.027	0.027	0.027
Modern Reward Strategy Reserve	-	4.359	-	-
Organisational Change and Redundancy Reserve	1.535	5.605	1.570	4.196
Strategic Ambitions Reserve	0.815	1.147	0.849	0.878
Residual Waste Treatment Contract Reserve	11.000	19.065	-	-
	14.981	**33.990**	**4.575**	**7.232**
Non – Schools Total	**43.931**	**96.734**	**47.148**	**49.371**
Reserves for Capital Use				
Usable Capital Receipts	**6.270**	**1.755**	**3.526**	3.146
Schools Reserves				
Building Maintenance Partnership Pool	1.061	1.197	1.197	1.197
Building Maintenance Non-Partnership Pool	-	1.034	0.996	0.996
Children's Services Equalisation	-	0.249	0.655	0.655
LMS Balances	21.631	26.517	17.617	18.243
Norwich Schools PFI Sinking Fund	1.711	2.061	2.061	2.061
Schools Contingency	10.711	9.315	8.220	10.644
Schools non-teaching activities	1.010	1.170	1.170	1.170
Schools Playing Field Surface Sinking Fund	0.409	0.248	0.188	0.188
Schools Sickness Insurance Reserve	1.128	1.284	1.284	1.284
Schools Total	**37.661**	**43.075**	**33.388**	**36.438**
Provisions				
Community Services				
Adult Social Services Doubtful Debts	0.851	0.942	0.952	0.952
Potential pension liability arising from the transfer of staff to the Norfolk & Waveney Mental Health NHS Foundation Trust	-	1.370	1.370	1.370
Corporate				
Insurance	12.000	12.941	12.941	12.941
Redundancy	-	5.163	5.088	2.086
ETD				
Closed landfill long term impairment provision	9.132	9.189	9.133	9.133
ETD Doubtful Debts	0.050	0.050	0.050	0.050
Fire				
Retained Firefighters and Part-time Workers (Prevention of Less Favourable Treatment) Regs	0.775	0.850	0.850	0.850
Schools Provisions				
Children's Services Provision for Holiday Pay	0.018	0.017	0.017	0.017

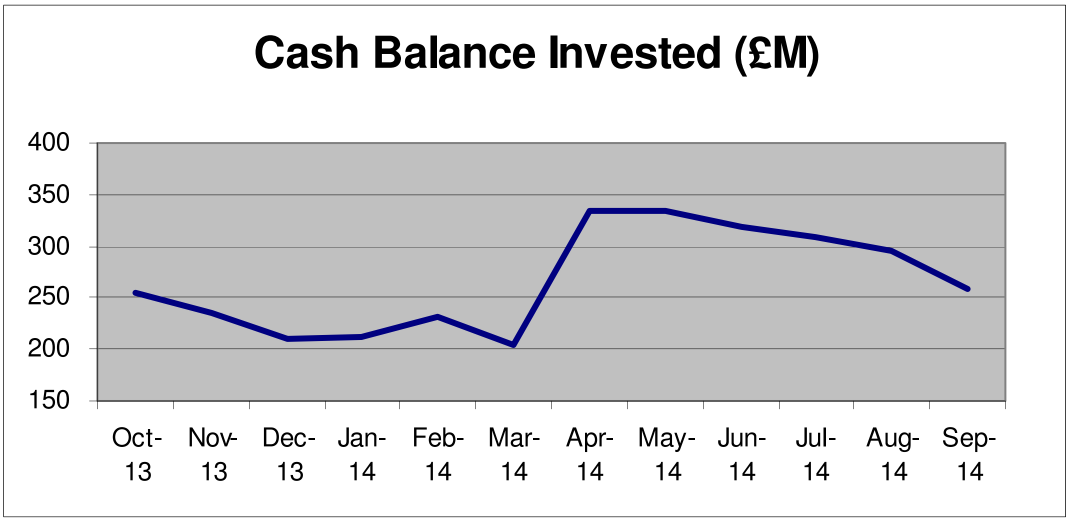
The main changes between 31 March 2014 and the estimated position at 31 March 2015 are:

- Residual Waste Treatment Contract Reserve – Following the Council's decision to terminate the Willows Energy from Waste Contract, this reserve is forecast to be fully exhausted.
- Increase of £1m in the residential review reserve, offset by an equivalent decrease in ASC unspent grants and contributions in respect of the social care reform grant which is being used to fund the transformation programme.
- Anticipated use of the Adult Social Care Legal Liabilities reserve in relation to adult social care budgetary pressures
- Significant use of the Public Health Reserve within Unspent Grants and Contributions, as amounts received in 2013-14 in respect of services to be delivered in 2014-15 are spent.
- Modern Reward Strategy reserve forecast to reduce to zero by 31 March 2015 in line with funding in approved budget.
- Icelandic Banks Reserves and Organisational Change reserves reduced in line with approved budget.
- A transfer of £3m from the forecast Redundancy Provision to the Organisational Change and Redundancy Reserve in order to comply with a tighter definition of what can be included within provisions for statutory financial reporting purposes.

A9 Treasury Management Performance Monitoring

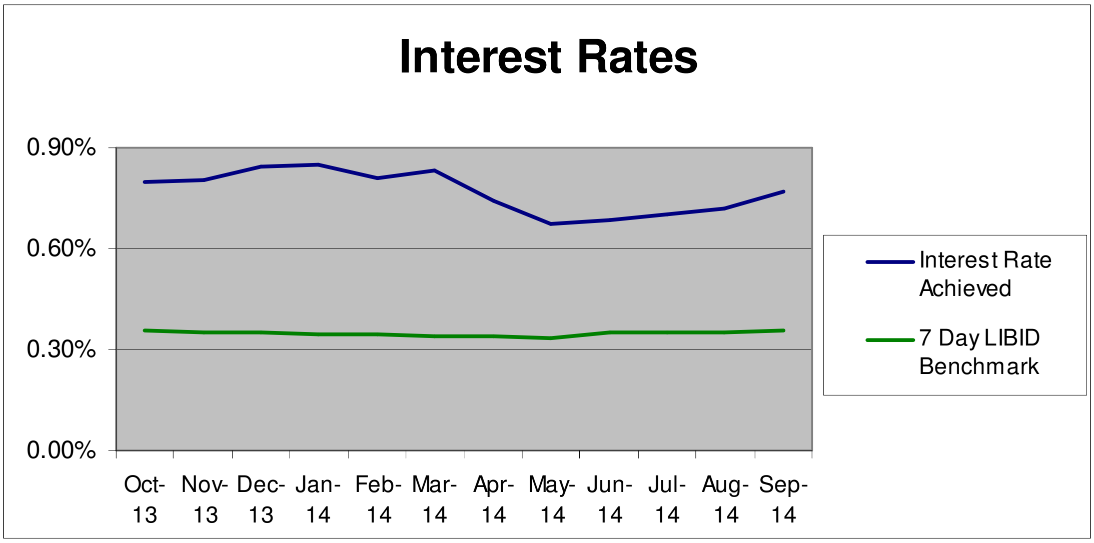
A9.1 Cash Flow Management

A9.1.1 Income received amounts to £859m, while payments (including debt repayment) total £803m, resulting in an overall increase in cash balances of £56m. Cash balances available for investment have therefore increased from £203m at 1st April 2014 to £259m at the 30th September 2014. The cumulative average balance un-invested has remained within the tolerance of plus/minus £0.025m across all 550 bank accounts.



A9.2 Interest Earned on Cash Balances

A9.2.1 All monies invested by the County Council in the money markets are placed with institutions on the Council's Authorised Lending List.



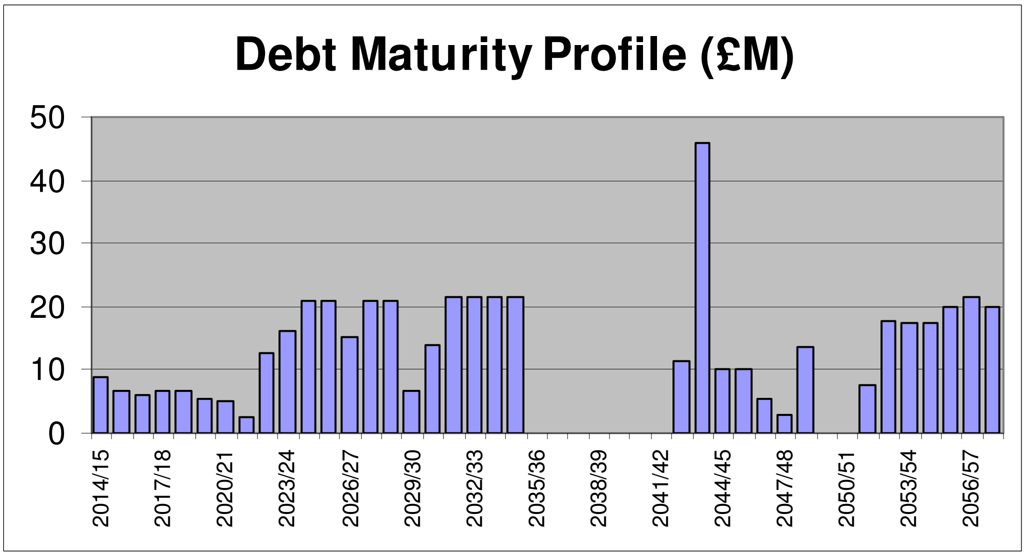
A9.2.2 Gross interest earned for the period 1st April 2014 to 30th September 2014 is £1.064m.

A9.3 Long Term Borrowing

A9.3.1 In accordance with the approved 2014-15 Investment Strategy, the County Council continues to delay new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk.

A9.3.2 The Council's overall borrowing requirement in 2014-15 is approx. £115m. This represents past capital expenditure for which the approved borrowing has not yet been drawn down due to the treasury management factors explained above.

A9.3.3 The Council's debt portfolio at 30th September 2014 is £498m.



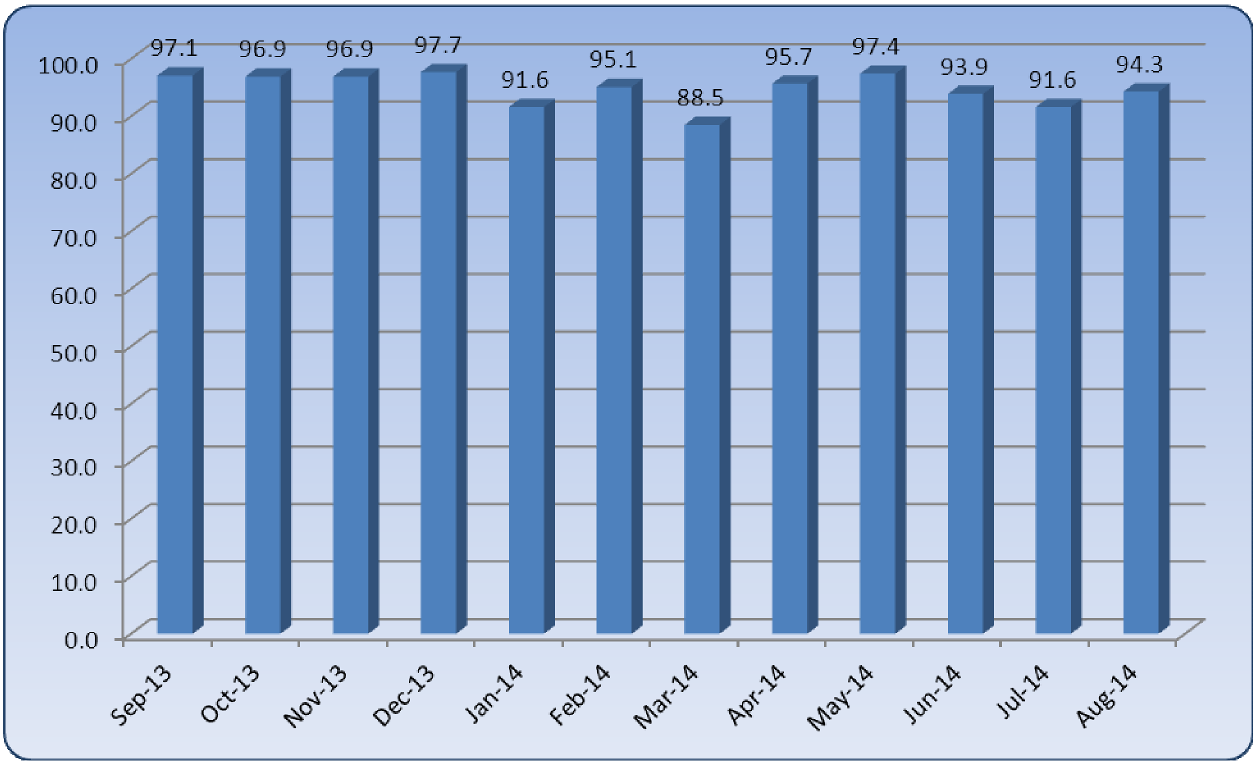
A9.4 Icelandic Banks

A9.4.1 The latest projected cash recovery from all 3 banks is £31.400m, of which £29.284m has been received, £1.674m is held in an Escrow account, and £0.442m is outstanding.

September 2014 - Payment Performance

This is a measure of our timely payment of invoices – specifically, the percentage of invoices that were paid by the authority within 30 days of such invoices being received by the authority. The target is 90%. Some 460,000 invoices are paid annually.

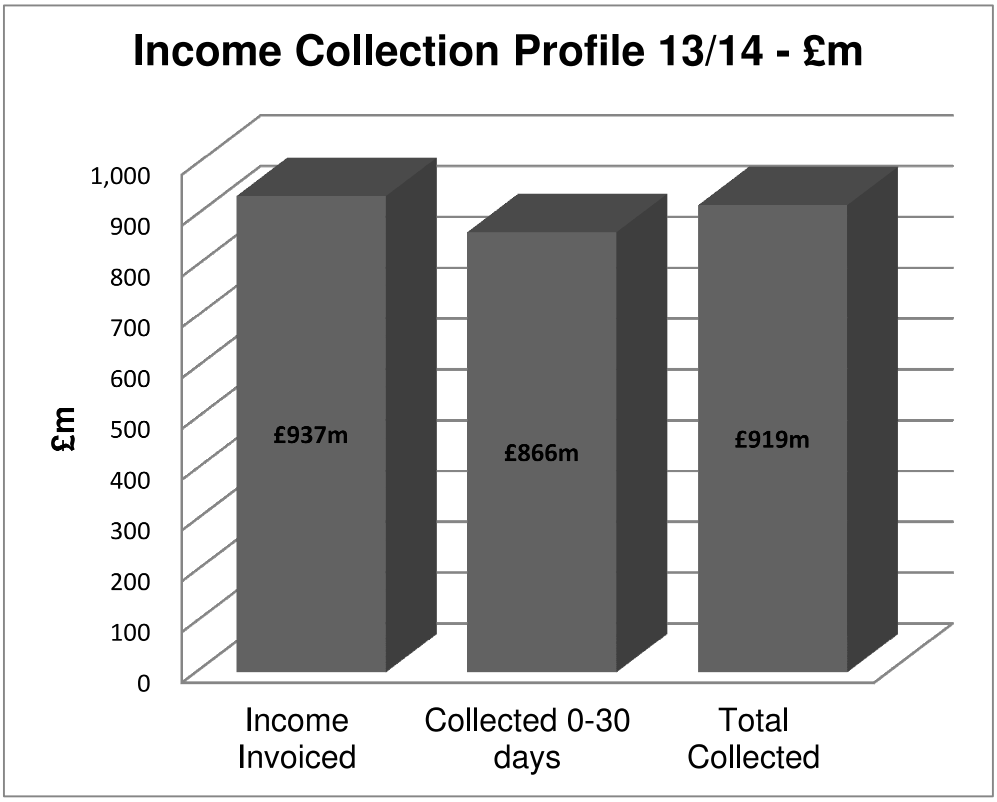
95.6% were paid on time in September 2014.

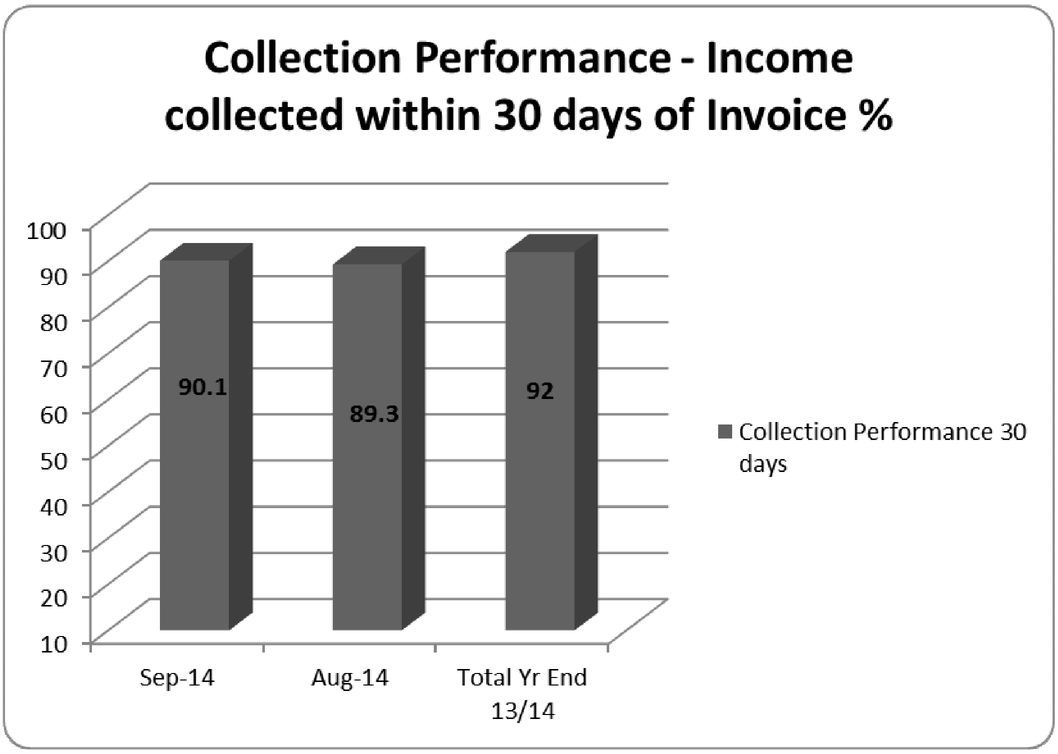


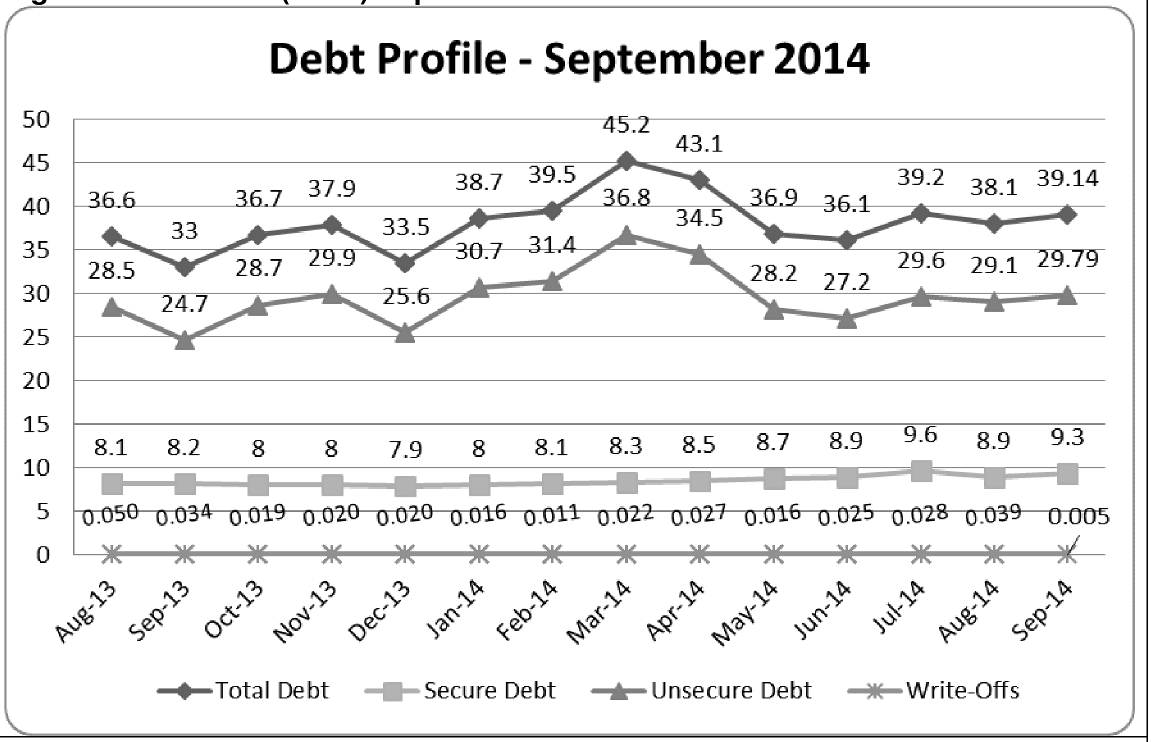
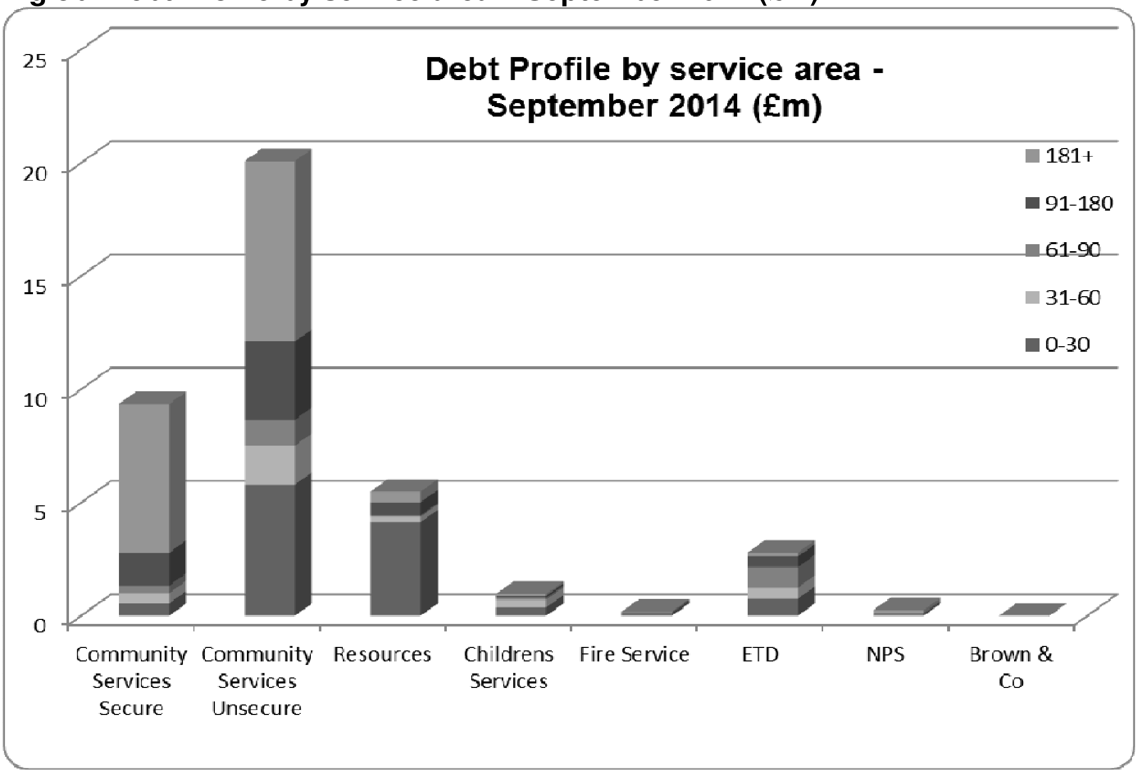
*The figures include an allowance for disputes/exclusions.

Appendix 11

Analysis of Income Collection Performance and Outstanding Debt September 2014

1	**Collection Performance 2013/14**
1.1	Each year the County Council raises over 120,000 invoices for statutory and non-statutory services. These invoices amount to in excess of £900m.
1.2	In 2013/14 92% of all invoiced income was collected within 30 days of issuing an invoice, and 98% was collected overall. **Fig 1: Analysis of income collection performance in 2013/14 (£m):** 
1.3	In the absence of payment debt recovery action begins at Day 31 in the income collection cycle. In 2013/14 98% of all invoiced income raised was collected within the financial year.
2	**Collection Performance September 2014**
2.1	Recipients of invoices have a number of ways to pay available to them to settle their invoices including: • Direct Debit • Standing order • Bank Transfer • Cash • Cheque • Credit/Debit Card (via the phone or online via the NCC website)

2.2	90.1% of invoiced income was collected within 30 days for the month of September 2014 (this is the percentage of income collected within 30 days for invoices raised in August 2014 – measured by value) **Fig 2: Collection Performance September 2014 (%) – including comparable data** 
2.3	Within the last 12 months we have successfully introduced the ability for customers to pay their invoices online via the Norfolk County Council website providing a 24-7 service. In addition to this we are in the process of introducing a 24-7 automated telephone line for payment of invoices.

3	**Outstanding Debt**
3.1	The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council. **Fig 3a: Debt Profile (Total) September 2014** 
	Fig 3b: Debt Profile by service area – September 2014 (£m)  Note: The NPS and Brown & Co columns refer to lettings income from sites they manage.

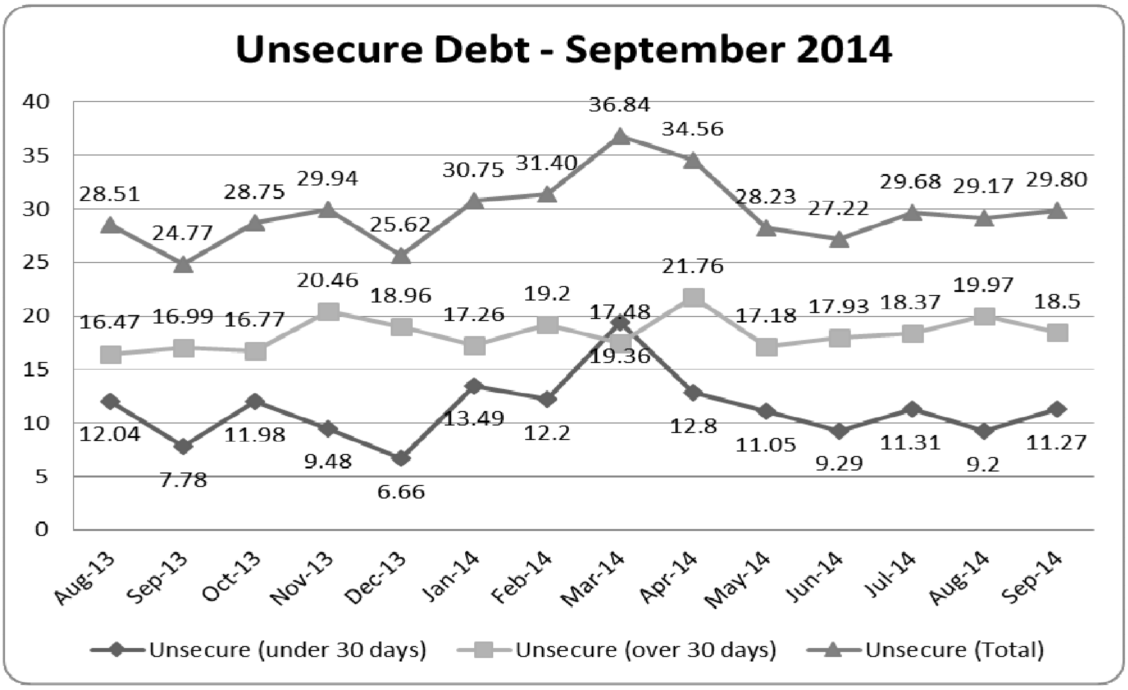
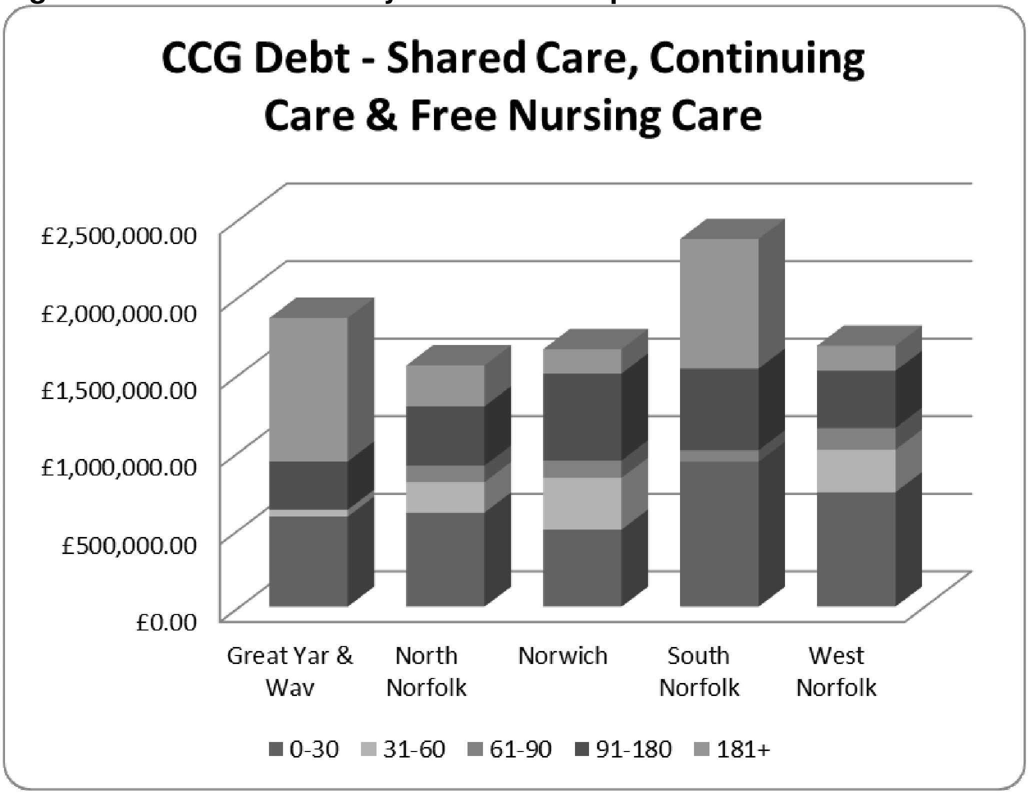
3.2	**Secured Debt**
3.2.1	Customers of Community Services have certain rights when it comes to paying for residential care. If they declare an interest in a property they can elect to defer payment (all or part) until the property is sold. If the client defers payment the debt is secured by a deferred payment agreement and it may be some time before the debt can be collected.
3.2.2	Secured debts amount to £9.35m at 30 September. Within this total £1.98m relates to estate finalisation where the client has died and the estate is in the hands of the executors.
3.3	**Unsecured Debt**
	Fig 3c: Further analysis unsecured debt September 2014 (£m) 
3.3.1	Of the £29.8m total unsecure debt: • £11.27m is debt under 30 days • £1.35m is being paid off by regular instalments • £0.41m has been referred to NP Law • £2.12m is awaiting estate finalisation There has been a reduction of £1.47m on the level of unsecure debt over 30 days in this period.
3.3.2	The largest area of unsecure debt relates to charges for social care. Of the £20.07m Community Services unsecure debt: • £5.79m is under 30 days old • £9.088m is debt with the CCG’s, the majority of which is for shared care, continuing care and free nursing care. £3.35m of this debt is aged 30 days or less, £2.34m is aged over 181 days.

	Fig 3d: Current CCG debt by CCG area – September 2014 
3.3.3	Since the creation of the CCG's we have experienced relatively slow payments from them with regards to shared care, continuing and free nursing care. This is for a number of reasons including but not limited to: • Transition to a new entity – the move from dealing with one authority to dealing with 5 CCG's • CCG & CSU internal structures and recruitment issues • Complex invoicing and billing processes
3.3.4	We have worked hard with the CCG's & the CSU since April 2013 to improve the management of information and the speed of payments.
3.3.5	We are currently working very closely with Gt Yarmouth & Waveney CCG to look at the outstanding debt in detail. We met with the CSU on 22nd October 2014 to agree an action plan with regards to working through the existing debt in detail. In addition we agreed to review the current processes for invoicing, with a view to developing a more efficient way of working which will improve results in collection of debt.
3.3.6	We are confident that continued close working with the CCG's & CSU along with the completion of the above actions will lead to faster payments.

4	**Debt written off**
4.1	In accordance with Financial Regulation and Financial Procedures, the Policy & Resources Committee is required to approve the write-off of debts over £10,000. The Executive Director of Finance approves the write off of all debts up to £10,000.
4.2	Before writing off any debt all appropriate credit control procedures are followed. Where economically practical the County Council's legal position is protected by court proceedings being issued and judgment being entered. For a variety of reasons, such as being unable to locate the debtor, it is sometimes not appropriate to commence legal action
4.3	For the period 1 September 2014 to 30 September, 115 debts less than £10,000 were approved to be written off by the Executive Director of Finance. These debts totalled £5180.08
4.4	For the period 1 April 2014 to 30 September 2014, 471 debts less than £10,000 have been written off following approval from the Executive Director of Finance. These debts totalled £141,282.66. No debts over £10,000 have been written off.
5	**Benchmarking**
5.1	Norfolk County Council is a member of the CIPFA Debtors Benchmarking Club. The benchmarking is focused on local government and allows comparison of performance across authorities.
5.2	The results from the 2013-14 survey have recently been published and the results for Norfolk look favourable against the club average with regards to the percentage of debt raised that has been successfully collected within 90 days.

Measure - % debt raised cleared within 3 months	**Norfolk**	**Average**
Apr 13 – Jul 13	99%	92%
Sept 13 – Dec 13	97%	91%
Nov 13 – Feb 14	95%	92%

Appendix 12

Purchase order performance – retrospective purchase orders

Introduction

1.1 The Council uses "iProcurement", an electronic purchasing system linked to the primary accounting systems. Orders should be placed in advance of goods or services being received. The Council's objective, therefore, is that ultimately there should be no 'retrospective' purchase orders – orders raised after the invoice has been received

1.2 Despite the improvement since last year, there is still room for significantly reducing retrospective ordering. Therefore an internal target has been set such that the performance measures for each of the targets should be no more than 5% by April 2015.

Background

1.3 Whenever a commitment is made to purchase goods or services, a purchase order should always be raised in advance, for a number of reasons:

- raising a purchase order creates a commitment against the relevant budget – this leads to more accurate forecasting and reduces the risk of duplication, over-supply or over-charging;
- sending a purchase order to the supplier ensures that the purchase is made against the Council's terms and conditions, which reduces legal risk;
- the purchase order process enables the purchase to be approved (or rejected) before it is too late to influence it – this improves financial controls, and enables the number of suppliers to be reduced and better deals to be negotiated;
- the Council's "No Purchase Order No Pay" policy supports the efficiencies generated through the introduction of an invoice document scanning solution.

1.4 Performance against this objective is measured in two ways:

- by value – the value of spending via retrospective orders as a percentage of total spending; and
- by volume – the number of retrospective orders as a percentage of all orders.

1.5 The first of these measures focuses on the contribution to forecasting accuracy and to reducing legal risk; the second on administrative costs and supplier rationalisation.

Performance

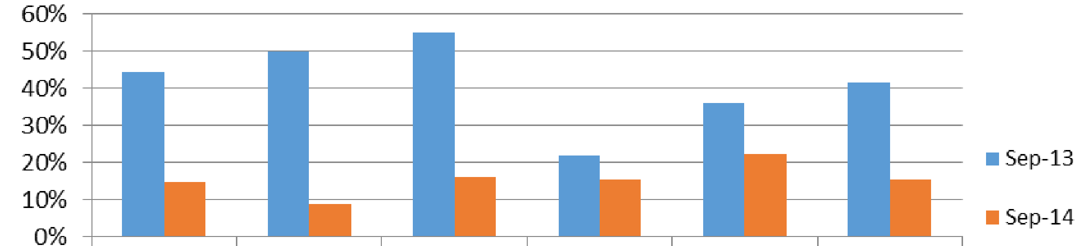
1.6 As can be seen in the tables below, performance on both measures in 1.4 above has improved. Compared to the same month last year, average retrospective spending has reduced from 41% to 15% by value, whilst the proportion of orders which are retrospective has fallen from 41% to 29%. The tables below have been expanded to show month by month performance by directorate as well as the general trend.

1.7 Workshops across each Department are now being run to help address this issue.

Purchase order performance – retrospective purchase orders

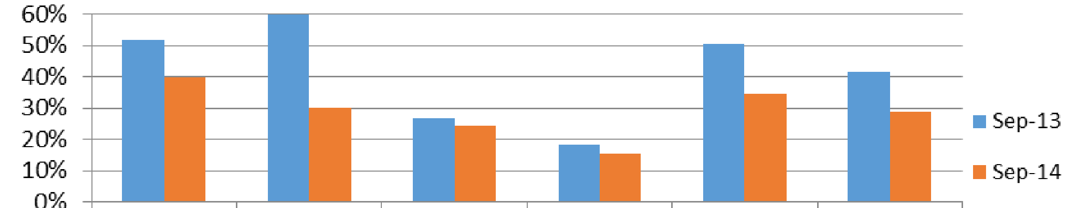
The tables below reflect the progress made against the Council's objective to minimise and ultimately eradicate retrospective purchase orders: ie orders raised after the invoice has been received.

Value of spending via retrospective purchase orders as a percentage of total spending via purchase orders
Performance in Sept 2014 compared to Sept 2013

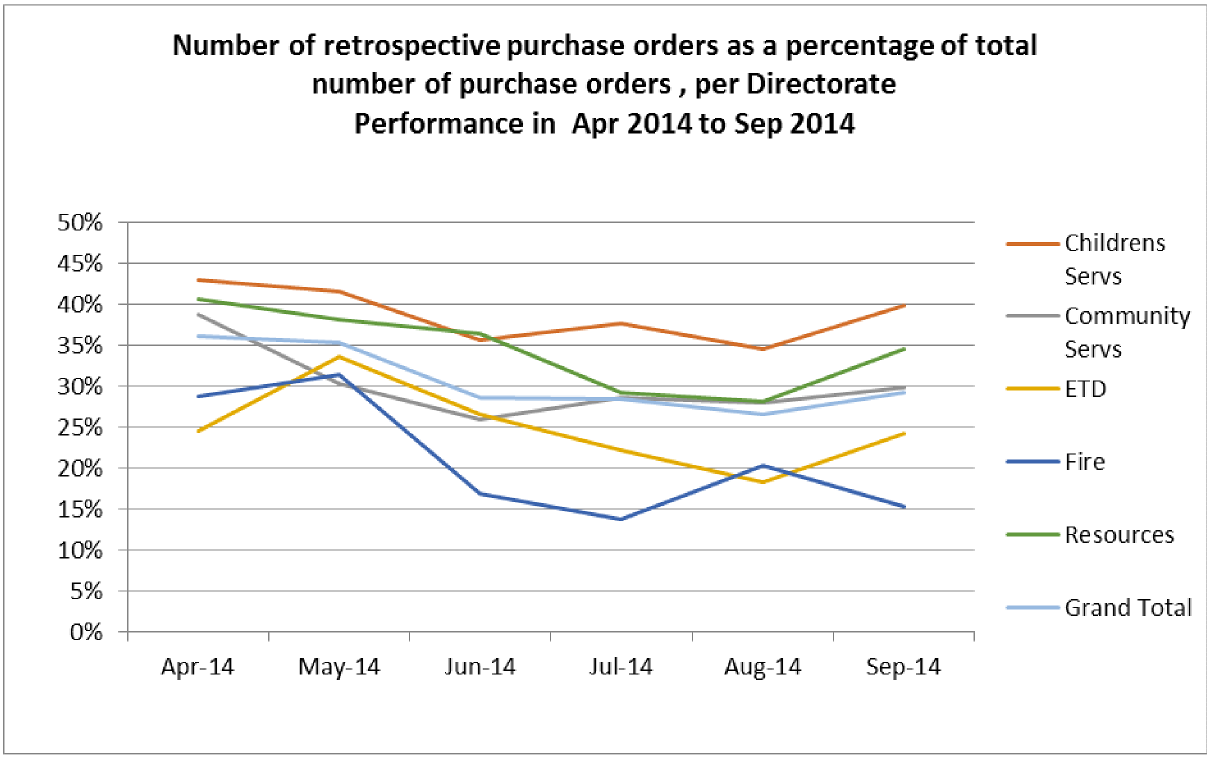


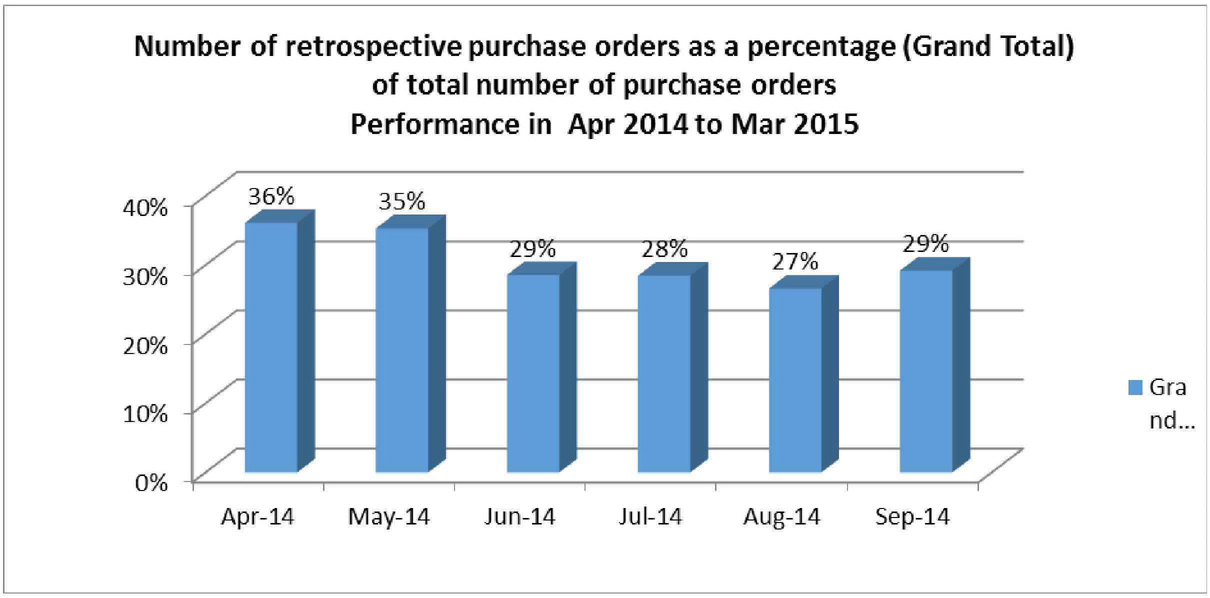
	Childrens Servs	Community Servs	ETD	Fire	Resources	Average
Sep-13	44%	50%	55%	22%	36%	41%
Sep-14	15%	9%	16%	15%	22%	15%

Number of retrospective purchase orders as a percentage of total number of purchase orders
Performance in Sept 2014 compared to Sept 2013



	Childrens Servs	Community Servs	ETD	Fire	Resources	Average
Sep-13	52%	60%	27%	18%	50%	41%
Sep-14	40%	30%	24%	15%	35%	29%


Number of retrospective purchase orders as a percentage of total number of purchase orders , per Directorate
Performance in Apr 2014 to Sep 2014
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
Apr-14
May-14
Jun-14
Jul-14
Aug-14
Sep-14
Childrens Servs
Community Servs
ETD
Fire
Resources
Grand Total


Number of retrospective purchase orders as a percentage (Grand Total) of total number of purchase orders
Performance in Apr 2014 to Mar 2015
40%
30%
20%
10%
0%
36%
35%
29%
28%
27%
29%
Apr-14
May-14
Jun-14
Jul-14
Aug-14
Sep-14
Gra nd...

Appendix 13

Risk Register - Norfolk County Council - Financial Implications

Risk Register Name	**Corporate Risk Register**	**High**
Date updated	**August 2014**	**Med**
Next update due	**December 2014**	**Low**

Area	Ref	Risk Name	Financial Implications	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Community Services Transformation	RM 140 79	Failure to meet the long term needs of older people	Long term risk to 2030 - funding considered as part of the on-going budget planning process. The current position is outlined in the September Adult Social Care Committee Finance Monitoring report.	5	5	25	2	4	8	31/03/ 2030	Amber	Harold Bodmer
Information Management	RM 139 68	Failure to follow data protection procedures	Potential financial exposure due to penalties, factored into appropriate budget planning. Public Liability insurance in place to mitigate exposure to civil litigation.	4	5	20	1	4	4	31/03/ 2015	Amber	Tom McCabe

Area	Ref	Risk Name	Financial Implications	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Children's Services	RM 139 06	Looked After Children overspends	Funding set aside within ChS budget current position outlined in the September Children's Service Committee Integrated Performance and Finance Monitoring report.	4	4	16	2	4	8	30/06/ 2016	**Amber**	Sheila Lock
Children's Services	RM 141 48	Overreliance on interim capacity	Funding set aside within ChS budget current position outlined in the September Children's Service Committee Integrated Performance and Finance Monitoring report.	3	5	15	2	4	8	30/06/ 2015	**Amber**	Sheila Lock
Resources Corporate Programme Office	RM 141 46	Failure to effectively manage County Hall refurbishment and maintenance.	Funding set aside and monitored as part of the overall budget process.	3	5	15	1	5	5	31/03/ 2016	**Green**	Peter Timmins
Environment Transport and Development	RM 141 72	Residual Waste Treatment Contract termination process.	Contingency fund in place.	3	5	15	1	5	5	01/09/ 2014	**Amber**	Tom McCabe
Environment Transport and Development	RM 141 83	Loss of internet connection and the ability to communicate with Cloud provided services.	No specified financial implications identified at this time.	3	4	12	2	4	8	01/03/ 2015	**New**	Tom McCabe
Environment Transport and Development	RM 020 1	Failure to implement Norwich Northern Distributor Route (NDR)	Funding secured.	3	4	12	2	4	8	01/11/ 2017	**Amber**	Tom McCabe

Area	Ref	Risk Name	Financial Implications	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Community Services Transformation	RM 020 7	Failure to meet the needs of older people	Potential shortfall taken from reserves. The current position is outlined in the September Adult Social Care Committee Finance Monitoring report.	3	4	12	2	4	8	31/03/ 2015	**Amber**	Harold Bodmer
Corporate	RM 020 0	Capacity for change - Insufficient capacity for business transformation	Low potential financial exposure - contingencies factored into appropriate budget planning.	3	4	12	2	4	8	31/03/ 2017	**Amber**	Anne Gibson
HR Shared Services	RM 139 18	Staffing - The speed and severity of change in work activities.	Low potential financial exposure - contingencies factored into appropriate budget planning.	3	4	12	2	4	8	31/03/ 2017	**Green**	Audrey Sharp
HR Shared Services	RM 140 97	Shortage of personnel for a variety of reasons e.g.. illness, industrial action, inclement weather etc., including loss of key senior personnel	Low potential financial exposure - contingencies factored into appropriate budget planning.	3	4	12	3	2	6	30/09/ 2014	**Amber**	Audrey Sharp
ICT Shared Services	RM 141 00	Loss of key ICT systems	Low potential financial exposure - contingencies factored into appropriate budget planning.	3	4	12	2	3	6	31/03/ 2015	**Amber**	Tom McCabe
Children's Services	RM 141 47	Failure to improve at the required pace.	Funding set aside within ChS budget current position outlined in the September Children's Service Committee Integrated Performance and Finance Monitoring report.	2	5	10	1	4	4	31/01/ 2016	**Green**	Sheila Lock

Area	Ref	Risk Name	Financial Implications	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Environment Transport and Development	RM 141 73	Failure to establish a waste management strategy and associated policies	No specified financial implications identified at this time.	2	5	10	1	5	5	01/01/ 2015	**Green**	Tom McCabe
Environment Transport and Development	RM 140 98	Incident at key NCC premises or adjacent causing loss of access or service disruption	Property (incl business interruption) insurance in place to mitigate potential financial exposure.	3	3	9	3	2	6	30/09/ 2014	**Amber**	Tom McCabe
Finance	RM 141 69	Failure to deliver planned revenue budget savings in 2014/15	Funding set aside and monitored as part of the overall budget monitoring and reporting process.	3	3	9	2	3	6	31/03/ 2015	**Green**	Peter Timmins
Resources Procurement	RM 140 80	Failure of tender process	Any financial contingency planning must be considered on a case by case basis and accounted for in appropriate budget planning.	2	4	8	1	4	4	30/06/ 2015	**Green**	Peter Timmins
Environment Transport and Development	RM 141 84	Successful cyber attack.	No specified financial implications identified at this time.	2	4	8	1	4	4	01/03/ 2016	**New**	Tom McCabe
Resources Procurement	RM 141 56	Liability for legal challenge to procurements conducted by ESPO	Low potential financial exposure.	2	3	6	2	3	6	27/02/ 2015	**Green**	Peter Timmins
Corporate	RM 141 55	Embedding the committee system	No specified financial implications.	1	4	4	1	4	4	31/12/ 2014	**Green**	Debbie Bartlett

Appendix 14

Society of County Treasurers –
Reserves as a proportion of net budget 2013-14 - 36 authorities

Table A14: Norfolk County Council in lowest quartile

Ranked by unallocated reserve and then, non-ringfenced	Revenue Support Grant, Retained Business Rates and Council Tax	Non-Ringfenced Reserves (Earmarked and Unallocated)	Unallocated Reserves	Total Reserves
	£000	%	%	%
Buckinghamshire	335,603	50%	14%	64%
East Riding of Yorkshire	255,765	52%	10%	62%
Derbyshire	492,565	49%	9%	58%
North Yorkshire	373,879	42%	14%	56%
Cornwall	473,367	41%	11%	52%
Hampshire	751,878	47%	4%	51%
West Sussex	522,568	45%	3%	48%
Northumberland	289,779	33%	10%	43%
East Sussex	377,882	39%	2%	41%
Suffolk	484,224	32%	7%	39%
Nottinghamshire	512,933	32%	6%	38%
Oxfordshire	390,192	32%	6%	38%
Isle of Wight	135,448	31%	7%	38%
Cheshire West and Chester	260,132	29%	8%	37%
Worcestershire	334,221	32%	4%	36%
Lincolnshire	468,954	32%	3%	35%
Somerset	332,153	25%	10%	35%
Leicestershire	356,029	31%	3%	34%
Warwickshire	350,547	29%	5%	34%
Gloucestershire	388,541	28%	5%	33%
Bedford	137,346	27%	6%	33%
Cumbria	378,610	27%	4%	31%
Central Bedfordshire	207,504	21%	7%	28%
Surrey	746,737	24%	3%	27%
Shropshire	235,442	21%	6%	27%
Herefordshire	147,734	19%	6%	25%
Cheshire East	267,269	17%	7%	24%
Kent	921,522	21%	3%	24%
Norfolk	639,162	20%	3%	23%
Devon	520,056	18%	3%	21%
Cambridgeshire	370,592	12%	6%	18%
Northamptonshire	421,004	14%	3%	17%
Dorset	272,816	10%	7%	17%
Hertfordshire	732,966	12%	3%	15%
Staffordshire	489,420	12%	3%	15%
Wiltshire	343,020	11%	3%	14%
Total	**14,717,860**	**28%**	**5%**	33%

Policy and Resources Committee Item No8B

Report title:	2014-15 Revenue monitoring report month 7
Date of meeting:	1 December 2014
Responsible Chief Officer:	Interim Head of Finance

Strategic impact

This report gives details of the forecast outturn position for the 2014-15 Revenue Budget, General Balances, and the Council's Reserves at 31 March 2015, together with related financial information.

Executive summary

On 17 February 2014, the County Council agreed a net revenue budget of £308.397m. At the end of each month, officers prepare financial forecasts for each service showing forecast expenditure and the impact this will have on earmarked reserves.

Members are recommended to note the following:

- **Revenue expenditure is forecast to overspend by £2.673m on a net budget of £308.397m.**
- **General Balances are forecast to be £19.000m at 31 March 2015, before taking into account the forecast overspend.**

1. Introduction

The Annex to this report summarises the Authority's 2014-15 financial position at the end of month 7: October 2014.

2. Evidence

The attached annex summarises forecasts for each service and the resulting impact on reserves and provisions.

The annex also summarises:

- Changes to the approved budget
- The impact of planning assumptions
- Performance against savings targets Savings
- Treasury management
- Payments, debt and purchase order performance
- The Council's corporate risk register

3. Financial Implications

As stated above, revenue expenditure is forecast to overspend by **£2.673m** on a net budget of £308.397m. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers are mandated to explore measures to reduce or eliminate potential over-spends in-year, for example by reducing expenditure, to minimise the call on reserves.

4. Issues, risks and innovation

Risk implications

4.1 Officers have considered all the implications which members should be aware of. Specific risks are summarised in the Council's corporate risk register. A summary of corporate risks, together with associated financial implications is shown in Appendix 13 to the attached report.

4.2 Apart from those listed in the report, there are no other implications to take into account.

5. Background

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

Officer Contact

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

Name	Telephone Number	Email address
Peter Timmins	01603 222400	peter.timmins@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk

Annex A

Norfolk County Council

2014-15 Revenue Finance Monitoring Report Month 7

Report by the Executive Director of Finance (Interim)

1 Introduction

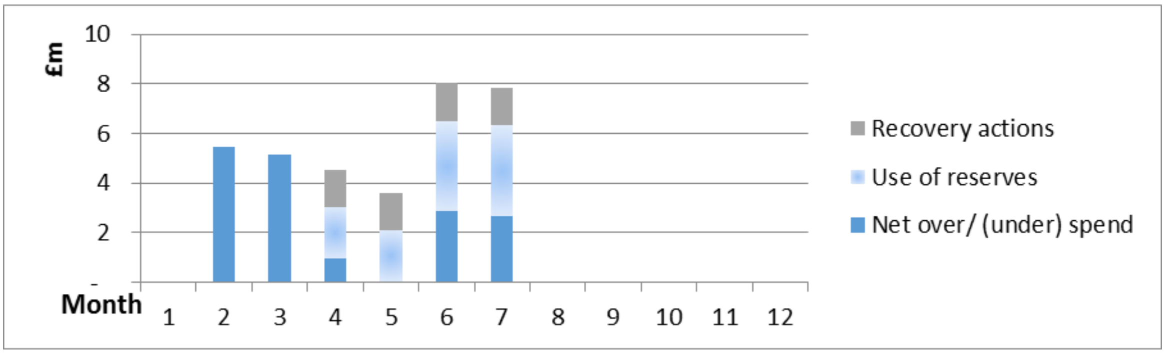
1.1 This report gives details of:

- the latest monitoring position for the 2014-15 Revenue Budget
- forecast General Balances and Reserves at 31 March 2015 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

2.1 At the end of October (month 7):
Revenue expenditure is forecast to overspend by **£2.673m** (month 6: £2.852m), after identified recovery actions and approved use of reserves, on a net budget of £308.397m. The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2014-15, by month, after recovery actions and approved use of reserves: Month 7 overspend £2.673m.



- The largest change to the net forecast overspend since last month is primarily the result of:
  - Reduction in recovery of minimum revenue provision costs
  - Reduction in forecast net spend on Park and Ride.

- Chief Officers are expected to deliver measures to reduce or eliminate the overspend in-year, for example by reducing expenditure, to minimise the call on reserves.

- General Balances are forecast to be £19.000m at 31 March 2015, before taking into account the forecast overspend.

- The Council has earmarked revenue reserves forecast to be £47.400m at 31 March 2015, which reflects the Willows settlement to date and forecast as set out section 6 and other movements including the approved use of reserves necessary to address budgetary pressures. The Council separately holds Reserves in respect of Schools estimated to be £35.746m at 31 March 2015.

- As can be seen in paragraph 6.5 and Appendix 14, as at 31 March 2014 Norfolk County Council's reserves as a proportion of the net budget are significantly lower than the average for English shire counties.

3 Agreed budget, changes and variations

3.1 The 2014-15 budget was agreed by Council on 17 February 2014 and is summarised in Appendix 1. The budget has been monitored in accordance with the timetable at Appendix 2.

Table 1: 2014-15 original and revised net budget by service

Service	Approved net budget	Budget last period	Changes to budget October 2014	Revised budget
	£m	£m	£m	£m
Children's Services	161.903	161.966	-	161.966
Community Services - Adults	248.597	249.724	-	249.724
Community Services - Cultural	15.326	15.298		15.298
Environment, Transport and Development	108.840	108.912	-	108.912
Fire and Rescue Service	27.804	27.804	-	27.804
Resources	55.457	54.907	-	54.907
Finance General	-309.530	-310.214	-	-310.214
Total	**308.397**	**308.397**	**-**	**308.397**

3.2 The Council's total net budget has not changed during the year to date. No re-allocations between services have taken place this month.

3.3 The approved net budget shown has taken into account discussions at County Council on 17 February resulting in a one-off £1m allocation not reflected in the papers prepared in advance of the meeting. This allocation is for supporting personal care/wellbeing services for older people and is funded from revenue saving on deferring borrowing for 2014-15 only.

3.4 Significant new in-year revenue grants over £0.100m are listed in Appendix 3.

4 Control of growth, cost pressures and savings targets

4.1 **Planning assumptions:** The key cost pressures identified during the preparation of the 2014-15 budget (budget book page 10) are shown in Appendix 4 along with a brief narrative showing the status in each of the following areas.

Table 2: 2014-15 key planning assumptions

Key planning assumptions	Impact £m	Status
Government funding reductions	24.786	Cost pressure realised
Pay and price inflation	14.260	General price inflation rate remain marginally lower than forecast.
Demographics	11.590	Long term demographic pressures still apply
Willows Power and Recycling Centre	8.000	Cost pressure realised with completion of reserve.

"Demographics" refer primarily to Looked after Children and Adult Community Services demographic growth planning uncertainties.

4.2 **Savings targets:** The key savings targets required for the preparation of a balanced 2014-15 budget are shown in Appendix 5.

4.3 Forecast savings of £64.212m coupled with newly identified savings and use of community services reserves of £2.275m are £1.780m (previous month £2.254m) short of the budgeted £68.267m savings target. Savings in ETD, Fire, Resources and Finance General remain on track. The number and cost of Looked After Children is a continued pressure in Children's Services as are arrangements relating to reviews of agreements for mental health and care services in Community Services. This month there is also a shortfall in Children's procurement savings around purchasing yellow buses and leasing mini-buses totalling £0.269m. Pressures in Community Services – Cultural have been off-set by alternative savings. A full analysis of savings is shown in Appendix 5.

4.4 **Termination of Willows Energy from Waste contract**: As reported to County Council on 27 May, Cabinet of 7 April 2014 resolved to allow the Willows Energy from Waste contract to terminate for planning failure. The contract was formally terminated on 16 May 2014. Contractual termination costs were estimated at £33.7m, including £13.075m paid in July and August 2014. Further details are included in section 6.

5 Revenue outturn – forecast over/underspends

5.1 Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all of their cost centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget is achieved for the year.

5.2 The latest projection for the 2014-15 revenue outturn shows a net projected overall overspend of £2.673m, after identified recovery actions and approved use of reserves.

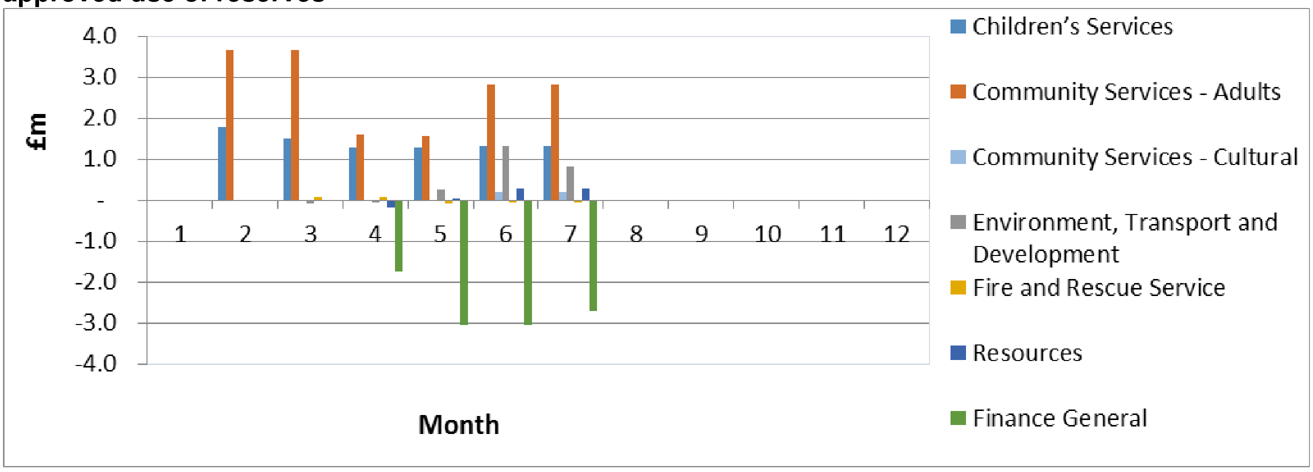
5.3 Details of all projected under and over spends for each service, together of areas where mitigating action is being taken, are shown in Appendix 6, and are summarised in the following table:

Table 3: 2014-15 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Children's Services	161.966	1.302	0.80%	A
Community Services - Adults	249.724	2.830	1.13%	A
Community Services - Cultural	15.298	0.205	1.34%	A
Environment, Transport and Development	108.912	0.809	0.74%	A
Fire and Rescue Service	27.804	-0.060	-0.22%	G
Resources	54.907	0.293	0.53%	A
Finance General	-310.214	-2.706	-0.87%	G
Totals	**308.397**	**2.673**	**0.87%**	

5.4 The following chart shows service outturn projections by month:

Chart 2: service revenue outturn projections 2014-15, by month, after recovery actions and approved use of reserves



- The main differences since last month are a forecast under recovery of property and minimum revenue provision costs, offset by management of pressures in Highways and Transportation Services, reducing pressures within the Park and Ride and ICT budgets.

5.5 Analysis by subjective type:

Table 4: 2014-15 forecast over/(under) spends by subjective

Subjective analysis	*Approved budget*	Projected over / (under) spend	%
Expenditure	**£m**	**£m**	
Employees	529.601	-1.241	-0.2%
Premises	44.531	0.168	0.4%
Transport	52.143	-0.047	-0.1%
Supplies and services	139.030	-0.260	-0.2%
Agency and contract services (see note below)	455.408	23.318	5.1%
Transfer Payments	24.681	-2.414	-9.8%
Support Services	1.596	2.651	166.1%
Departmental recharge	43.503	-	0.0%
Capital Financing	106.240	-0.714	-0.7%
Income		-	
Government Grants	-789.646	-2.686	0.3%
Other Grants, Reimbursements etc.	-69.483	-9.966	14.3%
Customer & Client Receipts	-103.673	-0.505	0.5%
Other income		-0.004	
Interest Received	-1.832	-0.461	25.2%
Corporate Recharges including Capital Finance	-72.085	-	-
Departmental Recharge	-48.492	-	-
Budgeted net transfers to earmarked reserves and general balances	-3.125	-	-
Recovery actions		-1.510	
Use of reserves		-3.656	
Total	**-308.397**	**2.673**	

Note: Agency and contract services relates to the delivery services through contracts with third parties: for example residual waste treatment services, and Day Care, Residential Care, and other care services contracts with companies such as NorseCare and Independence Matters.

5.6 The main pressures in absolute terms relate to the cost of adult social care agency and contract services, with a large percentage increase in “support services” a significant part of which relates to hired transport costs. A more detailed analysis of over and underspends by subjective and service is shown in Appendix 7.

6 General balances and reserves

General balances

6.1 On 17 February 2014 Council agreed the recommendation from the Head of Finance that a minimum level of General Balances of £19m be held in 2014-15. General Balance levels at 31 March 2015 are estimated as follows.

Table 5: forecast general balances

	£m
General Balances 31 March 2014 – Outturn report	17.288
Transfer to Residual Waste Treatment Contract Reserve	(1.288)
General Balances at 1 April 2014	**16.000**
Use of released funds for one-off purposes: Increase in General Balances, agreed County Council 17 February 2014	3.000
Latest forecast General Balances at 31 March 2015	**19.000**

The forecast does not take into account the current year projected overspend.

Earmarked reserves levels and forecasts

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

Table 6: budget and forecast reserves

	Forecast balance 31.3.15 when budget approved (Feb 2014)	Actual balances b'fwd 1.4.14	Previous month forecast 31 March 2015	Current forecast 31 March 2015
	£m	£m	£m	£m
Earmarked reserves - non schools	32.931	77.669	49.371	47.400
Residual Waste Treatment Contract Reserve	11.000	19.065	0.000	0.000
Reserves for Capital Use	6.270	1.755	3.146	4.738
Earmarked reserves - schools	37.661	43.075	36.438	35.746
Total	**87.862**	**141.564**	**88.955**	**87.884**

As part of the budget setting process, non schools reserves were forecast to reduce significantly during the year. Since the last report, the largest change relate to the use of approximately £2m of the Street Lighting reserve mainly for investment in LED technology. Movements on the Reserves for Capital use are explained in the receipts section of the Capital Monitoring Report.

6.3 The decrease in forecast schools' reserves is accounted for by a reduction in LMS balances due primarily to anticipated academy conversions and forecast use of balances in-year. The change this month relates to alternative provision, an additional twelve special school places and services to schools transition costs, all funded by the school contingency reserve.

6.4 A full list of reserves can be found in Appendix 8. This appendix also lists the Council's accounting provisions, which are amounts put aside to fund future liabilities or losses which are certain or very likely to occur, but where the amounts or dates when they will arise are uncertain.

Comparison with other authorities

6.5 A report produced in October 2014 by the Society of County Treasurers based on statistical returns as at 31 March 2014 shows the following:

Table 7: reserves as a proportion of net budget 31 March 2014

	Non ring-fenced reserves (earmarked and unallocated)	Unallocated reserves
Average for SCT members	28%	5%
Norfolk County Council	20%	3%

On both measures, Norfolk County Council's total reserves as a proportion of net budget (revenue support grant, retained business rates and council tax) is significantly lower than the average for English shire counties, with Norfolk in the lowest quartile. Details can be found in Appendix 14.

Residual Waste Treatment Contract Reserve

6.6 As reported to County Council on 27 May, Cabinet of 7 April 2014 resolved to allow the Willows Energy from Waste contract to terminate for planning failure. The contract was formally terminated on 16 May 2014 incurring contractual termination costs estimated at £33.7m for which a Residual Waste Treatment Contract Reserve has been set aside as follows:

Table 8: Creation and use of Residual Waste Treatment Contract Reserve

	£m
Opening balance 1 April 2014, before transfer of excess general balances	19.065
The opening balance comprised transfers from excess general balances, transfers from underspends, and other initiatives including 2013-14 savings in Community Services (£1.3m), ETD (£0.8m), Fire (0.4m) and Resources (£2.5m).	
Outturn 2013-14 – excess of general balance over minimum requirement	1.288
Savings in 2014-15 (total £5.350m)	
Norse contributions	1.000
Sale of property – substituted for current revenue funding of capital project	0.700
Waste procurement arrangements	0.650
Household waste reserve	1.000
Savings in 2014-15 – Approved by County Council	
Reduction in funding set aside for redundancies based on past trends	1.000
Service reductions - Libraries	0.140
Service reductions – Road maintenance	0.860
Budget 2014-15 cost pressure: Willows Power and Recycling Centre planning uncertainty (ref Appendix 4)	8.000
Total set aside	**33.703**
Payment made to July 2014 – forex and interest risk costs	(11.800)
Payment made August 2014 – planning inquiry costs	(1.275)
Balance subject to agreed costs not yet made public	**20.628**

The Council has made payments from the Residual Waste Treatment Contract Reserve of:

- £11.8m representing the cost of cancelling arrangements put in place to mitigate foreign exchange and interest rates risks.
- £1.275m (net of recoverable VAT) representing public inquiry costs indemnified by Norfolk County Council.

Further payments have been made in September and November, but at the time of writing, the value has not yet been made public. Payments made are contained within the remaining balance shown above.

7 Treasury management, payment performance and debt collection

7.1 **Treasury management**: the corporate treasury management function ensures the efficient management of all the authority's cash balances. A detailed update is included as Appendix 9.

7.2 **Payment performance**: approximately 460,000 invoices are paid annually. In October 2014, 96.3% were paid within a target of 30 days from receipt, against a target of 90%. An month by month analysis is shown in Appendix 10.

7.3 **Debt recovery**: Each year the County Council raises over 120,000 invoices for statutory and non-statutory services totalling over £900m. Outstanding debt: the value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council.

7.4 An extensive debt collection analysis is shown at Appendix 11 including:

- A summary of 2013-14 debt collection performance showing that 92% of all invoiced income was collected within 30 days of issuing an invoice, and 98% was collected overall
- Collection performance for October 2014: 88.78% (previous month 90.1%) of invoices were collected within 30 days
- Levels of outstanding debt – secured £9.63m and unsecured £29.6m (previous month £9.35m & £29.8m respectively) and
- Debts written off (ref paragraph below).

7.5 For the period 1 April 2014 to 31 October 2014, 542 debts less than £10,000 have been written off following approval from the Executive Director of Finance. These debts totalled £181,691.10. No debts over £10,000 have been written off.

8 Purchase order performance

8.1 Whenever a commitment is made to purchase goods or services, a purchase order should be raised in advance. The Council's objective is that ultimately there should be no 'retrospective' purchase orders – orders raised after the invoice has been received with a target of no more than 5% by April 2015.

8.2 Performance against this objective is measured in two ways:

- by value – the value of spending via retrospective orders as a percentage of total spending; and
- by volume – the number of retrospective orders as a percentage of all orders.

8.3 As can be seen in Appendix 12, performance on both measures has improved. Compared to the same month last year, average retrospective spending has reduced from 29% to 15% by value, whilst the proportion of orders which are retrospective has fallen from 44% to 22%. The tables in Appendix 12 also set out the performance by directorate, monthly performance by directorate as well as the general trend.

9 Financial risk management

9.1 The Council's risk management processes seek to identify, analyse, evaluate and treat risks. This is done through all levels of the organisation, and summarised at departmental and corporate level.

9.2 Risks which affect corporate or strategic objectives are gathered in the corporate risk register. The Council's Audit Committee receives reports on key corporate risks, progress on their treatment and corporate risk management performance on a quarterly basis.

9.3 An analysis of corporate risks, together with associated financial implications is shown in Appendix 13.

9.4 There are currently three risks which are classed as high or "red", being the risks associated with:

- Failure to meet the long term needs of older people
- Failure to follow data protection procedures
- Looked After Children overspends

Further details of timescales, and mitigation targets are shown in Appendix 13.

9.5 There have been no significant changes to the risks identified since the last report.

10 Medium Term Financial Strategy

10.1 The Council's Medium Term Financial Strategy 2014-17, includes the following policy objectives:

Table 9: MTFS 2014-17 action and status

MTFS 2014-17 action	**Current status**
County Farms: To review the economic case for the investment in and returns from County Farms	A member working group has been set up to review County Farms strategy and policy, and a potential contribution of £0.385m to the 2015-16 budget has been identified.
Carbon – to consider the stretch target proposed by the October 2013 Corporate Resources Overview and Scrutiny Panel for the 2015-18 MTFS.	A Carbon and Energy Reduction Programme Report was presented to the September EDT Committee This shows that there have been savings across all services of 17.1% when compared to the 2008-09 baselines. The Council is working towards achieving 50% by 2019-20, with a particular focus on transport (including business mileage) and street lighting.
Other medium term budget objectives	**Risks**
EU funding target: to achieve savings of £750,000 each in 2015-16 and 2016-17 – to contribute towards adult care services	The Economic Programmes Team in ETD is assisting council departments to utilise EU funding to help deliver corporate priorities and relieve spending pressures. A number of projects with some potential have been identified but are at an early stage. Community Services – Adults will be assessing the impact any potential under-funding from this potential source of income while officers aim to promote activities which could generate EU income in 2015-16.
Business rates	**Commentary / uncertainty**
The County Council's Business rates income assumptions are based on "NNDR1" returns are required by the DCLG and prepared by district councils in January.	The January 2014 NNDR returns forecast growth above our government set baseline of £0.175m, and this was incorporated into the Council's budget agreed by Council last February. However business rates are volatile and difficult to forecast, and until the January 2015 NNDR1s have been analysed a prudent approach has been taken. Current budget projections are not assuming any business rates growth. NNDR1 forms, when received, will include forecasts of business rates to be collected in 2015-16. Any growth in 2015-16 income projected in these returns will be incorporated into the Council's budget once the returns are received. There may also be a further adjustment to the 2015-16 budget when the districts have finalised the 2014-15 outturn position in May 2015.

Officer Contact

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

Name	Telephone Number	Email address
Peter Timmins	01603 222400	peter.timmins@norfolk.gov.uk
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk

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

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Appendices

Appendix 1: Approved budget

Appendix 2: Monthly timetable

Appendix 3: In-year grant funding

Appendix 4: Planning assumptions

Appendix 5: Savings

Appendix 6: Projected outturn for each service

Appendix 7: Revenue projections by subjective

Appendix 8: Projected earmarked reserves and provisions

Appendix 9: Treasury management

Appendix 10: Payment performance

Appendix 11: Debt collection

Appendix 12: Purchase order performance

Appendix 13: Corporate risk register summary

Appendix 14: Reserves as a proportion of net budget 2013-14 – SCT comparison

Appendix 1

Approved budget 2014-15

Agreed by Council 17 February 2014

	Approved budget
Analysis by service	**£m**
Children's Services	161.903
Community Services - Adult	248.597
Community Services - Cultural	15.326
Environment, Transport and Development	108.840
Fire and Rescue Service	27.804
Resources	55.457
Finance General	-309.530
Total net expenditure	**308.397**

Funded by	
Council tax	-308.397
Total	**-308.397**

Subjective analysis	
Expenditure	
Employees	529.601
Premises	44.531
Transport	52.143
Supplies and services	154.176
Agency and contract services	455.408
Transfer Payments	24.681
Support Services	1.596
Departmental recharge	43.503
Capital Financing	106.240
Total Expenditure	**1,411.879**
Income	
Government Grants	-789.646
Other Grants, Reimbursements etc.	-87.754
Customer & Client Receipts	-103.673
Interest Received	-1.832
Corporate Recharges including Capital Finance	-72.085
Departmental Recharge	-48.492
Council Tax	-308.397
Total Income	**-1,411.879**

Appendix 2

Budget monitoring timetable 2014-15

Table A2: Budget monitoring timetable 2014-15

Accounting Period	Accounting Month Period End	Finance report prepared	MEMBERS & PUBLIC circulation	Meeting	Forecast net overspend/ (underspend)
					£m
April	30-Apr				
May	31-May	Fri 27/06/2014	Fri 04/07/2014	Mon 14/07/2014	
June	30-Jun	Fri 25/07/2014	Thu 28/08/2014	Fri 05/09/2014	5.157
July	31-Jul	Fri 29/08/2014	Fri 19/09/2014	Mon 29/09/2014	0.958
August	31-Aug	Thu 25/09/2014		Mon 27/10/2014	0.025
September	30-Sep	Mon 27/10/2014	Fri 21/11/2014	Mon 01/12/2014	2.852
October	31-Oct	Thu 27/11/2014		Mon 01/12/2014	2.673
November	30-Nov	Fri 02/01/2015	Fri 16/01/2015	Mon 26/01/2015	
December	31-Dec	Wed 28/01/2015		Mon 23/03/2015	
January	31-Jan	Thu 26/02/2015	Fri 13/03/2015	Mon 23/03/2015	
February	28-Feb	Thu 26/03/2015	Mon 20/04/2015	Tue 28/04/2015	
March	31-Mar	Thu 30/04/2015	tbc	tbc	
	Outturn	Tue 02/06/2015			

In-year Grant Funding

The following table summarises revenue grants greater than £0.100m announced since the budget was approved, due to be received in 2014-15:

Table A3a: New grant funding > £100,000 since 1 April 2014

New Grant Funding	**Details**	**£m**
PE and Sports Grant	New unconditional DfE grant for the improvement of PE and sports in schools	1.174
Universal Infant Free School Meals Grant	Grant to enable schools to provide free school meals to all pupils in reception, year 1 and year 2.	5.395
DCLG Transformation Challenge Award funding	Grant resulting from successful joint bid by Norfolk and Suffolk NHS Foundation Trust for government funding to help support new mothers with postnatal depression and puerperal psychosis – preventing babies and young children needing to come into care.	0.623
Business Rates cap compensation grant	Compensation for the reduced income from business rates as a result of the 2% cap on the small business rates multiplier.	1.195
Special Educational Needs and Disability (SEND) Implementation Grant	The purpose of this grant is to provide support to local authorities in England towards additional expenditure lawfully incurred or to be incurred by them in implementing the SEND reforms, including in transferring children and young people from statements and young people in further education or training who had Learning Difficulty Assessments to Education, Health and Care plans.	0.639
	Total in-year grants > £100,000 to date	**9.026**

The following grants have been confirmed to fund existing schemes for which no budget was originally set due to uncertainties at the time of the budget:

Table A3b: Grant funding > £100,000 since 1 April 2014, continuation of previous schemes not confirmed at time of budget

New Grant Funding	**Details**	**£m**
Troubled Families Grant	Government programme designed to help troubled families.	3.178
Adoption Reform Grant	Government grant designed to recognise the programmes of change underway in the area of adoption.	2.410
	Total in-year grants > £100,000 to date	**5.588**

Appendix 4

Financial Plan – 2014-15 planning assumptions

In preparing the 2014-15 financial plan, the following key risk areas have been taken into account (Cost Pressures, Budget Book page 10).

Table A4: key financial planning assumptions 2014-15

Planning assumption 2014-15	**Financial impact**	**Latest position**
	£m	
Significant funding pressures		
Government funding reductions	24.786	No change in assumption. Note: the council tax freeze grant was anticipated in the 2014-15 base budget.
Significant cost pressures		
Pay inflation	1%	As at 18 November, the national employers and the trade unions have reached agreement on a pay award for 'Green Book' employees (Scales A to O). This is a two-year deal which runs until 31 March 2016. Employees earning £14,880 (Scale C, salary point 11) and above will get a 2.2% pay increase from 1 January 2015, with higher percentage increases for those earning less than this. Employees on scales P and above are subject to local pay negotiations.
Price inflation	14.260 (includes pay and price inflation)	Price inflation has only been forecast where there is a contractual need or where it is known that price increases will occur. Rates of inflation applied to budgets differ between 0% where inflationary increases have been withheld, to an expected 7% rise in the contract price for electricity. Some budgets will experience price rises linked to CPI which was forecast at 2.34%. The Consumer Prices Index (CPI) grew by 1.3% in the year to October 2014, up from 1.2% in September. (Source: ONS.gov.uk).
Demographics – primarily increases in Looked after Children and Adult Community Services demographic growth	11.590	Community Services – Adult demographic pressure of £6.934m was based on the latest ONS statistics for population growth (2.18% in over 65s and 0.36% in 18-64 year olds) and 2013/14 expenditure trends. More assessments were undertaken in the first 6 months of 2014-15 compared to 2013-14 indicating continued pressures within this area. Learning Difficulties demographic pressures were calculated by forecasting the number of service users transitioning from Children's Services and estimates of expected growth in adult service users. These forecast pressures are under review. Children's Services original demographic pressure of £2.081m was based on being 40 Looked After Children above target. The demographic pressure was revised to £3.931m in November 2013 taking into account LAC being 84 above target and revised average LAC costs. The demographic pressures are inextricably linked with budgeted savings in place to change the services provided to prevent children coming into care.
Willows Power and Recycling Centre planning uncertainty	8.000	The County Council resolved to terminate the Willows Energy from Waste contract on 7 April 2014, resulting in termination costs estimated at £33.7m and a reserve set up for this amount . The Council has made payments of £13.275m from the reserves relating to foreign exchange and interest rates risks, plus further payments in September and November the details of which had not been made public at the time of writing.

Appendix 5

Financial Plan 2014-15 savings

Table A5a: savings 2014-15 by category and by service

	Children's Services	Community Services - Adults	Community Services - Cultural	ETD	Fire	Resources	Finance General	Total
Categorisation of Saving	£m	£m	£m	£m	£m	£m	£m	£m
Organisational Change - Staffing	0.375	0.460	0.260	1.250	0.499	2.769	0.000	5.613
Organisational Change - Systems	6.610	1.340	0.212	3.340	0.381	3.174	0.000	15.057
Procurement	0.521	3.900	0.000	6.400	0.000	0.094	0.000	10.915
Shared Services	0.000	1.804	0.260	0.050	0.000	0.000	0.000	2.114
Capital	0.000	0.000	0.000	0.200	0.724	0.000	0.000	0.924
Terms & Conditions of Employees	0.126	0.108	0.000	0.038	0.000	0.019	0.000	0.291
Income & Rates of Return	0.000	0.000	0.361	1.623	0.043	0.411	5.138	7.576
Assumptions under Risk Review	0.484	0.000	0.000	0.150	0.036	3.201	7.220	11.091
Reducing Standards	2.790	2.200	0.931	1.151	0.000	0.073	0.000	7.145
Cease Service	0.474	2.615	0.010	0.300	0.087	0.000	0.000	3.486
Budgeted Savings	**13.160**	**14.702**	**2.034**	**14.502**	**1.770**	**9.741**	**12.358**	**68.267**
P07-15 Forecast Savings	**11.380**	**12.427**	**2.034**	**14.502**	**1.770**	**9.741**	**12.358**	**64.212**
Use of reserves	**0.000**	**2.275**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**2.275**
Variance	**-1.780**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-1.780**

Savings Variance	Children's Services	Community Services - Adults	Community Services - Cultural	Total
Categorisation of Saving	£'000	£'000	£'000	£'000
Organisational Change - Staffing	0.000	0.000	0.000	0.000
Organisational Change - Systems	-2.115	0.000	0.216	-1.899
Procurement	-0.269	-0.250	0.000	-0.519
Shared Services	0.000	-0.200	-0.220	-0.420
Capital	0.000	0.000	0.000	0.000
Terms & Conditions of Employees	0.000	0.000	0.000	0.000
Income & Rates of Return	0.000	0.000	0.004	0.004
Assumptions under Risk Review	0.484	0.000	0.000	0.484
Reducing Standards	0.120	-1.800	0.000	-1.680
Cease Service	0.000	-0.025	0.000	-0.025
Use of reserves	0.000	2.275	0.000	2.275
Total	**-1.780**	**0.000**	**0.000**	**-1.780**

As at P07-15 forecast savings of £64.212m coupled with newly identified savings and use of reserves of £2.275m are £1.780m short of the budgeted £68.267m savings target.

Savings in ETD, Fire, Resources and Finance General are all on track.

The number and cost of Looked After Children are not reducing as planned leading to a forecast saving shortfall of £2.115m. There is also a shortfall in Children's procurement savings around purchasing yellow buses and leasing mini-buses totalling £0.269m.

This shortfall in Children's Services have been offset slightly by an additional £0.484m saving for reduced retirement costs for teachers, achieving a saving of £0.120m early to reduce funding for school crossing patrols.

Community Services – Adults are £0.250m short on a saving to review the agreement with the Mental Health Trust, £1.800m short on the saving to reduce the number of service users we provide transport for, £0.200m short on the saving for joint senior management posts with Health and £0.025m short on the saving to charge people who fund their own social care the full cost of transport.

Community Services – Adults have also identified use of £2.275m of the Prevention Reserve, which was set up to mitigate the risk in delivering the prevention savings.

Community Services – Cultural have a £0.040m shortfall in the renegotiating joint museums funding saving, a £0.056m shortfall in the museums income generation saving, and a £0.180m shortfall in the sharing of library buildings with other organisations savings. These are offset by additional savings of £0.060m in the museums VAT exemption saving. £0.036m additional savings controlling spend in museums and £0.180m additional savings controlling spend in libraries.

Projected revenue outturn by service analysis

Chief Officers monitor their cash limited budgets throughout the year and report the position through the Executive Director of Finance. The latest projection for the 2014-15 revenue budget shows a net projected overall variance analysed as follows:

Table A6a: projected revenue over and (under) spends by service

Service	**Revised Budget £m**	**Service total projected overs spend £m**	**Service total projected (under) spend £m**	**Net total over / (under) spend £m**	**%**
Children's Services	161.966	8.284	-6.982	1.302	0.80%
Community Services - Adults	249.724	12.432	-9.602	2.830	1.13%
Community Services - Cultural	15.298	0.224	-0.019	0.205	1.34%
Environment, Transport and Development	108.912	1.167	-0.358	0.809	0.74%
Fire and Rescue Service	27.804	0.584	-0.644	-0.060	-0.22%
Resources	54.907	0.472	-0.179	0.293	0.53%
Finance General	-310.214	-	-2.706	-2.706	0.87%
Totals current month	**308.397**	**23.163**	**-20.490**	**2.673**	**0.87%**
Previous month	**308.397**	21.780	-18.928	2.852	0.92%

The net overspend is a result of a range of underlying forecast over and underspends which are listed on the following pages and which are the subject of detailed monitoring.

Reconciliation between current and previously reported underspend

Table A6b: monthly reconciliation of over / (under) spends

	£m
Forecast 2014-15 over/(under)spend previous month	**2.852**
Movements in current period - summary	
Children's Services	-0.017
Community Services - Adults	-
Community Services - Cultural	-
Environment, Transport and Development	-0.522
Fire and Rescue Service	-
Resources	-
Finance General	0.360
Latest forecast over / (under) spend after use of reserves	**2.673**

Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all of their cost centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget is achieved for the year.

Where action has not been identified, it may be necessary to draw on reserves:

Table A6c: recovery actions and use of reserves

Service	Revised Budget £m	Service total projected over spend £m	Identified recovery actions £m	Use of reserves £m	Net total over / (under) spend £m
Children's Services	161.966	1.302	-	-	1.302
Community Services - Adults	249.724	7.996	-1.510	-3.656	2.830
Community Services - Cultural	15.298	0.205			0.205
Environment, Transport and Development	108.912	0.809	-	-	0.809
Fire and Rescue Service	27.804	-0.060	-	-	-0.060
Resources	54.907	0.293	-	-	0.293
Finance General	-310.214	-2.706	-	-	-2.706
Totals current month	**308.397**	**7.972**	**-1.510**	**-3.789**	**2.673**
Previous month	308.397	7.839	-1.510	-3.656	2.673

Appendix 6 continued

Projected revenue budget outturn by service - detail

Children's Services	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Additional Looked After Children agency costs	2.115		
Additional Residence / Kinship costs	0.496		
Additional costs of agency social workers	1.715		1.715
Savings on Looked After Children legal costs		-0.580	
Savings on Looked After Children transport costs		-0.190	
Additional costs of Ofsted unregulated accommodation for 16/17 year olds	0.260		
Additional adoption allowances	0.185		0.026
Additional adoption recruitment costs	-		-0.020
Additional fostering recruitment costs	0.015		-0.083
Reduced fostering allowances		-0.220	0.060
Reduced running costs of NCC's Children's Homes		-0.225	
Reduced cost of Information Advice and Guidance Service		-0.250	
Reduced cost of Early Years & Childcare Service		-0.330	
Savings on school crossing patrols		-0.120	
Reduced school pension/redundancy costs		-0.484	
Reduced Education Support Grant due to schools becoming academies	0.224		
Additional cost of SEN transport	0.550		
Clinical commissioning team		-0.144	
Maximisation of use of grants		-1.715	-1.715
<u>Dedicated Schools Grant</u>			
Additional school maternity costs	0.095		
Additional cost of Early Years 1-2-1 SEN	0.300		
Reduced cost of Early Years 2 year old entitlement		-2.424	
Reduced cost of Early Years 3/4 year old entitlement		-0.300	
Agreed Alternative provision for Education funded by school contingency reserve	0.190		0.190
Agreed additional 12 Special school places funded by school contingency reserve	0.352		0.352
Agreed Services to schools transition costs funded by school contingency reserve	0.150		0.150
Cont'n to schools contingency fund as a result of the above	1.637		-0.692
Forecast outturn for Children's Services	**8.284**	**-6.982**	**-0.017**
		1.302	

	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Community Services – Adult Care – based on P6 (latest data available)			
Management, Finance and Transformation		-2.087	
Commissioning, including Supporting People	1.212		
Central Services – Business Development	0.098		
Human Resources, Training and Organisational Development		-0.008	
Safeguarding	10.257		
Prevention	0.865		
Income from Service users		-2.341	
Over / (under) spend before recovery actions	**12.432**	**-4.436**	
		7.996	
Recovery actions - including use of £1m Norsecare contract rebate to mitigate overspend, plus other actions centred around Adult Social Care and Purchase of Care budgets.		-1.510	
Use of Reserves		-3.656	
Forecast total for Community Services - Adults	**12.432**	**-9.602**	**-**
Over / (under) spend after recovery actions and approved use of reserves		**2.830**	
	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Cultural Services – based on P6 latest data available			
Norfolk Libraries and Information Service	0.210	-	
Museums and Archaeology Service		-	
Norfolk Records Office	0.014		
Arts Service		-0.017	
Adult Education Service		-0.002	
Norfolk Guidance Service		-	
Active Norfolk		-	
Forecast total for Community Services - Cultural	**0.224**	**-0.019**	**-**
		0.205	
Note: Part of the forecast overspend for the Norfolk Libraries and Information Service may be the subject of a proposed use of reserves, in which case it will be considered by the Communities Committee and subject to further approval.			

Environment Transportation & Development	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Highways and transport services		-0.051	-0.225
Environment and Public Protection	1.167		-0.081
Economic development and strategy		-	
Business development and support		-0.055	0.036
ICT		-0.252	-0.252
Forecast out-turn for ETD	**1.167**	**-0.358**	**-0.522**
		0.809	

Fire and Rescue Service	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Service Level Salaries	0.072		
Water Supply		-0.019	
Procurement and Supplies		-0.001	
Premises		-0.035	
ICT Services		-0.107	
Fleet Services	0.206		
Integrated Risk Management Plan	0.008		
Operational Assurance and Resilience	0.021		
USAR - Salary Grant		-0.194	
Incident Response Unit		-0.003	
High Volume Pump		-0.005	
Water Rescue	0.099		
DEFRA Flood Dive Team		-0.006	
HR & Business Support		-0.152	
Community Safety		-0.011	
Youth Development	0.030		
Training		-0.062	
Operations	0.059		
Commercial Training		-0.009	
Fire Protection		-0.040	
Central Finance - HQ	0.089		
Forecast outturn for Fire and Rescue Service	**0.584**	**-0.644**	**0.000**
		-0.060	

Resources and Finance General	Projected over spend	Projected under spend	Change this month
Resources	£m	£m	£m
Policy and Performance – Norfolk Ambition / Projects		-0.104	
Procurement		-0.075	
Human Resources – reduced income from schools	0.261		
Nplaw – reduced internal demand	0.211		
Property	-		**-**
Net forecast outturn for Resources	**0.472**	**-0.179**	**-**
		0.293	
Finance General			
Adjustment to forecast interest on balances		-0.461	-0.040
Adjustment to minimum revenue provision		-0.714	0.400
ESPO dividend		-0.336	
S31 Business Rates cap compensation grant – unbudgeted adjustment re 2% inflation cap		-1.195	
Net forecast outturn for Finance General	**0.000**	**-2.706**	**0.360**
		-2.706	

Appendix 7

Latest Revenue Projections by subjective analysis

Table A7: Revenue forecast (under)/over spend by subjective

Subjective analysis	***Approved Budget by subjective***	**Children's Services**	**Community Services - Adults**	**Community Services - Cultural**	***ETD***	***Fire & Rescue***	***Resources***	***Finance general***	***Total variance***
		Forecast (under)/over spend							
Expenditure	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**	**£m**
Employees	529.601	-0.889	-0.170		-0.142	-0.122	0.082		**-1.241**
Premises	44.531	-0.225	0.393				-		**0.168**
Transport	52.143	-0.100	0.053						**-0.047**
Supplies and services	139.030	1.511	-1.771						**-0.260**
Agency and contract services	455.408	2.136	21.182						**23.318**
Transfer Payments	24.681		-2.414						**-2.414**
Support Services	1.596	0.360	2.229			0.062			**2.651**
Departmental recharge	43.503		0						**-**
Capital Financing	106.240		0					-0.714	**-0.714**
Income									**-**
Government Grants	-789.646	-1.491						-1.195	**-2.686**
Other Grants, Reimbursements etc.	-69.483		-9.630					-0.336	**-9.966**
Customer & Client Receipts	-103.673		-1.667		0.951		0.211		**-0.505**
Other income			-0.209	0.205					**-0.004**
Interest Received	-1.832							-0.461	**-0.461**
Corporate Recharges including Capital Finance	-72.085								**-**
Departmental Recharge	-48.492								**-**
Budgeted net transfers to earmarked reserves and general balances	-3.125								**-**
Recovery actions			**-1.510**						**-1.510**
Other – use of reserves			**-3.656**						**-3.656**
Council Tax / net expenditure	**-308.397**	**1.302**	**2.830**	**0.205**	**0.809**	**-0.060**	**0.293**	**-2.706**	**2.673**

Note: On 17 February 2014, County Council approved budget proposals for 2014-2017 which included the profiled use of non-schools earmarked reserves. Where needed, they are shown above to mitigate forecast overspends.

Appendix 8

Reserves and provisions

Earmarked Reserves	Forecast 31.3.15 Approved Budget £m	Actual Balances 1.4.14 £m	Forecast Balances 31.3.15 Prev mnth £m	Forecast Balances 31.3.15 current £m
All Services				
Building Maintenance	1.186	1.672	2.152	2.152
Information Technology Reserve	2.934	10.226	5.823	5.791
Repairs and Renewals Fund	2.157	3.925	3.135	3.315
Unspent Grants and Contributions (including Public Health Reserve)	4.789	12.826	6.930	6.835
	11.066	**28.649**	**18.040**	**18.093**
Children's Services				
Children's Services Improvement Fund	-	1.741	0.241	0.241
	0.000	**1.741**	**0.241**	**0.241**
Community Services				
Adult Education Income Reserve	0.018	0.160	0.159	0.159
Adult Social Services Residential Review	2.023	3.025	2.330	2.330
Adult Social Care Legal Liabilities	2.253	3.094	0.133	0.133
Archive Centre Sinking Fund	0.274	0.261	0.263	0.263
Museums Income Reserve	0.024	0.039	0.024	0.024
Prevention Fund	1.267	1.140	0.533	0.533
Residual Insurance and Lottery Bids	0.100	0.423	0.410	0.410
	5.959	**8.142**	**3.852**	**3.852**
ETD				
Economic Development	2.649	4.215	2.184	2.184
Highways Maintenance	1.930	4.625	4.190	4.282
Historic Buildings	0.178	0.199	0.086	0.086
NDR Reserve	-	2.500	2.500	2.500
Norfolk Infrastructure Fund	0.491	2.015	1.217	1.217
P & T Bus De-registration	-	0.064	0.064	0.064
P & T Demand Responsive Transport	-	0.156	-	-
P & T Park & Ride	0.012	0.012	-	0.012
P & T Road Safety Reserve	0.000	0.150	0.226	0.226
P & T Street Lighting Sinking Fund	5.595	7.040	7.005	4.877
ETD – Re-procurement Strategic Partnership	-	0.035	-	-
ETD – Transformation Reserve	-	0.625	-	-
Public Transport Commuted Sums	0.016	0.016	0.014	0.014
Waste Management Partnership Fund	-	0.397	0.382	0.382
	10.871	**22.049**	**17.868**	**15.844**
Fire				
Fire Operational Equipment Reserve	0.298	0.967	0.962	0.962
Fire Pensions Reserve	0.273	0.348	0.348	0.348
Fire Operational Reserve	0.177	0.542	0.542	0.542
	0.748	**1.857**	**1.852**	**1.852**
Resources				
nplaw Operational Reserve	0.306	0.306	0.286	0.286
	0.306	**0.306**	**0.286**	**0.286**

Corporate				
Car Lease Scheme surplus	0.798	0.222	0.222	0.222
Health and Wellbeing Board Reserve (part previously included with Strat. P'ship reserve)	-	0.027	-	-
Local Assistance Scheme Reserve	-	0.900	0.900	0.900
Strategic Partnership	0.016	0.184	-	-
Icelandic Banks Reserve	0.790	2.444	0.999	0.999
Industrial Estate Dilapidations	0.010	0.010	0.010	0.010
Insurance	0.017	0.027	0.027	0.027
Modern Reward Strategy Reserve	-	4.359	-	-
Organisational Change and Redundancy Reserve	1.535	5.605	4.196	4.196
Strategic Ambitions Reserve	0.815	1.147	0.878	0.878
Residual Waste Treatment Contract Reserve	11.000	19.065	-	-
	14.981	**33.990**	**7.232**	7.232
Non – Schools Total	**43.931**	**96.734**	**49.371**	**47.400**
Reserves for Capital Use				
Usable Capital Receipts	**6.270**	**1.755**	3.146	**4.738**
Schools Reserves				
Building Maintenance Partnership Pool	1.061	1.197	1.197	1.197
Building Maintenance Non-Partnership Pool	-	1.034	0.996	0.996
Children's Services Equalisation	-	0.249	0.655	0.655
LMS Balances	21.631	26.517	18.243	18.243
Norwich Schools PFI Sinking Fund	1.711	2.061	2.061	2.061
Schools Contingency	10.711	9.315	10.644	9.952
Schools non-teaching activities	1.010	1.170	1.170	1.170
Schools Playing Field Surface Sinking Fund	0.409	0.248	0.188	0.188
Schools Sickness Insurance Reserve	1.128	1.284	1.284	1.284
Schools Total	**37.661**	**43.075**	**36.438**	**35.746**
Provisions				
Community Services				
Adult Social Services Doubtful Debts	0.851	0.942	0.952	0.952
Potential pension liability arising from the transfer of staff to the Norfolk & Waveney Mental Health NHS Foundation Trust	-	1.370	1.370	0.670
Corporate				
Insurance	12.000	12.941	12.941	12.941
Redundancy	-	5.163	2.086	2.086
ETD				
Closed landfill long term impairment provision	9.132	9.189	9.133	9.133
ETD Doubtful Debts	0.050	0.050	0.050	0.050
Fire				
Retained Firefighters and Part-time Workers (Prevention of Less Favourable Treatment) Regs	0.775	0.850	0.850	0.850
Schools Provisions				
Children's Services Provision for Holiday Pay	0.018	0.017	0.017	0.017

The main changes between 31 March 2014 and the estimated position at 31 March 2015 are:

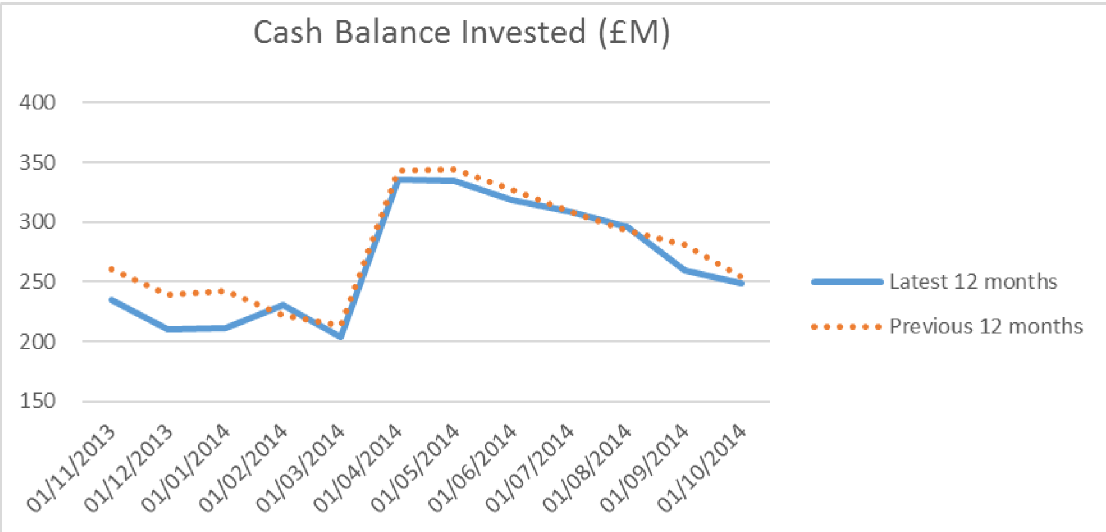
- Residual Waste Treatment Contract Reserve – Following the Council's decision to terminate the Willows Energy from Waste Contract, this reserve is forecast to be fully exhausted.
- Increase of £1m in the residential review reserve, offset by an equivalent decrease in ASC unspent grants and contributions in respect of the social care reform grant which is being used to fund the transformation programme.
- Anticipated use of the Adult Social Care Legal Liabilities reserve in relation to adult social care budgetary pressures
- Significant use of the Public Health Reserve within Unspent Grants and Contributions, as amounts received in 2013-14 in respect of services to be delivered in 2014-15 are spent.
- Modern Reward Strategy reserve forecast to reduce to zero by 31 March 2015 in line with funding in approved budget.
- Icelandic Banks Reserves and Organisational Change reserves reduced in line with approved budget.
- A transfer of £3m from the forecast Redundancy Provision to the Organisational Change and Redundancy Reserve in order to comply with a tighter definition of what can be included within provisions for statutory financial reporting purposes.

10 Treasury Management Performance Monitoring

A9.1 <u>Cash Flow Management</u>

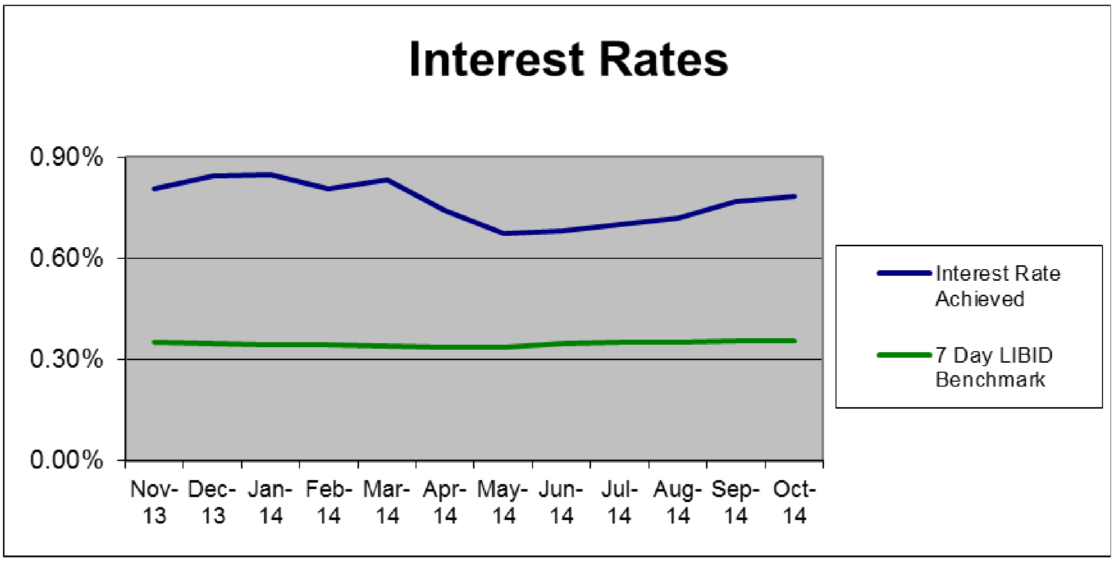
A9.1.1 Income received amounts to £980m, while payments (including debt repayment) total £934m, resulting in an overall increase in cash balances of £46m. Cash balances available for investment have therefore increased from £203m at 1st April 2014 to £249m at the 31st October 2014. The cumulative average balance un-invested has remained within the tolerance of plus/minus £0.025m across all 550 bank accounts.

A9.1.2 The graph below shows the level of cash balances over the last 12 months (against a comparison for the previous 12 months). The spike in April 2014 reflects the front loading of Business Rates Retention and Revenue Support Grant (£124M of the £246M annual total received).



A9.2 <u>Interest Earned on Cash Balances</u>

A9.2.1 All monies invested by the County Council in the money markets are placed with institutions on the Council's Authorised Lending List.



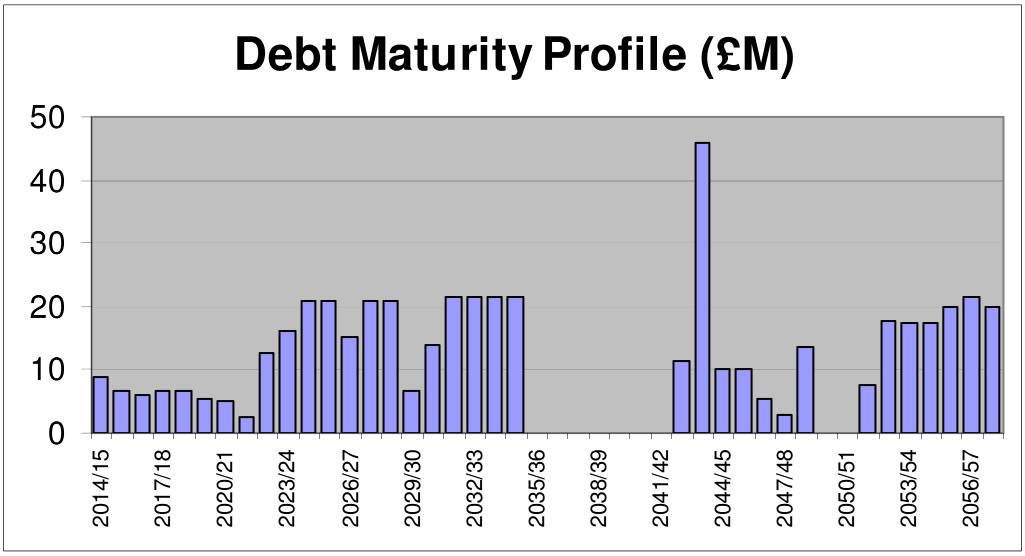
A9.2.2 Gross interest earned for the period 1st April 2014 to 31st October 2014 is £1.227m.

A9.3 Long Term Borrowing

A9.3.1 In accordance with the approved 2014-15 Investment Strategy, the County Council continues to delay new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk.

A9.3.2 The Council's overall borrowing requirement in 2014-15 is approx. £113m. This represents past capital expenditure for which the approved borrowing has not yet been drawn down due to the treasury management factors explained above.

A9.3.3 The Council's debt portfolio at 31st October 2014 is £496m.



A9.4 Icelandic Banks

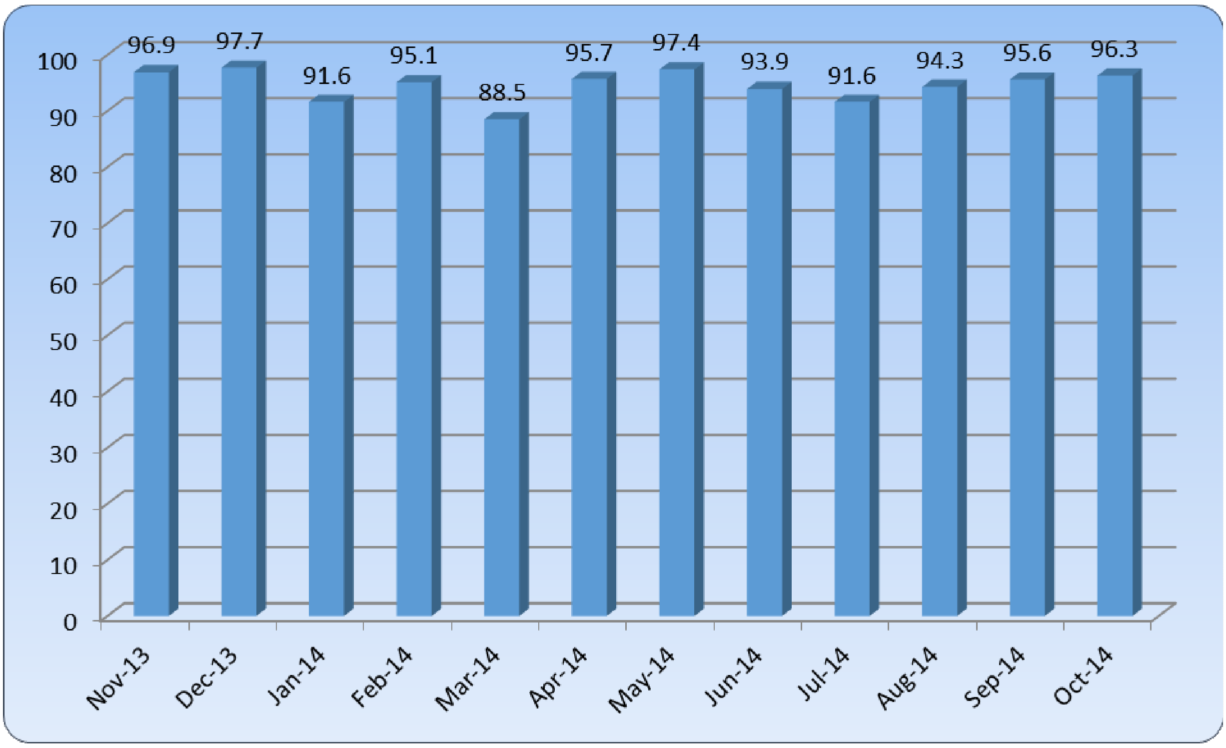
A9.4.1 The latest projected cash recovery from all 3 banks is £31.400m, of which £29.284m has been received, £1.674m is held in an Escrow account, and £0.442m is outstanding.

Appendix 10

October 2014 - Payment Performance

This is a measure of our timely payment of invoices – specifically, the percentage of invoices that were paid by the authority within 30 days of such invoices being received. The target is 90%. Some 400,000 invoices are paid annually.

96.3% were paid on time in October 2014.



*The figures include an allowance for disputes/exclusions.

Appendix 11

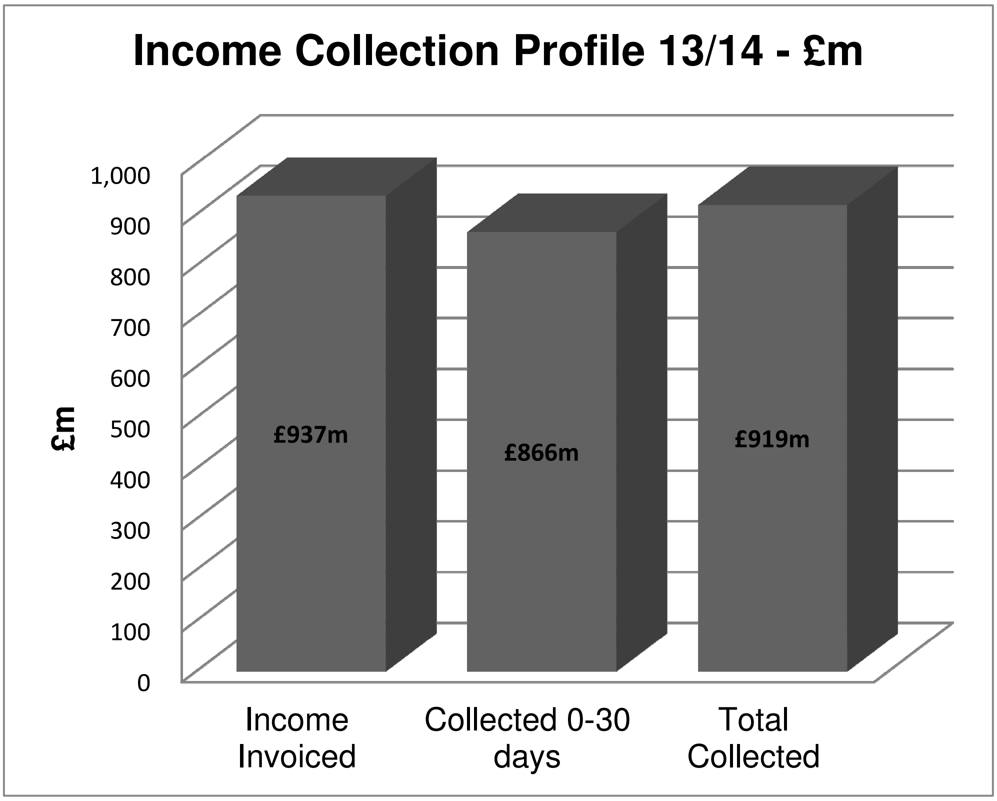
Analysis of Income Collection Performance and Outstanding Debt October 2014

1 Collection Performance 2013/14

1.1 Each year the County Council raises over 120,000 invoices for statutory and non-statutory services. These invoices amount to in excess of £900m.

1.2 In 2013/14 92% of all invoiced income was collected within 30 days of issuing an invoice, and 98% was collected overall.

Fig 1: Analysis of income collection performance in 2013/14 (£m):



1.3 In the absence of payment debt recovery action begins at Day 31 in the income collection cycle. In 2013/14 98% of all invoiced income raised was collected within the financial year.

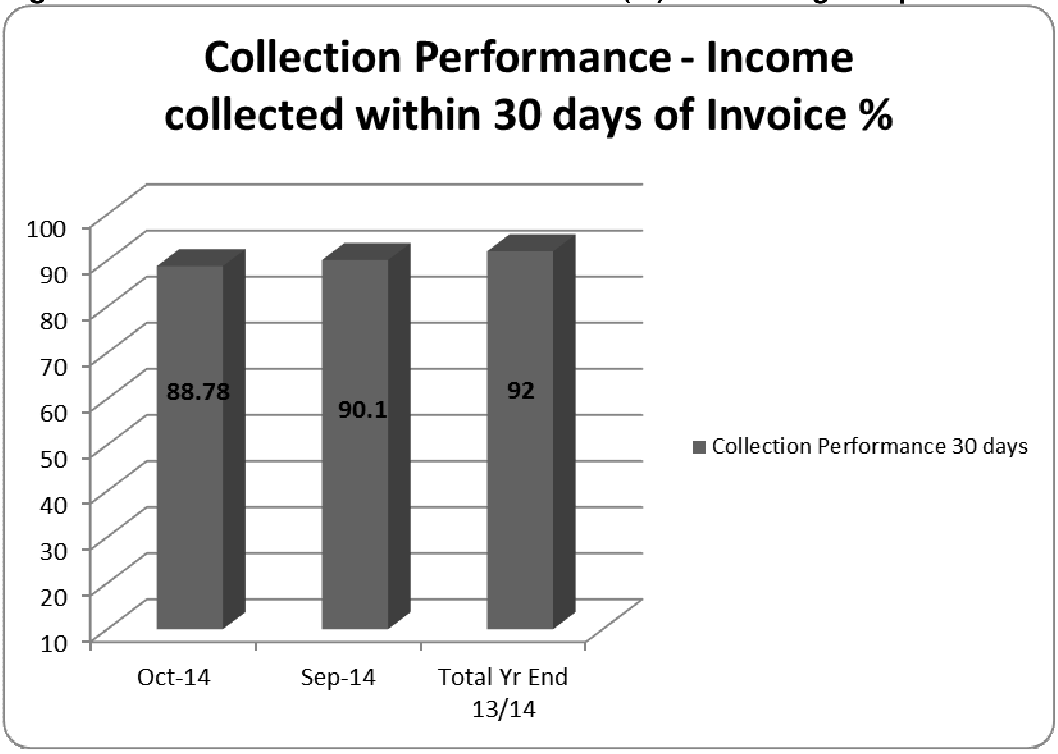
2 Collection Performance September 2014

2.1 Recipients of invoices have a number of ways to pay available to them to settle their invoices including:

- Direct Debit
- Standing order
- Bank Transfer
- Cash
- Cheque
- Credit/Debit Card (via the phone or online via the NCC website)

2.2 88.78% of invoiced income was collected within 30 days for the month of October 2014 (this is the percentage of income collected within 30 days for invoices raised in September 2014 – measured by value)

Fig 2: Collection Performance October 2014 (%) – including comparable data



2.3 Within the last 12 months we have successfully introduced the ability for customers to pay their invoices online via the Norfolk County Council website providing a 24-7 service. In addition to this we are in the process of introducing a 24-7 automated telephone line for payment of invoices.

3 Outstanding Debt

3.1 The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council.

Fig 3a: Debt Profile (Total) October 2014

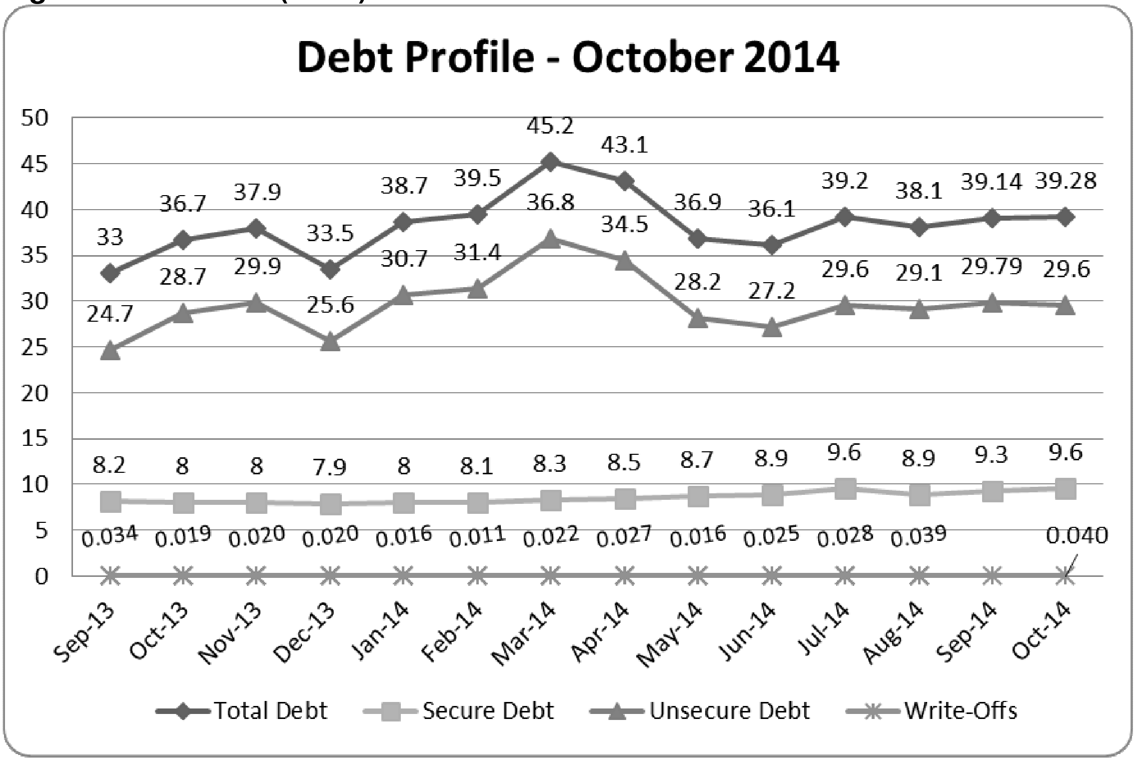
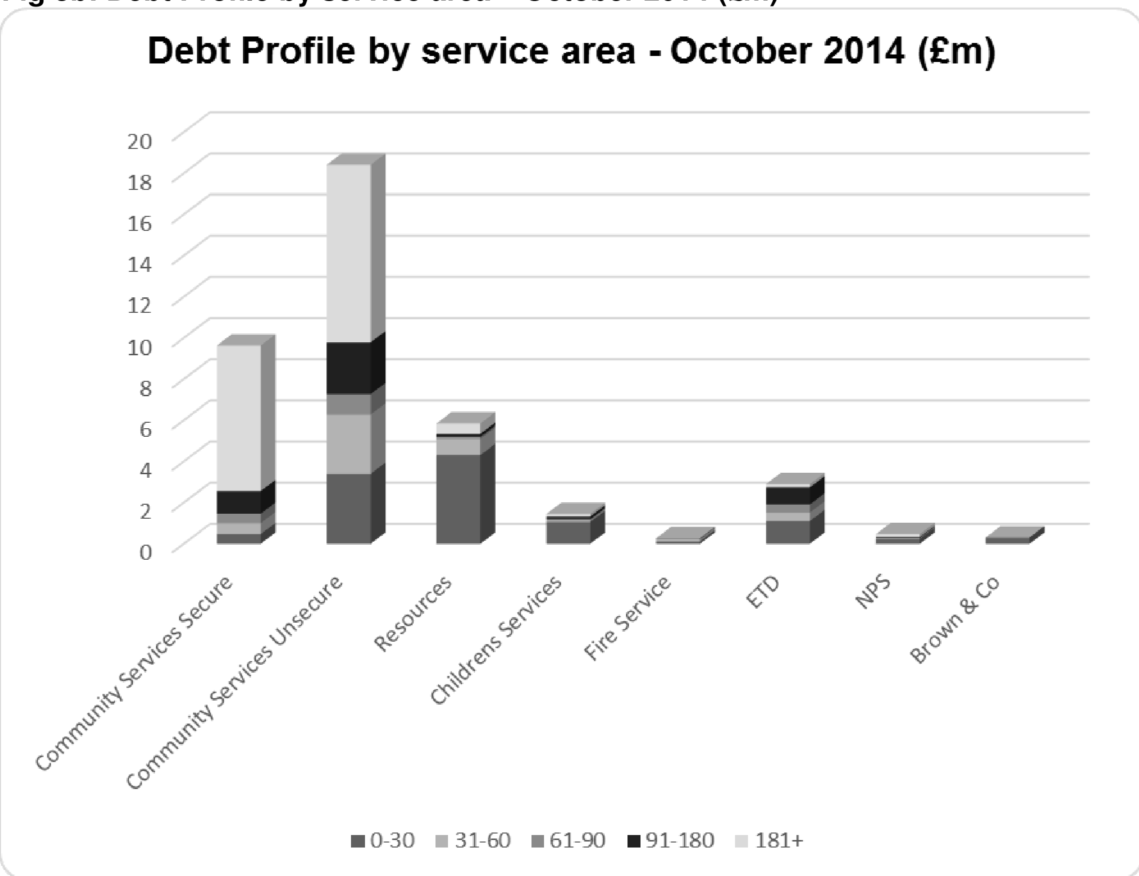


Fig 3b: Debt Profile by service area – October 2014 (£m)



Note: The NPS and Brown & Co columns refer to lettings income from sites they manage.

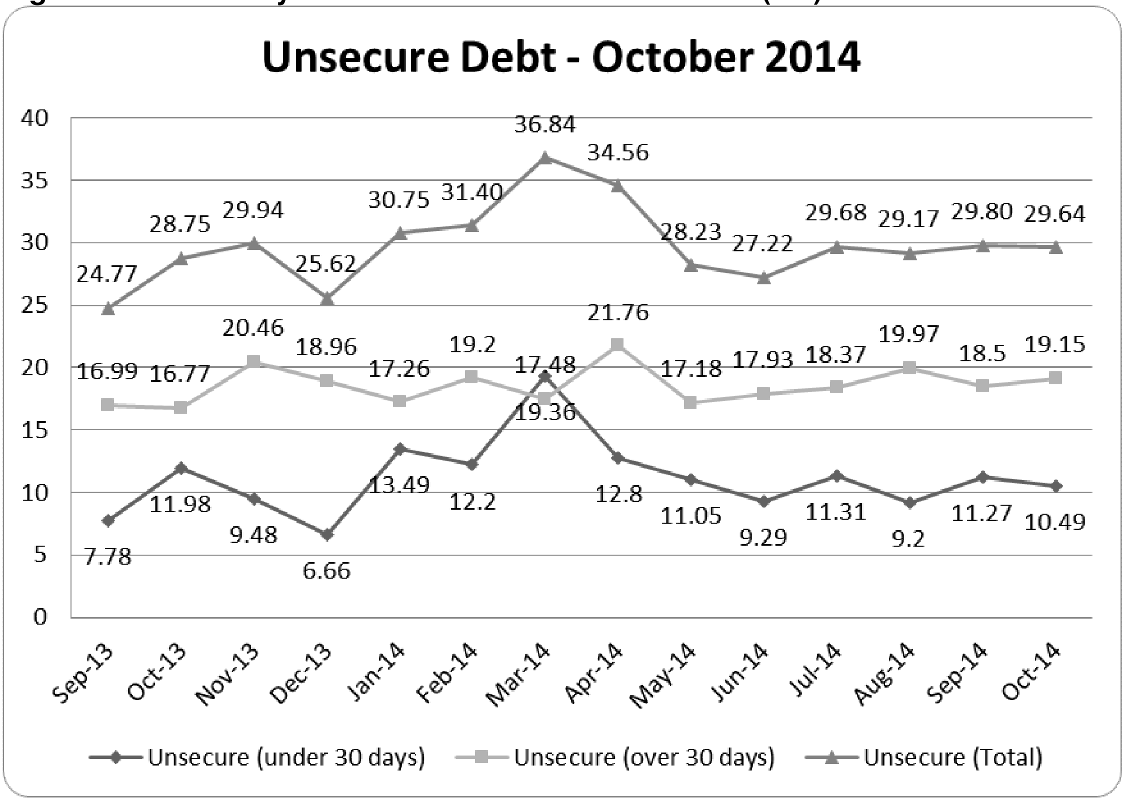
3.2 **Secured Debt**

3.2.1 Customers of Community Services have certain rights when it comes to paying for residential care. If they declare an interest in a property they can elect to defer payment (all or part) until the property is sold. If the client defers payment the debt is secured by a deferred payment agreement and it may be some time before the debt can be collected.

3.2.2 Secured debts amount to £9.63m at 31 October. Within this total £1.73m relates to estate finalisation where the client has died and the estate is in the hands of the executors.

3.3 **Unsecured Debt**

Fig 3c: Further analysis unsecured debt October 2014 (£m)



3.3.1 Of the £29.64m total unsecure debt:

- £10.49m is debt under 30 days
- £1.35m is being paid off by regular instalments
- £0.38m has been referred to NP Law
- £1.73m is awaiting estate finalisation

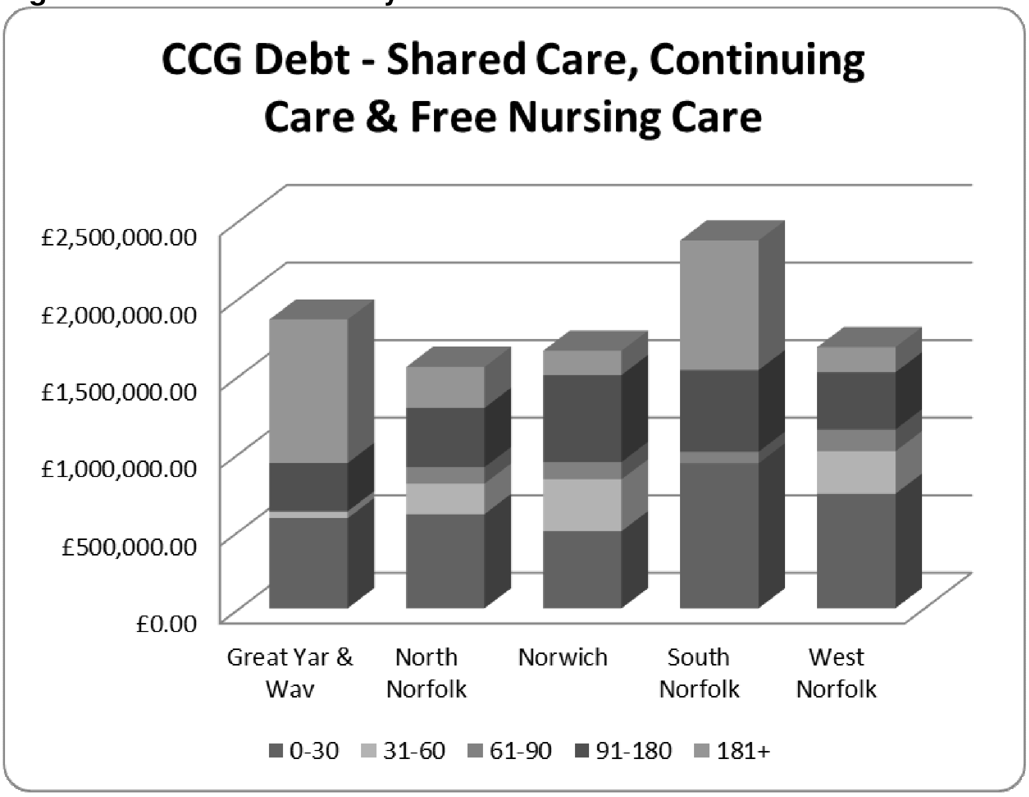
There has been an increase in the level of unsecure debt between 31-60 days in this period, the majority of which relates to CCG debt which has increased by £814k.

3.3.2 The largest area of unsecure debt relates to charges for social care.

The overall level of debt for social care has reduced by £1.66m in this period. Of the £18.41m total debt:

- £3.393m is under 30 days old
- £8.505m is debt with the CCG's, the majority of which is for shared care, continuing care and free nursing care. £1.55m of this debt is aged 30 days or less, £2.589m is aged over 181 days.

Fig 3d: Current CCG debt by CCG area – October 2014



4 Debt written off

4.1 In accordance with Financial Regulation and Financial Procedures, the Policy & Resources Committee is required to approve the write-off of debts over £10,000. The Executive Director of Finance approves the write off of all debts up to £10,000.

4.2 Before writing off any debt all appropriate credit control procedures are followed. Where economically practical the County Council's legal position is protected by court proceedings being issued and judgment being entered. For a variety of reasons, such as being unable to locate the debtor, it is sometimes not appropriate to commence legal action

4.3 For the period 1 October to 31 October, 71 debts less than £10,000 were approved to be written off by the Executive Director of Finance. These debts totalled £40,408.44

4.4 For the period 1 April 2014 to 31 October 2014, 542 debts less than £10,000 have been written off following approval from the Executive Director of Finance. These debts totalled £181,691.10. No debts over £10,000 have been written off.

5 Benchmarking

5.1 Norfolk County Council is a member of the Cipfa Debtors Benchmarking Club. The benchmarking is focused on local government and allows comparison of performance across authorities.

5.2 The results from the 2013-14 survey have recently been published and the results for Norfolk look favourable against the club average with regards to the percentage of debt raised that has been successfully collected within 90 days.

Measure - % debt raised cleared within 3 months	**Norfolk**	**Average**
Apr 13 – Jul 13	99%	92%
Sept 13 – Dec 13	97%	91%
Nov 13 – Feb 14	95%	92%

Appendix 12

Purchase order performance – retrospective purchase orders

Introduction

1.1 The Council uses an electronic purchasing system, linked to the primary accounting systems. Orders should be placed in advance of goods or services being received. The Council's objective, therefore, is that ultimately there should be no 'retrospective' purchase orders – orders raised after the invoice has been received

1.2 Despite the improvement since last year, there is still room for significantly reducing retrospective ordering. Therefore an internal target has been set such that the performance measures for each of the targets should be no more than 5% by April 2015.

Background

1.3 Whenever a commitment is made to purchase goods or services, a purchase order should always be raised in advance, for a number of reasons:

- raising a purchase order creates a commitment against the relevant budget – this leads to more accurate forecasting;
- sending a purchase order to the supplier ensures that the purchase is made against the Council's terms and conditions, which reduces legal risk;
- the purchase order process enables the purchase to be approved (or rejected) before it is too late to influence it – this improves financial controls, and enables the number of suppliers to be reduced and better deals to be negotiated.

1.4 Performance against this objective is measured in two ways:

- by value – the value of spending via retrospective orders as a percentage of total spending; and
- by volume – the number of retrospective orders as a percentage of all orders.

1.5 The first of these measures focuses on the contribution to forecasting accuracy and to reducing legal risk; the second on administrative costs and supplier rationalisation.

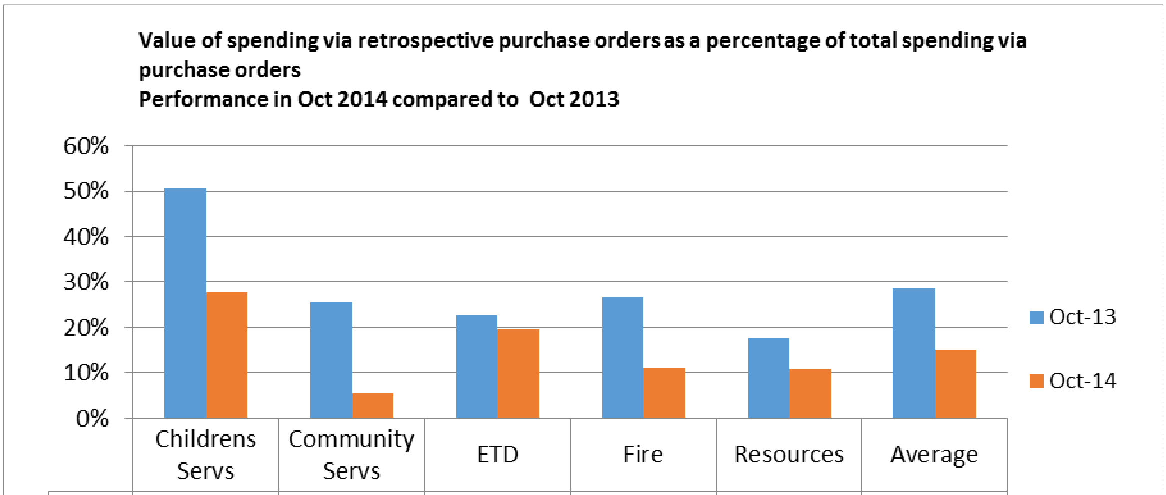
Performance

1.6 As can be seen in the tables below, performance on both measures in 1.4 above has improved. Compared to the same month last year, average retrospective spending has reduced from 29% to 15% by value, whilst the proportion of orders which are retrospective has fallen from 44% to 22%.

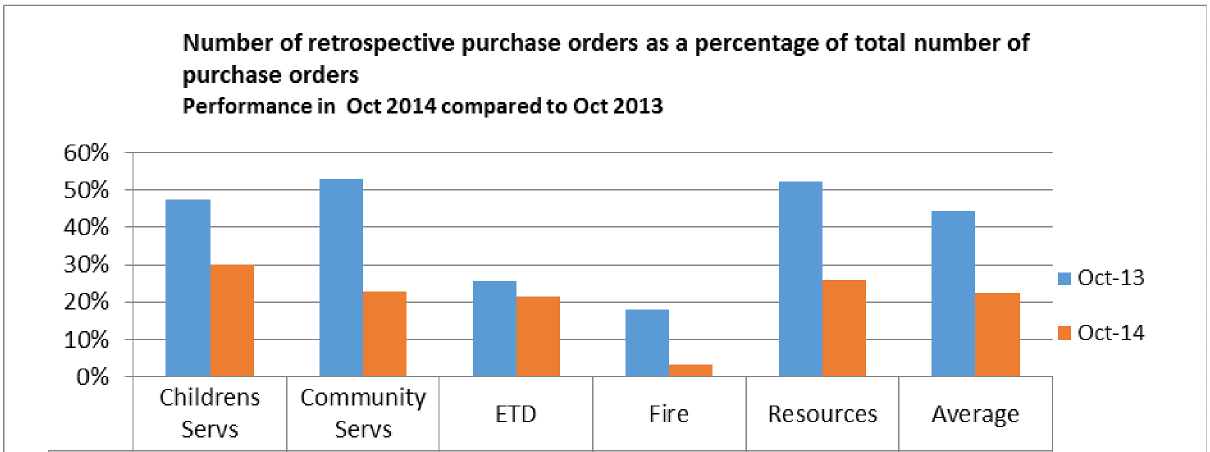
1.7 Workshops across each Department are now being run to help improve performance.

Purchase order performance – retrospective purchase orders

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



	Childrens Servs	Community Servs	ETD	Fire	Resources	Average
Oct-13	50%	25%	23%	27%	18%	29%
Oct-14	28%	6%	20%	11%	11%	15%



	Childrens Servs	Community Servs	ETD	Fire	Resources	Average
Oct-13	47%	53%	26%	18%	52%	44%
Oct-14	30%	23%	21%	3%	26%	22%

Appendix 13

Risk Register - Norfolk County Council - Financial Implications		
Risk Register Name	Corporate Risk Register	High
Date updated	August 2014	Med
Next update due	December 2014	Low

Area	Ref	Risk Name	Financial Implications	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Community Services Transformation	RM 140 79	Failure to meet the long term needs of older people	Long term risk to 2030 - funding considered as part of the on-going budget planning process. The current position is outlined in the September Adult Social Care Committee Finance Monitoring report.	5	5	25	2	4	8	31/03/ 2030	Amber	Harold Bodmer
Information Management	RM 139 68	Failure to follow data protection procedures	Potential financial exposure due to penalties, factored into appropriate budget planning. Public Liability insurance in place to mitigate exposure to civil litigation.	4	5	20	1	4	4	31/03/ 2015	Amber	Tom McCabe

Area	Ref	Risk Name	Financial Implications	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Children's Services	RM 139 06	Looked After Children overspends	Funding set aside within ChS budget current position outlined in the September Children's Service Committee Integrated Performance and Finance Monitoring report.	4	4	16	2	4	8	30/06/ 2016	Amber	Sheila Lock
Children's Services	RM 141 48	Overreliance on interim capacity	Funding set aside within ChS budget current position outlined in the September Children's Service Committee Integrated Performance and Finance Monitoring report.	3	5	15	2	4	8	30/06/ 2015	Amber	Sheila Lock
Resources Corporate Programme Office	RM 141 46	Failure to effectively manage County Hall refurbishment and maintenance.	Funding set aside and monitored as part of the overall budget process.	3	5	15	1	5	5	31/03/ 2016	Green	Peter Timmins
Environment Transport and Development	RM 141 72	Residual Waste Treatment Contract termination process.	Contingency fund in place.	3	5	15	1	5	5	01/09/ 2014	Amber	Tom McCabe
Environment Transport and Development	RM 141 83	Loss of internet connection and the ability to communicate with Cloud provided services.	No specified financial implications identified at this time.	3	4	12	2	4	8	01/03/ 2015	New	Tom McCabe
Environment Transport and Development	RM 020 1	Failure to implement Norwich Northern Distributor Route (NDR)	Funding secured.	3	4	12	2	4	8	01/11/ 2017	Amber	Tom McCabe

Area	Ref	Risk Name	Financial Implications	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Community Services Transformation	RM 020 7	Failure to meet the needs of older people	Potential shortfall taken from reserves. The current position is outlined in the September Adult Social Care Committee Finance Monitoring report.	3	4	12	2	4	8	31/03/ 2015	**Amber**	Harold Bodmer
Corporate	RM 020 0	Capacity for change - Insufficient capacity for business transformation	Low potential financial exposure - contingencies factored into appropriate budget planning.	3	4	12	2	4	8	31/03/ 2017	**Amber**	Anne Gibson
HR Shared Services	RM 139 18	Staffing - The speed and severity of change in work activities.	Low potential financial exposure - contingencies factored into appropriate budget planning.	3	4	12	2	4	8	31/03/ 2017	**Green**	Audrey Sharp
HR Shared Services	RM 140 97	Shortage of personnel for a variety of reasons e.g.. illness, industrial action, inclement weather etc., including loss of key senior personnel	Low potential financial exposure - contingencies factored into appropriate budget planning.	3	4	12	3	2	6	30/09/ 2014	**Amber**	Audrey Sharp
ICT Shared Services	RM 141 00	Loss of key ICT systems	Low potential financial exposure - contingencies factored into appropriate budget planning.	3	4	12	2	3	6	31/03/ 2015	**Amber**	Tom McCabe
Children's Services	RM 141 47	Failure to improve at the required pace.	Funding set aside within ChS budget current position outlined in the September Children's Service Committee Integrated Performance and Finance Monitoring report.	2	5	10	1	4	4	31/01/ 2016	**Green**	Sheila Lock

Area	Ref	Risk Name	Financial Implications	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Environment Transport and Development	RM 141 73	Failure to establish a waste management strategy and associated policies	No specified financial implications identified at this time.	2	5	10	1	5	5	01/01/ 2015	**Green**	Tom McCabe
Environment Transport and Development	RM 140 98	Incident at key NCC premises or adjacent causing loss of access or service disruption	Property (incl business interruption) insurance in place to mitigate potential financial exposure.	3	3	9	3	2	6	30/09/ 2014	**Amber**	Tom McCabe
Finance	RM 141 69	Failure to deliver planned revenue budget savings in 2014/15	Funding set aside and monitored as part of the overall budget monitoring and reporting process.	3	3	9	2	3	6	31/03/ 2015	**Green**	Peter Timmins
Resources Procurement	RM 140 80	Failure of tender process	Any financial contingency planning must be considered on a case by case basis and accounted for in appropriate budget planning.	2	4	8	1	4	4	30/06/ 2015	**Green**	Peter Timmins
Environment Transport and Development	RM 141 84	Successful cyber attack.	No specified financial implications identified at this time.	2	4	8	1	4	4	01/03/ 2016	**New**	Tom McCabe
Resources Procurement	RM 141 56	Liability for legal challenge to procurements conducted by ESPO	Low potential financial exposure.	2	3	6	2	3	6	27/02/ 2015	**Green**	Peter Timmins
Corporate	RM 141 55	Embedding the committee system	No specified financial implications.	1	4	4	1	4	4	31/12/ 2014	**Green**	Debbie Bartlett

Appendix 14

Society of County Treasurers - Reserves as a proportion of net budget 2013-14 - 36 authorities

Data published October 2014 based on balances as at 31 March 2014

Table A14: Norfolk County Council 29th out of 36 Authorities

Ranked by unallocated reserve and then, non-ringfenced	Revenue Support Grant, Retained Business Rates and Council Tax	Non-Ringfenced Reserves (Earmarked and Unallocated)	Unallocated Reserves	Total Reserves
	£000	%	%	%
Buckinghamshire	335,603	50%	14%	64%
East Riding of Yorkshire	255,765	52%	10%	62%
Derbyshire	492,565	49%	9%	58%
North Yorkshire	373,879	42%	14%	56%
Cornwall	473,367	41%	11%	52%
Hampshire	751,878	47%	4%	51%
West Sussex	522,568	45%	3%	48%
Northumberland	289,779	33%	10%	43%
East Sussex	377,882	39%	2%	41%
Suffolk	484,224	32%	7%	39%
Nottinghamshire	512,933	32%	6%	38%
Oxfordshire	390,192	32%	6%	38%
Isle of Wight	135,448	31%	7%	38%
Cheshire West and Chester	260,132	29%	8%	37%
Worcestershire	334,221	32%	4%	36%
Lincolnshire	468,954	32%	3%	35%
Somerset	332,153	25%	10%	35%
Leicestershire	356,029	31%	3%	34%
Warwickshire	350,547	29%	5%	34%
Gloucestershire	388,541	28%	5%	33%
Bedford	137,346	27%	6%	33%
Cumbria	378,610	27%	4%	31%
Central Bedfordshire	207,504	21%	7%	28%
Surrey	746,737	24%	3%	27%
Shropshire	235,442	21%	6%	27%
Herefordshire	147,734	19%	6%	25%
Cheshire East	267,269	17%	7%	24%
Kent	921,522	21%	3%	24%
Norfolk	639,162	20%	3%	23%
Devon	520,056	18%	3%	21%
Cambridgeshire	370,592	12%	6%	18%
Northamptonshire	421,004	14%	3%	17%
Dorset	272,816	10%	7%	17%
Hertfordshire	732,966	12%	3%	15%
Staffordshire	489,420	12%	3%	15%
Wiltshire	343,020	11%	3%	14%
Total	**14,717,860**	**28%**	**5%**	33%

Policy and Resources Committee

Item No 9A

Report title:	**2014-15 Capital Finance Monitoring Report Month 6**
Date of meeting:	**1 December 2014**
Responsible Chief Officer:	**Interim Head of Finance**

Strategic impact

This report provides a monthly update on the progress towards the achievement of the capital programme set by the Council in February 2014.

The primary purpose of this report is:

- to keep members informed of the progress of capital projects, and
- to give members confidence that capital expenditure is within approved funding available
- respond to committee requests for further information and
- to demonstrate progress in generating capital receipts.

Capital Finance Monitoring reports are produced at the end of each month, and reported to the nearest subsequent Policy and Resources Committee.

Executive summary

<u>Capital Programme</u>

On 17 February 2014, the County Council agreed a 2014-15 capital programme of £202.462m with further future years' funding of £188.676m. Following the agreement of that programme, there have been further adjustments resulting in the programme's revised position reported at Month 5. This report summarises further revisions to the programme resulting in a revised programme of £209.337m.

<u>Capital Receipts</u>

There have been further changes to the disposal schedule set out in the Month 5 monitoring report decreasing the forecast capital receipts for 2014-15 by £0.280m. This report sets out the primary changes on the disposal schedule and the proposed impact on the capital receipts reserve, including a revised figure of £6.571m of capital receipts now forecast to be used to reduce borrowing incurred through financing the 2014-15 capital programme.

<u>Capital Expenditure</u>

The report summarises the capital expenditure which has taken place in the year to date. There has been significant visible progress on major projects such as the County Hall refurbishment, and the Postwick Hub, and improved procedures are being put in place to monitor the stages of project development through "gateways" (annex chart 3). There has also been progress at the new Kings Lynn fire station and on the Children's Services capital programme with the completion of projects at Lingwood, Eaton and Easton, expanding and improving the accommodation offered.

The annex to this report also looks at the proposed funding of the programme, including the impact of these proposals on future revenue budgets.

Recommendations:

Members are recommended to:

- **note the revised expenditure and funding of the 2014-17 capital programme and the changes which have occurred following the position reported on 27 October 2014, as set out in Section 1 of Annex A**
- **note the progress towards the achievement of the 2014-15 programme, as set out in Section 2 of Annex A**
- **note the proposed changes to the disposals schedule and the impact on the capital receipts reserve, summarised in Section 4 of Annex A and further detailed in Appendix 5**
- **note the impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 2**

1. Introduction

1.1 This report sets out the revised 2014-17 capital programme incorporating changes following the position reported in October 2014.

2. Evidence

2.1 The Council set an initial 2014-15 capital programme of £202.462m in January 2014, which was subsequently revised to £210.584m to account for reprofiling and other adjustments as reported on 27 October 2014.

2.2 There has been further reprofiling and adjustments of -£1.249m in the period following the presentation of the last report, as set out in the attached report. This has resulted in a revised position of £209.337m.

3. Financial Implications

3.1 The revised position of the 2014-15 capital programme is £209.337m.

3.2 This is to be funded by £43.980m of unsupported borrowing; £8.501m of capital receipts; £2.140m of revenue & reserve funding; and £154.714m of grants and contributions.

3.3 The impact of the additional borrowing on future revenue budgets as a result of interest and setting aside amounts for the repayment of the borrowing is £3.820m, as set out in Appendix 2.

4. Issues, risks and innovation

4.1 Risks associated with the capital programme, in terms of prioritising funding, and the timing and control of spend, are being addressed through links with Asset Management Plans and the on-going development of the Property Client function. The format and content of the capital monitoring reports is being developed and will increasingly highlight activity and risks associated with the capital programme.

4.2 Officers have considered all the implications which members should be aware of. Apart from those listed in the report and summarised above, there are no other implications to take into account.

5. Background

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

5.2 Further details are given in Annex A to this report.

Officer Contact

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

Officer Name:	Tel No:	Email address :
Peter Timmins	01603 222400	peter.timmins@norfolk.gov.uk
Howard Jones	01603 222832	howard.jones@norfolk.gov.uk

IN TRAN communication for all

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Annex A

Norfolk County Council

Annex A: 2014-15 Capital Finance Monitoring Report Month 6

Report by the Executive Director of Finance (Interim)

Introduction

This report gives details of:

- Changes to the capital programme during September 2014
- future capital programmes
- forecast and actual income from property sales
- how the programme is funded and
- other key information relating to capital expenditure.

Context
The capital programme for 2014-17 was agreed by County Council on 17 February 2014. This programme, which complements the Council's Asset Management Plan, consists of schemes improving and augmenting the Council's existing assets, including the provision of extra school places, maintenance and development of the County's highways network and improvement of the Council's office accommodation.

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

Revised Capital Programme
The revised opening position of £237.935m for the 2014-15 capital programme was reported to Policy and Resources committee on 14 July 2014. This report identifies further refinements to that opening capital programme as plans are developed for the delivery of the constituent projects. Major changes during September include reprofiling of expenditure on Norfolk Energy Futures loans and the addition of funding for the Norwich International Airport radar replacement.

Progress on Capital Projects
The progress on the capital programme at the end of September is broadly in line with expectations based on previous patterns of reprofiling. Further reprofiling may occur in the coming months as there is further exploration of the barriers to progress on some major schemes, such as issues with planning consent. The Council has made progress on a number of major schemes during the first half of 2014-15, including:

- the delivery of the first two floors of County Hall, Lingwood Primary School, improvement and expansion of Eaton Primary School and Easton VC Primary School, and two major museums projects
- significant further progress on Postwick Hub, Better Broadband and the development of dementia care facilities in Bowthorpe with NorseCare.

Capital Receipts
There have been further changes to the projected property capital receipts for 2014-15 as reported in section 4, with the projection for overall receipts now being £9.328m. These changes to the disposal schedule result in a decreased figure of £6.571m of general capital receipts now forecast to be used to reduce borrowing incurred through financing the 2014-15 capital programme. This is primarily due to a reduction in the value expected to be achieved for the disposal of two depots within the programme.

1 Capital Programme 2014-15 Period 6 Position

1.1 The 2014-15 Capital Programme was approved by the County Council on 17 February 2014 and is published in the Council's 2014-15 Financial Strategy and Medium Term Financial Strategy.

1.2 Subsequent to the agreement of the 2014-15 Capital Programme, there has been further reprofiling and other changes reported to Cabinet in 2013-14, slippage, and adjustments to funding which were not anticipated at the time of the Capital Programme's publication. These changes have now been incorporated into the below reported opening position of the 2014-15 programme.

1.3 Subsequent to the Period 5 monitoring report presented to Policy and Resources committee on 27 October 2014, the capital programme has undergone further revisions as summarised in Table 2.

1.4 The latest revised programme totals £442.258m, made up of:

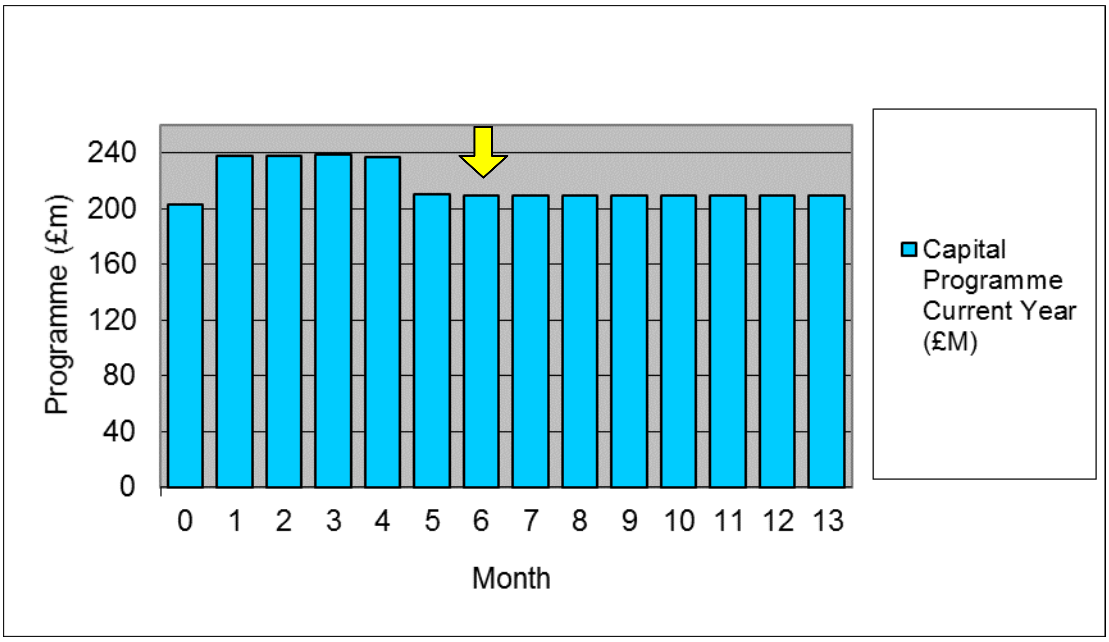
Table 1: Revised Capital Programme

	2014-15	2015-17
	£m	**£m**
New schemes approved January 2014-15	24.446	142.188
Previously approved schemes	178.016	46.488
Totals in Medium Term Financial Strategy	**202.462**	**188.676**
Re-profiling and other adjustments at financial year end	17.878	7.958
Slippage	2.359	0.000
Other Adjustments (Primarily additional funding announcements for Children's Services and Highways)	15.236	0.000
Capital Programme Opening Position	**237.935**	**196.634**
Previously approved reprofiling	-32.489	32.489
Other movements previously approved	5.138	0.048
Totals previous period	**210.584**	**229.171**
Re-profiling this period	-3.750	3.750
Other movements to be approved	2.503	0.000
Revised capital programme outturn	**209.337**	**232.921**
Total		**442.258**

1.5 This table highlights a reduction of £3.750m in the 2014-15 capital programme due to reprofiling schemes to later years, as identified in Appendix 1.

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

Chart 1: Capital Programme changes to date 2014-15 at Period 6



1.7 The arrow at Month 6 shows the latest position.

1.8 The table below provides a high level view of how the revised 2014-15 programme is made up for each service:

Table 2: Revised capital programme 2014-15

Service	Opening Capital Programme 2014-15	Cumulative Changes To Date	Reprofiling To Be Approved	Other Changes To Be Approved	2014-15 Capital Programme	Forecast Outturn	Over / (Under)spend
	£m	£m	£m	£m	£m	£m	£m
Children's Services	91.160	-27.667	0.000	0.000	63.493	63.493	0.000
Adult Social Care	10.552	-5.126	0.000	0.000	5.426	5.428	0.002
Cultural Services	1.119	0.157	0.000	0.008	1.284	1.284	0.000
Highways	90.492	3.520	0.000	2.315	96.327	96.749	0.422
ETD Other	7.727	0.000	-3.750	0.000	3.977	2.444	-1.533
Fire & Rescue Service	2.841	0.103	0.000	0.098	3.042	3.042	0.000
Resources	34.044	1.662	0.000	0.082	35.788	35.788	0.000
Total	**237.935**	**-27.351**	**-3.750**	**2.503**	**209.337**	**208.227**	**-1.110**
		210.584		**-1.247**			

1.9 Reprofiling and other changes to schemes are identified in further detail in Appendix 1.

1.10 The under spend on ETD Other is due to the reduced costs of providing drainage improvements as set out in paragraphs 2.7 and 3.4.

1.11 Highways share the overspend on projects within their capital programme with the main highways contractor. The inclusion of the Council's share of these overspends has resulted in the variance above. Highways will be making decisions over the forthcoming months on how to reduce this overspend before the end of the financial year. This could include the deferral of some existing schemes.

1.12 The revised programme for 2015-17 is as follows:

Table 3: Opening capital programme 2015-17

Service	Revised Position at end of August 2014 £m	Reprofiling in September £m	Other Movements in September £m	Revised Position at end of September 2014 £m
Children's Services	73.744	0.000	0.000	73.744
Adult Social Care	5.131	0.000	0.000	5.131
Cultural Services	0.000	0.000	0.000	0.000
ETD Highways	123.722	0.000	0.000	123.722
ETD Other	3.600	3.750	0.000	7.350
Fire and Rescue	1.769	0.000	0.000	1.769
Resources	21.205	0.000	0.000	21.205
TOTAL	**229.171**	**3.750**	**0.000**	**232.921**

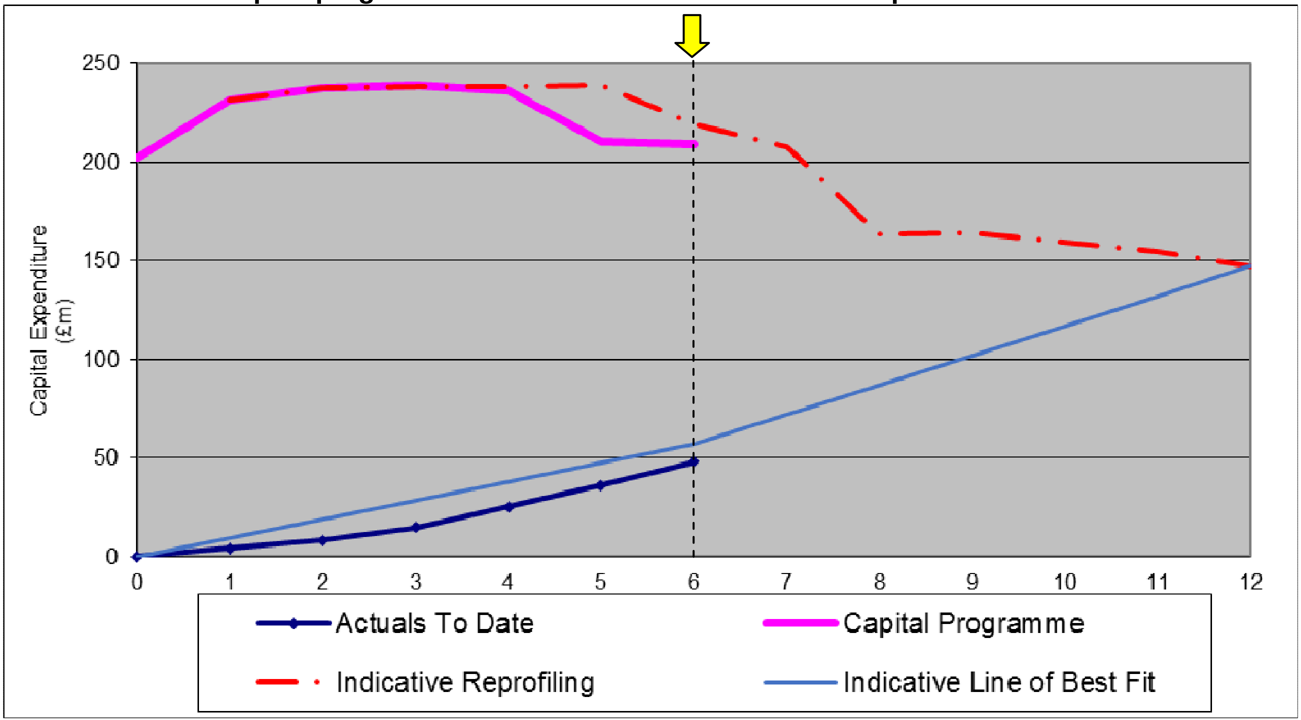
1.13 The revised position of the future years programme was reported to Policy and Resources committee on 27 October 2014.

1.14 Reprofiling into future years and other movements are as reported in Appendix 1.

2 Actual Spend and Progress on Capital Programme

2.1 Progress on the overall capital programme is as follows:

Chart 2: Capital programme 2014-15 and cumulative actual expenditure



2.2 Total expenditure on the 2014-15 capital programme to the end of September was £47.938m. By comparison, the Council had spent £53.864m by the end of September 2013.

2.3 Capital projects by their nature do not lend themselves to evenly profiled expenditure, which would suggest a target spend percentage of 50%. A number of reasons may result in higher expenditure during certain parts of the year. In particular, major construction and infrastructure projects would expect to incur greater expenditure during the summer and autumn. There may be other reasons for delays in projects such as difficulties in obtaining planning permission.

2.4 The graph above suggests that there may still be a significant amount of re-profiling of expenditure into future year's programmes, in line with historical trends. The difference between the current profile and actual at Month 6 is 27.1%.

2.5 The dotted line on Chart 2 present an indicative pattern of reprofiling based on last year's capital programme. If there is similar reprofiling in this year then the outturn capital programme would be £147.3m and expenditure to date would represent 32.5% of the outturn, 17.5% below expected progress if expenditure is incurred on a "straight line basis". The "line of best fit" above has been adjusted for major projects not yet in construction/delivery (as shown in Chart 3). This shows that actual expenditure is closer to an expected profile, but is still below expected progress.

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

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

Service	Capital Programme	Expenditure To Date	% Capital Expenditure Incurred	RAG
	£m	£m		
Children's Services	63.493	11.395	17.9%	A
Adult Social Care	5.426	2.411	44.4%	G
Cultural Services	1.284	0.441	34.3%	G
Highways	96.327	25.369	26.3%	G
ETD Other	3.977	0.401	10.1%	R
Fire & Rescue Service	3.042	1.018	33.5%	G
Resources	35.787	6.904	19.3%	A
Total	**209.336**	**47.938**	**22.9%**	A

2.7 A red "RAG" rating has been assigned to services where the expenditure to date is less than third of expenditure based on a "straight line" profile (amber between a third and a half). Reasons for expenditure being below an evenly distributed budget profile are as follows:

Children's Services (Month 6 gap: £20.352m) - "Amber"

The gap between expected and current expenditure has slightly increased in the last month from £18.783m to £20.352m, following monthly expenditure of £3.765m, indicating that further reprofiling is likely.

Historically there has been further reprofiling of schools schemes later in the financial year as it becomes clearer where issues with obtaining planning permission will impact the delivery of projects. This is the main factor influencing the indicative reprofiling in Chart 2 and, as can be seen, there has been a positive drive this year to identify those issues at an earlier point.

Expenditure on schemes at existing schools will continue over the coming months as invoice for works undertaken during school holidays continue to be received and processed. This should further reduce the gap between forecast and actual expenditure.

Highways (Month 6 gap: £22.795m) – "Green"

The Highways capital programme is currently assigned a green rating under the RAG rating system above. However, the scale of the Highways programme means that even a small deviation results in a significant impact on the overall progress of the capital programme.

As previously reported, the actual expenditure incurred by Highways does not reflect the amount of work which has been undertaken by the authority as there is a technical issue with contractor billing. This should be resolved later this financial year at which point we can expect the payments to better align themselves to the work completed.

ETD Other (Month 6 gap: £1.588m) – "Red"

The gap in the indicative expenditure on ETD Other has narrowed by £1.218m to £1.588m in month 6. This is primarily due to the reprofiling of expenditure on Norfolk Energy Futures loans as reported in section 1. There is now expected to be approximately £0.500m of loans to Norfolk Energy Futures which will be arranged later in the financial year.

The remainder of the expenditure gap can be attributed to drainage improvements at the county's Household Waste Recycling Centres and landfill sites. There remain five sites at which works are required and these are expected to be completed in 2014-15 at a forecast underspend of £1.533m, as reported in Table 2, due to a reassessment of the works required and a change of contractor.

Resources (Month 6 gap: £10.990m) – "Amber"

The majority of the programme for Resources in 2014-15 consists of two schemes:

- Better Broadband - £13.389m
- County Hall - £17.358m

The expenditure on County Hall up to the end of September is broadly in line with expectations and, at this point, does not raise any cause for concern.

Better Broadband payments are paid quarterly and based on milestone reports received from BT. The need to validate these reports prior to payment means that the first quarterly payment has not been made yet. Progress on the scheme is currently under review and will be profiled accordingly in the forthcoming months.

2.8 An important indicator of progress on the capital programme as a whole is the stage, or gateway, of the constituent projects. The certainty of a project being delivered on time and within budget increases as it moves through the gateways from feasibility to completion.

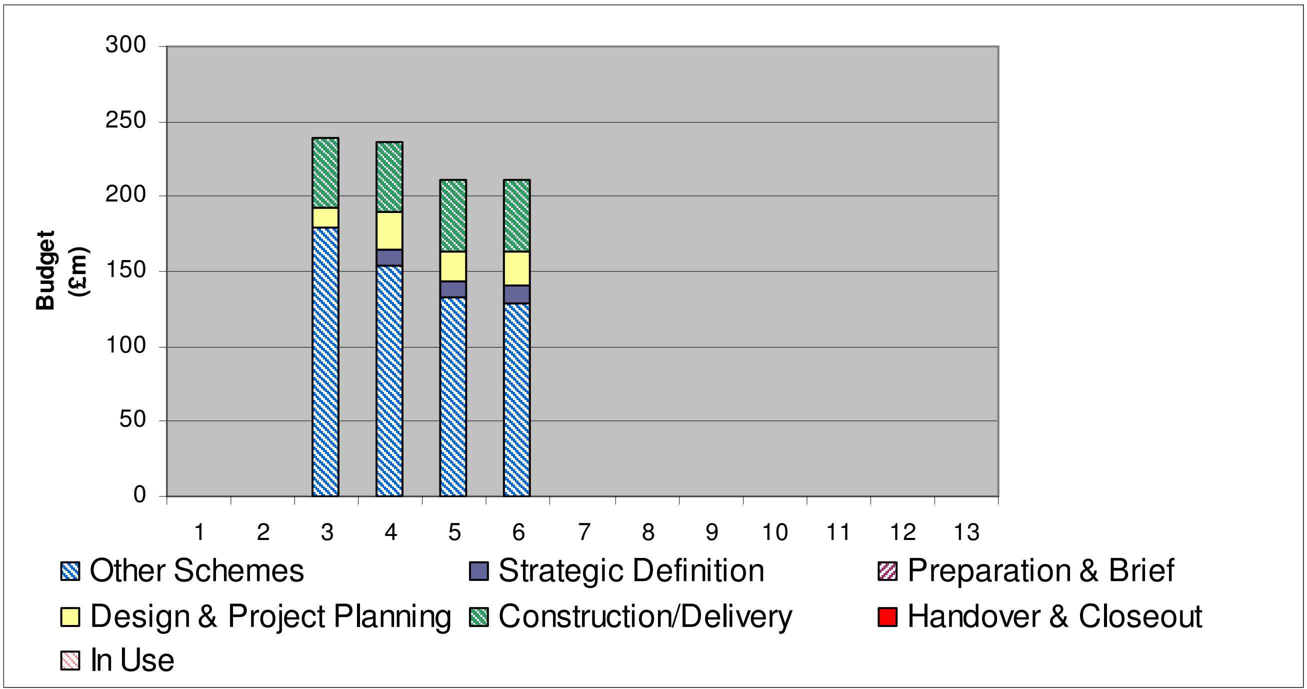
2.9 The following gateways will be applied to determine the progress of the schemes within the programme:

Project stage / Gateway	**Description**
Strategic Definition	Unallocated funding for which initial business cases and strategic briefs are still being developed
Preparation and Brief	Projects which have been identified and are undergoing options analysis and feasibility to identify the best route for delivery
Design and Project Planning	Projects where initial plans are being developed into a comprehensive project plan and design, through from the initial concept design to the technical design
Construction/Delivery	Construction, delivery & installation of the assets is underway
Handover & Closeout	Works on the assets are substantially complete and they have been handed over but are still undergoing a defects maintenance period prior to completion
In Use	Project is signed off, complete and in use
Other Schemes	Schemes below the de minimis for gatewaying (currently £5m)

2.10 The gateways identified above are based on the progress measurements used by the Council's property consultants, NPS, and are consistent with the Royal Institute of British Architects (RIBA) industry standards for project management.

2.11 The table below is being developed to identify the current gateways of projects over £5m within the capital programme at the end of September 2014-15:

Chart 3 (in development): Gateway analysis of 2014-15 capital programme at end of September 2014



2.12 Progress on delivery of schemes at the beginning of 2014-15 has been good. Highlights in 2014-15 were reported in the Month 5 Capital Programme Monitoring report presented to the committee on 27 October 2014. Further progress on schemes will be reported to future committees.

3 Financing The Programme

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

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

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

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previously Approved Changes	Changes To Be Approved	2014-15 Programme	2014-15 Forecast Outturn	2014-15 Over / (Under) Spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	44.884	-0.368	-0.536	43.980	42.447	-1.533	59.212
Capital Receipts	2.258	6.374	-0.131	8.501	8.501	0.000	1.894
Revenue & Reserves	3.567	-1.521	0.094	2.140	2.140	0.000	0.090
Grants and Contributions		0.000					171.725
DfE	58.463	-8.719	0.000	49.744	49.744	0.000	
DfT	48.760	14.310	0.208	63.277	63.700	0.423	
DoH	7.482	-3.640	0.000	3.842	3.842	0.000	
DCLG	0.406	0.496	0.000	0.902	0.902	0.000	
DCMS	10.378	0.000	0.000	10.378	10.378	0.000	
GNDP/CIF	0.000	2.673	0.000	2.673	2.673	0.000	
Developer Contributions	0.000	13.206	-1.610	11.595	11.595	0.000	
Other	26.265	-14.688	0.728	12.304	12.304	0.000	
TOTAL	**202.462**	**8.123**	**-1.248**	**209.337**	**208.227**	**-1.110**	**232.921**

3.4 The table above shows forecast prudential borrowing requirement for the Council to support the 2014-15 programme of £42.447m. The underspend of £1.533m from borrowing is primarily related to the lower than expected cost of providing drainage improvements at the County's landfill and Household Waste Recycling Centres.

3.5 The Council has been successful in an application for a £0.410m interest-free loan from Salix to finance the borrowing of some CERF projects associated with the development of County Hall.

3.6 The revenue consequences of borrowing are shown in Appendix 2. The key issues continue to be:

- To evidence that spend-to-save schemes generate savings to fund their costs; and
- That unsupported borrowing schemes are reviewed to identify alternative revenue funding.

Further details of spend-to-save schemes and other schemes largely funded through borrowing are shown in Appendices 2 and 3.

4 Capital Receipts

4.1 The Council's Asset Management Plan, as approved on 14 April 2014, details the short and medium term plan for the management of the Council's assets and how this supports the delivery of the Capital Programme.

4.2 Key themes of the asset management plan relating to the capital programme were:

- Using our property portfolio more efficiently and rationalising the office space used by the Council;
- Reducing the number of surplus properties;
- Generating capital receipts in line with the requirements of the agreed capital programme; and
- Developing an investment strategy and policy.

4.3 The capital programme, approved in February, further detailed how asset management would support capital expenditure through generating £10.163m of capital receipts through property disposals.

4.4 Since then, there have been a significant number of changes to the draft disposal schedule as a result of identifying further general disposals to reduce borrowing across the capital programme. The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

	2014-15 Approved	2014-15 End of August	2014-15 End of September	Changes since the end of August
General Capital Receipts Available	2.258	6.135	6.004	-0.131
Financial Packages	1.485	0.935	0.935	0.000
County Farms Capital Receipts	6.420	2.538	2.389	-0.149
Estimated Total Capital Receipts	**10.163**	**9.608**	**9.328**	**-0.280**

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

4.5.1 <u>General Capital Receipts</u>

Movements on general capital receipts are as follows:

- Reduction of £0.088m in values expected to be obtained for Watton Highways Depot and Sculthorpe Depot. An offer has now been received for Watton Depot but the Sculthorpe Depot failed to sell at auction – this will be reauctioned at a reserve of £0.060m.
- Sale of former St Michael's school site in King's Lynn, valued at £0.050m, delayed until 2015-16.
- Other small changes in valuations totalling £0.007m

4.5.2 <u>Financial Packages Receipts</u>

There have been no changes to financial packages receipts.

4.5.3 County Farms Receipts

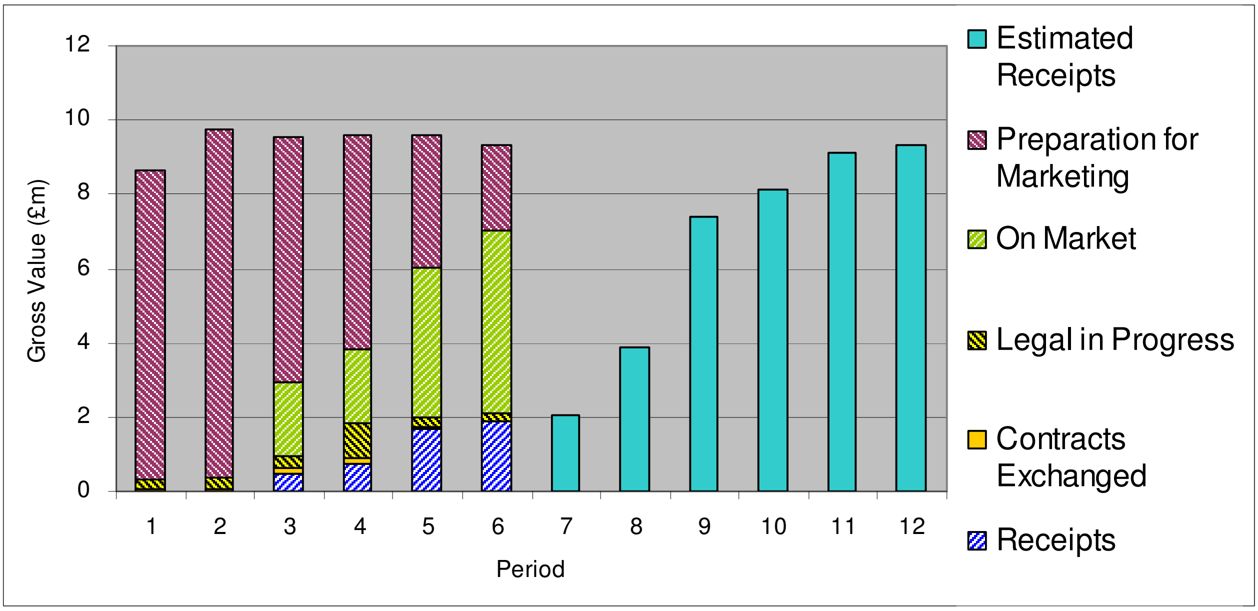
The £150,000 sale of Tunstead Barns has been delayed until 2015-16 with ongoing work to secure planning permission to convert into three dwellings, increasing the value of the site.

Table 6a: Reconciliation of Disposal Schedule Estimates

	£m
Capital receipts estimate at end of previous period	9.608
Additions	0.003
Upward revaluations of estimates	0.004
Brought forward from future years	0.000
Removals	0.000
Downwards revaluations of estimates	-0.087
Delayed until future years	-0.200
Revised Estimate 2014-15	**9.328**

4.6 The chart below shows the progress on realisation of the forecast capital receipts for 2014-15.

Chart 4: Forecast Capital Receipts from property sales 2014-15 (estimated cumulative receipts from month 7)



The columns for periods 7-12 show estimated cumulative future monthly receipts and demonstrate a good level of confidence in their delivery in 2014-15. A detailed list of property sales and their status may be found in Appendix 5.

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

Table 7: Capital receipts reserve forecast 2014-15

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	**0.000**	**1.385**	**0.367**	**1.752**
Forecast receipts from sales of properties	6.004	0.935	2.389	9.328
Receipts from sales of assets to leasing companies	0.867	0.000	0.000	0.867
Other capital receipts	0.000	0.000	0.000	0.000
Forecast receipts generated in year	**6.871**	**0.935**	**2.389**	**10.195**
Sales expenses	-0.300	0.000	0.000	-0.300
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Forecast net receipts available for funding	**6.571**	**2.320**	**2.756**	**11.647**
Forecast use to fund incomplete leases	0.000	0.000	0.000	0.000
Forecast use to fund programme and reduce borrowing	-6.571	-0.990	-0.940	-8.501
Forecast Closing Balance	**0.000**	**1.330**	**1.815**	**3.146**

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

5 New capital scheme proposals requiring borrowing

5.1 Northern Distributor Road - Norwich International Airport Radar Loan

As part of the consultation process for the Northern Distributor Road, it was identified that the construction of the road would have an impact on the radar system located at Norwich International Airport. To mitigate the impact of the road on the radar, it was proposed that the Council would part fund the radar replacement as a compensatory arrangement.

The proposed arrangement was that the Council would fund 8/20 of the cost of replacement and the airport would contribute 12/20, to be repaid to the Council through a loan based on commercial terms and payable in years 9 to 20 of the period following the replacement. This arrangement was agreed by Cabinet on 2 September 2013.

The radar replacement is now in a position to proceed and the Council is required to fund the £1.2m contribution and the £1.8m loan, totalling £3m in this financial year, through borrowing which will be partially supported through the repayment of the loan.

6 Spend to Save schemes

6.1 An analysis of spend-to-save schemes, Economic Development schemes, and schemes funded through the Norfolk Infrastructure Fund is set out in Appendix 4.

7 Capital schemes in development

7.1 The following capital schemes, which have been reported to previous cabinet meetings, are in development:

- Land developments at former RAF Coltishall,
- Further development of broadband in rural areas,
- Greater Norwich infrastructure projects.

7.2 A14 Cambridge to Huntingdon Improvement Scheme 2016-2020

The Secretary of State for Transport proposes to construct the A14 Cambridge to Huntingdon Improvement Scheme. The scheme is under development and is to be jointly funded by the Secretary of State and local authorities and LEPs based in the Eastern region. The outturn cost of the scheme is approximately £1.345 billion based on the works taking place between the financial years 2016-17 and 2019-20. Local authorities and LEPs will be contributing £100m, with £75m from Cambridgeshire County Council and Greater Cambridge Greater Peterborough LEP. Norfolk County Council's will be £0.040m per annum from January 2020 to January 2044, resulting in a total commitment of £1m.

7.3 One Public Estate programme

Twenty councils, including Norfolk County Council, have been selected for the second phase of the One Public Estate programme to optimise the use of public sector land and property. The One Public Estate programme uses land and property released to boost economic growth and regeneration. It encourages sharing services, reduces running costs and generates capital receipts (money received from selling surplus property).

The 20 councils will join 12 pilot councils that took part in the first phase of the programme in 2013. They will receive funding and training including support from on how to "cut red tape and unblock barriers to progress".

Norfolk County Council's bid was submitted in conjunction with Suffolk County Council and with Forest Heath and St. Edmondsbury (West Suffolk) district council.

Norfolk County Council is in the process of agreeing a Memorandum of Understanding with the Local Government Association and the Government Property Unit. NCC's membership of the programme, together with the creation of a central property team, will be significant enablers in achieving the Council's £5m 2015-18 property related savings target, improving the property portfolio the services delivered from them.

7.4 Bowthorpe Development

Norfolk County Council, acting as the Accountable body for the Local Infrastructure Fund on behalf of the Greater Norwich Growth Board, is in the process of drafting a loan agreement with Norwich City Council. The loan is to the value of £1.865m and is intended to support the development of key infrastructure as part of the major development at Bowthorpe Threescore.

7.5 Priority Schools Building Programme

The second phase of the PSBP national programme was launched on 1 May with a value of around £2billion over a five year programme. All local authorities, dioceses, sixth form colleges, academies and multi-academy trusts were invited to submit an expression of interest for those schools and sixth form colleges in the very worst condition to undertake major rebuilding or refurbishment.

Norfolk submitted an expression of interest bid for three priority schools for approximately £2.5 million funding based on our existing condition information.

The Department for Education has set a high bar for inclusion in the Programme and the outcome of the bidding process is anticipated at the end of 2014.

7.6 Museums Joint Committee Capital Projects

The Museums service are currently working on two new capital projects:

- Voices From The Workhouse is a £1.8m scheme at Gressenhall Farm and Workhouse subject to Heritage Lottery Fund second round approval. This is due to start early next year with a view to completion by Autumn/Winter 2015.

- The redevelopment of the keep at Norwich Castle Museum and Art Gallery is a longer term renovation project to take place from 2016-17 to 2018-19. The cost of this project will likely be in the region of £8-9m and is currently subject to planning approval and securing external funding sources.

Appendices

Appendix 1: Reprofiling and Other Changes to the 2014-17 Capital Programme

Appendix 2: Revenue Consequences of Borrowing

Appendix 3: Spend to Save and NIF-Supported Schemes

Appendix 4: Norfolk Infrastructure Fund Update

Appendix 5: Capital Receipts

Appendix 1: Reprofiling and Other Changes to the 2014-17 Capital Programme

i. This appendix sets out the reprofiling and other changes which have occurred during August 2014.

ii. The changes to the 2014-15 programme are as follows:

Reprofiling

Table A1a: Reprofiling in September 2014

Service	Project	Funding Type	Amount £m	Explanation
ETD Other	Norfolk Energy Futures	Borrowing and Capital Receipts	-3.650	Lending to Norfolk Energy Futures Ltd is likely to be lower than initially anticipated. The company is currently undergoing work identifying and developing plans for a number of potential schemes largely focussed on solar PV installations.
	Closed Landfill Sites Capping and Restoration	Borrowing and Capital Receipts	-0.100	Edgefield remedial works delayed until 2015-16 whilst further permits are obtained from the Environment Agency.
ETD Other Total			**-3.750**	
Total Reprofiling			**-3.750**	

Other Changes

Table A1b: Other changes in September 2014

Service	Project	Funding Type	Amount £m	Explanation
Cultural Services	New Museums Corporate Minor Works Projects	Borrowing and Capital Receipts	0.005	Corporate Minor Works funding disaggregated from the CMW Pot. Offset by a reduction in Resources funding below
	New Section 106 schemes	Grants and Contributions	0.002	Additional developer contributions towards libraries schemes
Cultural Services Total			**0.007**	
Highways	Northern Distributor Road	Borrowing and Capital Receipts	3.000	See Annex A Section 5.
	Bus Infrastructure Schemes	Grants and Contributions	0.558	Increase in developer contributions towards Kings Lynn bus station improvements and route to train station
	Local Road Schemes	Grants and Contributions	-1.340	Removal of the Norwich Research Park junction from the current year capital programme. This is a developer funded scheme and has

				now been included in the 2015-16 programme.
	Public Transport Schemes	Grants and Contributions	0.061	Additional funding for electronic signage and touch-screens at bus stops
	Other Schemes	Multiple Funding Sources	0.036	Other small funding adjustments
Highways Total			**2.315**	
Fire and Rescue Service	Command & Control vehicles and ICT	Revenue & Reserves	0.085	Contribution from reserves towards purchase of new vehicles and associated communications equipment. Further expenditure to be incurred in 2015-16 funded from DCLG grant
	New Corporate Minor Schemes	Borrowing and Capital Receipts	0.003	Corporate Minor Works funding disaggregated from the CMW Pot. Offset by a reduction in Resources funding below
	New CERF Schemes	Borrowing and Capital Receipts	0.011	CERF funding disaggregated from the CERF Pot. Offset by a reduction in Resources funding below
Fire and Rescue Service Total			**0.098**	
Resources	CERF Pot	Borrowing and Capital Receipts	-0.011	Disaggregation of funding to schemes within services
	CMW Pot	Borrowing and Capital Receipts	-0.008	Disaggregation of funding to schemes within services
	The Oaks, Harvey Lane	Borrowing and Capital Receipts	0.100	Addition of £0.100m to fund utilities work at the site with a view to maximising the capital receipt to be obtained upon sale
Resources Total			**0.081**	
Total Other Changes			**2.501**	

iii. Reprofiling into future years is as per Table A1a.

iv. There has been a virement of £0.306m within Fire and Rescue Services from unallocated DCLG funding in 2015-16 to the new Command and Control Vehicle project identified in Table A1b, giving a total scheme cost of £0.391m.

Appendix 2: Revenue Consequences of Borrowing

i. The Council is required under the Local Government Act 2003 to have regard for the CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code).

ii. The Prudential Code sets out the principles by which authorities should ensure that their level of borrowing is prudent and affordable. It also prescribes the indicators an authority must use to assess the prudence and affordability of its borrowing.

iii. The prudential indicators, which include the authorised limit for borrowing and the expected ratio of financing costs to net revenue stream for future years, are set annually and were agreed alongside the Capital Programme on 17 February 2014.

iv. The indicators are monitored on a monthly basis and any significant deviation from the set level, which would indicate that the Council is acting imprudently, is reported to Members by Treasury Management. Currently the Council is working well within the indicators set in February and does not plan to undertake any further borrowing in 2014-15.

v. The level of borrowing on the Council's Balance Sheet reflects prior capital funding decisions and must be viewed in the context of the overall portfolio of assets held by the Council.

vi. The Council is required to set aside an amount of money annually to service its debt and ensure that its actions do not impair the ability of the Council to borrow to support its capital requirements in the future. This is known as the Minimum Revenue Provision (MRP). The underlying assets provide services for the Council over a significant period of time and, through setting aside an amount of money annually to service the associated borrowing, the Council matches the cost of these assets to the service potential provided by them.

vii. Additional borrowing results in an increase in the amount of interest the Council must pay each year and an increase in the MRP it must make. The table below shows the incremental effect of the current programme of unsupported borrowing on future revenue budgets:

Table A2a: Analysis of unsupported borrowing required to support the capital programme

	2014-15	**2015-16**	**2016-17**	**2017-18**
	£m	**£m**	**£m**	**£m**
Forecast additional borrowing required in year	42.447	38.435	20.778	N/A
Cumulative additional borrowing	**42.447**	**80.882**	**101.660**	**101.660**
Interest		2.122	4.236	5.379
MRP		1.698	3.235	4.066
Total annual revenue impact of borrowing (cumulative)		**3.820**	**7.472**	**9.445**

viii. The figures are based on interest rates for borrowing of 5.00%, 5.50% and 5.50% for 2014-15, 2015-16 and 2016-17 respectively. MRP is calculated on the basis of accounting for 1/25 of capital expenditure per year, which is consistent with expenditure on buildings; where expenditure is incurred on other types of asset, MRP figures will vary from those shown above.

ix. During 2014-15, the Council will be repaying loans of £9.000m, resulting in a reduction of £0.479m in interest costs.

x. Unsupported borrowing may be analysed into "spend to save" schemes and those schemes which do not have a recognised saving or income stream related to them:

Table A2b: Analysis of unsupported borrowing

	2014-15	2015-16	2016-17
	£m	£m	£m
Spend to save (Appendix 2)	21.040	9.530	
Economic Development & NIF Funded Schemes (Appendix 2)	14.062	27.947	20.000
Deferred borrowing	7.555	0.857	0.875
Other schemes	7.301	1.884	0.013
Capital receipts available to reduce deferred and other borrowing	-7.511	-1.784	-0.110
Total	**42.447**	**38.434**	**20.778**

xi. <u>Spend to Save Schemes</u>

Spend to save schemes are schemes where savings or income to cover the revenue consequences of borrowing in future years (or a specific capital receipt) have been identified. Proceeding with these schemes should have no adverse impact on future revenue budgets.

xii. <u>Economic Development & NIF Funded Schemes</u>

Schemes financed through Economic Development and Norfolk Infrastructure Fund also have specific future revenue streams and savings attached to them. For example, loan repayments on the Norfolk Energy Futures loan.

xiii. <u>Deferred Borrowing</u>

Deferred borrowing represents 2014-17 capital schemes that are nominally funded from revenue and reserves, but which are now being funded from borrowing as reserves were used in previous years to minimise the revenue costs of borrowing.

The funding for these schemes should not be considered for removal as the borrowing has already been committed to in previous financial years when the decision to use revenue contributions was made.

xiv. The following table identifies the breakdown of those schemes which do not fall into one of three above categories:

Table A2c: Analysis of Other Schemes

Scheme	2014-15	2015-16	2016-17	2017-18
	£m	£m	£m	£m
Corporate				
Alterations to Offices to Comply with Disability Discrimination Act	0.124	0.130		
Asbestos Survey & Removal Programme (Chief Exec)	0.324	0.185		
Corporate Minor Works	0.287	0.113		
Fire Safety Requirements	0.076	0.049		
Unsupported schemes				
Closed Landfill Site Capping	0.148	0.100		
HWRC Drainage Improvements	0.500			
Kings Lynn Fire Station	1.173			
New Fire Station - Boat Store & Enhanced	0.005	0.153		
North Lynn Improvements	0.400			
Real Fire Training Unit	0.108			
Education schemes initially funded through supported borrowing				
BEST Briggan Road	0.056	0.450		
Brooke Replacement School		0.145		
Chapel Rd site	0.150			
Condition Contingency	0.448			
Drake Land	0.350			
Gayton Land		0.066		
Kings Lynn Academy	0.034			
Queens Hills Land	0.350			
Robert Kett, Wymondham	0.176			
Schools Access Initiative Post 2011-12	0.165	0.200		
Sustainability	0.455			
Thetford Replacement School	1.117			
Valley Primary	0.136			
	0.300	0.076		
Other small schemes				
Other Schemes	0.419	0.217	0.013	
	7.301	1.884	0.013	
Cumulative Borrowing	**7.301**	**9.185**	**9.198**	
Impact on revenue		0.657	0.836	0.837

xv. The schemes identified in the first part of Table A2c represent corporate programmes intended to maintain Norfolk County Council assets and ensure that the Council complies with legislation.

xvi. Reprofiled schemes includes costs previously reported as being deferred borrowing, as described above.

xvii. To fund or reduce the Council's unsupported borrowing detailed above, there are three options:

a. Amend the future capital programme to reduce the funding available to support these schemes, including an ongoing review of the Corporate Minor Works programme

b. Identify revenue budget to fund the capital expenditure directly.

c. Identify a suitable reserve from which to draw down the funding for the schemes.

Appendix 3: Analysis of Spend to Save and Economic Development & NIF Funded Schemes

i. The total for "spend to save" schemes in Appendix 2 Table A2b in can be analysed as follows, with details of the benefits to be realised for each project.

Table A3a: Analysis of "spend to save" capital schemes 2014-17

Scheme	Financing	2014-15	2015-16	2016-17
		£m	£m	£m
Carbon Energy Reduction Fund (CERF)	Energy cost savings	2.052		
County Hall Carbon Energy Reduction Fund		0.535	0.771	
County Hall Better Ways of Working	Office closures rent saving	2.462	1.760	
County Hall Strategic Maintenance		13.555	6.999	
North Norfolk Office Reorganisation	Office closures running cost saving and sales proceeds	0.023		
County Farms Improvements	Capital receipts from County Farms disposals	0.940		
Great Yarmouth Property Rationalisation	Capital receipts from disposal of Great Yarmouth office accommodation	0.420		
Gressenhall Sewerage Works	Increased capacity for visitor numbers	0.253		
RAF Coltishall	Identified capital receipt used to replace direct funding from NIF	0.700		
The Oaks, Harvey Lane Disposal	Capital Receipt from disposal	0.100		
Total Current and Proposed Spend To Save Schemes		**21.040**	**9.530**	**0.000**

ii. The following table analyses Economic Development & NIF Funded schemes funded through borrowing and /or supported by the Norfolk Infrastructure Fund. The Norfolk Infrastructure Fund (NIF) is a fund using second homes council tax income.

Table A3b: Analysis of Economic Development and Norfolk Infrastructure funded capital Schemes 2013-16

Scheme	Financing	2014-15	2015-16	2016-17
		£m	£m	£m
Better Broadband	Telecommunications contract savings and NIF support	3.012	11.197	

Northern Distributor Road	GNGB/ CIF	10.550	9.500	20.000
Loan to Norfolk Energy Futures	Loan Repayments From renewable energy incomes generated by a wholly owned company	0.500	7.250	
Total Economic Development and NIF funded projects		**14.062**	**27.947**	**20.000**

iii. Updates on Better Broadband, the Beach Coach Station and NORA are included in Appendix 4.

Appendix 4: Norfolk Infrastructure Fund Update

i. The Norfolk Infrastructure Fund is a reserve funded by Second Homes receipts and created to support investment in economic development and infrastructure schemes undertaken by the Council.

ii. This support is in the form of either:

   a. one-off funding from the reserve, whereby the Council does not incur future revenue costs related to borrowing, or

   b. through support for borrowing, providing an annual contribution to mitigate the future effects of interest and MRP.

iii. An annual update detailing progress on the fund was presented to Cabinet on 3 March 2014.

iv. The revised commitments on the fund following the end of 2013-14 are as follows:

Borrowing requirement	Total Investment	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
3rd River Crossing	0.800	0.800					
College of West Anglia	1.500		0.105	1.395			
Broadband	4.221					0.000	4.221
Thetford	0.000						
Beach Coach Station	0.000			1.247	0.888	(2.135)	
South Denes	0.000						
NORA	0.000		0.307	0.443	0.250	0.000	(1.000)
Total Borrowing commitment	6.521	0.800	0.412	3.085	1.138	(2.135)	3.221
Cumulative Borrowing Position		0.800	1.212	4.297	5.435	3.300	6.521
Balance of the Fund							
Opening balance of reserve		(1.151)	(1.151)	(4.745)	(2.378)	(2.015)	(1.218)
Additions to the fund			(3.658)	(1.914)	(1.161)	(1.133)	(1.133)
Borrowing costs			0.065	0.098	0.247	0.442	0.269
One off Funding							
RAF Coltishall				4.183	1.270	1.489	
Breckland					0.006		
Broadband							0.779
		(1.151)	(4.745)	(2.378)	(2.015)	(1.218)	(1.303)

v. The following provides an update on the position of the current schemes within the Norfolk Infrastructure Fund:

NORA (Nar Ouse Regeneration Area) Housing Project

Progress update

- Pre-commencement planning conditions and associated works were completed and signed off in July 2013. The expected surplus from phase one was £0.392m (outline business case May 2012).
- There have been significant issues in regard to ground conditions and a pumped sewer main across the site which have now been resolved. Compared to the plan, a further contribution may be necessary.
- Infrastructure works commenced in August 2013 and piling commenced in October 2013.
- Construction of the first 54 dwellings (Phase 1) commenced in November 2013 with the first of these properties programmed to be completed in May 2014 with the whole of Phase 1 being handed over by October 2014.
- William H Brown has been appointed as agent for the site, interest from potential purchasers is strong. A number of offers have already been accepted "off-plan". To help generate sales there will be a show home on the site and the scheme is registered with the Help to Buy scheme.
- The business plan for phase 1 is being refreshed. Later phases cannot commence until a business plan has been agreed.
- After each phase of development is finalised, a report analysing the results of that phase will be completed (Cabinet April 2010).

Royal Britannia Crescent (formerly Beach Coach Station Car Park, Great Yarmouth)

Period 6 Sales update

- All 19 homes have been built. There has been further progress on the sales of properties following the May 2014 report.
- All properties have now been sold or are in the process of being sold, with work ongoing to complete the sales of those which are sold subject to contract.

Scheme estimates

- Current estimates for the scheme outturn are as follows:

	Original estimate £m	Change from Original Estimate £m	Current forecast £m
Total Budgeted Costs	2.076	0.144	2.220
Estimated Sales	-2.440 +/- 5%	-0.146	2.294
Estimated surplus (-)	-0.364	0.290	-0.074

The surplus has dropped compared to the original estimates, due to increased costs on the site. The latest figures show a small upward revision to the expected returns and still forecast a return on the project.

As further sales continue to be completed there will be increasing certainty that a surplus will be realised, but at this stage there remains a risk around that return.

Once the properties are sold the initial investment will be returned to the fund and will be available to fund future projects.

Supporting better broadband access in rural areas

Progress update

- On 21 December 2012, using the Broadband Delivery UK (BDUK) Framework Contract, Norfolk County Council signed a contract for the delivery of improved broadband infrastructure across Norfolk
- Once complete in late 2015, the combination of commercial deployments and the ‘Better Broadband for Norfolk’ project should mean that 89% of Norfolk premises to have access to ‘next generation access’ infrastructure and 83% of all Norfolk premises have access to speeds of 24Mbps+
- All premises are expected to have access to a minimum of 2Mbps (enough to run BBC iPlayer).
- Implementation commenced three months ahead of plan, and at the end of December 2013, over 20,000 premises have access to Superfast (24 Mbps+) broadband
- Further funding of £5.590m was announced by central government subject to the provision of match funding. A further £4m was requested from DCMS and agreed subject to the entire £9.590m being matched with local funding.

  A report was presented to the Environment, Development and Transport committee on 8 July 2014 detailing options for procurement and match funding. Currently, Norfolk County Council proposes to make a £1m contribution with the remaining being sought from District Councils and the Local Enterprise Partnership.

The programme is still on schedule to be complete by the end of 2015.

Appendix 5: Capital Receipts

i. The current budgeted requirement for borrowing and capital receipts to support the 2014-15 capital programme is £52.481m, with a further £61.106m required to fund 2015-17.

ii. As detailed in Appendix 2, borrowing to finance the capital programme incurs revenue costs for both the interest on loans and the Minimum Revenue Provision that the Council is required to set aside. These increased revenue costs have an impact on the future revenue budgets set by the Council.

iii. In order to reduce the borrowing required to finance the programme, the Council may seek to generate capital receipts through the rationalisation of its property portfolio.

iv. The table below sets out in detail the sales which the Council has generated to date in 2014-15 in order to realise capital receipts and reduce the Council's borrowing requirement:

Table A5a: Sales to Date

Property	2014-15 Status	Capital Programme 2014-15	Forecast / Actual Receipt	Variance	Notes
		£m	£m	£m	
Former Landfill Site, North Walsham	Completed 4 July 2014	0.000	0.004	0.004	
Former Highways Office, Aylsham	Completed 19 June 2014	0.175	0.303	0.128	
Shrublands, Great Yarmouth	Completed 7 July 2014	0.050	0.166	0.116	
Tanner House, Thetford	Completed 17 July 2014	0.000	0.262	0.262	
Magdalen House HFE, Great Yarmouth	Completed 6 August 2014	0.000	0.000	0.000	
Unthank Centre, Norwich	Completed 7 August 2014	0.000	0.700	0.700	
30 Swansea Road, Norwich	Completed 26 September 2014	0.000	0.174	0.174	
Earthsea House, East Tuddenham	Completed 30 September 2014	0.000	0.310	0.310	
Former Railway Line, Walsingham	Legal in Progress	0.001	0.030	0.029	
Former Youth & Community Centre, North Walsham	Legal in Progress	0.000	0.200	0.200	
Land at Norwich Road, Acle	Legal in Progress	0.000	0.001	0.001	
Highways Depot, Watton	On Market	0.000	0.374	0.374	
Former Court House, Fakenham	On Market	0.000	0.100	0.100	
Primary School, Cringleford	On Market	0.750	0.950	0.200	
Former Claydon High School, Great Yarmouth	On Market	0.000	1.800	1.800	
Sculthorpe Depot, Tattersett	On Market	0.000	0.060	0.060	

Marsh House, Kings Lynn	Preparation for Market	0.185	0.185	0.000	
Dereham Road Land, Norwich	Preparation for Market	0.000	0.085	0.085	
Lingwood Junior School, Lingwood	Preparation for Market	0.000	0.150	0.150	
322-323 St John's Way, Thetford	Preparation for Market	0.000	0.150	0.150	
Surplus ETD Land, Earsham	Preparation for Market	0.000	0.002	0.002	
Former Cromer High Station, North Repps	Preparation for Market	0.000	0.000	0.000	
Rear of 101-106 Norfolk Street, Kings Lynn	Preparation for Market	0.000	0.000	0.000	
Former Drill Hall, Great Yarmouth		0.025	0.000	-0.025	Staged payment accounted for in prior financial year
The Hollies Youth & Community Centre, Loddon		0.004	0.000	-0.004	Staged payment accounted for in prior financial year
New Youth & Community Centre, Sheringham		0.058	0.000	-0.058	Staged payment accounted for in prior financial year
Land Adjacent to 20 Three Mile Lane, Costessey		0.100	0.000	-0.100	Sale of property completed in March 2013-14
Herondale HFE, Acle		0.900	0.000	-0.900	No longer being considered for sale
Former Sailing Base, Filby		0.010	0.000	-0.010	Delayed until future years
Mildred Stone House HFE, Great Yarmouth		0.000	0.000	0.000	Delayed until future years due to community asset listing
Former St Michael's School Site, Kings Lynn		0.000	0.000	0.000	Sale delayed until 2015-16 pending termination of lease with KLWNBC
Clere House HFE, Ormesby St Margaret		0.000	0.000	0.000	Sale delayed until 2015-16
General Capital Receipts		**2.258**	**6.004**	**3.746**	
Former Highways Depot, Stalham	On Market	0.250	0.150	-0.100	
Land at Sewell Park College, Norwich	On Market	0.000	0.450	0.450	
Alderman Jackson School, Kings Lynn	Preparation for Market	0.335	0.335	0.000	
Former Sixth Form Centre, Swaffham		0.150	0.000	-0.150	Sale of property completed in March 2013-14
The Hollies and Ivy House, Great Yarmouth		0.200	0.000	-0.200	Sale of property completed in March 2013-14
Former Highway Depot, Hillington		0.200	0.000	-0.200	Sale of property completed in March 2013-14
Former School, Necton		0.350	0.000	-0.350	Sale removed from schedule as the property is no longer being marketed due to planning issues
Financial Packages		**1.485**	**0.935**	**-0.550**	

Capital Receipts					
Priory Farm, Wiggenhall St Germans	Completed 7 July 2014	0.150	0.130	-0.020	
Dairy Farm, Burlingham	Completed 4 September 2014	0.000	0.138	0.138	
Sparrow Hall Bungalow, Blofield	On Market	0.150	0.150	0.000	
Hall Farm, Thorpe Market	On Market	0.000	0.900	0.900	
Barns at College Farm, Denver	Preparation for Market	0.300	0.300	0.000	
Site for 14 Homes Including Affordable Housing, Blofield	Preparation for Market	0.475	0.475	0.000	
Hall Farm Cottage, Haddiscoe	Preparation for Market	0.200	0.230	0.030	
Site for 5 Homes Including 3 Affordable Housing, Salthouse	Preparation for Market	0.065	0.065	0.000	
Land for 150 Homes Including Affordable Housing, Acle		4.000	0.000	-4.000	Planning for this site has now been agreed in principle but is subject to finalising the S106 agreement. Therefore, the property is likely to be marketed in December or January with a sale hopefully completed early in 2015-16.
Vicarage Farm Barns, North Elmham		0.200	0.000	-0.200	Anticipated sale now 2015-16
Development Site, Hilgay		0.080	0.000	-0.080	Anticipated sale now 2015-16
Additional Land for Hospice, Hopton		0.060	0.000	-0.060	Anticipated sale now 2016-17
Site for 20 Homes Including 12 Affordable Housing, South Walsham		0.500	0.000	-0.500	The initial planning application was not approved. This has now been revised and resubmitted but has delayed the sales process.
Row Hill Farm Barns, Hindringham		0.000	0.000	0.000	Anticipated sale now 2015-16
Tunstead Barns, Tunstead		0.150	0.000	-0.150	Anticipated sale now 2015-16
Church Farm Barns, Bacton		0.090	0.000	-0.090	Anticipated sale now 2015-16
Farms Capital Receipts		**6.420**	**2.389**	**-4.031**	
TOTAL RECEIPTS		**10.163**	**9.328**	**-0.835**	

Policy and Resources Committee

Item No 9B

Report title:	**2014-15 Capital Finance Monitoring Report Month 7**
Date of meeting:	**1 December 2014**
Responsible Chief Officer:	**Interim Head of Finance**

Strategic impact

This report provides a monthly update on the progress towards the achievement of the capital programme set by the Council in February 2014.

The primary purpose of this report is:

- to keep members informed of the progress of capital projects, and
- to give members confidence that capital expenditure is within approved funding available
- to respond to committee requests for further information and
- to demonstrate progress in generating capital receipts.

Capital Finance Monitoring reports are produced at the end of each month, and reported to the nearest subsequent Policy and Resources Committee.

This month's report also introduces the updated approach to capital programme planning and prioritisation in advance of the 2015-16 capital programme.

Executive summary

Annex A to this report also looks at the proposed funding of the programme, including the impact of these proposals on future revenue budgets

Capital Programme

On 17 February 2014, the County Council agreed a 2014-15 capital programme of £202.462m with further future years' funding of £188.676m. Following the agreement of that programme, there have been further adjustments resulting in the programme's revised position reported at Month 6. This report summarises further revisions to the programme resulting in a revised programme of £192.269m.

Capital Receipts

There have been further changes to the disposal schedule set out in the Month 6 monitoring report increasing the forecast capital receipts for 2014-15 by £0.713m. This report sets out the primary changes on the disposal schedule and the proposed impact on the capital receipts reserve, including a revised figure of £5.667m of capital receipts now forecast to be used to reduce borrowing incurred through financing the 2014-15 capital programme.

Capital Expenditure

The report summarises the capital expenditure which has taken place in the year to date. There has been significant visible progress on major projects such as the County Hall refurbishment, and the Postwick Hub, and improved procedures are being put in place to monitor the stages of project development through "gateways" (annex chart 3). There has also been progress at the new Kings Lynn fire station and on the Children's Services capital programme with the completion of projects at Lingwood, Eaton and Easton, expanding and improving the accommodation offered.

Annex B to this report sets out a new approach to capital programme planning

Capital Programme planning 2015-18

Annex B sets out a framework for a Council-wide approach to the Capital Programme. The three main objectives are to develop a capital programme which can be delivered to plan, to minimise unaffordable revenue costs, mainly by avoiding unsupported expenditure and to prioritise schemes on a Council-wide basis, rather than on a sector basis, to ensure the best use of resources.

Recommendations:

Members are recommended to:

- **note the revised expenditure and funding of the 2014-17 capital programme and the changes which have occurred following the position reported elsewhere on this agenda, as set out in Section 1 of Annex A**
- **note the progress towards the achievement of the 2014-15 programme, as set out in Section 2 of Annex A**
- **note the proposed changes to the disposals schedule and the impact on the capital receipts reserve, summarised in Section 4 of Annex A and further detailed in Appendix 5**
- **note the impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 2**
- **support and contribute to the development of the 2015-18 capital programme, as described in Annex B**

1. Introduction

1.1 This report sets out the revised 2014-17 capital programme incorporating changes following the position reported elsewhere on this agenda.

2. Evidence

2.1 The Council set an initial 2014-15 capital programme of £202.462m in January 2014, which was subsequently revised to £209.337m to account for reprofiling and other adjustments as reported elsewhere on this agenda.

2.2 There has been further reprofiling and adjustments of -£17.068m in the period following the presentation of the last report, as set out in the attached report. This has resulted in a revised position of £192.269m.

3. Financial Implications

3.1 The revised position of the 2014-15 capital programme is £192.269m.

3.2 This is to be funded by £45.526m of unsupported borrowing; £7.567m of capital receipts; £2.469m of revenue & reserve funding; and £136.707m of grants and contributions.

3.3 The impact of the additional borrowing on future revenue budgets as a result of interest and setting aside amounts for the repayment of the borrowing is £3.959m, as set out in Annex A Appendix 2.

4. Issues, risks and innovation

4.1 Risks associated with the capital programme, in terms of prioritising funding, and the timing and control of spend, are being addressed through links with Asset Management Plans and the on-going development of the Property Client function. The format and content of the capital monitoring reports is being developed and will increasingly highlight activity and risks associated with the capital programme.

4.2 The revised approach to capital programme planning increases the focus on deliverability, and comparing projects on a council-wide basis in order to ensure optimal use of resources.

4.3 Officers have considered all the implications which members should be aware of. Apart from those listed in the report and summarised above, there are no other implications to take into account.

5. Background

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

5.2 Further details are given in the annexes to this report.

Officer Contact

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

Officer Name:	Tel No:	Email address :
Peter Timmins	01603 222400	peter.timmins@norfolk.gov.uk
Howard Jones	01603 222832	howard.jones@norfolk.gov.uk

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Annex A

Norfolk County Council

Annex A: 2014-15 Capital Finance Monitoring Report Month 7

Report by the Executive Director of Finance (Interim)

Introduction

This report gives details of:

- Changes to the capital programme during October 2014
- future capital programmes
- forecast and actual income from property sales
- how the programme is funded and
- other key information relating to capital expenditure.

<u>Context</u>
The capital programme for 2014-17 was agreed by County Council on 17 February 2014. This programme, which complements the Council's Asset Management Plan, consists of schemes improving and augmenting the Council's existing assets, including the provision of extra school places, maintenance and development of the County's highways network and improvement of the Council's office accommodation.

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

<u>Revised Capital Programme</u>
The revised opening position of £237.935m for the 2014-15 capital programme was reported to Policy and Resources committee on 14 July 2014. This report identifies further refinements to that opening capital programme as plans are developed for the delivery of the constituent projects. Major changes during October include reprofiling of expenditure on Better Broadband and Children's services programmes, and the addition of funding for the Digital Norfolk Ambition project.

<u>Progress on Capital Projects</u>
The progress on the capital programme at the end of October is broadly in line with expectations based on previous patterns of reprofiling. Further reprofiling may occur in the coming months as there is further exploration of the barriers to progress on some major schemes, such as issues with planning consent. The Council has made progress on a number of major schemes during the first half of 2014-15, including:

- the delivery of the first two floors of County Hall, Lingwood Primary School, improvement and expansion of Eaton Primary School and Easton VC Primary School, and two major museums projects
- significant further progress on Postwick Hub, Better Broadband and the development of dementia care facilities in Bowthorpe with NorseCare. Progress on Better Broadband has recently been reported to the 18 November EDT committee in a paper entitled "Better Broadband for Norfolk – 6 Monthly Update".

Capital Receipts
There have been further changes to the projected property capital receipts for 2014-15 as reported in section 4, with the projection for overall receipts now being £10.041m. These changes to the disposal schedule result in a decreased figure of £5.667m of general capital receipts now forecast to be used to reduce borrowing incurred through financing the 2014-15 capital programme. This is primarily due to the sale of Norfolk County Council's interest in the site of the former Cringleford Primary School, achieving £0.825m more than previously forecast, being reclassified to financial packages as the original decision (made by Cabinet on 6 April 2010) to fund the project relied on the sales proceeds.

1 Capital Programme 2014-15 Period 7 Position

1.1 The 2014-15 Capital Programme was approved by the County Council on 17 February 2014 and is published in the Council's 2014-15 Financial Strategy and Medium Term Financial Strategy.

1.2 Subsequent to the agreement of the 2014-15 Capital Programme, there has been further reprofiling and other changes reported to Cabinet in 2013-14, slippage, and adjustments to funding which were not anticipated at the time of the Capital Programme's publication. These changes have now been incorporated into the below reported opening position of the 2014-15 programme.

1.3 Subsequent to the Period 6 monitoring report presented elsewhere on this agenda, the capital programme has undergone further revisions as summarised in Table 2.

1.4 The latest revised programme totals £450.178m, made up of:

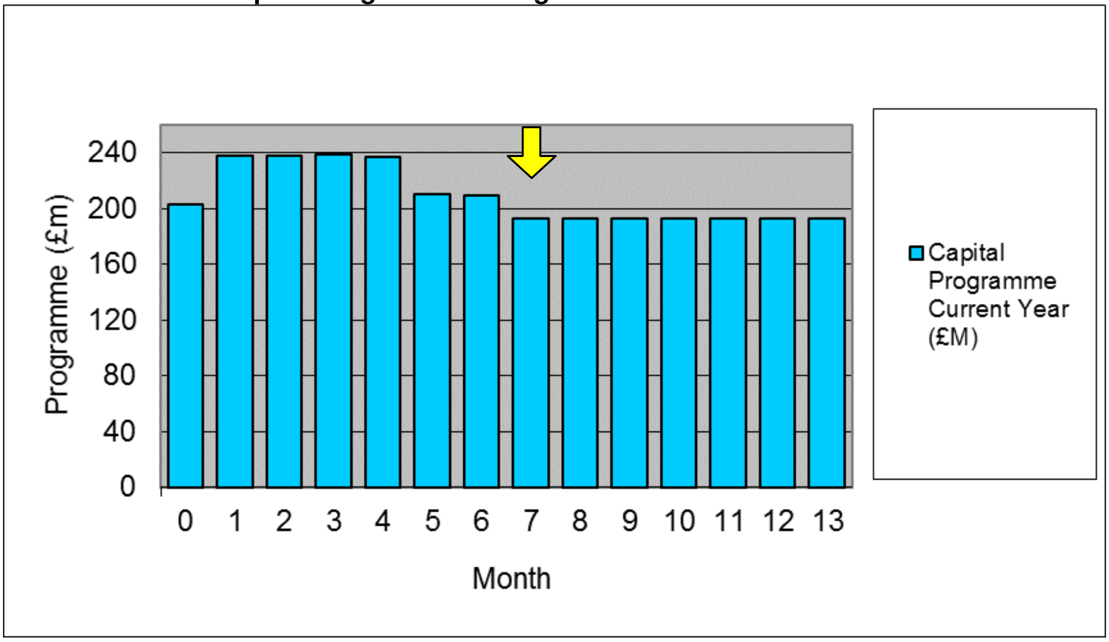
Table 1: Revised Capital Programme

	2014-15	**2015-17**
	£m	**£m**
New schemes approved January 2014-15	24.446	142.188
Previously approved schemes	178.016	46.488
Totals in Medium Term Financial Strategy	**202.462**	**188.676**
Re-profiling and other adjustments at financial year end	17.878	7.958
Slippage	2.359	0.000
Other Adjustments (Primarily additional funding announcements for Children's Services and Highways)	15.236	0.000
Capital Programme Opening Position	**237.935**	**196.634**
Previously approved reprofiling	-36.239	36.239
Other movements previously approved	7.641	0.048
Totals previous period	**209.337**	**232.921**
Re-profiling this period	-24.955	24.955
Other movements to be approved	7.887	0.033
Revised capital programme outturn	**192.269**	**257.909**
Total		**450.178**

1.5 This table highlights a reduction of £24.955m in the 2014-15 capital programme due to reprofiling schemes to later years, as identified in Appendix 1.

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

Chart 1: Capital Programme changes to date 2014-15 at Period 7



1.7 The arrow at Month 7 shows the latest position.

1.8 The table below provides a high level view of how the revised 2014-15 programme is made up for each service:

Table 2: Revised capital programme 2014-15

Service	Opening Capital Programme 2014-15	Cumulative Changes To Date	Reprofiling To Be Approved	Other Changes To Be Approved	2014-15 Capital Programme	Forecast Outturn	Over / (Under)spend
	£m	£m	£m	£m	£m	£m	£m
Children's Services	91.160	-27.667	-21.170	2.251	44.574	44.574	0.000
Adult Social Care	10.552	-5.126	-0.020	0.238	5.644	5.644	0.000
Cultural Services	1.119	0.165	0.000	-0.173	1.111	1.111	0.000
Highways	90.492	5.835	0.000	0.239	96.566	96.712	0.146
ETD Other	7.727	-3.750	0.000	0.000	3.977	2.444	-1.533
Fire & Rescue Service	2.841	0.201	0.000	0.260	3.302	3.302	0.000
Resources	34.044	1.744	-3.765	5.072	37.095	37.095	0.000
Total	**237.935**	**-28.598**	**-24.955**	**7.887**	**192.269**	**190.882**	**-1.387**
		209.337		**-17.068**			

1.9 Reprofiling and other changes to schemes are identified in further detail in Appendix 1.

1.10 The underspend on ETD Other is due to the reduced costs of providing drainage improvements as set out in paragraphs 2.7 and 3.4.

1.11 Highways share the overspend on projects within their capital programme with the main highways contractor. The inclusion of the Council's share of these overspends has resulted in the variance above. Highways have made some progress in addressing this overspend and will take further action before the end of the financial year. This could include the deferral of some existing schemes.

1.12 The revised programme for 2015-17 is as follows:

Table 3: Opening capital programme 2015-17

Service	Revised Position at end of September 2014 £m	Reprofiling in October £m	Other Movements in October £m	Revised Position at end of October 2014 £m
Children's Services	73.744	21.170	0.033	94.947
Adult Social Care	5.131	0.020	0.000	5.151
Cultural Services	0.000	0.000	0.000	0.000
ETD Highways	123.722	0.000	0.000	123.722
ETD Other	7.350	0.000	0.000	7.350
Fire and Rescue	1.769	0.000	0.000	1.769
Resources	21.205	3.765	0.000	24.970
TOTAL	**232.921**	**24.955**	**0.033**	**257.909**

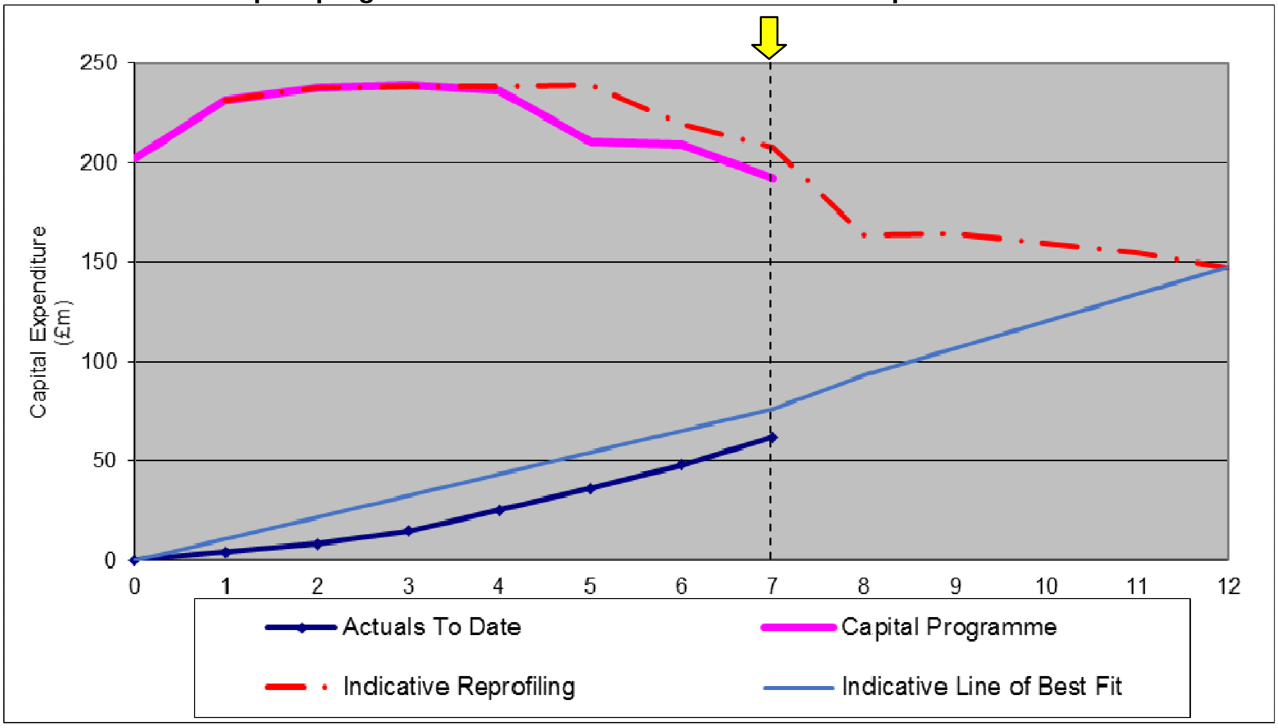
1.13 The revised position of the future years programme at the end of October is reported elsewhere on this agenda.

1.14 Reprofiling into future years and other movements are as reported in Appendix 1.

2 Actual Spend and Progress on Capital Programme

2.1 Progress on the overall capital programme is as follows:

Chart 2: Capital programme 2014-15 and cumulative actual expenditure



2.2 Total expenditure on the 2014-15 capital programme to the end of October was £61.904m. By comparison, the Council had spent £62.127m by the end of October 2013.

2.3 Capital projects by their nature do not lend themselves to evenly profiled expenditure, which would suggest a target spend percentage of 58.3%. A number of reasons may result in higher expenditure during certain parts of the year. In particular, major construction and infrastructure projects would expect to incur greater expenditure during the summer and autumn. There may be other reasons for delays in projects such as difficulties in obtaining planning permission.

2.4 The graph above suggests that there may still be a significant amount of re-profiling of expenditure into future year's programmes, in line with historical trends. The difference between the current profile and actual at Month 7 is 26.1%.

2.5 The dotted line on Chart 2 present an indicative pattern of reprofiling based on last year's capital programme. If there is similar reprofiling in this year then the outturn capital programme would be £147.3m and expenditure to date would represent 42.0% of the outturn, 16.3% below expected progress if expenditure is incurred on a "straight line basis". The "line of best fit" above has been adjusted for major projects not yet in construction/delivery (as shown in Chart 3). This shows that actual expenditure is closer to an expected profile, but is still below expected progress.

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

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

Service	**Capital Programme**	**Expenditure To Date**	**% Capital Expenditure Incurred**	**RAG**
	£m	**£m**		
Children's Services	44.574	14.985	33.6%	A
Adult Social Care	5.644	3.430	60.8%	G
Cultural Services	1.111	0.473	42.6%	G
Highways	96.566	32.824	34.0%	A
ETD Other	3.977	0.410	10.3%	R
Fire & Rescue Service	3.302	1.221	37.0%	G
Resources	37.095	8.561	23.1%	A
Total	**192.269**	**61.904**	**32.2%**	**G**

2.7 A red "RAG" rating has been assigned to services where the expenditure to date is less than third of expenditure based on a "straight line" profile (amber between a third and a half or below two thirds for materially significant programmes). Reasons for expenditure being below an evenly distributed budget profile are as follows:

<u>Children's Services</u> (Month 7 gap: £11.001m) - "Green"

The gap between expected and current expenditure has decreased in the last month from £20.352m to £11.001m as a result of another significant amount of reprofiling in the month.

Historically there has been further reprofiling of schools schemes later in the financial year as it becomes clearer where issues with obtaining planning permission will impact the delivery of projects. This is the main factor influencing the indicative reprofiling in Chart 2 and, as can be seen, there has been a positive drive this year to identify those issues at an earlier point.

<u>Highways</u> (Month 7 gap: £23.474m) – "Green"

The Highways capital programme is currently assigned a green rating under the RAG rating system above. However, the scale of the Highways programme means that even a small deviation results in a significant impact on the overall progress of the capital programme.

As previously reported, the actual expenditure incurred by Highways does not reflect the amount of work which has been undertaken by the authority as there is a technical issue with contractor billing. This should be resolved later this financial year at which point we can expect the payments to better align themselves to the work completed.

<u>ETD Other</u> (Month 7 gap: £1.909m) – "Red"

The gap in the indicative expenditure on ETD Other has increased slightly to £1.909m in month 7.

The majority of the expenditure gap can be attributed to drainage improvements at the county's Household Waste Recycling Centres and landfill sites. There remain five sites at which works are required and these are expected to be completed in 2014-15 at a forecast underspend of £1.533m, as reported in Table 2, due to a reassessment of the works required and a change of contractor.

Resources (Month 7 gap: £13.065m) – “Amber”

Following the decision to fund DNA through borrowing rather than leasing, the majority of the programme for Resources in 2014-15 now consists of three schemes:

- Better Broadband - £9.725m
- County Hall - £17.358m
- DNA - £5.000m

The expenditure on County Hall up to the end of October is broadly in line with expectations and, at this point, does not raise any cause for concern.

Better Broadband payments are paid quarterly and based on milestone reports received from BT. The progress on the scheme has been reviewed and expenditure forecasts reprofiled this period. The resulting reprofiling is due to the works undertaken by BT and their subcontractors being delivered at an underspend – the savings made will be used to deliver further rollout at the end of the programme.

Expenditure on DNA is not currently being picked up as part of the review of progress on the programme. Much of the DNA delivery has already been completed and it is expected that it will be completed in this financial year.

2.8 An important indicator of progress on the capital programme as a whole is the stage, or gateway, of the constituent projects. The certainty of a project being delivered on time and within budget increases as it moves through the gateways from feasibility to completion.

2.9 The following gateways will be applied to determine the progress of the schemes within the programme:

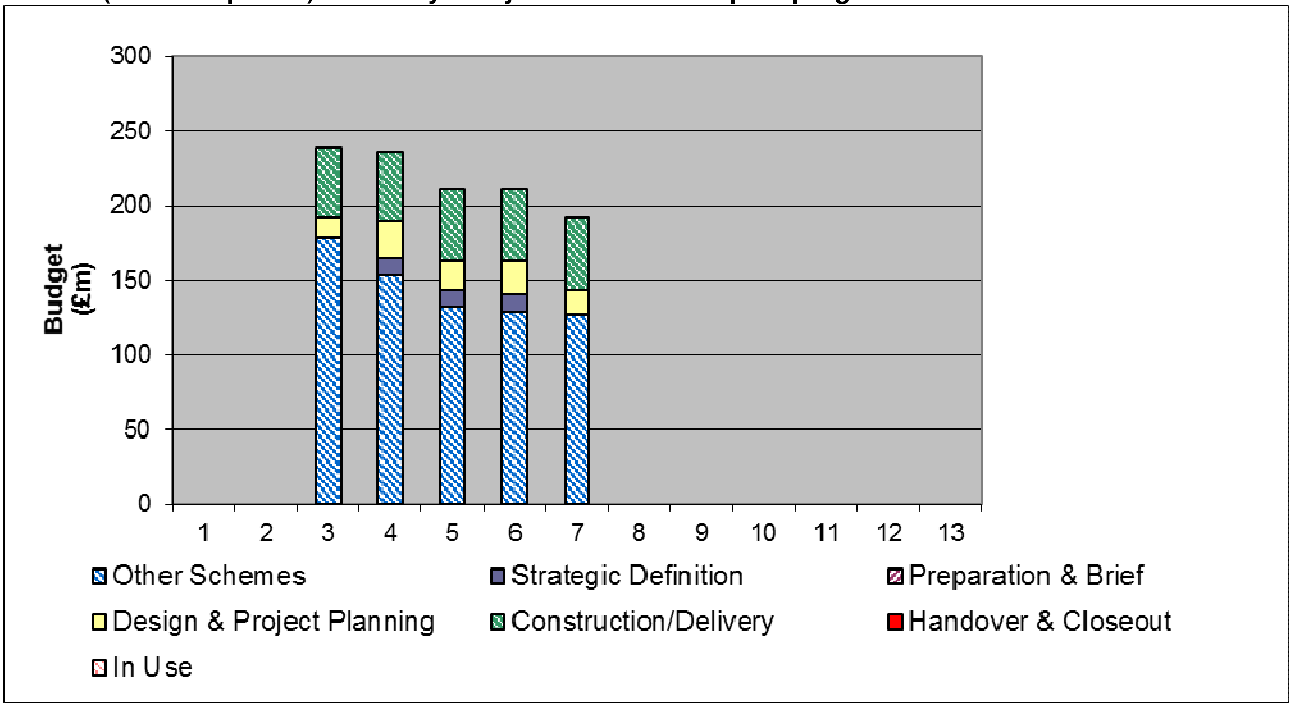
Project stage / Gateway	**Description**
Strategic Definition	Unallocated funding for which initial business cases and strategic briefs are still being developed
Preparation and Brief	Projects which have been identified and are undergoing options analysis and feasibility to identify the best route for delivery
Design and Project Planning	Projects where initial plans are being developed into a comprehensive project plan and design, through from the initial concept design to the technical design
Construction/Delivery	Construction, delivery & installation of the assets is underway
Handover & Closeout	Works on the assets are substantially complete and they have been handed over but are still undergoing a defects maintenance period prior to completion

In Use	Project is signed off, complete and in use
Other Schemes	Schemes below the de minimis for gatewaying (currently £5m)

2.10 The gateways identified above are based on the progress measurements used by the Council's property consultants, NPS, and are consistent with the Royal Institute of British Architects (RIBA) industry standards for project management.

2.11 The table below is being developed to identify the current gateways of projects over £5m within the capital programme at the end of October 2014-15:

Chart 3 (in development): Gateway analysis of 2014-15 capital programme at end of October 2014



2.12 Progress on delivery of schemes at the beginning of 2014-15 has been good. Highlights in 2014-15 were reported in the Month 5 Capital Programme Monitoring report presented to the committee on 27 October 2014. Further progress on schemes will be reported to future committees.

3 Financing The Programme

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

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

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

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previously Approved Changes	Changes To Be Approved	2014-15 Programme	2014-15 Forecast Outturn	2014-15 Over / (Under) Spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	44.884	-0.904	1.546	45.526	43.992	-1.534	63.608
Capital Receipts	2.258	6.243	-0.934	7.567	7.567	0.000	1.894
Revenue & Reserves	3.567	-1.427	0.329	2.469	2.469	0.000	0.090
Grants and Contributions		0.000					192.317
DfE	58.463	-8.719	-17.504	32.240	32.240	0.000	
DfT	48.760	14.517	0.000	63.277	63.425	0.148	
DoH	7.482	-3.640	-0.002	3.840	3.840	0.000	
DCLG	0.406	0.496	0.000	0.902	0.902	0.000	
DCMS	10.378	0.000	-0.653	9.725	9.725	0.000	
GNDP/CIF	0.000	2.673	0.000	2.673	2.673	0.000	
Developer Contributions	0.000	11.595	0.064	11.659	11.659	0.000	
Other	26.264	-13.959	0.086	12.391	12.391	0.000	
TOTAL	**202.462**	**6.875**	**-17.068**	**192.269**	**190.883**	**-1.386**	**257.909**

3.4 The table above shows a forecast prudential borrowing requirement for the Council to support the 2014-15 programme of £43.992m. The underspend of £1.534m from borrowing is primarily related to the lower than expected cost of providing drainage improvements at the County's landfill and Household Waste Recycling Centres.

3.5 The Council has been successful in an application for a £0.410m interest-free loan from Salix to finance the borrowing of some CERF projects associated with the development of County Hall.

3.6 The revenue consequences of borrowing are shown in Appendix 2. The key issues continue to be:

- To evidence that spend-to-save schemes generate savings to fund their costs; and
- That unsupported borrowing schemes are reviewed to identify alternative revenue funding.

Further details of spend-to-save schemes and other schemes largely funded through borrowing are shown in Appendices 2 and 3.

4 Capital Receipts

4.1 The Council's Asset Management Plan, as approved on 14 April 2014, details the short and medium term plan for the management of the Council's assets and how this supports the delivery of the Capital Programme.

4.2 Key themes of the asset management plan relating to the capital programme were:

- Using our property portfolio more efficiently and rationalising the office space used by the Council;
- Reducing the number of surplus properties;
- Generating capital receipts in line with the requirements of the agreed capital programme; and
- Developing an investment strategy and policy.

4.3 The capital programme, approved in February, further detailed how asset management would support capital expenditure through generating £10.163m of capital receipts through property disposals.

4.4 Since then, there have been a significant number of changes to the draft disposal schedule as a result of identifying further general disposals to reduce borrowing across the capital programme. The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

	2014-15 Approved	2014-15 End of September	2014-15 End of October	Changes since the end of September
General Capital Receipts Available	2.258	6.004	5.076	-0.928
Financial Packages	1.485	0.935	2.577	1.642
County Farms Capital Receipts	6.420	2.389	2.388	-0.001
Estimated Total Capital Receipts	**10.163**	**9.328**	**10.041**	**0.713**

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

4.5.1 <u>General Capital Receipts</u>

Movements on general capital receipts are as follows:

- Transfer of sale of Cringleford Primary School to financial packages, reducing expected general capital receipts by £0.950m, as the original decision (made by Cabinet on 6 April 2010) to fund the project relied on the sales proceeds.
- The sale of 322-323 St John's Way, Thetford is now forecast to generate a further £0.100m in capital receipts.
- Other increases in expected receipts of £0.108m

- The sale of Marsh House in King's Lynn, valued at £0.185m, has been delayed until 2015-16 as planning permission was not obtained until October. The property will be marketed shortly.

- Other changes reducing expected receipts in 2014-15 by £0.002m

4.5.2 Financial Packages Receipts

- Reclassification of sale of Cringleford Primary School from general capital receipts and increase of the expected receipt to £1.775m.

- Sales of land at Sewell Park College and the former Highways depot at Stalham have achieved greater receipts than previously forecast, increasing expected financial packages receipts by £0.137m and £0.065m respectively.

- The sale of the Alderman Jackson school site, valued at £0.335m, has been delayed until 2015-16 as planning permission was not obtained until October. The property will be marketed shortly.

4.5.3 County Farms Receipts

There have been no significant changes to County Farms receipts.

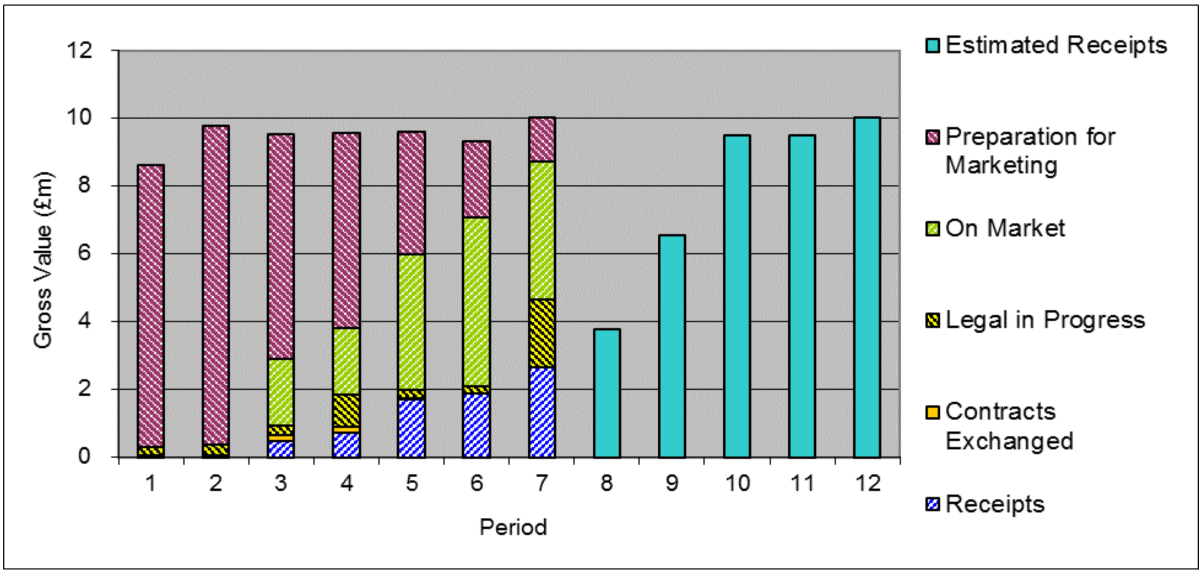
4.6 The following table classifies the movements on forecast receipts following the previous forecast.

Table 6a: Reconciliation of Disposal Schedule Estimates

	£m
Capital receipts estimate at end of previous period	9.328
Additions	0.000
Upward revaluations of estimates	1.235
Brought forward from future years	0.000
Removals	-0.001
Downwards revaluations of estimates	0.000
Delayed until future years	-0.521
Revised Estimate 2014-15	**10.041**

4.7 The chart below shows the progress on realisation of the forecast capital receipts for 2014-15.

Chart 4: Forecast Capital Receipts from property sales 2014-15 (estimated cumulative receipts from month 8)



The columns for periods 8-12 show estimated cumulative future monthly receipts and demonstrate a good level of confidence in their delivery in 2014-15. A detailed list of property sales and their status may be found in Appendix 5.

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

Table 7: Capital receipts reserve forecast 2014-15

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	**0.000**	**1.385**	**0.367**	**1.752**
Forecast receipts from sales of properties	5.076	2.577	2.388	10.041
Receipts from sales of assets to leasing companies	0.867	0.000	0.000	0.867
Other capital receipts	0.024	0.000	0.000	0.024
Forecast receipts generated in year	**5.967**	**2.577**	**2.388**	**10.932**
Sales expenses	-0.300	-0.079	0.000	-0.379
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Forecast net receipts available for funding	**5.667**	**3.883**	**2.755**	**12.305**
Forecast use to fund incomplete leases	0.000	0.000	0.000	0.000
Forecast use to fund programme and reduce borrowing	-5.667	-0.990	-0.910	-7.567
Forecast Closing Balance	**0.000**	**2.893**	**1.845**	**4.738**

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

5 New capital scheme proposals requiring borrowing

5.1 Digital Norfolk Ambition

Digital Norfolk Ambition Hardware relates to the purchase of new laptop and desktop devices for the authority through the new Hewlett Packard contract. The total capital cost includes the cost of devices and the costs of bringing those assets into use.

The cost of borrowing has been factored into the ICT budgets for 2015-16 onwards.

6 Spend to Save schemes

6.1 An analysis of spend-to-save schemes, Economic Development schemes, and schemes funded through the Norfolk Infrastructure Fund is set out in Appendix 4.

7 Capital schemes in development

7.1 The following capital schemes, which have been reported to previous meetings, are in progress:

- Land developments at former RAF Coltishall (further details in supplementary agenda to 24 November 2014 Economic Development Sub-Committee)
- Further development of broadband in rural areas (more details in Better Broadband for Norfolk 6 monthly update presented to 18 November 2014 Environment, Development and Transport Committee)
- Greater Norwich infrastructure projects – a summary introduction will be appended to the next report.

7.2 A14 Cambridge to Huntingdon Improvement Scheme 2016-2020

The Secretary of State for Transport proposes to construct the A14 Cambridge to Huntingdon Improvement Scheme. The scheme is under development and is to be jointly funded by the Secretary of State and local authorities and LEPs based in the Eastern region. The outturn cost of the scheme is approximately £1.345 billion based on the works taking place between the financial years 2016-17 and 2019-20. Local authorities and LEPs will be contributing £100m, with £75m from Cambridgeshire County Council and Greater Cambridge Greater Peterborough LEP. Norfolk County Council's contribution will be £0.040m per annum from January 2020 to January 2044, resulting in a total commitment of £1m.

7.3 One Public Estate programme

Twenty councils, including Norfolk County Council, have been selected for the second phase of the One Public Estate programme to optimise the use of public sector land and property. The One Public Estate programme uses land and property released to boost economic growth and regeneration. It encourages sharing services, reduces running costs and generates capital receipts (money received from selling surplus property).

The 20 councils will join 12 pilot councils that took part in the first phase of the programme in 2013. They will receive funding and training including support from on how to "cut red tape and unblock barriers to progress".

Norfolk County Council's bid was submitted in conjunction with Suffolk County Council and with Forest Heath and St. Edmondsbury (West Suffolk) district council.

Norfolk County Council is in the process of agreeing a Memorandum of Understanding with the Local Government Association and the Government Property Unit. NCC's membership of the programme, together with the creation of a central property team, will be significant enablers in achieving the Council's £5m 2015-18 property related savings target, improving the property portfolio the services delivered from them.

7.4 Bowthorpe Development

Norfolk County Council, acting as the Accountable body for the Local Infrastructure Fund on behalf of the Greater Norwich Growth Board, is in the process of drafting a loan agreement with Norwich City Council. The loan is to the value of £1.865m and is intended to support the development of key infrastructure as part of the major development at Bowthorpe Threescore.

7.5 Priority Schools Building Programme

The second phase of the PSBP national programme was launched on 1 May with a value of around £2billion over a five year programme. All local authorities, dioceses, sixth form colleges, academies and multi-academy trusts were invited to submit an expression of interest for those schools and sixth form colleges in the very worst condition to undertake major rebuilding or refurbishment.

Norfolk submitted an expression of interest bid for three priority schools for approximately £2.5 million funding based on our existing condition information.

The Department for Education has set a high bar for inclusion in the Programme and the outcome of the bidding process is anticipated at the end of 2014.

7.6 Museums Joint Committee Capital Projects

The Museums service are currently working on two new capital projects:

- Voices From The Workhouse is a £1.8m scheme at Gressenhall Farm and Workhouse subject to Heritage Lottery Fund second round approval. This is due to start early next year with a view to completion by Autumn/Winter 2015.
- The redevelopment of the keep at Norwich Castle Museum and Art Gallery is a longer term renovation project to take place from 2016-17 to 2018-19. The cost of this project will likely be in the region of £8-9m and is currently subject to planning approval and securing external funding sources.

Appendices

Appendix 1: Reprofiling and Other Changes to the 2014-17 Capital Programme

Appendix 2: Revenue Consequences of Borrowing

Appendix 3: Spend to Save and NIF-Supported Schemes

Appendix 4: Norfolk Infrastructure Fund Update

Appendix 5: Capital Receipts

Appendix 1: Reprofiling and Other Changes to the 2014-17 Capital Programme

i. This appendix sets out the reprofiling and other changes which have occurred during October 2014.

ii. The changes to the 2014-15 programme are as follows:

Reprofiling

Table A1a: Reprofiling in October 2014

Service	Project	Funding Type	Amount £m	Explanation
Children's Services	A1 - Growth	Multiple Funding Sources	-0.665	Several projects are not as far as originally estimated, a phased scheme of work is proposed.
	Mulbarton Phase 2	Grants and Contributions	-0.470	Discovery of newts has delayed the project.
	Wymondham High Academy	Grants and Contributions	-0.720	Feasibility study has taken place but there have been significant staff changes at both NPS and the Academy which has caused some delays.
	Westfield Infants Expansion	Grants and Contributions	-0.342	There have been delays in the planning permission process
	Queens Hill phase 2	Grants and Contributions	-0.200	Project are not as far as originally estimated.
	Great Yarmouth Primary Academy	Grants and Contributions	-0.900	Feasibility has been undertaken and due to the nature of the work a phased scheme of work is proposed. The timing of these phased works will be dependent upon the school's ability to cope with the works whilst continuing to provide for the children
	A3 - Growth	Grants and Contributions	-0.100	Projects are not as far as originally estimated
	Drake Infant	Grants and Contributions	-0.600	This project is currently at the planning application stage with work anticipated to start either at the end of 2014/15 financial year or beginning of 2015/16
	Wymondham Reorganisation	Grants and Contributions	-1.000	Feasibility studies have been commissioned to NPS and are in progress
	Great Yarmouth Reorganisation	Grants and Contributions	-4.500	Feasibility studies have been commissioned to NPS and are in progress
	Southtown Infants Reorganisation	Grants and Contributions	-0.900	Feasibility has been undertaken and due to the nature of the work a phased scheme of work is proposed. The timing of these phased works will be dependent upon the school's ability to cope with the works whilst continuing to

				provide for the children. The reprofiling reflects the complexities being faced
	A4 - Growth	Grants and Contributions	-0.317	Projects are not as far as originally estimated
	B1 - Targeted need	Grants and Contributions	-3.980	Chapel road scheme - construction is not due to start on site until 2015.
	B2 - Targeted need	Borrowing and Capital Receipts	0.217	Mundesley infant SRB is a new scheme being funded from Behavioural, Emotional and Social Difficulties (BESD) funding initially set aside for Briggan Road in 15/16, which is now allocated in 14/15 for Mundesley
	C1 – Condition (including temporary classrooms)	Grants and Contributions	-3.500	Allocated from Capital Maintenance 2013-14 funding (C2) to Temporary Classroom Movements and profiled accordingly to 15-16 & 16-17.
	C2 – Condition (Major Maintenance Schemes)	Grants and Contributions	-0.079	Site condition projects funding is used for urgent condition works and there are no projects identified in this year; therefore, funding has been reprofiled for use next year
	C3 - Condition (Statutory Compliance)	Grants and Contributions	-0.130	School Access Initiative is used for access ramps etc. There is no work identified in this year so funding has been reprofiled for use next year
	D - Other schemes	Grants and Contributions	-2.081	ICT Harnessing Technology reprofiled according to a contract with BT Global at £1.3m per year.
	Prior Year projects	Multiple Funding Sources	0.102	Reprofile of funding, based on level of progress.
	Raleigh Admirals	Borrowing and Capital Receipts	-1.005	Raleigh Admirals Feasibility study has been commissioned to NPS and there are also site issues to be resolved. Majority spend likely to be in 2015/16 financial year
Children's Services Total			**-21.170**	
Adult Social Care	Adult Care - Unallocated Capital Grant	Grants & Contributions	-0.020	Reprofiled - Underspend from contribution to Gressenhall museum Sewage Works scheme.
Adult Social Care Total			**-0.020**	
Resources	Better Broadband	Multiple Funding	-3.665	BT programme of work has been on schedule but being delivered at

		sources		a significant underspend. This underspend will be reinvested at the end of the project when the originally scheduled works are completed
	Offices – Equality Act (previously DDA)	Borrowing & Capital Receipts	-0.100	Alterations to Offices to Comply with Equality Act - Reactive Budget no known expenditure at this time
Resources Total			**-3.765**	
Total Reprofiling			**-24.955**	

Other Changes

Table A1b: Other changes in October 2014

Service	Project	Funding Type	Amount £m	Explanation
Children's Services	Devolved Formula Capital 14-15 Allocation	Grants & Contributions	2.242	Devolved Formula Capital 14-15 Allocation, not included in budget previously.
	Prior year projects	Multiple Funding sources	0.009	Small adjustment to funding from previous period.
Children's Services Total			**2.251**	
Adult Social Care	Cromer Road Sheringham (Independence Matters - Holt)	Borrowing & Capital Receipts	0.200	Scheme approved by P&R Committee 5th September 2014 - Spend to Save scheme
	Autism Innovation	Grants & Contributions	0.019	DOH Capital Grant to enable progress with the implementation of Think Autism
	Adult Care - Unallocated Capital Grant	Grants & Contributions	-0.280	Allocated to Attleborough Windows & Lakenfields projects.
	Attleborough Windows	Multiple Funding source	0.060	Window replacement at Community Services Attleborough Hub
	Attleborough Windows CERF Allocation	Borrowing & Capital Receipts	0.037	CERF allocation
	Lakenfields	Grants & Contributions	0.250	Residential Housing Scheme for People with Mental Health (allocated from Adult Care unallocated)
	Adult Care - Unallocated Capital Grant	Grants & Contributions	-0.050	Contribution to Gressenhall museum Sewage Works scheme
	CMW allocation	Borrowing & Capital Receipts	0.002	Laburnum Grove Fencing & Pine Lodge – door security.

Adult Social Care Total			**0.238**	
Cultural Services	Gressenhall Sewerage Treatment Plant Upgrade	Multiple Funding sources	-0.173	Reduction in original estimated costs of scheme, borrowing no longer needed as funded from ASC external funding contribution and Building Maintenance Fund
Cultural Services Total			-0.173	
Highways	Local Road Schemes	Grants and Contributions	0.208	Additional developer contributions for works at Chapelfield, Westlegate road improvements and Poringland toucan crossing
	Walking Schemes	Revenue and Reserves	0.010	Great Yarmouth Town Wall Road verge improvements funded by car parking receipts.
	Road Crossings	Grants and Contributions	0.021	Yarmouth Rd, North Walsham crossing - Lidl, funded by developer contributions
Highways Total			**0.239**	
Fire and Rescue Service	Downham Market Fire Station	Revenue & Reserves	0.260	Contribution from insurance claim due to fire at Downham Market fire station for replacement appliance
Fire and Rescue Service Total			**0.260**	
Resources	CERF Pot	Borrowing and Capital Receipts	-0.037	Disaggregation of funding to schemes within services
	CMW Pot	Borrowing and Capital Receipts	-0.002	Disaggregation of funding to schemes within services
	Digital Norfolk Ambition (DNA)	Borrowing and Capital Receipts	5.000	Digital Norfolk Ambition Hardware relates to the purchase of new laptop and desktop devices for the authority through the new Hewlett Packard contract. The total capital cost includes the cost of devices and the costs of bringing those assets into use.
	County Farms	Borrowing and Capital Receipts	-0.030	Stow Potato Store - project cancelled, tenant decided not to proceed with the project because he did not wish to pay interest on the investment.

	Watton Depot	Borrowing and Capital Receipts	0.141	Confirmed costs of necessary separation works, including replacement of ICT nodes, as a result of the sale of the former depot at Watton.
Resources Total			**5.072**	
Total Other Changes			**7.887**	

iii. Reprofiling into future years is as per Table A1a.

Appendix 2: Revenue Consequences of Borrowing

i. The Council is required under the Local Government Act 2003 to have regard for the CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code).

ii. The Prudential Code sets out the principles by which authorities should ensure that their level of borrowing is prudent and affordable. It also prescribes the indicators an authority must use to assess the prudence and affordability of its borrowing.

iii. The prudential indicators, which include the authorised limit for borrowing and the expected ratio of financing costs to net revenue stream for future years, are set annually and were agreed alongside the Capital Programme on 17 February 2014.

iv. The indicators are monitored on a monthly basis and any significant deviation from the set level, which would indicate that the Council is acting imprudently, is reported to Members by Treasury Management. Currently the Council is working well within the indicators set in February and does not plan to undertake any further borrowing in 2014-15.

v. The level of borrowing on the Council's Balance Sheet reflects prior capital funding decisions and must be viewed in the context of the overall portfolio of assets held by the Council.

vi. The Council is required to set aside an amount of money annually to service its debt and ensure that its actions do not impair the ability of the Council to borrow to support its capital requirements in the future. This is known as the Minimum Revenue Provision (MRP). The underlying assets provide services for the Council over a significant period of time and, through setting aside an amount of money annually to service the associated borrowing, the Council matches the cost of these assets to the service potential provided by them.

vii. Additional borrowing results in an increase in the amount of interest the Council must pay each year and an increase in the MRP it must make. The table below shows the incremental effect of the current programme of unsupported borrowing on future revenue budgets:

Table A2a: Analysis of unsupported borrowing required to support the capital programme

	2014-15	**2015-16**	**2016-17**	**2017-18**
	£m	**£m**	**£m**	**£m**
Forecast additional borrowing required in year	43.992	42.630	20.978	N/A
Cumulative additional borrowing	**43.992**	**86.622**	**107.600**	**107.600**
Interest		2.200	4.544	5.698
MRP		1.760	3.465	4.304
Total annual revenue impact of borrowing (cumulative)		**3.960**	**8.009**	**10.002**

viii. The figures are based on interest rates for borrowing of 5.00%, 5.50% and 5.50% for 2014-15, 2015-16 and 2016-17 respectively. MRP is calculated on the basis of accounting for 1/25 of capital expenditure per year, which is consistent with expenditure on buildings; where expenditure is incurred on other types of asset, MRP figures will vary from those shown above.

ix. During 2014-15, the Council will be repaying loans of £9.000m, resulting in a reduction of £0.479m in interest costs.

x. Unsupported borrowing may be analysed into “spend to save” schemes and those schemes which do not have a recognised saving or income stream related to them:

Table A2b: Analysis of unsupported borrowing

	2014-15	2015-16	2016-17
	£m	£m	£m
Spend to save (Appendix 2)	26.098	9.530	
Economic Development & NIF Funded Schemes (Appendix 2)	11.050	30.959	20.000
Deferred borrowing	7.540	0.857	0.875
Other schemes	5.880	3.068	0.213
Capital receipts available to reduce deferred and other borrowing	-6.576	-1.784	-0.110
Total	**43.922**	**42.630**	**20.978**

xi. Spend to Save Schemes

Spend to save schemes are schemes where savings or income to cover the revenue consequences of borrowing in future years (or a specific capital receipt) have been identified. Proceeding with these schemes should have no adverse impact on future revenue budgets.

xii. Economic Development & NIF Funded Schemes

Schemes financed through Economic Development and Norfolk Infrastructure Fund also have specific future revenue streams and savings attached to them. For example, loan repayments on the Norfolk Energy Futures loan.

xiii. Deferred Borrowing

Deferred borrowing represents 2014-17 capital schemes that are nominally funded from revenue and reserves, but which are now being funded from borrowing as reserves were used in previous years to minimise the revenue costs of borrowing.

The funding for these schemes should not be considered for removal as the borrowing has already been committed to in previous financial years when the decision to use revenue contributions was made.

xiv. The following table identifies the breakdown of those schemes which do not fall into one of three above categories:

Table A2c: Analysis of Other Schemes

Scheme	2014-15	2015-16	2016-17	2017-18
	£m	£m	£m	£m
Corporate				
Alterations to Offices to Comply with Disability Discrimination Act	0.024	0.230		
Asbestos Survey & Removal Programme (Chief Exec)	0.324	0.185		
Corporate Minor Works	0.285	0.113		
Fire Safety Requirements	0.076	0.049		
Unsupported schemes				
Closed Landfill Site Capping	0.148	0.100		
HWRC Drainage Improvements	0.500			
Kings Lynn Fire Station	1.173			
New Fire Station - Boat Store & Enhanced	0.005	0.153		
North Lynn Improvements	0.400			
Real Fire Training Unit	0.108			
Education schemes initially funded through supported borrowing				
BESD Briggan Road	0.056	0.233		
Brooke Replacement School		0.145		
Chapel Rd site	0.150			
Condition Contingency	0.448			
Drake Land	0.035	0.315		
Gayton Land		0.066		
Kings Lynn Academy	0.034			
Mundesley Infants	0.217			
Queens Hills Land	0.350			
Robert Kett, Wymondham	0.164			
Schools Access Initiative Post 2011-12	0.035	0.130	0.200	
Sustainability	0.455			
Thetford Replacement School	0.112	1.005		
Valley Primary	0.136			
Other education schemes	0.224	0.127		
Other small schemes				
Other Schemes	0.421	0.217	0.013	
	5.880	3.068	0.213	
Cumulative Borrowing	**5.880**	**8.948**	**9.161**	
Impact on revenue		0.529	0.821	0.841

xv. The schemes identified in the first part of Table A2c represent corporate programmes intended to maintain Norfolk County Council assets and ensure that the Council complies with legislation.

xvi. Reprofiled schemes includes costs previously reported as being deferred borrowing, as described above.

xvii. To fund or reduce the Council's unsupported borrowing detailed above, there are three options:

a. Amend the future capital programme to reduce the funding available to support these schemes, including an ongoing review of the Corporate Minor Works programme

b. Identify revenue budget to fund the capital expenditure directly.

c. Identify a suitable reserve from which to draw down the funding for the schemes.

Appendix 3: Analysis of Spend to Save and Economic Development & NIF Funded Schemes

i. The total for "spend to save" schemes in Appendix 2 Table A2b in can be analysed as follows, with details of the benefits to be realised for each project.

Table A3a: Analysis of "spend to save" capital schemes 2014-17

Scheme	Financing	2014-15	2015-16	2016-17
		£m	£m	£m
Carbon Energy Reduction Fund (CERF)	Energy cost savings	1.506		
County Hall Carbon Energy Reduction Fund		1.080	0.771	
County Hall Better Ways of Working	Office closures rent saving	2.462	1.760	
County Hall Strategic Maintenance		13.555	6.999	
North Norfolk Office Reorganisation	Office closures running cost saving and sales proceeds	0.023		
County Farms Improvements	Capital receipts from County Farms disposals	0.910		
Great Yarmouth Property Rationalisation	Capital receipts from disposal of Great Yarmouth office accommodation	0.420		
RAF Coltishall	Identified capital receipt used to replace direct funding from NIF	0.700		
The Oaks, Harvey Lane Disposal	Capital Receipt from disposal	0.100		
Watton Depot	Capital receipt from disposal of depot	0.142		
DNA	Funded from identified savings within the ICT budget	5.000		
Cromer Road, Sheringham	Capital receipt from disposal of property in Holt	0.200		
Total Current and Proposed Spend To Save Schemes		**26.098**	**9.530**	**0.000**

ii. The following table analyses Economic Development & NIF Funded schemes funded through borrowing and /or supported by the Norfolk Infrastructure Fund. The Norfolk Infrastructure Fund (NIF) is a fund using second homes council tax income.

Table A3b: Analysis of Economic Development and Norfolk Infrastructure funded capital Schemes 2013-16

Scheme	Financing	2014-15	2015-16	2016-17
		£m	£m	£m
Better Broadband	Telecommunications contract savings and NIF support		14.209	
Northern Distributor Road	GNDP/ CIF	10.550	9.500	20.000
Loan to Norfolk Energy Futures	Loan Repayments From renewable energy incomes generated by a wholly owned company	0.500	7.250	
Total Economic Development and NIF funded projects		**11.050**	**30.959**	**20.000**

iii. Updates on Better Broadband, the Beach Coach Station and NORA are included in Appendix 4.

Appendix 4: Norfolk Infrastructure Fund Update

i. The Norfolk Infrastructure Fund is a reserve funded by Second Homes receipts and created to support investment in economic development and infrastructure schemes undertaken by the Council.

ii. This support is in the form of either:

   a. one-off funding from the reserve, whereby the Council does not incur future revenue costs related to borrowing, or

   b. through support for borrowing, providing an annual contribution to mitigate the future effects of interest and MRP.

iii. An annual update detailing progress on the fund was presented to Cabinet on 3 March 2014.

iv. The revised commitments on the fund following the end of 2013-14 are as follows:

Borrowing requirement	Total Investment	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
3rd River Crossing	0.800	0.800					
College of West Anglia	1.500		0.105	1.395			
Broadband	4.221					0.000	4.221
Thetford	0.000						
Beach Coach Station	0.000			1.247	0.888	(2.135)	
South Denes	0.000						
NORA	0.000		0.307	0.443	0.250	0.000	(1.000)
Total Borrowing commitment	6.521	0.800	0.412	3.085	1.138	(2.135)	3.221
Cumulative Borrowing Position		0.800	1.212	4.297	5.435	3.300	6.521
Balance of the Fund							
Opening balance of reserve		(1.151)	(1.151)	(4.745)	(2.378)	(2.015)	(1.218)
Additions to the fund			(3.658)	(1.914)	(1.161)	(1.133)	(1.133)
Borrowing costs			0.065	0.098	0.247	0.442	0.269
One off Funding							
RAF Coltishall				4.183	1.270	1.489	
Breckland					0.006		
Broadband							0.779
		(1.151)	(4.745)	(2.378)	(2.015)	(1.218)	(1.303)

v. The following provides an update on the position of the current schemes within the Norfolk Infrastructure Fund:

NORA (Nar Ouse Regeneration Area) Housing Project

Progress update

- Pre-commencement planning conditions and associated works were completed and signed off in July 2013. The expected surplus from phase one was £0.392m (outline business case May 2012).
- There have been significant issues in regard to ground conditions and a pumped sewer main across the site which have now been resolved. Compared to the plan, a further contribution may be necessary.
- Infrastructure works commenced in August 2013 and piling commenced in October 2013.
- Construction of the first 54 dwellings (Phase 1) commenced in November 2013 with the first of these properties programmed to be completed in May 2014 with the whole of Phase 1 being handed over by October 2014.
- William H Brown has been appointed as agent for the site, interest from potential purchasers is strong. A number of offers have already been accepted "off-plan". To help generate sales there will be a show home on the site and the scheme is registered with the Help to Buy scheme.
- The business plan for phase 1 is being refreshed. Later phases will depend on agreed business plans. After each phase of development, a report analysing the results of that phase will be completed (Cabinet April 2010).
- At the time of writing an update on the NORA housing project is in development.

Royal Britannia Crescent (formerly Beach Coach Station Car Park, Great Yarmouth)

Period 7 Sales update

- All 19 homes have been built. There has been further progress on the sales of properties following the May 2014 report.
- All properties have now been sold or are sold subject to contract, with work ongoing to complete the remaining sales.

Scheme estimates

- Current estimates for the scheme outturn are as follows:

	Original estimate £m	**Change from Original Estimate £m**	**Current forecast £m**
Total Budgeted Costs	2.076	0.144	2.220
Estimated Sales	-2.440 +/- 5%	-0.146	2.294
Estimated surplus (-)	-0.364	0.290	-0.074

The surplus has dropped compared to the original estimates, due to increased costs on the site. The latest figures show a small upward revision to the expected returns and still forecast a return on the project.

As further sales continue to be completed there will be increasing certainty that a surplus will be realised, but at this stage there remains a risk around that return.

Once the properties are sold the initial investment will be returned to the fund and will be available to fund future projects.

Supporting better broadband access in rural areas

Progress update

- On 21 December 2012, using the Broadband Delivery UK (BDUK) Framework Contract, Norfolk County Council signed a contract for the delivery of improved broadband infrastructure across Norfolk
- Once complete in late 2015, the combination of commercial deployments and the 'Better Broadband for Norfolk' project should mean that 89% of Norfolk premises to have access to 'next generation access' infrastructure and 83% of all Norfolk premises have access to speeds of 24Mbps+
- All premises are expected to have access to a minimum of 2Mbps (enough to run BBC iPlayer).
- Further funding of £5.590m was announced by central government subject to the provision of match funding. A further £4m was requested from DCMS and agreed subject to the entire £9.590m being matched with local funding.
- A report was presented to the Environment, Development and Transport committee on 8 July 2014 detailing options for procurement and match funding. Currently, Norfolk County Council proposes to make a £1m contribution with the remaining being sought from District Councils and the Local Enterprise Partnership.
- The programme is still on schedule to be complete by the end of 2015. A report to the 18 November EDT committee entitled "Better Broadband for Norfolk – 6 Monthly Update" gives an up to date commentary regarding progress on this scheme.

Appendix 5: Capital Receipts

i. The current budgeted requirement for borrowing and capital receipts to support the 2014-15 capital programme is £53.093m, with a further £65.502m required to fund 2015-17.

ii. As detailed in Appendix 2, borrowing to finance the capital programme incurs revenue costs for both the interest on loans and the Minimum Revenue Provision that the Council is required to set aside. These increased revenue costs have an impact on the future revenue budgets set by the Council.

iii. In order to reduce the borrowing required to finance the programme, the Council may seek to generate capital receipts through the rationalisation of its property portfolio.

iv. The table below sets out in detail the sales which the Council has generated to date in 2014-15 in order to realise capital receipts and reduce the Council's borrowing requirement:

Table A5a: Sales to Date

Property	2014-15 Status	Capital Programme 2014-15	Forecast / Actual Receipt	Variance	Notes
		£m	£m	£m	
Former Landfill Site, North Walsham	Completed 4 July 2014	0.000	0.004	0.004	
Former Highways Office, Aylsham	Completed 19 June 2014	0.175	0.303	0.128	
Shrublands, Great Yarmouth	Completed 7 July 2014	0.050	0.166	0.116	
Tanner House, Thetford	Completed 17 July 2014	0.000	0.262	0.262	
Magdalen House HFE, Great Yarmouth	Completed 6 August 2014	0.000	0.000	0.000	
Unthank Centre, Norwich	Completed 7 August 2014	0.000	0.715	0.715	
30 Swansea Road, Norwich	Completed 26 September 2014	0.000	0.174	0.174	
Earthsea House, East Tuddenham	Completed 30 September 2014	0.000	0.310	0.310	
Former Youth & Community Centre, North Walsham	Completed 22 October 2014	0.000	0.200	0.200	
322-323 St John's Way, Thetford	Completed 6 November 2014	0.000	0.250	0.250	
Former Railway Line, Walsingham	Legal in Progress	0.001	0.030	0.029	
Highways Depot, Watton	On Market	0.000	0.374	0.374	
Former Court House, Fakenham	On Market	0.000	0.143	0.143	
Former Claydon High School, Great Yarmouth	On Market	0.000	1.800	1.800	
Sculthorpe Depot, Tattersett	On Market	0.000	0.060	0.060	

Dereham Road Land, Norwich	Preparation for Market	0.000	0.085	0.085	
Lingwood Junior School, Lingwood	Preparation for Market	0.000	0.200	0.200	
Surplus ETD Land, Earsham	Preparation for Market	0.000	0.002	0.002	
Former Cromer High Station, North Repps	Preparation for Market	0.000	0.000	0.000	
Rear of 101-106 Norfolk Street, Kings Lynn	Preparation for Market	0.000	0.000	0.000	
Former Drill Hall, Great Yarmouth		0.025	0.000	-0.025	Staged payment accounted for in prior financial year
The Hollies Youth & Community Centre, Loddon		0.004	0.000	-0.004	Staged payment accounted for in prior financial year
New Youth & Community Centre, Sheringham		0.058	0.000	-0.058	Staged payment accounted for in prior financial year
Land Adjacent to 20 Three Mile Lane, Costessey		0.100	0.000	-0.100	Sale of property completed in March 2013-14
Herondale HFE, Acle		0.900	0.000	-0.900	No longer being considered for sale
Former Sailing Base, Filby		0.010	0.000	-0.010	Delayed until future years
Mildred Stone House HFE, Great Yarmouth		0.000	0.000	0.000	Delayed until future years due to community asset listing
Former St Michael's School Site, Kings Lynn		0.000	0.000	0.000	Sale delayed until 2015-16 pending termination of lease with KLWNBC
Clere House HFE, Ormesby St Margaret		0.000	0.000	0.000	Sale delayed until 2015-16
Land at Norwich Road, Acle		0.000	0.000	0.000	Removed from schedule
Marsh House, Kings Lynn		0.185	0.000	-0.185	Delayed until 2015-16
Primary School, Cringleford		0.750	0.000	-0.750	Reclassified to financial packages
General Capital Receipts		**2.258**	**5.078**	**2.820**	
Former Highways Depot, Stalham	Legal in progress	0.250	0.215	-0.035	
Primary School, Cringleford	Legal in progress	0.000	1.775	1.775	
Land at Sewell Park College, Norwich	On Market	0.000	0.587	0.587	
Former Sixth Form Centre, Swaffham		0.150	0.000	-0.150	Sale of property completed in March 2013-14
The Hollies and Ivy House, Great Yarmouth		0.200	0.000	-0.200	Sale of property completed in March 2013-14
Former Highway Depot, Hillington		0.200	0.000	-0.200	Sale of property completed in March 2013-14
Former School, Necton		0.350	0.000	-0.350	Sale removed from schedule as the property

Alderman Jackson School, Kings Lynn		0.335	0.000	-0.335	is no longer being marketed due to planning issues Delayed until 2015-16
Financial Packages Capital Receipts		**1.485**	**2.577**	**1.092**	
Priory Farm, Wiggenhall St Germans	Completed 7 July 2014	0.150	0.130	-0.020	
Dairy Farm, Burlingham	Completed 4 September 2014	0.000	0.138	0.138	
Sparrow Hall Bungalow, Blofield	On Market	0.150	0.150	0.000	
Hall Farm, Thorpe Market	On Market	0.000	0.900	0.900	
Barns at College Farm, Denver	Preparation for Market	0.300	0.300	0.000	
Site for 14 Homes Including Affordable Housing, Blofield	Preparation for Market	0.475	0.475	0.000	
Hall Farm Cottage, Haddiscoe	Preparation for Market	0.200	0.230	0.030	
Site for 5 Homes Including 3 Affordable Housing, Salthouse	Preparation for Market	0.065	0.065	0.000	
Land for 150 Homes Including Affordable Housing, Acle		4.000	0.000	-4.000	Planning for this site has now been agreed in principle but is subject to finalising the S106 agreement. Therefore, the property is likely to be marketed in December or January with a sale hopefully completed early in 2015-16.
Vicarage Farm Barns, North Elmham		0.200	0.000	-0.200	Anticipated sale now 2015-16
Development Site, Hilgay		0.080	0.000	-0.080	Anticipated sale now 2015-16
Additional Land for Hospice, Hopton		0.060	0.000	-0.060	Anticipated sale now 2016-17
Site for 20 Homes Including 12 Affordable Housing, South Walsham		0.500	0.000	-0.500	The initial planning application was not approved. This has now been revised and resubmitted but has delayed the sales process.
Row Hill Farm Barns, Hindringham		0.000	0.000	0.000	Anticipated sale now 2015-16
Tunstead Barns, Tunstead		0.150	0.000	-0.150	Anticipated sale now 2015-16
Church Farm Barns, Bacton		0.090	0.000	-0.090	Anticipated sale now 2015-16
Farms Capital Receipts		**6.420**	**2.388**	**-4.032**	

TOTAL RECEIPTS		**10.163**	**10.043**	**0.120**	

Annex B

Norfolk County Council

Annex B: Capital programme 2015-18 programme planning

Report by the Executive Director of Finance (Interim)

Introduction

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

The three main objectives are to

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

Context

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

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

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

The new draft methodology set out in this report is designed to be a "step on the way", rather than a total overhaul. In particular projects will be considered at a high "programme" level, rather than down to the thousands of individual projects within major capital maintenance programmes. In this way, the Council can continue to benefit from the significant planning work already undertaken within Services.

Contents

The following pages summarises the elements of the revised approach:

Appendix A – Capital programme 2015-18 – a new approach to its compilation
Appendix B – DRAFT marking scheme
Appendix C – Appendix C – DRAFT guidance / instruction
Appendix D – DRAFT guidance / instruction
Appendix E – DRAFT draft list of bids in development
Appendix F – Relationship between Capital Programme and Asset management Plan
Appendix G – Draft capital strategy document

Appendix A

Norfolk County Council
Capital programme prioritisation 2015-18
Appendix A - Capital programme 2015-18 – a new approach to its compilation

This paper the journey that the Council is taking with regard to a having a Council-wide approach to the Capital Programme.
The three big objectives are firstly, to deliver a capital programme to plan, rather one that is £100m more than we can achieve and requires significant re-profiling in year. Secondly to minimise unaffordable revenue costs, mainly by avoiding unsupported expenditure. And thirdly, to prioritise schemes on a Council-wide basis, rather than on a sector basis, to ensure the best use of resources.

The driver for this change is the ever tightening finances of local government. This paper **concentrates on the third objective.**

1. Prioritising schemes on a Council-wide basis will ensure the best outcomes for residents. Finance has reviewed two models from other Councils, that can be used. In the following Appendix 1 is the first draft, taking the features from both models. The Finance Business Partners led the work on arriving at this model which has subsequently been discussed by Chief Officers.

2. We will differentiate between existing schemes and new proposals, whether they be new schemes or significant alterations to existing schemes. This will concentrate effort where it will get the greatest reward.

3. We propose a pro-forma for each scheme, that will set out the plan for the scheme, and the milestone gates. This will enable a cashflow to be constructed, that will produce a profiling for the capital programme, to avoid the current in-year over-programming, of up to £100m.

4. A feature of the model is the funding of projects. The problem of what to do with schemes that are not grant funded is answered as follows. There are two types of unfunded scheme:

    a. 'Spend to save' that will provide their own funding – a methodology is proposed;
    b. Other schemes that can be funded from revenue (unlikely) or ranked against capital receipts. The use of capital receipts will provide funding for high priority schemes that are not grant funded.

The timescale for the process is suggested, as follows:

Month	Date	Event - for 2015-18 capital Programme
November	10-21 20 24-28	Gathering bids – fill in standard proforma – spend funding etc Agree prioritisation scheme Schemes for prioritisation summarised on standard form s
December	1 1-5 9 11	P&R – report outlining the process and scope of the new approach Schemes scored and prioritised: further information gathered if necessary DoF/Head of Property considers results

	15-19	COG consider results Members briefed – Chairs, Spokes, Parties etc
January	12 13 14 16 26	Adults Committee Children's Committee Communities Committee Environment Committee Policy & Resources Committee
February	16	Council

The relationship between the capital programme and the Asset management Programme is at **Appendix F**

Appendix B

Norfolk County Council
Capital programme prioritisation 2015-18
Appendix B – DRAFT marking scheme

Scheme Title……………………………………………..
Sponsor ………………………………………………….
Total scheme cost ……………………………………

	Heading	Reason	Scoring guide	Weight-ing
1	**Statutory or Regulatory Duty**	Is there a clearly identifiable requirement to meet statutory or regulatory obligations?	Specific = 5 Implied = 3 No = 0	10%
2	**County Council priorities**	Does the scheme directly contribute to the Council's priorities? - Good infrastructure and/or - Excellence in education and/or - Real jobs	Strongly / >1 = 5 None = 0	20%
3	**Cross-service working**	Will the scheme fulfil the objectives of more than one departmental service plan?	All services – 5 One – 1 None - 0	10%
4	**Impact on Council borrowing**	Is prudential borrowing / capital receipt required (assume for this purpose that non-ring-fenced grants are applied to the natural recipient)?	None = 5 Invest to save fully funded = 4 Some = 2,3 All = 0	25%
5	**Leverage Value**	Does the scheme generate funding funding from external grants or contributions (excluding non ring-fenced government grants)? The score is based on the percentage of total cost met by external resources.	100% and frees up other funds = 5 80%+ = 4 51-80% = 3 21-50% = 2 6-20% = 1 0-5% = 0	15%
6	**Flexibility**	Extent to which scheme can be flexed to a) provide alternative lower cost solutions and/or b) accommodate future short term changes in the capital programme priorities.	Flexible = 5 Inflexible = 0	10%
7	**Avoidance of risk to service delivery**	Will not doing the scheme result in a significant drop in the level of service that the Council provides?	Yes – 5 No – 0	10%

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

Appendix C

Norfolk County Council
Capital programme prioritisation 2015-18
Appendix C – DRAFT bid form

Scheme Title…………………………………………..
Department …………………………………………….
Sponsor / contact……………………………………………………

Required information	**Response**
One paragraph summary	
Relevant statute / regs	
Council priority	
Service plan objectives addressed, cross-service working and link to relevant AMPs	
Reference to existing member decisions	
Project costs per annum and total £0.000m. BEST ESTMATES: VERY IMPORTANT THAT PROFILE IS REALISTIC AND ACHIEVABLE	£’000 To 2014-15 2015-16 2016-17 2017-18+ Total
Sources of funding, analysed by amount and type, plus any funding gap / borrowing requirement	
Funding notes (conditions, restrictions)	
Cashable savings which will be delivered, and if applicable the extent to which they support borrowing costs	
Factors which may affect expenditure profile, and other major project risks (eg planning)	
Flexibility and scalability (up	

or down) of project	
Risks of not undertaking the project, including links to other projects	

Appendix D

Norfolk County Council
Capital programme prioritisation 2015-18
Appendix D – DRAFT guidance / instruction

Capital bids and prioritisation 2015-16

Introduction

For all **new** capital projects and programmes, allocation of resources will be based on ranking using the model below on a County-wide basis.

All individual schemes over [£0.5m] should be submitted separately. Other schemes should be aggregated into capital programmes where they form part of wider programmes.

What is a "new" project

A "new" project for this purpose is:

- Any scheme which is not shown as a separate project on a C1 capital monitoring return as at 31 October 2014
- Any significant material extension to an on-going programme, irrespective of whether further external funding has been secured.

Prioritisation

Schemes will be included in the capital programme up to the point that funding is available. This might mean that projects are banded into different groups: for example:

- projects funded externally 100%
- projects funded by non-ring-fenced government grants and
- projects requiring prudential borrowing/capital receipts

Each band might need to go through a second round of prioritisation or have to meet different threshold levels.

Initial prioritisation, prior to discussion by COG and then members will be undertaken by a group yet to be determined, but representatives from all directorates will be invited.

Projects funded by non ring-fenced government capital grants

Services which have traditionally worked on the basis that non ring-fenced capital grants will be allocated to projects commensurate with the grant title/sponsoring government department should continue to do so. Due to the planning and member involvement that has already taken place this year, new projects allocated this source of funding will score well under Scoring category 5 (borrowing requirement). These The allocation of non ring-fenced government grants may be considered at any stage of prioritisation based on the quality of unfunded bids and the availability of funding to support them and any services may also make additional or alternative bids.

Business and project plans

Each bid must be supported by project / business plan, giving:

- a one paragraph summary which can be used in reports to COG and members
- relevant statute or regulation if relevant
- the Council priority and, if applicable, service plan objectives being fulfilled, and specific link to relevant asset management plan
- links to other council projects / initiatives, with emphasis on cross-service working
- project costs
- sources of funding, analysed by amount and type
- funding gap, if any
- cashable savings, and if applicable the extent to which they support borrowing costs
- realistic expenditure timetable and risks
- flexibility and scalability (up or down) of project
- risks of not undertaking the project.

Where applicable, reference should be made to relevant committee papers where potential projects have already been presented to members.

Bids not supported by the information above may fail to be incorporated into the capital programme.

Capital receipts available for funding

Forecast capital receipts available to support un-funded capital schemes will be based on assets currently in the sales programme for future years, and other surplus assets identified in asset management plans for disposal.

Although schemes such as the NDR could potentially absorb a large proportion of available receipts if allocated in one year, in order to ensure a more even allocation, future receipts will be allocated over the life of the project.

The potential use of capital receipts to reduce borrowing will be scored as a dummy project in order to give a baseline against which other projects can be measured.

Timetable and contact

Capital bids must be received by 28 November 2014 for consideration in the 2015-16 capital programme

Please forward bids to the Corporate Accounting Capital Team

Panel to prioritise bids: 1-5 December

COG to consider results: 11 December

Appendix E

Norfolk County Council
Capital programme prioritisation 2015-18
Appendix E – DRAFT draft list of bids in development

ETD (based on Highways Capital Programme 2015/16/17, EDT Committee 16 October 2014)

- **Highways structural maintenance** programme (£28.9m non-ringfenced grants)
- **Highways major schemes: A47 Longwater** scheme (LGF funded)
- **Highways Capital improvements** (£2m non-ringfenced grants plus approx. £17m external funding inc developer contributions) possibly split into the following if sufficiently differentiated:
    - Public transport schemes programme
    - Pedestrian & Cyclist Improvements
    - Local road improvements, traffic management and safety

ETD / Resources other

- **Better Broadband** for Norfolk (EDT Committee 18 November) additional £12m investment
- **Former RAF Coltishall** improvements

Communities - Cultural Services

- **Gressenhall** Farm & Workhouse scheme, £1.8m to be delivered 2014/15 and 2015/16 subject to HLF funding approval and Museums Joint Committee approval

Children's Services

- **Schools – basic need non-ringfenced grant allocation, new individual schemes > £0.5m still not past RIBA stage 1 or 2, and not in the capital programme**
- Costed programme of **other growth** (basic need non-ringfenced grant, aggregated schemes under £0.5m)
- mobile replacement schemes (basic need non ring-fenced grant)
- **Schools capital maintenance** programme (schools capital maintenance non-ringfenced grant)
- **Other projects not fundable from grant**
- **Children's services accommodation**

New property / office schemes

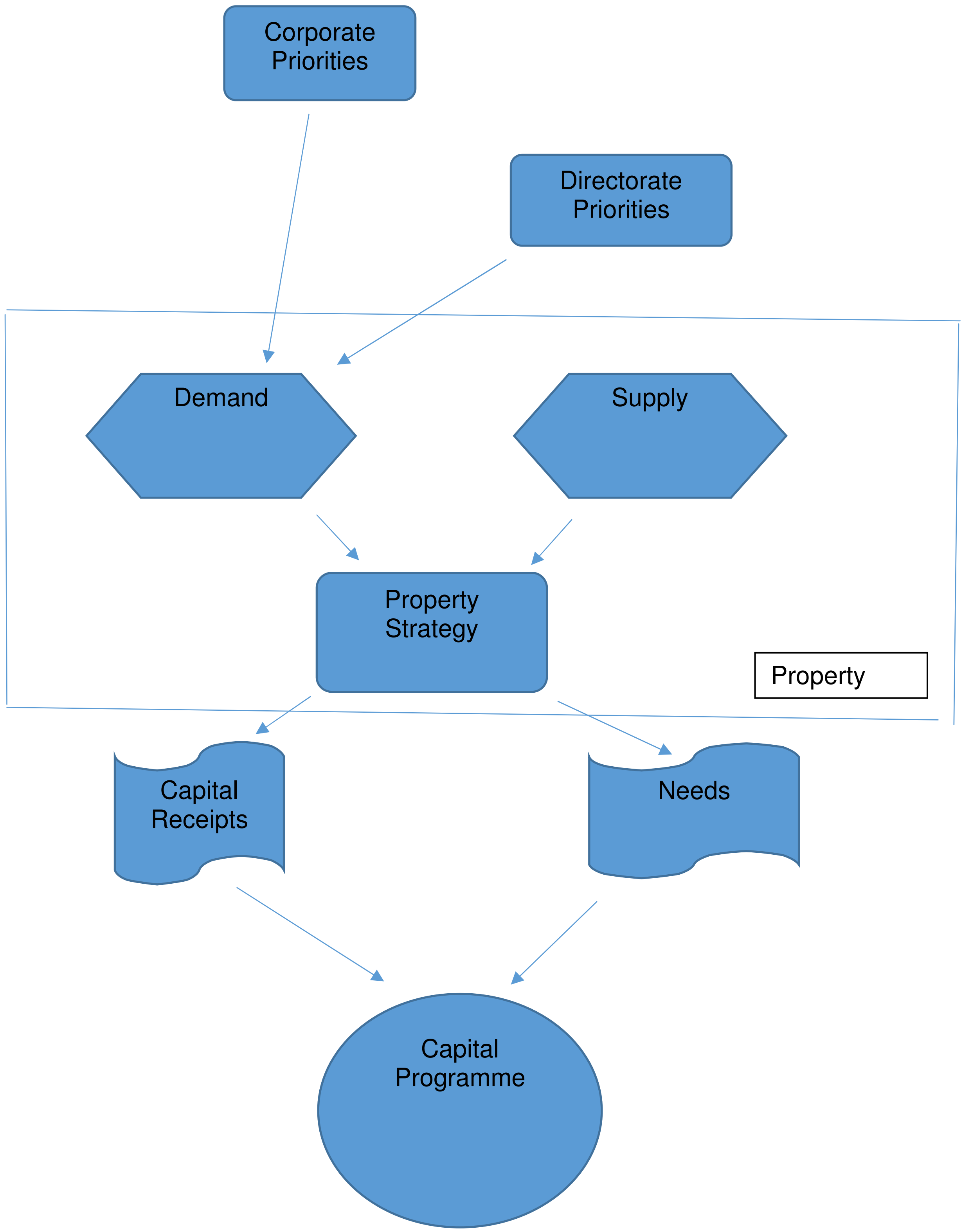
- See Children's Services above

Use of capital receipts to reduce borrowing (dummy benchmark project)

Appendix F

Norfolk County Council
Capital programme prioritisation 2015-18
Appendix F – Relationship between the Capital Programme and the Asset management Plan

The fit between the Capital Programme and the Asset Management Strategy



Norfolk County Council
Capital programme prioritisation 2015-18
Appendix G – DRAFT capital strategy

1 Purpose and aims of the Capital Strategy

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

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

- all aspects of the Council's capital expenditure over the 3 year period 2015/16 to 2017/18
- planning, prioritisation, management and funding.

It is closely related to, and informed by

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

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

1.4 The key aims of the Capital Strategy are:

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

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

2 Influences on the capital strategy

2.1 The Council continues to be faced with significant changes and uncertainty which affects all of the public sector and the following are some of the major influences on our Capital Strategy.

2.2 The Coalition Government has put in place stringent reductions in revenue and capital grant funding for public services, with a strong drive towards austerity and value for money. Local authorities are facing rising demand and expectations for Council services. The Council is seeking creative new ways of providing services which may require capital investment to deliver best value for our communities and taxpayers.

2.3 The success of any Capital Programme is delivery to anticipated timescales and budgets. Failure to achieve either results in increases in capital costs and additional revenue pressures.

In a challenging financial environment, effective procurement, robust contract management and constant oversight are essential to manage costs and ensure all spend delivers the intended outcomes.

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

- Transport Asset Management Plan (http://www.norfolk.gov.uk/view/NCC153112), and
- Children's Services Capital Priorities Group assessment of forward growth pressures.

2.5 In order to minimise the impact of additional borrowing on future revenue budgets, and to reduce the cost of maintaining under-used or inefficient properties, the Council has a programme of asset disposals. The asset rationalisation and disposals policy is now a key element of delivering funding for future capital schemes.

3 Capital Expenditure

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

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

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

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

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

3.4 On present long term interest rates every £1 million of prudential borrowing costs approximately £90,000 pa in ongoing revenue financing costs for an asset with an assumed life of 25 years, or as much as £250,000pa for an asset with a 5 year life. This is in addition to any ongoing maintenance and running costs associated with the investment.

3.5 Given the revenue cost pressures shown in the Council's Medium Term Financial Strategy for 2014-17 the scope for unsupported capital expenditure (capital expenditure that generates net revenue costs in the short or medium term) is severely limited.

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

4 Capital project prioritisation

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

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

As a result, the Council requires a means to prioritise investment. Prioritisation criteria have been developed to assess any capital bids that ensure the Programme is targeted to Council priorities.

The criteria will be initially applied by a group of officers representing major service areas and appropriate support skills such as property management and finance. Results will be discussed and moderated by Chief Officers and through discussions with relevant members before the capital programme is proposed to the County Council.

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

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

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

5 Capital Programme overview

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

5.2 Over the last three years Norfolk County Council has spent on the following capital expenditure:

Financial year	2011-12	2012-13	2013-14
	£m	£m	£m
Capital expenditure	116.2	122.5	115.5

As at July 2014, the Council's capital programme for which funding has been approved or secured is £439m, funded as follows:

Funding type	**£m**	**%**
Capital grants and contributions	327	75%
Revenue and reserves	2	
Capital receipts	10	2%
Borrowing	100	23%
Total	**439**	**100%**

The amount to be funded from prudential and unsupported borrowing can be analysed as follows:

	£m	**% of programme**
Spend to save	31	7%
Economic and NIF funded schemes	60	14%
Deferred borrowing – schemes originally funded from revenue or reserves – funding reassigned to minimise MRP	9	2%
Other unsupported borrowing and schemes originally funded through supported borrowing	9	2%
Capital receipts available to fund the above	(9)	(2%)
	100	**23%**

6 Capital expenditure

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

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

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

7 Capital Funding Sources

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

Borrowing

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

7.3 As a guide, borrowing incurs a revenue cost of approximately 9% of the loan each year for an asset with a life of 25 years, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost i.e. for every £1 million of borrowing our revenue borrowing costs are around £0.090 million pa, or as much as £0.250m pa for an asset with a 5 year life.

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

Grants

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

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

Capital Receipts

7.7 Capital receipts are estimated and are based upon the likely sales of assets as identified under the developing Asset Management Plan. These include development sites, former school sites and other properties and land no longer needed for operational purposes. Receipts are critical to delivering our capital programme and reducing the level of borrowing.

Revenue / Other Contributions

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

8 Capital Programme Management

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

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

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

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

Group / Programme	**Role**
The Council's Corporate Property Team	Responsible for managing the Council's property portfolio and to maximise Capital Receipts from the sale of surplus property assets. A new structure for the team has been agreed to be in place April 2015. Roles will include - reviewing the capital strategy and policies relating to property. - A key role in co-ordinating the Council's asset management plan and the capital programme - Scheme prioritisation and funding allocation Historically the Council's Corporate Capital Asset Management Group (CCAMG) has supported these tasks.
The Children's Services Capital Priorities Group	A member and officer group which oversees the development and delivery of the Schools capital programme.
Highways	Previously the ETD Overview and Scrutiny Panel was the member forum which scrutinised the highways capital programme. From 2014, proposals are be made to the EDT Committee.
County Farms member working group	A member working group has been set up in 2014 to review County Farms strategy and policy.

Policy and Resources Committee Item No 10

Report title:	**Mid Year Treasury Management Monitoring Report 2014-15**
Date of meeting:	**1st December 2014**
Responsible Chief Officer:	**Interim Head of Finance**

Strategic impact

This Mid Year Treasury Management Monitoring Report forms an important part of the overall management of the Council's financial affairs. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activity. This report provides details on the Treasury Management activities of the County Council for the period 1st April 2014 to 30th September 2014.

Executive summary

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

This report provides information on the treasury management activities of the County Council for the period 1st April 2014 to 30th September 2014.

The financial environment in which the Council undertakes it treasury operations remains challenging. Bank of England's Base Rate remains at 0.5%, reducing investment returns. To avoid the 'cost of carrying' debt the Council continues to defer borrowing for capital purposes.

At the 30th September 2014, the Council's external debt was £498M and its investments totalled £259.5M.

In response to the evolving financial and banking regulatory regime, it is necessary to pre-empt and make changes to the credit rating criteria contained within the County Council's 2014-15 Investment Strategy.

Recommendations:

It is recommended that Members endorse and recommend to County Council, the Mid Year Treasury Management Monitoring Report 2014-15 including changes to the credit rating criteria contained within the County Council's 2014-15 Investment Strategy and detailed in Section 5 of the attached annex.

1. Introduction

The annex to this report sets out the treasury management activities of the County Council for the six month period from 1st April 2014 to 30th September 2014 and details the changes required to the credit rating criteria contained within the County Council's 2014-15 Investment Strategy.

2. Evidence

All treasury management operations detailed in the attached annex have been carried out in accordance with recognised best practice and in compliance with legislative and regulatory requirements.

The annex summarises:

- Cash Balances and Cash Flow Management
- Investment Performance
- Counterparty Maintenance and Changes to Credit Rating Criteria
- Long Term Borrowing and Debt Management Activity
- Treasury Management Prudential Indicators
- Treasury Management Benchmarking
- Corporate Banking Services

3. Financial Implications

This report brings together information on the treasury management activities of the County Council for the six month period 1st April 2014 to 30th September 2014. Regular treasury management monitoring reports have been produced during this period and any financial implications have been incorporated within the financial monitoring reports to Policy and Resources Committee. Therefore there are no financial implications to consider in this report.

4. Issues, risks and innovation

Risk implications

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

5. Background

5.1 The County Council is required by regulation issued under the Local Government Act 2003 to produce a mid year monitoring report on its treasury management activities.

Officer Contact

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

Name	Telephone Number	Email address
Peter Timmins	01603 222400	peter.timmins@norfolk.gov.uk
Glenn Cossey	01603 228978	glenn.cossey@norfolk.gov.uk

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Annex

Mid Year Treasury Management Monitoring Report 2014-15

1. Introduction

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector (the Code), requires that the County Council receives a mid year review of treasury activities in addition to the forward looking annual investment and treasury strategy and backward looking annual treasury report. The Annual Investment and Treasury Strategy for the current year (2014-15) was approved by County Council on the 17th February 2014.

1.2 The County Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity, before considering maximising investment return.

1.3 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.4 As a consequence treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

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

1.6 This mid year review provides commentary on economic conditions produced by Capita (the Council's external treasury consultants) and details treasury activities for the period 1st April 2014 to 30th September 2014 including; cash balances and cash flow management, investment performance, counterparty management, long term borrowing/debt management and prudential indicators.

2. Capita's Economic Overview - September 2014

2.1 Economic performance year to date

UK

2.1.1 It appears likely that positive UK domestic growth will continue through 2014 and into 2015. However, for this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods.

2.1.2 This overall growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. The MPC has, therefore, subsequently broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. The MPC is particularly concerned that the current squeeze on the disposable income of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates.

2.1.3 Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little in 2015 and 2016. However, the level of unemployment, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that the Government will need to keep under regular review.

2.1.4 Also encouraging has been the sharp fall in inflation (CPI), reaching 1.5% in May and July, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly near to 1%.

U.S.

2.1.5 The U.S. faces similar debt problems to those of the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth, although the weak labour force participation rate remains a matter of key concern for the Federal Reserve when considering the amount of slack in the economy and monetary policy decisions.

Eurozone

2.1.6 The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In September, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June to loosen monetary policy in order to promote growth. In September it took further action to cut its benchmark rate to only 0.05%, its deposit rate to -0.2% and to start a programme of purchases of corporate debt. However, it has not embarked yet on full quantitative easing (purchase of sovereign debt).

2.1.7 Sovereign debt difficulties in the Eurozone have not gone away and major issues could return for of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed.

2.2 UK Outlook for the next six months of 2014-15

2.21 Overall, markets are expecting that the MPC will be cautious in raising Bank Rate as it will want to protect heavily indebted consumers from too early an increase in Bank Rate at a time when inflationary pressures are also weak. A first increase in Bank Rate is therefore expected in Q1 or Q2 2015 and they expect increases after that to be at a slow pace to lower levels than prevailed before 2008 as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

2.3 Capita Interest Rate Forecast

2.3.1 The tables below provide a mid year update in respect of forecast movement in interest rates over the medium term (Capita – October 2014). The first table forecasts investment rates for three, six and twelve month deposits. The second table details Public Works Loan Board (PWLB) rates for loan periods between five and fifty years.

Bank Rate Forecasts (%)				
	Bank Rate	3 month LIBID	6 month LIBID	12 month LIBID
Sep-14	0.50	0.50	0.65	0.90
Dec-14	0.50	0.50	0.70	0.90
Mar-15	0.50	0.60	0.80	1.00
Jun-15	0.75	0.80	1.00	1.20
Sep-15	0.75	0.90	1.10	1.30
Dec-15	1.00	1.10	1.20	1.40
Mar-16	1.00	1.30	1.40	1.70
Jun-16	1.25	1.40	1.50	1.80
Sep-16	1.25	1.60	1.80	2.10
Dec-16	1.50	1.90	2.00	2.20
Mar-17	1.50	2.10	2.20	2.30

	5 year PWLB	10 year PWLB	25 year PWLB	50 year PWLB
Sep-14	2.40	3.00	3.70	3.70
Dec-14	2.50	3.20	3.90	3.90
Mar-15	2.70	3.40	4.00	4.00
Jun-15	2.70	3.50	4.10	4.10
Sep-15	2.80	3.60	4.30	4.30
Dec-15	2.90	3.70	4.40	4.40
Mar-16	3.00	3.80	4.50	4.50
Jun-16	3.10	3.90	4.60	4.60
Sep-16	3.20	4.00	4.70	4.70
Dec-16	3.30	4.10	4.70	4.70
Mar-17	3.40	4.10	4.80	4.80

3. Cash Balances and Cash Flow Management

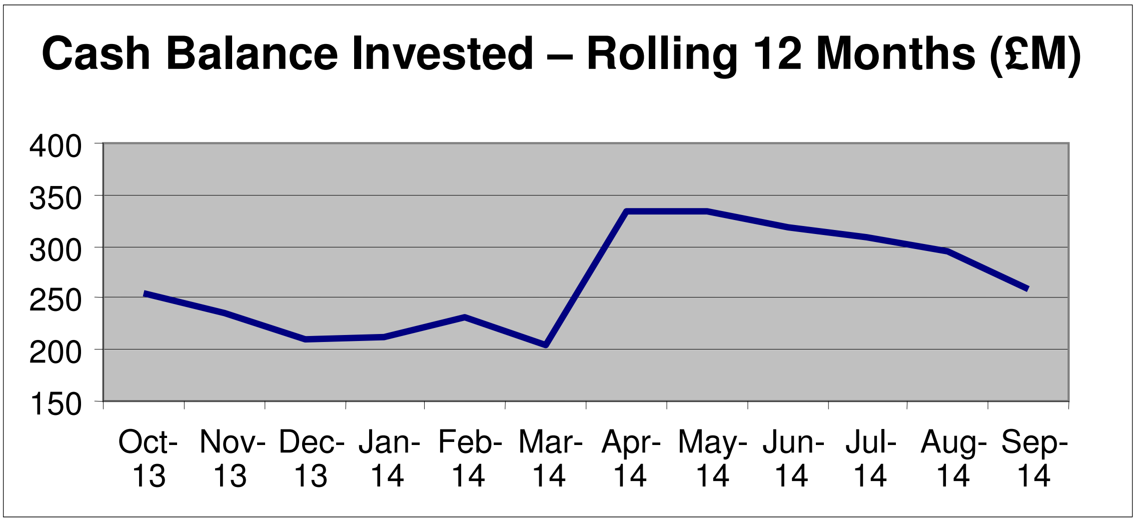
3.1 The Council's cash balances comprise of revenue and capital resources, such as general balances, provisions and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of County Council services and its capital programme. The average level of cash balances year to date totals £298M.

3.2 Cash balances are managed internally and have been invested in accordance with the Council's approved Authorised Lending List.

3.3 A key objective of cash flow management is to minimise balances held in the Council's bank accounts in order to ensure that the maximum interest is earned.

3.4 Of the 550 bank accounts administered by the County Council, only 3 are principal accounts (one for income collection, general expenditure and salary payments). The remaining bank accounts are service specific, for example schools locally managing their devolved budgets. The corporate treasury management function ensures the efficient management of cash balances across all 550 accounts by aggregating and investing surplus cash balances on a daily basis. For the period 1st April 2014 to 30th September 2014 the total average balance across all these accounts was £0.012M in-hand. This is within the overall tolerance limit of plus/minus £0.025M across all accounts.

3.5 Year to date, income received amounts to £859M, while payments (including debt repayment) total £803M, resulting in an overall increase in cash balances of £56M. Cash balances available for investment have therefore increased from £203M at 1st April 2014 to £259M at the 30th September 2014. The table below shows the level of cash balances over the last 12 months. The spike in April 2014 reflects the front loading of Business Rates Retention and Revenue Support Grant (£124M of the £246M annual total received).



3.6 By continuing to delay borrowing for capital purposes (Section 6) while at the same time actively managing levels of liquid cash, the Council may on occasions be required to borrow short-term from the money market to cover daily liquidity. No short-term borrowing has been required year to date and none is currently forecast for the remainder of 2014-15.

4. Investment Performance

4.1 The key objective of the Council's investment strategy is to ensure security and liquidity and obtain an appropriate level of return consistent with the Council 's approved Annual Investment and Treasury Strategy. With Bank Base rates at historic lows, it is a very difficult investment market in terms of earning anything like the level of interest rates commonly seen prior to the global financial crisis. Indeed, the Government's Funding for Lending Scheme has reduced market investment rates even further. The potential for a prolonging of the Eurozone sovereign debt crisis and its impact on banks, prompts a low risk and short term investment strategy.

4.2 At the 30th September 2014, the Council held £259.5M of investments. The profile of these investments is shown in the table below.

Institutional Sector	Liquid £M	Up to 3 Months £M	Up to 6 Months £M	Up to 9 Months £M	Up to 12 Months £M
Part Nationalised Banks	0	10	0	70	10
UK Banks	116	0	0	0	0
Non-UK Banks	0	0	0	0	10
Building Societies	0	35	0	0	0
Other*	0	8.5	0	0	0
Total	**116**	**53.5**	**0**	**70**	**20**

*Includes: Other Local Authorities and Norse

4.3 A more detailed investment profile at 30th September 2014 is shown at Appendix A.

4.4 Some Business Call Accounts have continued to offer a sizable margin over Bank Base Rate paying the equivalent of a 3-6 month fixed term deposit while offering instant liquidity.

4.5 The average interest rate earned for the year to date is 0.71% compared with the average 7 day London Interbank Bid Rate (LIBID) of 0.35%. The table below gives a month by month and a cumulative year-to-date comparison against the LIBID benchmark.

2014/15	Interest for Month (%)	LIBID for Month (%)	Interest Year to Date (%)	LIBID Year to Date (%)
Apr 14	0.74	0.34	0.74	0.34
May 14	0.68	0.34	0.71	0.34
Jun 14	0.68	0.35	0.70	0.34
Jul 14	0.70	0.35	0.70	0.34
Aug 14	0.72	0.35	0.70	0.35
Sept 14	0.77	0.36	0.71	0.35

4.6 Gross interest earned for the period 1st April 2014 to 30th September 2014 is £1.064M and remains within forecast.

4.7 In addition, the County Council has undertaken daily treasury management activities on behalf of the Office of the Police and Crime Commissioner for Norfolk, Norfolk Pension Fund, Norse Commercial Services Ltd, Norse Care Ltd, NPS Property Consultants Ltd, Norfolk & Suffolk CRC, Norfolk and Suffolk Probation Trust and Independence Matters. Average cash balances managed on behalf of these other bodies totalled £55M, earning interest of £0.182M between 1st April 2014 and 30th September 2014.

5. Counterparty Maintenance and Changes to Credit Rating Criteria

Counterparty Maintenance

5.1 The Head of Finance is responsible for maintaining an Approved Counterparty List in accordance with the criteria as set out in the approved Annual Investment and Treasury Strategy 2014-15. Credit rating information is supplied by our treasury consultants on all active counterparties. Any rating changes, rating watches (notification of a likely change) and rating outlooks (notification of a possible longer term change) are provided by our treasury consultants immediately they occur. The Approved Counterparty List is therefore actively managed on a day-to-day basis and when an institution no longer meets the Council approved counterparty criteria, it is immediately removed.

5.2 There has been no credit rating downgrades during the period 1st April 2014 to 30th September 2014 that have resulted in counterparties being removed from the approved counterparty list.

Changes required to 2014-15 Investment Strategy - Counterparty Criteria

5.3 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts", making the Support, Financial Strength and Viability ratings redundant.

5.4 While the actual timing of the changes is still subject to discussion, the process may commence during the later stages of this financial year. It is therefore sensible to pre-empt this change now and remove the Support, Financial strength and Viability ratings and amend as a consequence the Long Term rating criteria (UK banks only).

5.5 The following changes should be applied to the counterparty criteria contained within 2014-15 Investment Strategy, approved by County Council on the 17th February 2014:

- **UK Banks** – the Council will only use UK banks which have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings:

UK Banks	**Fitch**	**Standard & Poors**	**Moody's**
Short Term Ratings	F1	A-1	P-1
Long Term Ratings	from A to A-	from A to A-	from A2 to A3
Viability Ratings (Fitch)/ Financial Strength (Moody's)	removed	-	removed
Support Ratings	removed	-	-

- **Non-UK Banks** – the Council will only use Non-UK banks which are domiciled in a country which has a minimum sovereign long term rating of AAA and have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

Non-UK Banks (option 2)	**Fitch**	**Standard & Poors**	**Moody's**
Short Term Ratings	F1+	A-1+	P-1
Long Term Ratings	AA-	AA-	Aa3
Viability Ratings (Fitch)/ Financial Strength (Moody's)	removed	-	removed
Support Ratings	removed	-	-

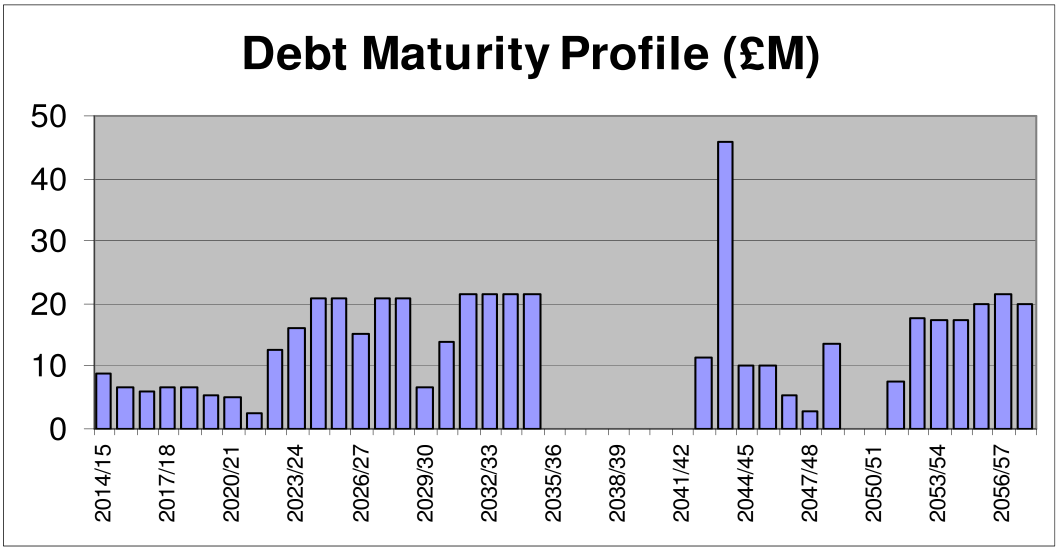
5.6 This change does not in any way reflect a deterioration in the credit environment, rather a change of method in response to regulatory changes. All other criteria remains as previously approved.

6. Long Term Borrowing/Debt Management

6.1 The County Council undertakes capital expenditure on long-term assets. This activity gives rise to the need to borrow which spreads the costs over the future generations who will use the asset. Part of the Council's treasury management activity is to address this borrowing need, either through long term borrowing from external bodies (PWLB or commercial banks) or utilising temporary cash resources within the County Council pending long term borrowing.

6.2 In accordance with the approved 2014-15 Investment and Treasury Strategy, the County Council continues to delay new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk.

6.3 At the 30th September 2014, the Council's external borrowing (debt outstanding) totalled £498M. The re-payment profile for debt is shown below.



6.4 The Council's overall borrowing requirement in 2014-15 is approx. £115M. This represents past capital expenditure for which the approved borrowing has not yet been drawn down. The Head of Finance, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks identified in the economic forecast (Section 2).

6.5 The Public Works Loans Board (PWLB) provides a facility to restructure debt, including early repayment of loans and encourages local authorities to do so when circumstances permit. This can result in net savings in overall interest charges. Prevailing PWLB interest rates continue to be monitored in order to identify repayment opportunities.

6.6 The Council continues to maintain its total gross borrowing level within its Authorised Limit of £678M for 2014-15. The Authorised Limit being the 'affordable borrowing limit' required by section 3 of the Local Government Act 2003.

7. Treasury Management Prudential Indicators

7.1 There are four treasury related indicators intended to restrict the activity of the treasury function to certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. The indicators are; variable interest rate exposure, fixed interest rate exposure, maturity profile of debt and investments greater than 364 days. Council approved the indicators as part of the Annual Investment and Treasury Strategy Report in February 2014.

7.2 The Prudential Code requires regular monitoring to be undertaken in-year against all key indicators. Monitoring is reported regularly to Policy and Resources Committee on an 'exception basis'. Monitoring of the 2014-15 treasury management approved indicators has highlighted no significant deviation from expectations as at 30th September 2014.

8. Benchmarking

8.1 The Council's treasury management activities are regularly benchmarked against those of other local authorities. The results tell us that the County Council has upper quartile investment performance, is cost effective, pays comparable rates of interest on its debt and is effective at managing risk. The 2013-14 CIPFA Treasury Management benchmarking results show that Norfolk's treasury performance remains well above club average (NCC investment return of 0.95% compared with club average of 0.81%) with costs (£k per £m Managed) below average (NCC costs £0.19 compared with club costs £0.24).

9. Corporate Banking Service

9.1 Following the Co-operative Bank's (Co-op) decision last year to withdraw its banking services to local authorities, the County Council has led a joint procurement exercise with Norfolk's district councils and the Police and Crime Commissioner (PCC) for Norfolk to appoint a new banking provider.

9.2 The procurement phase was successfully completed on schedule, with a seven-year contract being awarded to Barclays Bank in August 2014. Detailed scoping and planning for the transfer of 550 County Council bank accounts from the Co-op to Barclays is underway, with the transition likely to take 6 to 9 months to complete.

Outstanding Deposit Profile @ 30th September 2014				Appendix A
Counterparty Name	**Deal Date**	**Maturity Date**	**Interest Rate %**	**Principal £M**
Barclays Bank Group				
Barclays Bank Call Account	Instant Liquidity		0.65*	70
				70
Commonwealth Bank of Australia	11-Jul-14	10-Jul-15	0.82	10
				10
HSBC Bank Group				
HSBC Call Account	Instant Liquidity		0.50*	45.941
				45.941
Lloyds Banking Group				
Lloyds TSB	07-Apr-14	02-Apr-15	0.95	5
Lloyds TSB	11-Apr-14	10-Apr-15	0.95	5
Lloyds TSB	14-Apr-14	13-Apr-15	0.92	25
Lloyds TSB	14-Apr-14	14-May-15	0.93	25
Lloyds TSB	08-May-14	07-May-15	0.95	5
Lloyds TSB	05-Jun-14	04-Jun-15	0.95	5
Lloyds TSB	07-Jul-14	06-Jul-15	0.95	5
Lloyds TSB	07-Jul-14	06-Jul-15	0.95	5
				80
Nationwide Building Society	11-Jul-14	09-Jan-15	0.65	35
				35
Royal Bank of Scotland Group				
National Westminster Bank	04-Oct-13	03-Oct-14	0.69	10
				10
The Norse Group				
Norse Commercial Services	30-Sep-14	28-Oct-14	2.50	4
NPS Property Consultants	05-Sep-14	02-Oct-14	2.50	1
NPS Property Consultants	10-Sep-14	08-Oct-14	2.50	1
NPS Property Consultants	18-Sep-14	23-Oct-14	2.50	1
NPS Property Consultants	19-Sep-14	29-Oct-14	2.50	1
NPS Property Consultants	26-Sep-14	03-Nov-14	2.50	0.5
				8.5
Total Deposits				**259.441**

* Latest rates as at 30th September 2014

In addition deposits of £46.656m were held on behalf of other bodies:

Office of the Police and Crime Commissioner for Norfolk, Norfolk Pension Fund, Norse Commercial Services Ltd, Norse Care Ltd, NPS Property Consultants Ltd, Norfolk & Suffolk CRC and Independence Matters.

Policy & Resources Committee

Item No 11

Report title:	**County Hall Maintenance Programme**
Date of meeting:	**1 December 2014**
Responsible Chief Officer:	**Interim Head of Finance**

Strategic impact

The County Hall Programme is a major investment by the Council that will help to deliver longer term service delivery, organisational and financial benefits. The programme of works will, when competed, support improved ways of working including the co-location of staff, and enable the Council to achieve significant office accommodation revenue savings. Office space within the building will be more adaptable thereby minimising the cost of any future staff moves within and into the building. The facilities provided will also be attractive to other organisations who may wish to share space at County hall. This aspect is currently being developed and explored through the One Public Estate initiative.

Executive summary

The purpose of this paper is to maintain Members' oversight of the major programme of works at County Hall. The paper provides background details about the County Hall Programme and more detailed information on the issues faced and the progress that is being made. It indicates that at present the programme is on schedule to be completed in early 2016 within budget.

Recommendations:

a. **To consider and comment upon the progress made on the programme.**

b. **To confirm the frequency at which the committee wishes to receive further update reports.**

Introduction

1.1 The County Hall Maintenance Programme is a large and complex project and it is important that Members have a good understanding and oversight of the progress being made. Previously update reports were presented at six monthly intervals to the former Corporate Overview and Scrutiny Panel (CROSP). This report is being brought to this Committee to maintain Members' oversight and the Committee's views are requested on the frequency at which it wishes to receive future updates.

1.2 In July 2012 the Council's Cabinet agreed to undertake a comprehensive strategic maintenance programme at County Hall. The decision to proceed with the work was made as part of the overall strategy to rationalise and consolidate County Council office accommodation. This included an options appraisal which looked at a number of options, including new build. The review concluded that refurbishment of County Hall offered the best value for council tax payers.

1.3 A decision was also made that County Hall should continue to be operational whilst the works were undertaken. Undertaking a major repair and refurbishment programme within an occupied building has been challenging. The overall objective has been to ensure that the works are completed as quickly, efficiently and economically as possible whilst also avoiding significant disturbance to the business operations of the Council and maintaining employee safety.

1.4 The council's overall office accommodation strategy is to close most of the existing offices and invest in three hub buildings in King's Lynn, Great Yarmouth and Norwich. The development and delivery of the strategy will be improved by strengthening the property client function through the creation of a new corporate property team. One of the aspects that this team will need to establish is a strategy for the wider County Hall campus. This in turn may result in a case being prepared for investment in areas of the site not within the scope of the current County Hall Maintenance Programme.

1.5 The completion of the County Hall Maintenance Programme will facilitate the consolidation of the council's office accommodation in Norwich. This will provide significant financial, operational and organisational benefits together with a modern fit for purpose open plan office which will be more accessible, especially for people with disabilities. Overall the changes to the building will mean that there will be greater flexibility in the use of the office space. This will make it far easier to respond and adapt to future organisational changes including the demand for space.

1.6 At present there are approximately 2,900 staff occupying the County Hall campus and other office accommodation in Norwich. The refurbishment works at County Hall converts floors in the tower and part of the ground floor of the south wing to open plan offices. This enables and facilitates improved and more flexible ways of working which in turn supports a significant increase in the number of staff that will be based in the building. Consequently the Council will be able to close other offices in Norwich.

1.7 The consolidation of office accommodation in Norwich will generate ongoing revenue savings for the Council. The closure of the buildings in scope (table 1 below) will, when all the buildings are closed, provide annual savings of £1.57m. This will equate to a total estimated saving of £37.9m over a 25 year period from the completion of the works in 2016.

Table 1 Estimated Revenue Savings per annum

	2015/16	2016/17	2017/18	2018/19	2019/20 onwards
	£	£	£	£	£
Carrow House		430,000	430,000	430,000	430,000
Hooper Lane		41,000	41,000	41,000	41,000
Charles House	130,000	260,000	260,000	260,000	260,000
Vantage House				90,000	358,000
Lakeside 500	118,000	236,000	236,000	236,000	236,000
Lawrence House			15,000	184,000	184,000
Bank Plain (Open)	31,000	63,000	63,000	63,000	63,000
Total	**279,000**	**1,030,000**	**1,045,000**	**1,304,000**	**1,572,000**

1.8 This paper highlights the overall progress that is being made on the County Hall programme and identifies the main risks and challenges that have been faced. It also confirms that the overall programme is being delivered on time and on budget.

2 Scope of the maintenance programme

2.1 As previously reported to CROSP in November 2013, the focus of the work is on the tower where major external and internal repairs are required. In undertaking the internal repairs the floors are also being refurbished to provide modern open plan office accommodation. These works, together with significant fire safety improvements, constitute the main part of Phase 1 of the programme.

2.2 Also included within Phase 1 is the refurbishment and reconfiguration of the South Wing ground floor which is required to relocate Member and staff accommodation from floor 5. This entails internal work only and is similar to the work carried out within each floor of the tower. In addition to office accommodation a suite of public meeting rooms is included on this floor. This will be required to accommodate the increased number of visitors following the closure of the other offices in Norwich. Changes to the building and its use will also have an impact on the need to improve security, fire safety arrangements and accessibility. Consequently it will also be necessary to undertake reconfiguration and refurbishment works to the main building reception area.

2.3 The redesign of the main reception area will be linked to a review of the catering offer at County Hall. Shortly, views will be sought from building users about the type of catering service and facilities they would like to see in the building.

2.4 The remaining elements of Phase 1 include roof repairs to the north and south wing, repairs to the concourse and rear terrace, car park repairs and improved external access.

2.5 Phase 2 of the works will include the remaining floors of the south wing, the north wing and the lower ground and basement floors. The extent of the repairs required in these other areas is far more limited and will not entail the same level of remodelling and refurbishment as in the tower. Works in these areas will focus on improvements to heating, ventilation, fire management and electrical systems. The extent of the works to be included within Phase 2 is still being planned and further details will be included in the next update report to the Committee.

3 Budget

3.1 The original budget approved by the Cabinet in July 2012 was £22.2m and was based on an estimate of the cost of the repair elements of the programme. A report to CROSP in November 2013 highlighted the need to also undertake refurbishment and fire safety works at the same time as the repair programme. These were in addition to the original budget and were necessary to provide the Council with modern and fit for purpose offices. The cost of the additional elements was estimated at £9.72m resulting in a revised budget of £31.91m. Funding of the additional budget requirement was identified from existing sources.

3.2 Subsequently further BMF funding of £122k has been identified. This comprises of £90k in recouped fees together with £32k for the stair pressurisation work required to comply with fire regulations.

3.3 The original repair programme and budget estimate assumed that existing building insulation, heating and lighting would be replaced with similar systems. The strategic maintenance programme provides a unique opportunity to make significant improvements in these areas to deliver long term energy and carbon savings. Use of existing capital funding from the Carbon Energy Reduction Fund

(CERF) provided the opportunity to make these improvements. This will provide further revenue savings in the future and feed in tariff income.

3.4 Recently a further opportunity has been identified to use CERF funding of £550k for a new biomass boiler. This will replace the remaining existing boiler serving the north, south wings, Council Chambers and lower ground and basement. The cost of the biomass boiler has been incorporated into an updated budget (Table 2). This will attract Renewable Heat Incentive income which will cover the cost of the investment.

3.5 The revised total budget is £32.58m and is comprised of the £31.91m reported to CROSP (3.1 above) plus additional BMF funding of £122k (3.2 above) and additional CERF funding of £550k (3.3 above). A breakdown of the revised budget is shown below in Table 2.

3.6 Table 2 Revised Budget

Element	**Budget £m**
Site set up	2.39
External tower	7.20
Internal tower	11.05
South wing	2.12
Other areas	6.72
Fees & surveys	2.58
Furniture & equipment	0.97
Total	**32.58**

Further details of the constituent parts of each element together with expenditure to date and estimated outturn are shown in Appendix 1.

3.7 Funding for the programme of works is shown in table 3 below:

Table 3: Funding	**£m**
Borrowing*	31.16
Building Maintenance Fund	1.42
Total	**32.58**

* Estimated annual revenue cost = £3m

3.8 The borrowing in table 3 above consists of:

	£m
Confirmed budget (Cabinet report July 2012) – Actual figure was £22.2m but £1m of this has been funded from the building maintenance fund	21.20
Carbon Energy Reduction Fund (See 3.3 & 3.4 above)	3.30
Previous, current and future years minor works and Disability Discriminations Act budgets and 6th floor open plan scheme	4.17
Fire safety and security works (part of the 2014/15 Capital Programme approved by Council in February 2014).	2.49
Total	**31.16**

4 **Cost Control**

4.1 The maintenance and repair works have been divided up into individual work packages for specific areas of work. The packages have then been subject to a tender process through the main contractor. Returned tenders are closely scrutinised by NPS to ensure that they meet the requirements specified and are value for money. In cases where tendered packages exceed the budget estimate, further work is then undertaken to bring the package back within budget. In some cases this will involve amendments to the specification and a retender of the package.

4.2 The principal design work for the tower and South Wing refurbishment is now complete. Initial tender returns for mechanical and electrical systems, sprinklers and fit out packages indicated expenditure above the available budget, prompting the need to achieve savings from value engineering. The Contractor was invited to submit alternative proposals along with suggestions from the design team, which has resulted in significant cost reductions to the original tender returns. Following this review each work package is now in line with budget expectations and has been instructed as noted above.

4.3 The areas where value engineering has achieved savings, include:

- Perimeter internal walling within the tower (alternate design)
- Internal partition walls and doors (alternate design and product)
- Lighting (alternative LED product and control system)
- Ventilation ductwork (alternative design)
- Sprinklers (contractors proposal, alternate product)
- Stairwell details (alternate products)
- Blinds (alternate product)
- Carpets (alternate product)

4.4 In each case an equivalent product option has been selected or an alternative design solution, ensuring quality fit for purpose offices are delivered. The cost difference between the original tendered sums and the alternative options (as instructed) is in excess of £1m. In many cases the difference in cost for each item is relatively small, however when multiplied across 8 floors and the South Wing ground floor the overall cost difference is considerable.

4.5 In addition to the internal refurbishment works other significant work packages, including: external curtain walling; South Wing reroofing works and new electrical supply infrastructure have been instructed following review and acceptance of rates within budget allowances.

5 **Works Completed**

5.1 The repair and refurbishment works in the main tower have progressed well as previously planned.

5.2 Works that have been completed since the report to CROSP in March 2014 include the following:

- Complete designs, surveys and investigations for works within the tower and South Wing Ground Floor
- Reroofing of floors 8 and 9
- Commencement of reroofing to the South Wing
- New curtain walling installed to floors 3,4 5, 6 ,7 and 8 including preparatory works to the whole tower
- Asbestos removals from floors 6, 7, 8 and 9
- Commencement of asbestos removals and internal strip out from South Wing ground floor
- Refurbishment of 9th floor plant room and installation of new mechanical plant and services, including: ventilation with heat recovery; heating/cooling systems and sprinklers
- Establish vertical service routes for the installation of new mains electrical cables and data
- Preparatory works for new transformers and electrical distribution panels
- Refurbishment of vertical waste pipes serving toilets and kitchens and mains water supply
- Refurbishment of floors 7 and 8 including staircases (floors 7 and 8 reoccupied by NCC staff)
- Structural repairs to concrete frame and soffits (floors 6, 7, 8 and 9) as required

5.3 **Works planned up until 31st March 2015**

5.3.1 Works to complete the full refurbishment of floor 6 and the South Wing ground floor will continue during the period up to the end of January 2015. A number of lessons learnt from the completion of floors 7 and 8 will be applied to working practices to help minimise disruption issues for NCC staff working within adjacent areas. Furthermore most of the work to establish vertical services, roof works, removal of external tiles and the 9th floor plant room refurbishment has been completed, which added a considerable level of additional noise and disruption during the refurbishment of floors 7 and 8. Works considered to generate excessive levels of noise are scheduled to take place before 8.30 am (weekdays) and at weekends. Regular communication and progress updates are being provided to NCC staff for all planned works.

5.3.2 Additional works planned within the period include: the completion of reroofing works to the South Wing and progression of design options for the main reception, front concourse, piazza, rear terrace and car park.

5.3.3 Design work for repairs to the North Wing, Basement and Lower Ground floors will be undertaken following completion of an assessment of the requirements and the budget available. The extent of the works in these areas will be significantly less than those in the tower and will be restricted to essential repairs to the windows and replacement of the heating and fire safety systems. The works will not include the same level of refurbishment that is being undertaken in the tower. Further details relating to the planned works in these areas will be included in the next update report to the Committee.

5.3.4 Instructions have been issued for the following works:

The Tower

- External cladding and windows with new internal perimeter walls
- Mechanical & Electrical systems within the tower (heating, cooling, lighting, power and ventilation) Sprinklers and new fire alarm system
- Fit out of floors 1 to 8 (walls, decorations, ceilings and carpets etc.)
- Vertical services (water, drainage, power, data and telecoms)
- New toilets and kitchens to floors 1 to 8
- Data and Communications infrastructure within floors 1 to 8

Non Tower Areas

- Reroofing works to floors 9, 8 and South Wing
- South Wing ground floor refurbishment works including new mechanical and electrical services
- New transformers and electrical distribution panels
- New fire exits

5.4 The main work items planned to take place over the next few months, include:

- Complete fixing of cladding panels complete with new windows to the tower
- Completion of roofing works to accessible areas of the South Wing including approx 200 solar panels
- Completion of refurbishment to floor 6 and South Wing ground floor
- Commencement of refurbishment works to floors 4 and 5
- Installation of new electrical panel and high voltage transformers
- Construction of a new shower and change suite
- Design work for main reception, front concourse and car park
- Feasibility and design work for a new biomass boiler to heat the North Wing, Chambers, Lower Ground and Basement areas

5.5 External scaffolding has been removed from the perimeter of floors 7 and 8 revealing the completed curtain walling. The remainder of the scaffolding will be removed over the next period as external works are completed down the tower. This is possible as the external works are carried out independently of the internal works and are planned to be completed by early 2015.
Internal works are complete on floors 7 and 8 and both floors have been re-occupied. Members previously expressed an interest in viewing the extent of these works and a tour of the floors will be arranged in the new year.

6 Issues Encountered

6.1 The repair and refurbishment of County Hall is a complex building project and since starting work on site, a number of previously unknown issues have been identified and details of the most significant are shown below.

6.2 Concrete carbonisation to floor slabs

This is evident at the perimeter of each slab (floors 6, 7 and 8) where weather has penetrated around the tiled facade into the concrete. Localised repairs are required along with an applied treatment to areas of the slab to prevent further decay. The new cladding system will offer further protection once installed. The extent of the repairs required to other floors can only be fully established after ceilings have been stripped out at each level. The costs for this item will be contained within the project contingency allowance.

6.3 Asbestos

Additional asbestos material used to pack out windows and trim details has been identified in areas where new works are planned. The removal process involves a 14 day notification period to HSE in each case and a return to site by the specialist removal contractor. Costs for this item will be contained within the project allowance for asbestos removals. As works progress down the tower the risk of further delays caused by asbestos reduces as these areas are known.

6.4 Poor condition of drainage system and cold water supply

Following a detailed survey of the drainage system within the tower it has been necessary to replace large sections of vertical pipe work, similarly the internal cold water supply requires renewal as pipe work is severely pitted and worn. Costs for these items will be contained within the project contingency allowance.

6.5 Back propping for scaffold

The extent of propping required, necessary to provide structural support to the scaffold system around the tower is considerable. Locating suitable positions for the props was particularly challenging due to the lower areas being in use and occupied. Costs have been kept within the budget allowance for this item.

6.6 Noise generated from removal of tiles and drilling

Due to the building being occupied for the duration of the refurbishment project the risk of disruption to building occupants is high. A number of noisy activities have had to be restricted to take place before 8.30am and at weekends, which has resulted in additional labour costs for out of hours working. To date additional costs associated with unplanned revised working times is predicted to be £125k. This cost will be contained within the project contingency allowance. Other works involving planned noisy activities are scheduled to take place outside of normal office hours within tender information. Higher labour rates are therefore accommodated within tender returns and the available project budget.

6.7 Leaks on Floor 8

A number of roof leaks have occurred to floor 8 following the handover to NCC in July 2014. The new roof membrane has been thoroughly tested using an electronic test capable of detecting microscopic penetrations with any defects found being repaired. The main cause of the leaks was however temporary interface detailing between the base of the cladding around the plant room and the new roof membrane. The 9th floor cladding could not be fully completed before the handover of floor 8 as a number of cables, pipes and louvres connected to existing services controlling the lower floors could not be disconnected. This work has now been brought forward and completed with permanent details/waterproofing being installed.

6.8 Fire Alarms

Currently there are 3 separate fire alarm systems in the building that need to be managed and co-ordinated. There have been some problems that resulted in false alarms being triggered. Work has been undertaken with the Contractor to identify the cause of the problems and to introduce additional procedures to reduce the risk of false alarms.

7 Timeline for Works

7.1 A summary of the current planned timeline and re-occupation of floors is shown in Tables 4 and 5 below:

7.2 Table 4: Planned timeline

Key Milestone	From	To	Progress
Erect full scaffold around the tower	October 2013	December 2013	Completed
Repairs to tower roof	September 2013	October 2014	Completed (subject to final check)
Repairs to exterior faience and cladding	January 2014	December 2014	Underway – on target
Internal repairs and fit out	May 2013	January 2016	Underway – on target
Car park repairs and external access improvements	January 2015	October 2015	Work to commence August 2015
Roof repairs to the north/south wings (including solar PV), concourse and rear terrace	January 2015	October 2015	Work to commence January 2015
Internal fit out to ground floor, South Wing	August 2014	January 2015	Works underway – on target
Internal maintenance / refurbishment works to office areas within the north wing and basement areas	2015	2016	Work to commence from 2015

7.3 Table 5: Re-occupation schedule

Floor	Date of re-occupation*
8	August 2014
7	November 2014
6	January 2015
South Wing (Ground)	January 2015
5	July 2015
4	June 2015
3	August 2015
2	December 2015
1	February 2016

*The re-occupation schedule takes into account the period required to install furniture and ICT equipment following the handover of each floor by Carters.

7.4 During late July/early August the 8th floor was occupied by staff from Children's Services moving from the ground floor and staff from Adult Services from the 6th floor. In October/November the 7th floor was occupied by HR and Finance staff from the 4th floor and NP Law from the 1st and 2nd floors. Overall the feedback from staff moving to the floors has been very positive and appreciative of the new working environment.

8 **Financial Implications**

8.1 The overall maintenance programme will entail capital expenditure of £32.58m over 25 years. This includes £2.5m of funding relating to the fire safety and security works which following a recommendation by Cabinet, was approved by the County Council on 17th February 2014. It also includes £0.55m of available CERF funding for the biomass boiler.

8.2 A successful application has been made for a SALIX loan in support of energy saving measures. This loan of £409k is interest free over 5 years and will provide a benefit of approximately £80k in reduced interest payments.

8.3 The expenditure detailed in section 3 and Appendix 1, falls within the parameters of the Annual Budget agreed by the Council and the Interim Head of Finance has confirmed the financial implications (see table 3 and para.3.8)

9 Management of risks

9.1 The following key risks have been identified in respect of the overall programme of works:-

- Disruption
- Asbestos
- Flooding
- Budget

The programme has a comprehensive risk register which is monitored, updated and reviewed by the project team and is also presented on a monthly basis to the County Hall Programme Board. The Board reviews the actions taken, escalates issues as appropriate, authorising and instructing the project team as required. Currently the risk register for the programme does not contain any items where the status has been assessed as red.

9.2 **Disruption**

9.2.1 Undertaking major maintenance works in an occupied building is a challenge in protecting the business operations of the council. The underlying risk is that significant disruption from noise and dust will prevent staff from working in the building or will have a significant impact on productivity. Conversely, there is also a risk from stopping the construction work in response to specific incidents of disruption, or undertaking most of the work out of core office hours. If work is stopped or delayed the impact will be an increase in the duration of the project with a consequential increase in costs.

9.2.2. The risk from disruption is actively managed by close working between the Contractor, NPS and NCC client representatives. In cases where work has proven to be very disruptive alternative approaches, including undertaking some elements outside of office working hours, have been agreed. This included a review with the Contractor following the completion of works on the 7th & 8th floors. As a result a number of changes to the Contactor's working practices were agreed to reduce the impact on users of the building.

9.2.3 Good communication with employees is crucial in ensuring they are aware and prepared for any likely disruption. A number of communication channels have been established, managed through the authority's customer services and communications team, to help ensure employees remain fully informed of the likely impact of any forthcoming works. These include a weekly briefing note for all staff outlining what works are being undertaken, when and where.

9.3 **Asbestos**

9.3.1 As reported to the September meeting of the Panel, the potential risk arising from the release of asbestos is being very closely and carefully managed. Comprehensive asbestos surveys are undertaken before works commence on each floor, and the method of removal has been agreed with NPS's asbestos expert and NCC's Health, Safety and Well-being Manager. Any material containing asbestos is taken out of the building via the external hoist. These agreed measures significantly reduce the risk of an uncontrolled release.

9.4 **Flooding**

9.4.1 This risk is being managed by the contractor by identifying the location of all pipe work in the building. When maintenance works are being undertaken the contractor will actively monitor the situation to identify any leaks immediately. In addition the contractor ensures that it has the appropriate staff on site to rectify and deal with any problems as soon as they arise.

9.5 **Budget**

9.5.1 The principal source of risk to the budget is the discovery of any major unforeseen problems with the building. However, the level of risk reduces as work progresses and more detailed knowledge is developed about the problems with the building and how to address them.

9.5.2 The other significant area of risk is that the cost of the work will exceed the budget provision. In this case there is active management and intervention where tenders for specific elements are not affordable. Examples of the steps being taken to manage the programme within the budget are contained in section 6 above. As the programme progresses and more work packages are let the risk to the budget will diminish accordingly.

10 Other Resource Implications

10.1 The other key resource implications of the County Hall Maintenance Programme are summarised below.

10.2 Staff

10.2.1 There will be an impact on staff as the maintenance works will be mainly undertaken during office hours. There will be some disruption as teams are moved within the building and from offices elsewhere in Norwich. There will also be implications for staff as they move to new and more flexible ways of working. To support this there is an organisational development stream within the work programme that will help make the changes needed to fully release the benefits from new ways of working.

10.3 Property

10.3.1 Completion of the maintenance programme and other works will provide a modern fit for purpose office suite for the next 25 years. This will enable the council to rationalise the use of office accommodation in the Norwich area thereby delivering an important element of the overall office accommodation strategy

10.4 Environmental implications

10.4.1 A key objective of the maintenance programme is to improve the energy and water efficiency of County Hall. This will reduce cost and carbon emissions to help the council achieve its carbon reduction commitment.

10.4.2 Where possible construction materials will be reused and the Site Waste Management Plan will address the safe disposal or recycling of wastes resulting from the construction works. For new materials specifications will consider future recycling opportunities.

10.4.3 Old office equipment and furniture that can not be re-used will be disposed of in a number of ways. Items that have monetary value will be traded in against the cost of new units. Remaining items will be offered in the first instance to voluntary organisations. Any remaining items will be recycled in an environmentally sensitive manner at no cost to the Council by the furniture supplier.

10.5 ICT

10.5.1 The ICT implications will be addressed through the Digital Norfolk Ambition (DNA) programme. There is a key dependency on DNA to provide the ICT infrastructure that will support more flexible ways of working.

11 **Other Implications**

11.1 **Equality Impact Assessment (EqIA)**

11.1.1 An EqIA has been undertaken which identifies a range of equality issues that will need to be considered as part of the proposal to ensure the building is accessible through the life of the project (25 years). The council's Equality and Cohesion Officer is being consulted as a significant stakeholder in the project to ensure relevant issues are taken into account.

11.2 Health and Safety Implications:

11.2.1 A significant part of the maintenance project provides improvements to health and safety risks that relate to the building; in particular relating to fire, electrical, and environmental comfort. The Health Safety and Well-being Team form part of the consultation process as major stakeholders in the design of all aspects of the building as well as the construction related risks more generally. They are also involved in the design and selection of the internal fit out for the building to ensure preventative measures relating to health risks such as musculoskeletal disorders are taken into account.

11.3 **Any Other implications**

11.3.1 Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

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

12.1 Security implications of the changes to the building and in particular the potential changed use of the building, and therefore the potential broader spectrum of visitors and clients are being considered in the design of public areas and the security to employee areas

13 **Conclusion**

13.1 Work on the building is progressing well and problems that have been encountered to date have been resolved without any impact on the overall budget or programme timeline. However, this is not a cause for complacency as there will nevertheless be future challenges as work progresses. Consequently the steps implemented to closely manage the programme will be maintained and developed as necessary.

14 Action required

14.1

a. To consider and comment upon the progress made on the programme.
b. To confirm the frequency at which the committee wishes to receive further update reports.

Background Papers

Appendix 1: County Hall Programme Budget Update

- Report to Cabinet 9th July 2012: Norwich Office Accommodation – County Hall

http://www.norfolk.gov.uk/download/cabinet090712item16pdf

- Report to CROSP 3 September 2013: County Hall Maintenance Programme (Page. 89 – Item no. 12)

http://www.norfolk.gov.uk/download/carp030913agendapdf

- Report to CROSP 12 November 2013: County Hall Maintenance Programme (Page 31 – Item no. 11)

http://www.norfolk.gov.uk/download/carp121113agendapdf

- Report to CROSP 10 March 2014: County Hall Maintenance Programme (Page 16 – Item no. 8)

http://www.norfolk.gov.uk/download/carp100314agendapdf

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

Officer Name:	**Tel No:**	**Email address**:
Mick Sabec	223499	mick.sabec@norfolk.gov.uk

IN TRAN communication for all

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Appendix 1	County Hall Programme Budget Update			
Element	Description	Updated budget	Expenditure to Date	Estimated Outturn
		£	£	£
Site Set up	Initial site set up			
	Prelims 2013/14 - 2015/16			
	Lift/hoist access			
	Make good compound area			
		2,385,500	1,401,800	2,385,500
External tower	Tower cladding			
	Tower shell strip 1-8			
	Tower roof			
		7,196,700	5,611,700	7,196,700
Internal tower	Tower security			
	Asbestos removal 1-9			
	Demolition 1-9			
	Tower plant strip & M&E			
	Tower boosted water			
	Riser survey & remedial			
	Sanitary risers and cores			
	Tower fit out			
	Tower stairs			
	Document lift			
	Fire misting & fire management			
		11,053,500	4,369,500	10,978,500
South wing	South wing roof			
	South wing PV			
	South wing asbestos removal			
	South wing demolition			
	South wing fit out (incl MEP)			
		2,118,000	892,100	2,118,000
Other areas	Fire exits			
	Window repairs			
	Faience repairs			
	Repointing			
	LV/HV electrical upgrades			
	Reception & Mez rooms			
	Shower suite			
	Concourse waterproofing			
	car park works			
	Council chamber DDA			
	ICT cabling			
	Fire safety works			
	MEP lower ground and basement			
	Asbestos removal (non tower)			
	repair & maintenance (non tower)			
	North wing roof			
	Stair Pressurisation Works			
	Biomass Boiler			
		6,271,700	564,500	6,222,800
Furniture & Equipment	Furniture & equipment			
	WiFi infrastructure			
		970,400	272,500	970,400
Fees, surveys & insurance		2,585,400	1,813,600	2,585,400
	Total	**32,581,200**	**14,925,700**	**32,457,300**

Policy and Resources Committee

Item No 12

Report title:	**Health, Safety and Well-being Mid Year Report**
Date of meeting:	**01 December 2014**
Responsible Chief Officer:	**Temporary Director of Strategy and Resources**

Strategic impact

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

Health and Safety legislation is criminal law which means there are criminal sanctions in place when the law is not adhered to. In addition civil law requirements mean we also owe a 'duty of care' to those affected by our business. However the law is not a never ending responsibility and it does allow for us to make judgements on what measures are 'reasonably practicable' to be provided. This judgement is very much founded in the law and allows proportionality regarding risk versus cost.

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

As part of the NCC health and safety management system the Health, Safety and Well-Being Manager (HSWM) is required to report to the Chief Officers Group and the Policy and Resources Committee annually on progress on meeting the stated health, safety and well-being objectives and to provide an overall summary of health and safety management within the organisation. In addition a half yearly report is required to provide an update to the annual report.

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

Executive summary

This report provides updated information on the key performance data presented in the annual report tabled in July as well as a comparison against national data.

In addition it gives an update on progress with the stated improvement objectives for 2014/15 and mid year performance data for the current year.

It is positive to note that reporting lag for nationally reportable incidents has decreased significantly through the introduction and use of an online incident management system. Therefore figures for all such incidents remain very close to those reported in July, only increasing by 1 over 3 day incident and 1 non employee taken to hospital incident.

Comparisons to nationally reported incidents remain favourable with reports per 1000 employees for Norfolk County Council remaining below the national figure for the third year running.

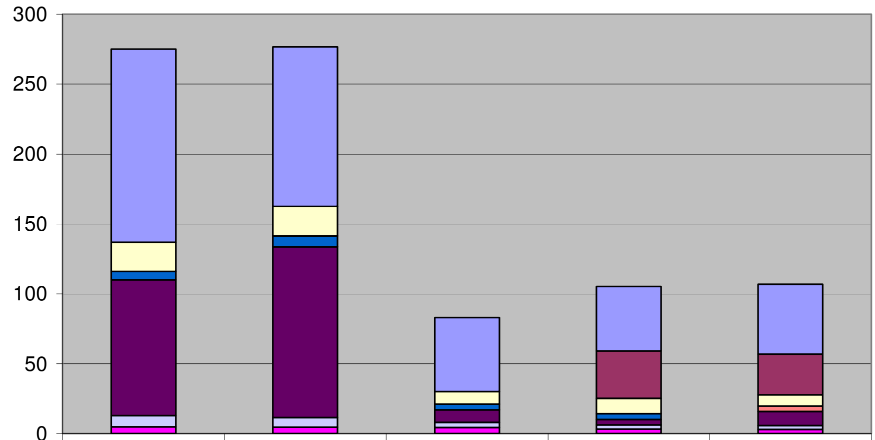
The half yearly data for this year is also showing a positive trend with fewer incidents being reported compared to this time last year.

Good progress has been made on the improvement plan for 2014/15, with work having been initiated for many of the strands. All strands are on track for delivery within the stated timescales.

Recommendations: Members are asked to consider and comment on the Health, Safety and Well-being Mid-Year report.

2. Updated Performance Data for 2013/14

2.1 A summary of NCC's performance in managing health and safety based on information from statistical data was provided in the annual report. The following is an update on the overview figures to allow for late reports for the period to be included along with national figures for comparison. More detailed tables and graphs were also provided in the annual report and are not replicated here.



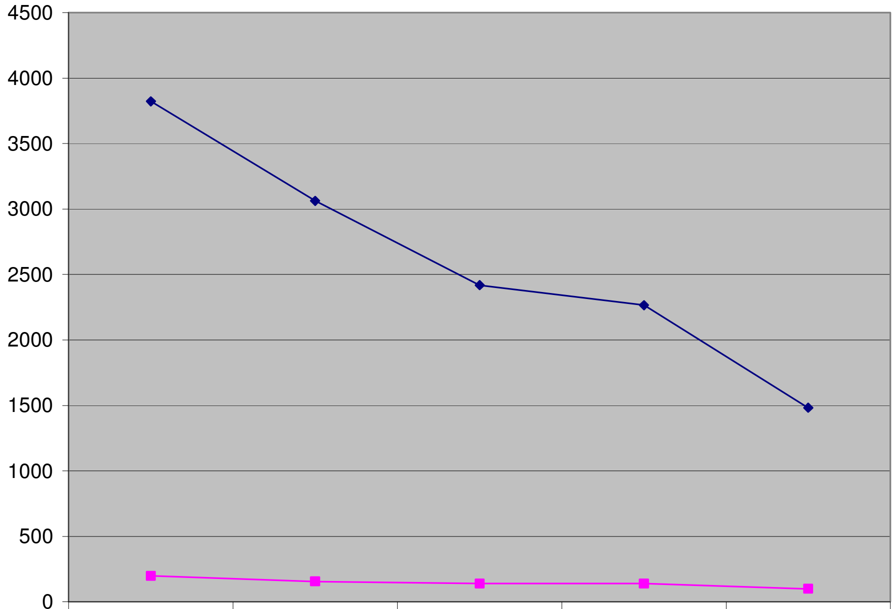
	09/10	10/11	11/12	12/13	13/14
Over 3 day injury	138	114	53	46	50
Of which are reportable from 2012 (over 7 days)	0	0	0	34	29
Major	21	21	9	11	8
Fatality	0	0	0	0	0
Reportable Ill health	0	0	0	0	4
Reportable Dangerous Occurrence	6	8	4	4	0
Non employee taken to hospital	97	122	9	4	10
Reportable Incidents to employees per 1000 f.t.e. employees	8.11	6.89	3.6	3.05	2.81
National Incidents (All Sectors)	4.91	4.68	4.46	3.2	3.05

NUMBER OF REPORTABLE INCIDENTS (RIDDOR) PER YEAR FOR NCC

RIDDOR refers to the Reportable Incidents, Diseases and Dangerous Occurrence Regulations that stipulate which incidents are formally reportable to the HSE

2.2 The only changes in the figures from those reported in July are a minor increase in over 3 day injuries and in non employees taken to hospital (one additional incident for each category). This is encouraging and shows that the move to an online incident management system has improved efficiencies in reporting. This is very important so that any necessary support can be provided in a timely way, particularly in relation to formal reporting to the HSE, which has statutory deadlines attached.

2.3 The table has been updated to reflect this year's national data for performance comparison. Once again there has been a downward trend in nationally reported incidents but NCC's continuing positive trend remains ahead of the national picture for the third year.



	09/10	10/11	11/12	12/13	13/14
Non Reportable	3822	3063	2419	2265	1483
Non Reportable Incidents to employees per 1000 f.t.e employees	198.06	156.26	140.65	140.75	99.38

NUMBER OF NON REPORTABLE (RIDDOR) INCIDENTS PER YEAR FOR NCC

2.4 There has been a slightly larger increase in the non reportable data than the reportable data due to reporting lag, but this is still not significant and the trend remains positive.

3. Mid Year Data for 2014/15

3.1 The table below shows the current data for this year compared to the same period last year. Once again the data is positive showing a decrease on incidents being reported compared to the same period last year.

Half year to date	**2013/14 Q1/2**	**2014/15 Q1/2**
Over 7 days	5	1
Major	1	0
Fatality	0	0
Non employee taken to hospital	4	2
Reportable Ill health	2	0
Reportable Dangerous Occurrence	0	0
Reportable Incidents to employees per 1000 f.t.e. employees	0.55	0.08
Non Reportable	631	447
Non Reportable Incidents to employees per 1000 f.t.e employees	43.77	34.49

NUMBER OF REPORTABLE AND NON REPORTABLE INCIDENTS FOR Q1 AND Q2 COMPARISONS

4. Improvement Strand Progress

4.1 **Improvement Strand 1: Ensure Health, Safety and Well-being Policies and associated documents remain fit for purpose and support the overarching objectives and core roles**

4.1.1 Policies and procedures are identified for review and update for a number of reasons including: changes in statutory requirements, national guidance and case law; organisational direction of travel or service changes; as a result of learning from incidents; or as a result of trend and gap analysis.

4.1.2 A number of policies and procedures have been reviewed and updated so far this year including:

- Occupational Health Procedures and Guidance
- Electrical Equipment
- Hazardous Substances
- Our Commitments and Organisation and Responsibilities Policy
- Monitoring and Review Policy

4.1.3 New policies, procedures and guidance are produced when gaps are identified in current systems that require direction and support. A number of new procedures have been developed this year:

- Maintenance of electronic premises management records
- Biomass boiler operation
- Requirements for employees working at and visiting non NCC premises
- Procurement and Commissioning Monitoring Arrangements
- Applying Health and Safety Requirements to different service delivery models
- Guidelines for dual computer screen use

4.2 **Improvement Strand 2: Ensure Health, Safety and Well-being Services are applied effectively across the County Council to successfully equip managers and employees to become self sufficient**

4.2.1 A review of the learning and development offer is currently being undertaken. Progress has been delayed in this area due to a period of vacancy in the post. However recommendations regarding changes to the offer and a strategy for improved marketing will be in place by the end of the year.

4.2.2 The current electronic incident reporting system has been reviewed with the providers. As a result a number of improvements to the system have been identified that will, when implemented aid managers and employees use of the system.

4.2.3 It has proved difficult to integrate the various sources of management information to aid targeting resources without significant manual intervention. Work is still ongoing in this area and it is hoped that the improvements made through Digital Norfolk Ambition may also assist progress in this area.

4.3 Improvement Strand 3: To provide dedicated professional expertise and support in areas of high or complex risk

4.3.1 Work with the procurement team has commenced to develop a RAG rating system for different types of procured activities or services. This will enable the procurement team to better identify where Health, Safety and Well-being support is needed during the procurement process.

4.3.2 A new provider of technology to support lone workers has been identified. Teams will be supported to review lone working risk assessments and identify where the new equipment would improve risk control.

4.3.3 A review of risks associated with the work of Assistant Mental Health Practitioners that transferred into NCC on 1st October has taken place. Managers are being supported to ensure appropriate controls and training is in place for all employees in the service. In addition a plan has been established regarding the implementation of the well-being programme for the service.

4.3.4 The Library Service has been supported in the review of lone working risk assessments following the changes to staffing levels in the service. A specification for antisocial behaviour training has been developed and the process of securing a provider with experience in this area has commenced.

4.3.5 The services of our musculoskeletal rehabilitation scheme providers have been utilised to support employees moving to the newly refurbished floors at County Hall. The aim is to improve employees' confidence in adjusting their workstations appropriately. This has become increasingly important in the prevention of musculoskeletal injury as more teams move to hot desking and new ways of working.

4.3.6 A review of the management of non work related mental health absence has taken place in ETD and recommendations regarding improvements made. This report has also been reviewed in the light of employee survey results for the service. Actions are currently being implemented and the impact will be reviewed at the end of the year.

Further work under this strand yet to commence includes:

- Assist Community Services to complete the Senior Managers Risk Matrix to assist their management and monitoring of complex and high risk activities
- Review with the programme office the approach to health and safety risk identification during project management
- Develop a single health and safety management system for the integrated service supplied with partners NCHC
- Work with the Resources Management Team to develop HSW support services to Resources employees regarding well-being and musculoskeletal health to improve their resilience enabling them to better to support other service changes whilst also managing their own

It is anticipated that all remaining work will be completed by the end of the year.

4.4 **Improvement Strand 4: To continue to improve and develop the Health Safety and Well-being Service**

4.4.1 A review of the health and safety performance information provided to management teams has been initiated with the aim of providing better, more timely information to assist service driven improvements.

4.4.2 Initial work to review the traded services provided has commenced and minor changes to pricing structures have been made where applicable. Further work will continue in this area to ensure the services that are traded continue to add value and provide value for money. It will be particularly important to align this work with the review outlined below to ensure the traded service does not have an adverse effect on service to NCC.

4.4.3 Further work under this strand yet to commence includes:

- reviewing the changes made following budget reductions to ensure NCC continues to be appropriately supported

5. Financial Implications

There are no direct financial implications in respect of this report although there are financial implications if health and safety is not appropriately managed as outlined in 6. below.

6. Issues, risks and innovation

If the Authority does not have a robust and proactive health and safety management system there are legal, reputational and financial risk implications for example there is a risk that the Authority will be exposed to enforcement action and ultimately prosecution. There is also a risk of an increase in successful civil claims made against the authority. The current health of the health and safety management system is good and continues to improve. The improvement plan developed each year aims to strengthen the system and keep the risks to NCC at an acceptable level.

7. Background

This report is an update on information provided in the Health, Safety and Well-being annual report presented in July 2014.

Officer Contact

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

Officer Name: Derryth Wright Tel No: 01603 222912
Email address: **Derryth.wright@norfolk.gov.uk**

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Policy and Resources Committee

Item No 14

Report title:	**Review of Governance Arrangements**
Date of meeting:	**1 December 2014**
Responsible Chief Officer:	**Anne Gibson**

Strategic impact

The review of the Council's decision making structures and systems is key to ensuring good governance and that the Council is best placed to deliver its strategic priorities.

Executive summary

The Council moved to a Committee system of Governance with effect from the AGM in 2014. Members set a number of key objectives in making this change. Members were concerned to address what they perceived to be a democratic deficit inherent in the Cabinet system whereby the majority of decisions were taken by a relatively small number of Cabinet Members, which left some members feeling disenfranchised. Members considered that there was a need for greater openness and transparency and to involve all members in decision making, which should result in a better quality of decision through wider debate. In addition to empowering Committees to make decisions, it was suggested it would give a greater emphasis and purpose to Full Council by giving it responsibility for taking large strategic decisions.

The summary of the new governance arrangements stated that "there will be a formal review, conducted in accordance with the constitution of how well the proposed arrangements operate in practice in November 2014. This will enable the model to be refined and enhanced based on practical experience."

The project will be driven with the full engagement of Members through Committees, Chairs and Vice Chairs, Spokespersons and Political Groups. The responsibility for leading the review sits with this Committee. This report asks members to consider and agree arrangements for that review.

Recommendations

1. **To agree the approach to the review set out in Part 1 of the report**
2. **To agree the process for member leadership taking into account the options set out in paragraph 1.6.2**
3. **To confirm that the costs of a Committee system should not exceed the costs of the previous cabinet system and that the review should be mindful of this in developing any recommendations.**

1. Proposal

1.1 The purpose of the review will be to assess the effectiveness of the new committee governance arrangements in ensuring good governance and democratic decision making. The review will include the overall governance arrangements including the supporting constitution, working culture and processes and practices.

1.2 The key issues that the review will need to address can be grouped under three broad headings (see below). These areas can potentially be assessed by different review teams and, because of the timing of the review, will also need to take place in different phases. If issues arise in the review about which there is agreement and that can be resolved without a Full Council decision, it is suggested that we should do so. Set out below are some proposed workstreams. The issues raised and the suggested areas for investigation set out below are indicative only at this stage and not intended to be comprehensive.

1.3 Workstream 1 - Effective Governance and Decision Making

1.3.1 This will include Public engagement and the facility for public questions. (It is suggested that practice at other Councils with a Committee system be researched and also work be undertaken around how the different senior Member roles are working and reviewing the role descriptions and relevant protocols). In addition, it will look at:

- What is the quality of decision making? For example are Members confident they have good information on which to base decisions and is the decision making process sufficiently transparent?

- How well does the current scope and design of the committees work? For example what works well and what needs further development, should there be any changes to the scope of the committees or any additional committees, what impact will the new management structure have?

- How effective is the interrelationship between committees? For example is the relationship between the service committees and Policy and Resources Committee operating as planned, and how effectively is cross-cutting work being addressed?

- How effectively have known set-piece requirements been delivered? For example how well has the budget planning process worked, how effective has the strategic planning process been?

1.4 Workstream 2 – Looking Across the Structure

1.4.1 This will include looking at what scope is there for rationalisation, whether there are inconsistencies that need to be addressed, and should area committees be established?

1.5 Workstream 3 - Working Culture, Processes and Practices

1.5.1 This will consider what arrangements need to be in place across the organisation to ensure the committee system is supported effectively.

- For example what ICT / Information sharing enablers are needed, what changes are needed in relation to financial and performance reporting, what has been the impact on the level of work and capacity required of officers to support the new arrangements, e.g. in report preparation, supporting task and finish groups?

1.6 Project Organisation and Methodology

1.6.1 The project will be driven with the full engagement of Members, through Committees, Chairs and Vice Chairs, Spokespersons and Political Groups. It will be important to engage Service Committees in the review process. A structured assessment would be achieved by each Committee undertaking a self-evaluation exercise of their experiences of the new system to date. The officer review team will assess working culture, processes and practices. This should be a broadly based review in which Chief Officer Group will need to perform a role in steering the focus of the review team and agreeing the required changes.

1.6.2 The review will require Member leadership, a clear structure, and strong Council-wide Member engagement. Member leadership sits with this Committee which will need to decide how it should be conducted and specifically what the Member leadership should be. Options for providing a Member steer for the wider review include:

- Direct discussions with this Committee
- This Committee may choose to delegate authority to the Constitution Advisory Group (CAG)
- This Committee may choose to create and delegate authority to a different group to lead this.

1.6.3 Regardless of the decision the Committee takes on how the process is led by Members, there will need to be a whole Council approach to engaging with all Members of all political groups. The role of the Member group that leads the process will be to oversee arrangements and make sure they are as engaging as possible. However the Member leadership is provided, any changes to the constitution must be approved by Full Council only after consideration of the proposal by CAG.

1.7 Timscale

1.7.1 A detailed project plan will be developed. A report will be made to all Committees in the March 2015 cycle setting out the issues raised, with a final report being submitted to the County Council's AGM in May 2015.

2. Evidence

2.1 The review will seek feedback from Members and officers and also stakeholders and outside bodies on how the new arrangements have been working and how effective they have been in promoting good governance. It will be important to also seek to gather learning from other organisations that are on a similar journey such as Nottinghamshire and Cambridgeshire County Councils.

3. Financial Implications

There will be a small financial implication for the members' allowances budget, as attendance by members at events which are part of the review and by members of the member group leading the process will be an approved duty, for which members may claim travel expenses. The review will be managed within existing officer resource.

4. Issues, risks and innovation

4.1 The County Council cannot revert to an executive model of governance within 5 years of changing to the Committee system without a referendum. Members have always been clear that the costs of a Committee system must not exceed the costs of the previous cabinet system. The Committee is requested to confirm this position and that any review should be mindful of this in developing any recommendations.

5. Background

5.1 At its meeting on 25 November 2013, Norfolk County Council resolved to change from Cabinet governance to a Committee system of governance. The Council established a cross-party working group, the Committee Governance Steering Group of 11 Members – two from each party, plus the (then) sole Independent Member to draw up proposals for the new Committee system. The Group's remit was to develop a system of governance for the Council based on decision making by Committees and Full Council as opposed to a Cabinet system and to report to the Council in April 2014.

5.2 On 28 April 2014, Full Council considered the proposals of the Committee Governance Steering Group and the comments of the Constitution Advisory Group (CAG) and:

(i) adopted the New Governance Model for Norfolk County Council, to come into effect from the AGM on 27 May 2014;

and

(ii) adopted the new Constitution

5.3 The summary of the new governance arrangements stated that “there will be a formal review, conducted in accordance with the constitution of how well the proposed arrangements operate in practice in November 2014. This will enable the model to be refined and enhanced based on practical experience.” This report asks members to consider approving the arrangements for that review.

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

Officer Contact

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

Officer Name:	Tel No:	Email address:
Anne Gibson	01603 222609	anne.gibson@norfolk.gov.uk

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Policy and Resources Committee

Item No. 15

Report title:	**Proposed ban on the release of floating sky lanterns and mass release of balloons on Norfolk County Council owned land.**
Date of meeting:	**1 December 2014**
Responsible Chief Officer:	**Tom McCabe, Interim Executive Director Community and Environment**

Strategic impact

Several local authorities have banned the releasing of sky lanterns and the mass release of balloons on their land due to the fire risk caused to property and land, harm caused to livestock and wildlife and the draw on resources from the emergency services caused by unexpired lanterns.

Implementing a ban on Norfolk County Council owned land may encourage other bodies to follow suit, further reducing the potential for large financial costs and draw on resources caused by any resultant fires.

Executive summary

The releasing of sky lanterns can cause financial and environmental implications for landowners, emergency services, livestock managers and nature conservation. The potential consequences are fire, damage to crops, property and habitats; death of livestock and wildlife and false alerts of the coastal rescue services.

The mass release of balloons can cause environmental damage to marine life and habitats, and has generally been included with sky lantern bans by other local authorities in the UK.

Recommendations:

To ban the launching of sky lanterns and mass release of balloons from Norfolk County Council owned land.

1. Proposal

1.1. A ban on the launching of Chinese sky lanterns and mass release of balloons on Norfolk County Council owned land would be widely supported by departments of Norfolk County Council.

Those consulted include; The Environment Section, County Farms, Trading Standards, Property Services, Norfolk County Services and Norfolk Fire & Rescue Service. There is also support nationally for local authorities to ban these items, from conservation and landowner organisations.

1.2. The ban could be implemented by including terms to land tenancy agreements that prohibit the release of sky lanterns and balloons, and a similar condition could be put in place when granting permission for activities such as fetes and charity events on Council owned land.

1.3. Alternative activities can be suggested such as planting native trees or wildflowers, planting an orchard, light shows and art projects.

2. Evidence

2.1. There is video evidence from the Chief Fire Officers Association of a lantern causing a major fire at a waste recycling centre in the West Midlands which required 200+ fire-fighters, 39 fire appliances and 3 hydraulic platforms.

Internationally, certain brands of fire lanterns have already been banned.

2.2. Farmers' unions have called for a ban on Chinese lanterns because of the dangers to livestock.

2.3. The RSPCA have recorded cases of livestock and wildlife fatalities as a result of ingestion, entanglement and entrapment in sky lantern debris.

3. Financial Implications

3.1. The high proportion of farmland, land designated for nature conservation such as heathland and woodland, and the long coastline of Norfolk, significantly increases the potential financial implications caused by this issue.

3.2. Police and coastguards resources can also be stretched when having to deal with lantern sightings being mistaken as something else such as a distress flare or UFO.

3.3. There will be no additional cost to Norfolk County Council in implementing a ban as this will be either picked up in the existing cost of the production of the tenancy or the granting of any permission to hold an event on Council land.

4. Issues, risks and innovation

4.1. There is widespread support for action to be taken to reduce the potential risks associated with sky lanterns, and implementing a ban may encourage other bodies to follow suit, further reducing the potential financial implications and draw on resources caused by fire and unexpired lanterns.

4.2. Instruction would be required to Legal Services and Property Services to include the prohibiting of sky lantern releases and mass balloon releases on Norfolk County Council owned land, as a condition of land tenancy agreements and permits for events.

5. Background

5.1. Several local authorities including Hampshire County Council, Essex County Council, Suffolk Coastal District Council, Waveney District Council, and Tendring District Council in Essex, have already banned the release of sky lanterns and mass balloon releases on their land.

5.2. The recent ban put in place by Hampshire County Council in September 2014 generated enquiries from Norfolk residents as to Norfolk County Council's position on sky lanterns.

5.3. Research into the issue has led to this proposal for a ban, in line with other local authorities.

Examples of other local authorities positions on sky lantern and balloon releases:

5.4 **Essex County Council**

People are banned from releasing Chinese lanterns or any other form of sky lanterns from any Essex County Council-owned building or land.

5.5. **Suffolk Coastal District Council**

Due to the risks associated with them the Council prohibits the release of balloons and 'Chinese Lanterns' on Council owned land. Alternatives such as bubble blowing, floating petals, secure balloon displays and ribbon dancing are encouraged.

5.6 **Waveney District Council**

Waveney District Council has voted to ban mass balloon releases and sky lanterns from events taking place on council-owned land.

5.7. **Brentwood Borough Council**

The Council prohibits mass balloon releases and the release of 'Chinese Lanterns' on Council owned land.

5.8. **Portsmouth City Council**

Please note that the release of balloons and / or Chinese lanterns are not permitted on council land.

In an attempt to protect the environment and wildlife and to prevent any damage from fire, the release of balloons and Chinese Lanterns are prohibited from Portsmouth City Council land, including schools where they agree.

5.9. **Plymouth City Council**

Balloon releases are banned from Plymouth City Council owned land; this is designed to protect land and marine animals.

6.0. Appendices

Chief Fire Officers Association – Position Statement - Chinese/ Sky lanterns July 2013

(See Appendix A)

Officer Contact

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

Officer name : **Ed Stocker** **Tel No. :** **01603 222218**

Email address : **Edward.stocker@norfolk.gov.uk**

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CFOA
Chief Fire Officers Association

The professional voice of the UK Fire & Rescue Service

Position Statement

Chinese Lanterns

July 2013

Publicity Line

The Chief Fire Officers' Association is calling for an urgent review on the use of the floating paper lanterns as they operate in a unregulated and uncontrolled way.

There is now video evidence of a lantern causing a major fire in the West Midlands which has required 200+ firefighters, 39 fire appliances and 3 hydraulic platforms.

CFOA does not support the use of these devices and asks members of the public and event organisers to refrain from using them. Whilst these lanterns are undoubtedly a popular and beautiful sight, the potential damage they can cause is significant.

England ✔	Wales ✔	Scotland ✔	Northern Ireland ✔

- CFOA urges fire and rescue services to discourage the use of the floating paper lanterns.
- These floating lanterns not only constitute a fire hazard but also pose a risk to livestock, agriculture, camping activities, thatched properties and hazardous material sites.
- Police and coastguards also suffer a loss of resources whilst having to deal with lantern sightings being mistaken as something else such as a distress flair or UFO. Internationally, certain brands of fire lanterns have been banned[1] and there has been a temporary ban on all such products in Australia following a series of wildfires.
- Several opportunities exist to discourage the use of Chinese lanterns. FRSs could:
    - Work with their local trading standards offices to control the use and design of these products
    - Work with their local police authority to discourage the approval of events licences for events that plan to release the lanterns
    - Work with local events licensers to discourage the use of these lanterns
    - Scope out the possibility of litigation with interested parties, local police, civil aviation authority.

[1] Consumer Agency Ombudsman

Chief Fire Officers Association | 9-11 Pebble Close | Amington | Tamworth | Staffordshire | B77 4RD
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