Norfolk County Council

Policy and Resources Committee

Date:	**Monday, 28 September 2015**
Time:	**10 am**
Venue:	**Edwards Room, County Hall, Norwich**

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

Membership

Mr G Nobbs (Chair)

Mr S Agnew
Mr M Baker
Mr B Borrett
Mr M Castle
Mr A Dearnley
Mr C Jordan
Mrs J Leggett
Mr I Monson
Mr S Morphew
Mr A Proctor
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mrs A Thomas
Mr M Wilby

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

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A g e n d a

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

2. Minutes **(Page 5)**
To agree the minutes from the meeting held on 1 September 2015.

3. Members to Declare any Interests

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

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

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

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

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

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

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

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

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Wednesday 23 September 2015**

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Section A – Items for Discussion and Decision/Action

6 2015-16 Finance Monitoring Report July 2015 **(Page 13)**

Report by Executive Director of Finance

7 Delivering Financial Savings 2015/16 **(Page 45)**

Report by Executive Director of Finance

8 Developing Re-Imagining Norfolk – Resources Directorate and Finance and Property Directorate **(Page 76)**

Report by Executive Directors of Resources and Finance

9 Strategic and Financial Planning 2016-17 to 2018-19 **(Page 103)**

Report by Executive Director of Finance

10 Development of the Council's three-year strategy **(Page 112)**

Report by Executive Director of Resources

Section B – Items for Report

11 Devolution Opportunities for Norfolk and Suffolk Councils- Update on Progress **(Page 116)**

Report by Managing Director

12 Syrian refugee crisis – Norfolk response **(To Follow)**

Report by Executive Director of Resources

Group Meetings

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

Chris Walton
Head of Democratic Services
County Hall
Martineau Lane
Norwich
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Date Agenda Published: 19 September 2015

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Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on 1st September 2015
10:00am Edwards Room, County Hall, Norwich

Present:
Mr G Nobbs (Chair)

Mr S Agnew
Mr M Baker
Mr B Borrett
Mr M Castle
Mr A Dearnley
Mrs J Leggett
Mr C Jordan
Mr I Monson
Mr S Morphew
Mr D Ramsbotham
Mr D Roper
Mr R Smith
Dr M Strong
Mr M Wilby

Substitute Members present:
Mr T Garrod for Mr A Proctor
Michael Chenery of Horsbrugh for Mrs A Thomas

Other Members Present:
Mr R Coke
Mr J Joyce
Mr P Smyth
Mr J Timewell
Ms S Whitaker
Mrs C Walker

1. Apologies

1.1 Apologies for absence were received from Mr A Proctor and Mrs A Thomas

2A **Minutes**

2A.1 The minutes of the previous meeting held on 20 July 2015 were confirmed by the Committee and signed by the Chairman.

2B **Matters Arising**

2B.1 Mr Roper confirmed that the Digital Norfolk Ambition Working Group had (so far) met on two occasions and considered such issues as the current service delivery model for ICT and the ICT platform, Public Service Network Accreditation, device deployment and server migration. Mr Roper added that a further meeting of the Working Group was planned for this afternoon and that the Working Group was due to present an interim report to the Committee on 26 October 2015.

2B.2 The Managing Director confirmed that she had received an email response from Vodafone about the difficulties that the failure of the Good for Enterprise Service had caused the County Council and that the County Council was following up with Vodafone what further steps they might take to mitigate against such an issue occurring again in the future.

2B.3 Mr Smyth confirmed that overall responsibility for the business continuity issues that arose from the temporary failure of the Good for Enterprise Service rested with the Policy and Resources Committee rather than the Communities Committee.

2B.4 It was agreed that a report (deferred from the meeting on 20 July 2015 in order to obtain additional information) about the proposed acquisition of land using compulsory purchase powers at Attleborough for a new primary school could be considered at the next Policy and Resources Committee meeting on 28 September 2015. (Note: This item will be considered by the Capital Priorities Group and then at a subsequent meeting of this Committee).

3 **Declarations of Interest**

3.1 There were no declarations of interest.

4. **Item of Urgent Business**

4.1 There were no items of urgent business.

5 **Local Member Issues**

5.1 There were no local Member issues.

6A **2015-16 Financial Monitoring Report June 2015**

6A.1 The annexed report (6A) by the Executive Director of Finance was received that provided details of the forecast position for the 2015-16 Revenue and Capital Budgets, General Balances, and the forecast Council's Reserves at 31 March 2016 (period 3), together with related financial information.

6A.2 As well as providing the Committee with the Period 3 forecast, the Executive Director of Finance gave an early indication of the current revenue position in Period 4 which was showing a £1m reduction in the projected overspend on services for adults. As in previous years, further reductions in the Council's overall overspend were expected as the 2015/16 financial year progressed.

6A.3 In reply to questions about the implications that the projected budget overspends could have at the end of the financial year for the Council's general balances, Mr

Roper said that as part of monitoring the budget, officers had been asked to consider means of dealing with this issue. However, it was too early in the budget cycle for this Committee to consider these options and this might not become necessary.

6A.4 The Executive Director of Finance said that he would provide Mr Smith with details after the meeting as to the current financial position regarding the Northern Distributor Route (NDR) and Mr Wilby with details as to the current financial position regarding the County Hall refurbishment project. The financial position regarding the NDR was due to be considered in detail by the Council tomorrow and the implications for the Council's budget would be included in the Committee's next financial monitoring report.

6A.5 In reply to further questions, the Executive Director of Finance said that work was continuing within the Resources Directorate to decrease the high proportion of retrospective purchase orders and spending and move closer to the industry percentage average of 22% by volume. The Executive Director of Finance added that the risk register was being updated and responsibility for its implementation and the monitoring of progress had passed within the Resources Directorate to Norfolk Audit Services. The risk register was being reworded and would be reported to Audit Committee in September. An increased level of detail regarding the risk register would be included in future reports to the Policy and Resources Committee.

6A.6 **RESOLVED**

That the Committee note:

a. the period 3 forecast Revenue overspend of £12.325m (period 2 overspend £12.386m) on a net budget of £318.428m, as set out in Appendix 1 to the report;
b. the forecast General Balances at 31 March 2016 of £19.200m, before taking into account any over/under spends;
c. the revised expenditure and funding of the 2015-18 capital programme as set out in Appendix 2 to the report;
d. the forecast financial information in respect of Resources and Finance budgets which are the responsibility of this Committee, as set out in Appendix 3 to the report.

6B.1 **Delivering Financial Savings 2015-16**

6B.1 The annexed report (6B) by the Executive Director of Finance was received. The Committee received a report that provided an overview of the progress in delivering the savings agreed by the County Council at its meeting of 16 February 2015.

6B.2 The Executive Director of Finance drew the Committee's attention to paragraphs 3.1.4, 3.1.5 and 3.1.10 of the report which set out details regarding the savings rated as red that were considered to be of most significant concern for the Council's overall budget. He said that there was no industry standard to distinguish between the different coloured ratings (of red, amber and green) and that it was not possible to draw direct comparisons between the forecast budget shortfall figures mentioned in this report and the budget overspend figures that were included in the earlier report at item 6A on this agenda.

6B.2 In reply to questions from Mr Smith and Mr Borrett about what (if any) plans were being made to deal with service committees' anticipated budgetary shortfalls, Mr Roper said that where such incidences occurred service committees were expected to identify alternative savings and report these back to the Policy and Resources Committee.

6B.3 Mr Joyce said that early indications for Period 4 showed that the financial position faced by Children's Services had improved by £400,000.

6B.4 The Director said that he would provide Mrs Leggett with details after the meeting about the changed role of the Treasury Management Team within the Council.

6B.5 **RESOLVED**

That the Committee note:
a) the forecast total shortfall of £11.572m in 2015-16, for which alternative savings need to be identified;
b) the increase in the budgeted value of 2015-16 savings projects rated as RED to £19.088m, of which £7.745m are now forecast to be delivered;
c) the forecast savings shortfall on AMBER rated projects of £0.424m; and
d) the forecast over-delivery of GREEN rated projects totalling £0.195m.

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

7.1 The annexed report (7) by the Executive Director of Finance was received. This report provided the Committee with an update on the strategic and financial planning process for 2016-17 to 2018-19, and positioned the County Council to produce its budget for 2016-17 in accordance with the law and proper standards. Following the development of initial ideas for savings to address the forecast 2016-17 budget gap, the report recommended that Service Committees consider proposals which could be progressed in the current financial year, 2015-16, to deliver early savings.

7.2 It was noted that Committee Chairs were being asked to update the Policy and Resources Committee on financial and service planning when it next met on 28 September 2015.

7.3 Members stressed the importance of working with the Norfolk MPs and the Local Government Association to address the Council's wider needs and concerns.

7.4 **RESOLVED:**

That the Committee:

a. Note the progress towards setting the 2016-17 to 2018-19 Strategic and Financial Plan, and the timetable for Committee decisions over the coming months.

b. Note the potential impact of Government's national policy decisions on Norfolk County Council, and the significant areas of uncertainty remaining.
c. Recommend that Service Committees in September consider their spending proposals:
    1. in light of budgets based on 75% of their addressable spend, to allow for choices and options to be considered initially at October Policy and Resources Committee; and
    2. in light of the reductions required to achieve a balanced budget for 2016-17 to 2018-19 (84% of addressable spend over three years). This equates to a £42.028m reduction in expenditure across the Council in 2016-17, delivering the first year of the £110.593m budget gap as identified in the 1st June Reimaging Norfolk Policy and Resources report.

d. Recommend that Service Committees consider the potential for early savings to revenue budgets for in-year delivery in 2015-16.

8 **Staff Car Parking**

8.1 The annexed report (8) by the Executive Director of Finance was received. The report set out a range of policy options to allow the Council to make more effective use of its car parking assets and allow the Council to achieve a budgeted saving approved at Full Council in February 2015.

8.2 Mr Roper moved, duly seconded by Mr Castle, that the Committee set up a Working Group to consider policy options for staff car parking on County Council premises and this was **RESOLVED** (by 9 votes in favour and 0 votes against) as set out below:

8.3 That the Committee:

a. Note the report.

b. Set up a task and finish group consisting of 2 Conservatives and 1 member from each of the other political parties (with names provided by the Group Leaders) plus 1 union representative to consider policy options for staff car parking on Council premises.

c. That, having considered the options (including the implications for local residents), the Working Group reports back to the Policy and Resources Committee in November 2015 with the intention that a final decision on the matter is taken at full Council.

9 **Re-Imagining Norfolk- An Update**

9.1 The annexed report (9) by the Managing Director was received. The report explained how Re-Imagining Norfolk was the agreed strategic framework for the County Council to re-focus its role and pursue its priorities within a radically reduced level of resources over the next 3 years.

9.2 The Managing Director explained how Re-Imagining Norfolk provided the framework for the Council to meet its specific objectives and pursue the key themes going forward that were set out in paragraph 3.8 of the report. A set of objectives and measureable outcomes for the Council would be reported for consideration by the Committee in January 2015.

9.3 The Managing Director was congratulated on the success of the newly established Corporate Bidding Team in ensuring that Norfolk competed successfully when there were opportunities to secure grants through bids to external funding sources. The projects that had been completed and those that were at the development stage were included in the tables at paragraphs 5.7.1 and 5.8.1 of the report. It was noted that a more detailed breakdown of the projects to date and those that were in the pipeline would be taken to Committees in the Autumn.

9.4 The Managing Director added that Norfolk's eight councils and the chief constable had commissioned external consultants from the New Local Government Network to conduct preliminary research and propose options in response to the devolution agenda. Their report presented five options but the favoured approach, following talks with Norfolk's district council leaders, was to seek a devolution deal that involved Norfolk and Suffolk.

9.5 The Chair said that Norfolk County Council had indicated that it was keen to work with Suffolk County Council on the submission of a multi-county proposal before the Government deadline of 4 September 2015 that might involve clusters of districts working in partnership with the county councils to make savings in areas such as transport/infrastructure; health and social care; flooding; blue light services; planning and housing and economic development. The Leaders of Norfolk and Suffolk Councils were of the opinion that the option of two counties working together was one that they could all agree with. During discussions about road infrastructure, it had been suggested that there could be merit in working together with Cambridgeshire but Cambridgeshire appeared to be more interested in exploring options to join up with other areas.

9.6 It was noted that shortly after the County Council had made its submission to the Government it would be shared with all Members of the Council.

9.7 **RESOLVED:**

Members noted the progress set out in the report.

10 **Norse Group Annual Report 2014-15**

10.1 The Committee received a report by the Managing Director of the Norse Group Ltd. This report outlined the positive results of the Norse Group Ltd for the financial year 2014-15.

10.2 The Committee congratulated the Managing Director of Norse Group Ltd on the continued success of the business in providing a comprehensive range of services to both the public and private sector clients in Norfolk and throughout the UK during the financial year 2014/15. Members asked that, as an example of the Group's continued success for it to be mentioned in the minutes that the Care

Quality Commission accreditation had been maintained for all NorseCare Group establishments throughout the reporting period.

10.3 In response to questions the Managing Director of Norse Group Ltd said that he would consult with officers within the newly established client management team on an improved procedure for the way in which local members should be consulted on issues affecting the work of the Norse Group.

10.4 Mr Dearnley asked that a suitable message be passed on to all schools about the merits of pupils looking to undertake a career in engineering services.

10.5 **RESOLVED:**

That the Committee notes the on-going growth in the business and the benefits the Company continues to bring to the Norfolk economy.

11 **Exempt Minutes of the previous meeting held on 20 July 2015**

11.1 The exempt minutes of the previous meeting held on 20 July 2015 were confirmed by the Committee and signed by the Chairman.

The meeting concluded at 12.35 pm

Chair

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Policy and Resources Committee Item No 6

Report title:	2015-16 Finance monitoring report July 2015
Date of meeting:	28 September 2015
Responsible Chief Officer:	Executive Director of Finance

Strategic impact

The Annexes to this report summarise the Period 4 (July 2015) forecast financial outturn position for 2015-16, to assist members maintain an overview of the overall financial position of the Council, including the budgets for which this committee is directly responsible.

Executive summary

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

Members are asked to:

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

1. Introduction

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

2. Evidence

Three appendices are attached to this report:

Appendix 1 summarises the forecast revenue outturn position, including:

- Forecast over and under spends within each Service
- Forecast reserves balances
- Changes to the approved budget
- The impact of planning assumptions
- Treasury management
- Payments and debt performance
- A brief summary of the Council's financial risk register.

Appendix 2 summarises the forecast capital outturn position, and includes

- Changes to the capital programme
- Future years capital programmes
- Forecast and actual income from property sales
- Capital programme funding
- Other information relating to capital expenditure, including completed projects and planned schemes.

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

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

3. Financial Implications

As stated above, the forecast revenue outturn for 2015-16 is an **overspend** of **£10.807m**, on a net budget of £318.428m. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers will explore measures to reduce or eliminate potential over-spends in-year, for example by reducing expenditure to minimise the call on reserves.

Following the 20 July meeting of this committee, a virement of £0.500m from service budgets, to reflect lower than expected inflation rates, is being made in order to fund the additional expenditure approved in February. Details of the virement are at paragraph 3.4 of Appendix 1 to this report.

The Council's capital programme for 2015-18 totals £535m, including the £6.250m Aviation Academy loan approved at the 20 July meeting of this committee.

4. Issues, risks and innovation

Risk implications

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

- Scope of the Council budget covered
- Potential savings plans exposed to risk

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

5. Background

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

Officer Contact

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

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Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk

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Norfolk County Council

Appendix 1: 2015-16 Revenue Finance Monitoring Report Month 4

Report by the Executive Director of Finance

1 Introduction

1.1 This report gives details of:

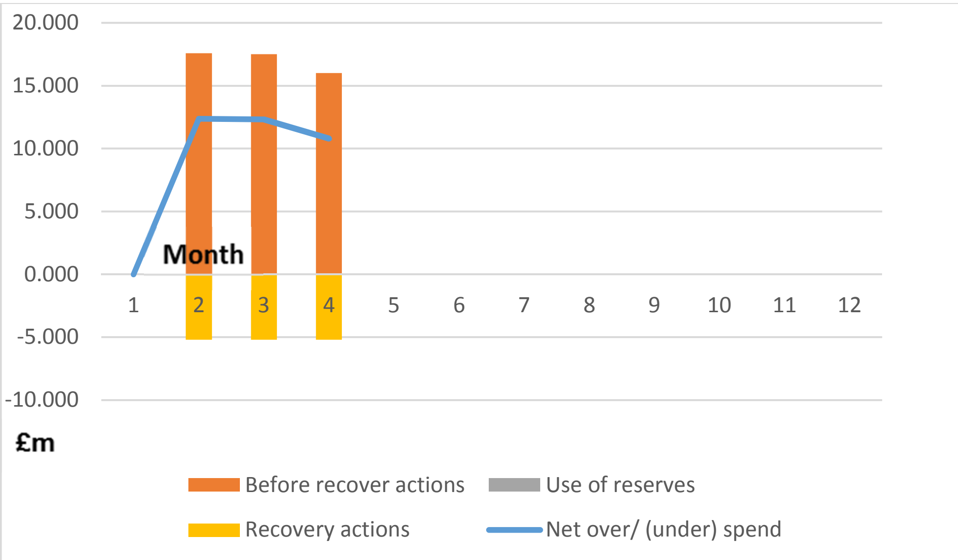
- the latest monitoring position for the 2015-16 Revenue Budget
- forecast General Balances and Reserves at 31 March 2016 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

2.1 At the end of July 2015 (month 4):

Revenue expenditure is forecast to **overspend** by **£10.807m** (after identified recovery actions), on a net budget of £318.428m. The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2015-16, by month, after recovery actions and approved use of reserves: Month 4 forecast overspend of £10.807m (month 3 £12.325m).



The main reasons for the forecast overspend are as follows

- In Adult Social Services, the overspend is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings.
- Within Children's Services, Looked After Children numbers remain high with resulting financial pressures. In addition the final implementation date for a new staffing structure has meant a pressure on the agency social worker budget.

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

2.3 The Council has earmarked revenue reserves which are forecast to be £39.691m at 31 March 2016. The plan for 2015-16 predicted reserves of £32.341m (Budget Book page 144), so the forecast outcome remains broadly in line given a relatively high level of grants and contributions brought forward at the beginning of the year. The Council separately holds Reserves in respect of Schools forecast to be £35.613m at 31 March 2016.

3 Agreed budget, changes and variations

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

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

Service	Approved net base budget	Opening budget this period	Changes in P4 July 2015	Revised budget
	£m	£m	£m	£m
Adult Social Services	242.197	242.105	-	242.105
Children's Services	174.531	174.242	-	174.242
Community and Environmental Services	156.310	171.721	0.300	172.021
Resources	38.299	23.206	-	23.206
Finance and Property	13.130	13.162	-	13.162
Finance General	-306.039	-306.008	-0.300	-306.308
Total	**318.428**	**318.428**	**-**	**318.428**

3.2 The Council's total net budget has not changed during the year to date.

3.3 Some minor budget movements have taken place between services during the accounting period: these related to capital accounting lease adjustments to allow for the funding of Fire Service communications and vehicle leases.

3.4 Following County Council's decision to allocate £0.500m monies to Adult Social Care the Council was required to find additional efficiency savings of £0.500m in 2015-16. Following the 20 July meeting of this committee this saving will be achieved through clawing back inflation allocated in the 2015-16 budget to reflect CPI being 0% in June 2015 compared to the 2% used for budget inflation forecasts. The adjustment is allocated as follows:

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

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

3.5 **New grants**: Following the decision by Government to close the Independent Living Fund (ILF) on 30 June 2015, and to transfer ILF users to sole local authority support, the Secretary of State for Communities and Local Government has allocated £1.199m ILF Grant to Norfolk to support expenditure from 1 July 2015 to 31 March 2016. Forecast expenditure has been included in budgets, and the additional funding has contributed to an improvement in Service User Income forecasts.

4 Control of growth, cost pressures and savings targets

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

Table 2: 2015-16 key planning pressures

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

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

5 Revenue outturn – forecast over/underspends

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

5.2 The latest projection for the 2015-16 revenue outturn shows a net projected overall **overspend** of **£10.807m**, after identified recovery actions and anticipated use of earmarked reserves.

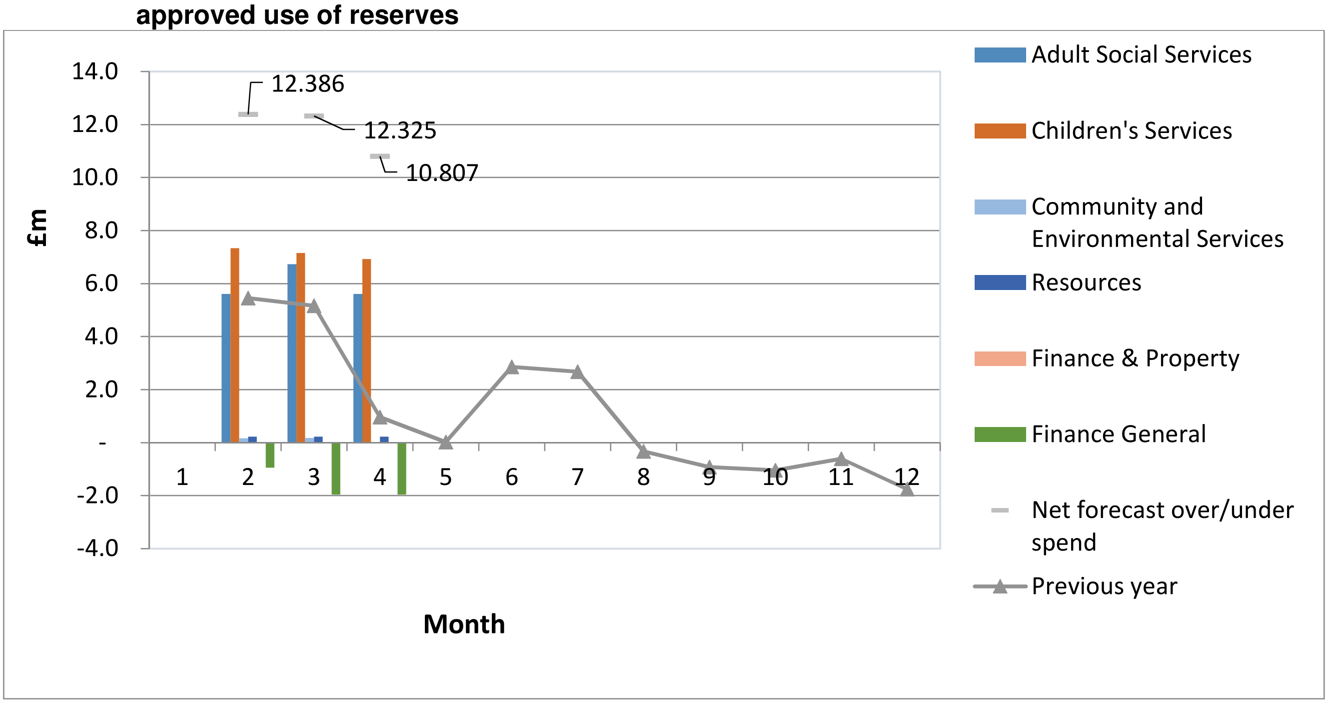
5.3 Details of all projected under and over spends for each service, together of areas where mitigating action is being taken, are shown in the final section of this report, and are summarised in the following table:

Table 3: 2014-15 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Adult Social Services	242.105	5.608	2.3%	A
Children's Services	174.242	6.920	4.0%	R
Community and Environmental Services	172.021	0.021	0.0%	G
Resources	23.206	0.220	0.9%	G
Finance	13.162	-		G
Finance General	-306.308	-1.962	0.6%	G
Totals	**318.428**	**10.807**	**3.4%**	A

5.4 The following chart shows service outturn projections by month:

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



The main reasons for the forecast overspend are as follows:

- **Adult Social Services**: the overspend is primarily due to the net cost of Services to Users (purchase of care) and risks associated with the delivery of this and other savings resulting in a forecast gross overspend of £10.844m. The decrease this month has brought the forecast back into line with the period 2 forecast. The overspend has been partially off-set by the use of new funding for implementing the Care Act of £5.2m resulting in a net forecast overspend of £5.6m.

  As reported to ASC Committee on 7 September, the department is taking rigorous recovery action to reduce in-year spending as far as possible. A number of actions have been initiated to mitigate the reported overspend to March 2015 and further actions have been identified to deal with the forecast position for 2015/16. The additional points covered are as follows:

  - Prioritise the use of Norsecare block purchased beds with target to achieve a 95% occupancy on average for the remainder of the year
  - Only fund a residential or nursing home placement in each locality when two placements have been released
  - Temporary residential placements should only be used where a clear plan exists for the service user to return home and the placement only authorised for the period in the plan.
  - Personal Budgets should only be used to meet any unmet eligible social care need, on the basis of least spend to deliver the best outcomes.

- **Children's Services**: the number of Looked After Children remains higher than planned, along with a higher than planned proportion of those children being accommodated in a residential setting, with resulting financial pressures in agency residential, agency fostering and in-house fostering costs. The final implementation date for a new staffing structure has meant a pressure on the agency social worker budget, and there is a forecast overspend for additional support costs for care leavers.

  As reported to Children's Services Committee 15 September 2015, the steps being taken to address the forecast overspend include continued rigour being applied to the reduction of LAC costs, a review of all vacancies held combined with a recruitment freeze with no posts to be recruited to without the Director's approval, and a review of any contracts ending within the financial year.

- **Resources**: at the end of month 4, there is a forecast overspend of £0.220m relating to a decision to delay charging staff to use the County Hall car park. A proposal for car park charging was discussed at the 1 September 2015 meeting of this committee, at which members agreed to convene a small group to examine options for managing parking at County Hall. This group will report back to Policy and Resources Committee in November.

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

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

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

CES contracts
Within CES highways and transport services early indications are that there could be savings of up to £0.350m from transport contracts. Once more data is available any financial implications will be incorporated into forecasts.

Review of accounting treatment for notional debt repayment
Officers are currently drafting a revised policy for the Minimum Revenue Provision calculation for debt undertaken prior to 2008. A number of other authorities have revisited their policy in this area (Birmingham, Kent and Somerset) and this has resulted in a significant budget saving for them. Officers are aware of numerous other authorities who are proposing to amend their policy.

6 General balances and reserves

General balances

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

Table 4: forecast general balances

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

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

Earmarked reserves balances and forecasts

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

Table 5: actual and forecast revenue reserves

	Balances 31 March 2015 after year end adjustments (relate to services rather than committees)	Previous period 31.3.16 forecast	Latest forecast balance 31.3.16
	£m	£m	£m
Earmarked reserves - non schools			
Adult Social Services	8.748	2.586	2.586
Children's Services	5.403	2.668	2.668
CES	26.478	17.086	17.300
Resources	14.651	5.694	5.694
Finance	0.967	0.168	0.168
Finance General	12.235	12.438	11.275
	68.483	**40.640**	**39.691**
Earmarked reserves - schools			
Schools - LMS balances	22.545	18.209	18.209
Schools - other reserves	17.301	17.404	17.404
Total schools reserves	**39.846**	**35.613**	**35.613**
Total Reserves	**108.329**	**76.253**	**75.304**

6.3 ASS reserves are forecast to reduce by over £6m, due mainly to full use of the service IT and Residential Review reserves totalling £3.2m to offset demand pressures within Purchase of Care, approved as part of the 2015-16 approved budget, plus £2.7m planned expenditure from grants and contributions brought forward, and £0.3m from the Prevention fund.

6.4 Children's Services forecast net use of reserves is unchanged since the previous period. The year on year change represents forecast use of various reserves, including significant use of grants and contributions brought forward from 2014-15.

6.5 Net reserves use is forecast across the majority of CES services. This includes significant use of the apprenticeship scheme and capital sustainability reserves with minor changes to the forecast since period 3.

6.6 Resources reserves show a forecast reduction, primarily due to the planned use of £5.9m of ring-fenced Public Health monies and the projected use of £2.3m from the General IT fund towards the DNA project.

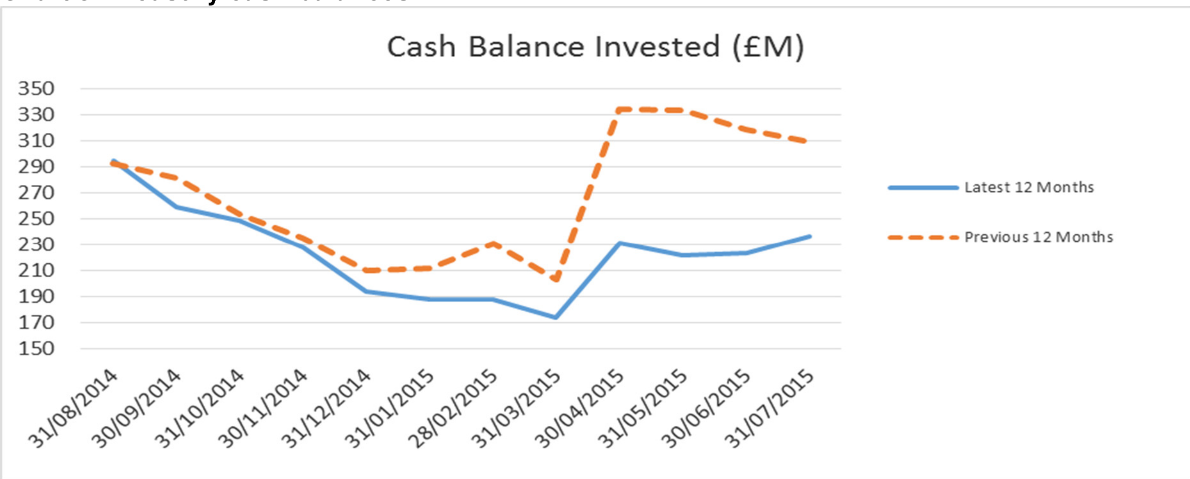
6.7 The total forecast for Finance plus Finance General reserves has reduced by £1.2m due to projected use of the Organisational Change and Redundancy Reserve.

7 Treasury management

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

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

Chart 3: Treasury cash balances



Gross interest earned for the period 1 April 2015 to 31 July 2015 is £0.526m.

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

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8 Purchase and payment performance, and debt collection

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

8.2 **Purchase order performance**: compared to the same month last year, the proportion of orders which are retrospective has increased from 26% to 28%, although this is a small improvement over last month £28%). The average retrospective spending has increased from 17% to 28% by value, with again an improvement since last month (33%). Improvement is still needed in order to meet the industry average of 22% by volume. Through 2014-15 there was a significant year on year improvement in both measures but this month's activity highlights the need to continue to act to minimise retrospective orders.

8.3 **Debt recovery**: Each year the County Council raises over 130,000 invoices for statutory and non-statutory services totalling over £920m. The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council.

8.4 Over 2014-15 92% of all invoiced income was collected within 30 days of issuing an invoice, and 97% was collected overall.

8.5 Performance measures for the current month are as follows:

- Collection performance for June 2015: 91% (June 93%) of invoices were collected within 30 days
- Levels of outstanding debt – secured £9.8m and unsecured £47.51m (June 2015 9.21m & £35.25m respectively). The majority of unsecured debt relates to social care (£33.59m). The overall level of debt with the CCG's has increased by £7.19m during this period, giving a total of £18.82m - the majority of which is for Better Care Fund - and this is being actively pursued.

8.6 For the period 1 April to 31 July 2015, 214 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £115,353.76.

8.7 Service departments are responsible for funding their debt write offs. Once the debt is written off the amount of the write off is reflected a) in the service department's budget through the reversal of the income from the transaction or b) where a service has set up a bad debt provision (for example Adult Social Services) the provision is used to fund the write-off.

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

9 Debt Collection and write-offs – notes on recovery actions

9.1 Debt Recovery Actions

The process by which the debt recovery strategies are used depends on the customer type.

Invoices are raised and payable on receipt. Debt recovery action starts 31 days after the invoice is raised. The credit control team will make contact with the debtor via the telephone if appropriate to discuss non-payment of the invoice. If payment is not received after a further 10 days a letter is sent. This is followed by a phone call after a further 10 days, if payment is not made following this a Letter Before Action advising of Legal Action for non-payment, is sent. If payment is not received after the Letter Before Action a decision will be made in which to either refer the debt to NPLaw for legal action or refer for write off. Debts under £450.00 are not referred to NPLaw due to the costs of recovery. Debts under a pre-defined amount which have not been paid and are not likely to receive further services will be referred for write off as uncollectable.

Where the debtor is deceased the debt is dealt with through an estates process. The estate may be exhausted, in order for this to be agreed and verified certain documents are required for the debt to be submitted for write off authorisation.

Monthly statements are produced for commercial customers with a value of debt over £10.00.

9.2 "Legal Options Exhausted"

While Norfolk County Council have judgement on a debt it may be that the judgement is not enforceable due to there not being funds or saleable assets to realise the debt. Once judgement has been obtained if capital and assets are unknown the court is instructed by NCC to request the debtor attends an Oral Examination. The details of which are then passed on to NCC to consider the further steps in which to take. Credit Control work closely with NPLaw to take all necessary and appropriate steps to enforce judgement and to recover the debt. In a small number of cases all enforcement options will be exhausted and the debt will be submitted for authorisation to write off.

Enforcement Options:

- Warrant of Execution, enables a bailiff to enter the premises and seize goods to satisfy the debt and associated costs.
- Third Party debt order – the judgement debtor has bank accounts frozen, the money is then paid from the bank account to clear the debt.
- Attachment of earnings order, money will be taken directly from an employee's wages to repay the debt via an instalment plan.
- Charging Order – If the debtor owns a property a charge can placed for the value of the debt, including fees, costs and interest.

Revenue Annex 1

Projected revenue outturn by service analysis

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

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

Service	Revised Budget	Service total projected over / (under) spend	Remedial action: use of reserves / unallocated funds	Net total over / (under) spend	%
	£m	£m	£m	£m	
Adult Social Services	242.105	11.844	-6.236	5.608	2.3%
Children's Services	174.242	9.132	-2.212	6.920	4.0%
Community and Environmental Services	172.021	0.021	-	0.021	0.0%
Resources	23.206	0.220	-	0.220	0.9%
Finance and Property	13.162	-	-	-	
Finance General	-306.308	0.488	-2.450	-1.962	0.6%
Totals current month	**318.428**	**21.705**	**-10.898**	**10.807**	**3.4%**
Previous month	318.428	18.108	-5.200	12.325	3.9%

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

Reconciliation between current and previously reported underspend

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

	£m
Forecast 2015-16 over/(under)spend previous report	**12.325**
Movements in current period - summary	
Adult Social Services	-1.122
Children's Services	-0.236
Community and Environmental Services	-0.156
Resources	-
Finance and Property	-
Finance General	-0.004
Latest forecast over / (under) spend after use of reserves	**10.807**

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

Projected revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Adult Social Services			
Central Services – Business Development		-0.311	-0.009
Commissioning, including Supporting People	1.318		0.006
Management, Finance and Transformation	0.024		0.082
Human Resources		-0.200	
Income from Service users		-0.525	-0.515
Early Help and Prevention	0.189		-0.487
Safeguarding	10.313		-0.199
Other minor items		-	
Over / (under) spend before recovery actions	**11.844**	**-1.036**	**-1.122**
	10.808		
Application of Care Act funding		-5.200	
Forecast total for Adult Social Services	**11.844**	**-6.236**	**-1.122**
Over / (under) spend after recovery actions and approved use of reserves	**5.608**		

Children's Services	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
LAC agency residential costs	3.650		0.495
LAC agency fostering	1.492		-0.093
Additional in-house fostering costs due to the "staying put policy"	0.775		
Additional cost of fostering recruitment	0.060		
Additional cost of purchasing adoption out county placements	0.130		-0.130
Additional residence/kinship costs	0.308		0.023
Additional cost of care leavers independent living support	1.000		
Additional number of Boarding Pathfinder placement	0.067		
Additional cost of agency social workers and NIPE social workers	1.650		
Reduced cost of Early Years & Childcare Service		-0.400	
Savings on Information Advice and Guidance Service vacancies		-0.450	-0.100
Capitalisation of school broadband costs		-0.176	
Additional school attendance court fine income		-0.160	
Savings on business support staff vacancies		-0.475	-0.075
Reduced cost of school staff redundancies		-0.356	-0.356
Reduced legal costs		-0.195	
Dedicated Schools Grant			

Cont'n to schools contingency fund	n/a		
Forecast outturn for Children's Services	**9.132**	**-2.212**	**-0.236**
	6.920		

Community and Environmental Services	Projected over spend	Projected under spend	Change this month
Highways and Transport Services		-	
Environment and Planning – Energy and Waste: Overspend as the budgeted change in HWRC hours is not going ahead	0.167		
Economic Development and Strategy	-0.090	-	-0.090
Business Development and Support		-	
Cultural Services		-	
Customer Services		-	
Community Safety & Fire	-0.056		-0.066
Forecast out-turn for CES	**0.021**	**-**	**-0.156**
	0.021		

Resources, Finance and Finance General	Projected over spend	Projected under spend	Change this month
Resources	£m	£m	£m
Director of Resources – County Hall car park income	0.220		
Policy and Performance		-	
Procurement		-	
Human Resources		-	
Consultation		-	
Nplaw		-	
ICT		-	
Net forecast outturn for Resources	**0.220**	**0.000**	**0.000**
	0.220		
Finance and Property			
Finance		-	
Property		-	
Net forecast outturn for Finance and Property		**0.000**	
Finance General			
Adjustment to forecast interest on balances (see Appendix 3)		-1.377	0.043
Adjustment to minimum revenue provision to reflect re-profiling of schemes to be funded from borrowing in the capital programme		-1.073	-0.062
Additional costs arising from 2013-14 transfer of Norse pension liabilities due to Norse now having fewer members in the Local Government Pension Scheme.	0.488		0.015
Net forecast outturn for Finance General	**0.488**	**-2.450**	**-0.004**
		-1.962	

Norfolk County Council

Appendix 2: 2015-16 Capital Finance Monitoring Report Month 4

Report by the Executive Director of Finance

1 Capital Programme 2015-16 Period 4 Position

1.1 The 2015-16 Capital Programme was approved by the County Council on 16 February 2015 and is published in the Council's 2015-18 Budget Book.

1.2 Subsequent to the approval of the 2015-16 Capital Programme, there has been further reprofiling and other changes reported to Policy and Resources Committee resulting in the updated opening position below, which was reflected in the outturn report.

1.3 Following this opening position, the capital programme has undergone further revisions as summarised in Table 2.

1.4 The latest revised programme totals £535.790m, made up of:

Table 1: Revised Capital Programme

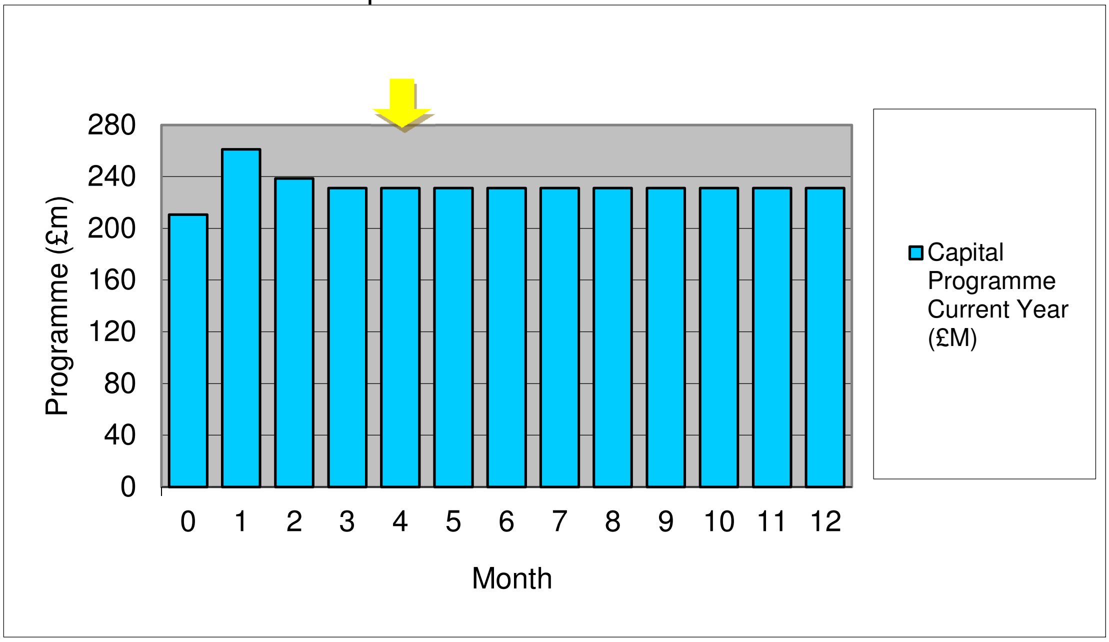
	2015-16	2016-18
	£m	£m
New schemes approved February 2015	38.982	136.281
Previously approved schemes	171.521	92.149
Totals in 2015-18 Budget Book	**210.503**	**228.430**
Re-profiling at financial year end	39.070	3.338
Other Adjustments, including adjustments to indicative funding settlements	11.511	36.897
Capital Programme Opening Position	**261.083**	**268.665**
Previously approved reprofiling	-26.642	26.642
Other movements previously approved	-3.295	0.000
Totals previous period	**231.146**	**295.307**
Re-profiling this period	-9.395	9.395
Other movements to be approved	9.337	0.000
Revised capital programme outturn	**231.088**	**304.702**
Total		**535.790**

1.5 This table reflects schools schemes totalling £9.395m which have been re-profiled into future years to reflect their likely timing. In addition new schemes have been added to the programme as described in more detail in Capital Annex 1. The additions relate to the £6.250m Aviation Academy loan approved at the 20 July meeting of this committee, plus additions for ring-fenced schools capital receipts which have not been previously included in the programme.

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

Chart 1: Capital Programme changes to date 2015-16 at period 4

1.7 Month "0" represents the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2014-15. The arrow at Month 4 shows the latest position.



1.8 The table below provides a high level view of how the revised 2015-16 programme is made up for each service:

Table 2: Revised capital programme 2015-16

Service	Opening Capital Programme 2015-16	Cumulative Changes To Date	Reprofiling To Be Approved	Other Changes To Be Approved	2015-16 Capital Programme	Forecast Outturn	Over / (Under)spend
	£m	£m	£m	£m	£m	£m	£m
Children's Services	100.392	-3.954	-9.479	2.282	89.241	89.241	0.000
Adult Social Care	8.733	0.002		0.038	8.774	8.774	0.000
Community & Environmental Services	116.003	-20.989	0.084	6.970	102.068	102.393	0.326
Resources	17.989	-5.000		0.047	13.036	12.989	-0.047
Finance	17.966	0.004			17.970	17.744	-0.226
Total	261.083	-29.937	-9.395	9.337	231.089	231.141	0.053
		231.146		**-0.058**			0.000

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

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

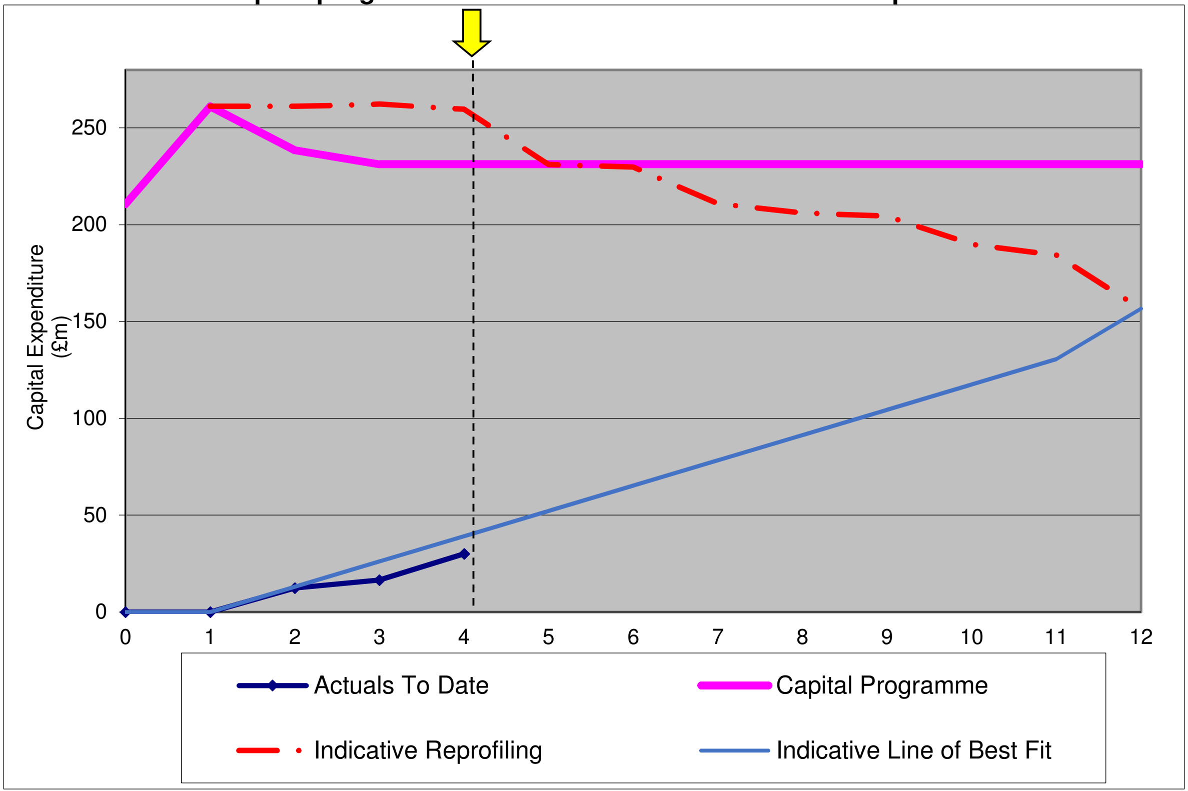
Table 3: Capital programme 2016-18

Service	**Forecast for 2016-18 at end of June 2015 £m**	**July Reprofiling (from 2015-16) £m**	**Other Movements £m**	**Revised 2016-18 forecast at end of July 2015 £m**
Children's Services	79.460	9.479	0.000	88.939
Adult Social Care	4.013	0.000	0.000	4.013
Community & Environmental Services	187.534	-0.084	0.000	187.450
Resources	22.100	0.000	0.000	22.100
Finance	2.200	0.000	0.000	2.200
TOTAL	**295.307**	**9.395**	**0.000**	**304.702**

2 Actual Spend and Progress on Capital Programme

2.1 Progress on the overall capital programme is as follows:

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



2.2 Total expenditure on the 2015-16 capital programme to the end of July was £30.085m.

2.3 The graph above suggests that expenditure is marginally below expectations when opening accruals are taken into account, and that there may still be a significant amount of re-profiling of expenditure into future year's programmes, in line with historical trends, as identified by the dashed line.

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

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

Service	Capital Programme	Expenditure To Date	% Capital Expenditure Incurred
	£m	£m	
Children's Services	89.241	3.298	3.7%
Adult Social Care	8.774	4.092	46.6%
Community & Environmental Services	102.068	19.372	19.0%
Resources	13.036	-0.436	-3.3%
Finance	17.970	3.760	20.9%
Total	**231.089**	**30.085**	**13.0%**

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

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

2.6 Children's Services expenditure is likely to be below the expected profile as large amounts of work undertaken during the summer school holidays has is yet to be invoiced. There is likely to be further reprofiling of the Children's Services programme during the year, which has been a major driver of the indicative reprofiling in Chart 2 in prior years.

2.7 The development of the Children's Services capital programme has continued in the first months of 2015-16 with reports on the capital programme going to Children's Services committee and the Capital Priorities Group. Specifically, further progress has been made on the options for the Great Yarmouth Reorganisation project.

2.8 Construction of the Postwick Hub junction has continued during 2015-16 with completion expected this year. Consent for the Northern Distributor Road from DfT was notified on 2 June 2015 and a proposal to address the remaining funding shortfall was subject to further County Council approval on 2 September. Work is set to start in October 2015. The Council has agreed a further £9.9m contribution towards a £30m budget shortfall, and, subject to confirmations, the Department for Transport (DfT) and New Anglia LEP have each offered £10m towards the funding gap. These contributions will be reflected in the period 6 capital programme update.

3 Financing The Programme

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

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

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

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previously Approved Changes	Changes To Be Approved	2015-16 Programme	2015-16 Forecast Outturn	2015-16 Over / (Under) Spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	58.244	-11.917	7.249	53.576	53.302	-0.274	43.501
Capital Receipts	7.200	-3.073	1.246	5.372	5.372	0.000	16.368
Revenue & Reserves	6.279	-0.894	0.089	5.474	5.474	0.000	1.000
Grants and Contributions		0.000					244.083
DfE	77.960	2.156	-9.479	70.637	70.637	0.000	
DfT	59.278	-1.106	0.000	58.172	58.499	0.327	
DoH	7.721	0.001	0.222	7.944	7.944	0.000	
DCLG	0.967	-0.097	0.000	0.870	0.870	0.000	
DCMS	3.001	0.000	0.000	3.001	3.001	0.000	
GNDP/CIF	0.000	0.000	0.000	0.000	0.000	0.000	
Developer Contributions	9.772	3.110	0.000	12.882	12.882	0.000	
Other	30.662	-18.118	0.616	13.160	13.160	0.000	
TOTAL	**261.083**	**-29.938**	**-0.057**	**231.088**	**231.141**	**0.054**	**304.952**

3.4 The table above shows a forecast prudential borrowing requirement for the Council to support the 2015-16 programme of £53.576m: an increase since last month due mainly to the newly approved Aviation Academy loan, but still a year to date decrease due to the re-profiling of schemes into 2015-16 including the Norfolk Energy Futures loan facility and development work at Scottow Enterprise Park.

4 Capital Receipts

4.1 The Council's Asset Management Plan, as approved on 1 June 2015, details the short and medium term plan for the management of the Council's assets and how this supports the delivery of the Capital Programme.

4.2 The plan notes that the property portfolio has latent value and the estate needs to be challenged rigorously to ensure assets are only held where necessary so that capital release or liability reduction is maximised. This in turn will reducing revenue costs of the operational property portfolio.

4.3 The capital programme, approved in February 2015, demonstrated how asset management would support capital expenditure through generating a target £8.085m of capital receipts through property disposals, in the context of a longer term disposals programme.

4.4 Since then, there have been a significant number of changes to the draft disposal schedule, in particular relating to the timing of projected receipts relating to development land within the County Farms estate.

4.5 The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

	2015-16 Approved £m	2015-16 End of June £m	2015-16 End of July £m	Changes since end of June £m
General Capital Receipts	2.734	2.832	1.982	-0.850
Financial Packages	0.295	0.305	0.305	0.000
County Farms Capital Receipts	5.056	0.702	0.852	0.150
Estimated Total Capital Receipts	**8.085**	**3.839**	**3.139**	**-0.700**

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

4.6.1 General Capital Receipts

The main reasons for the reduction in expected receipts for the current year is the deferral of £0.600m of expected receipt from the first phase of Sprowston Fringe Land, plus £0.200 of other sales, to 2016-17.

A number of other small adjustments have also been made.

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

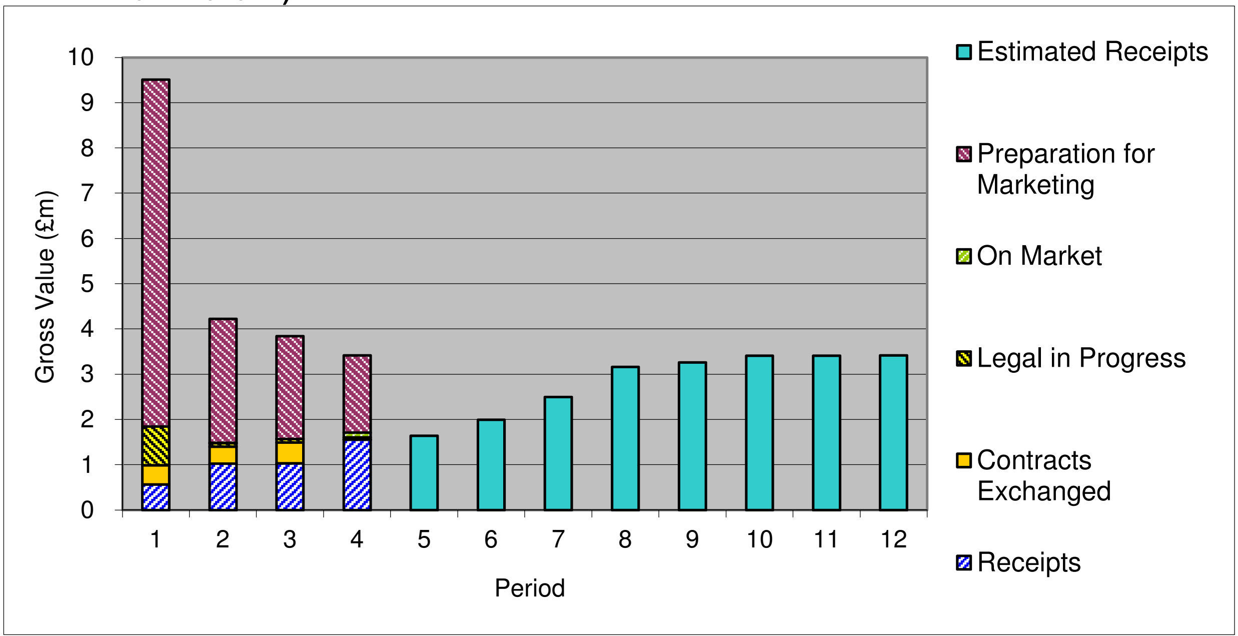
Table 7: Reconciliation of Disposal Schedule Estimates

	£m
Capital receipts estimate at end of June 2015	3.839
Additions	0.000
Upward revaluations of estimates	0.000
Delayed from 2014-15	0.000
Brought forward from future years	0.150

Removals	0.000
Downwards revaluations of estimates	-0.000
Disposals in 2014-15	0.000
Delayed until future years	-0.850
Revised Estimate 2015-16	**3.139**

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

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



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

Table 8: Capital receipts reserve forecast 2015-16

	General	Financial Packages	County Farms	Total
	£m	£m	£m	£m
Opening Balance	**0.000**	**2.845**	**0.409**	**3.254**
Forecast receipts from sales of properties	1.982	0.305	0.852	3.139
Receipts from sales of assets to leasing companies	-	-	-	-
Other capital receipts	0.059	-	-	0.059
Forecast receipts generated in year	**2.041**	**0.305**	**0.852**	**3.198**
Sales expenses	-0.286	-0.014	-	-0.300
Receipts repayable to third parties	-	-	-	-
Forecast net receipts available for funding	**1.755**	**3.136**	**1.261**	**6.152**

Forecast use to fund incomplete leases	-	-	-	-
Forecast use to fund programme and reduce borrowing	-1.755	-2.695	-0.924	-5.373
Forecast Closing Balance	**0.000**	**0.441**	**0.338**	**0.778**

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

4.11 Other capital receipts include loan repayments from subsidiary companies.

5 Capital schemes in development

5.1 Norwich Aviation Academy Loan

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

5.2 Museums Capital Projects

On 9 July 2015 Historic England wrote confirming the £1m made available by the Treasury towards work in the Keep at Norwich Castle. The grant will be received in 2015-16, and is split £0.800m capital, and £0.200m revenue. The capital element has been reflected in period 4 capital monitoring.

Reprofiling and Other Changes to the 2015-18 Capital Programme

i. This appendix sets out the reprofiling and other changes which have occurred during the first three months of 2015-16.

ii. The changes to the 2015-16 programme are as follows:

Reprofiling

Table A1a: Reprofiling in June 2015

Service	Project	Funding Type	Amount £m	Explanation
Children's Services - schools	Basic Need 2013-14 Unallocated	Grants and Contributions	-1.500	Initial reprofiling and re allocation of Children's Services schemes which will start in 16-17.
	B1 - Targeted need	Grants and Contributions	-7.979	Chapel Road Project on hold awaiting outcome of probate and a lease for the land to deliver the new school building
Children's Services Total			**-9.479**	
Community & Environmental Services	Drainage Improvements	Borrowing and Capital Receipts	0.084	Higher cost for Wymondham than expected
Community & Environmental Services Total			**0.084**	
Total Reprofiling			**-9.395**	

Other Changes

Table A1b: Other changes in April and May 2015

Service	Project	Funding Type	Amount £m	Explanation
Children's Services - schools	A1 - Growth Land Purchase	Allocation of CS Capital Receipts	0.543	Funding allocated from ring-fenced Sewell park capital receipt
	B1 - Targeted need	Allocation of CS Capital Receipts	0.700	Funding allocated from ring-fenced Cringleford capital receipt.
	C2 - Condition 15-16	Allocation of CS Capital Receipts	1.039	Funding allocated from ring-fenced Cringleford capital receipt
Children's Services Total			**2.282**	
Adult Social Care	Improvement East Grant	Grants and Contributions	0.038	Allocation of additional funding from Rural Enterprise Investment Programme part of a European Agricultural Fund for Rural Development
Adult Social Care Total			**0.038**	
Community & Environmental Services	Norse Loan - Norwich Intl Aviation Academy	Prudential Borrowing	6.250	Policy and Resources Committee approved a loan on 20 July 2015, of £6.25m to be made available to Norse Group for the purposes of developing an Aviation Academy .
	Castle Keep Improvements	Grants and Contributions	0.800	New grant funding from Historic England
	Fire Station improvements	Borrowing (Contra adjustment)	-0.080	Carbon Energy Reduction funding Adjustments to original funding allocation.
Community & Environmental Services Total			**6.970**	
Finance	Carbon Energy Reduction Fund	Borrowing (Contra adjustment	0.080	Disaggregation of Carbon Energy Reduction funding from services
	County Farms	Capital Receipts	-0.033	Adjustment to funding from previous period.

Finance Total			**0.047**	
Total Other Changes			**9.337**	

iii. The total reprofiled into future years reflects the items re-profiled from 2015-16 in the table above.

Norfolk County Council

Appendix 3: Resources and Finance commentary

Report by the Executive Director of Finance

1 Introduction

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

2 Resources

The table below summarises the forecast outturn position as at the end of July 2015 (Period 4).

2015 / 16	Current Budget £m	Expenditure Year to Date £m	**Full Year Forecast £m**	**Reported Overspend / (Underspend) £m**
Managing Director's Office	0.424	0.182	0.424	-
Director of Resources	(0.788)	0.060	(0.568)	0.220
CIPPS & BPPS	1.680	0.519	1.680	-
Corporate Programme Office	0.790	0.084	0.790	-
Procurement	1.337	1.195	1.337	-
Human Resources	3.682	1.856	3.682	-
Communications	0.733	0.325	0.733	-
nplaw	(0.450)	0.977	(0.450)	-
Democratic Services	2.404	1.133	2.404	-
ICT	14.353	8.122	14.353	-
Total Corporate Resources	**24.165**	**14.453**	**24.385**	**0.220**

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

At the end of the period, there is one forecast over spend of £0.220m relating to a decision to delay charging staff to use the County Hall car park. A proposal for implementing staff car park charges has been drawn up by the Corporate Property Team in Finance, and was presented to this committee on 1 September. Members have agreed to convene a small group to examine options for managing parking at County Hall. This group will report back to Policy and Resources Committee in November.

While there are potential areas for modest savings from vacancy management and income generation in a number of areas, these are too early to forecast with any certainty and likely to be off-set by pressures to make savings which span the Resources service.

There are a number of areas showing expenditure year to date in excess of the net budget. This is generally accounted for by expenditure having been committed, where related income has not been received or re-charges have yet to be made.

3 Finance and Property, and Finance General

The table below summarises the forecast outturn position as at the end of July 2015 (Period 4).

2015 / **16**	Current Budget	Expenditure Year to Date	**Full Year Forecast**	**Reported Overspend / (Underspend)**
	£m	£m	**£m**	**£m**
Finance	6.721	4.504	6.721	0.000
Property	6.441	3.731	6.441	0.000
Finance & Property	**13.162**	**8.235**	**13.162**	**0.000**
Finance General	-306.008		-307.970	-1.962
Total Finance	**-292.846**		**-294.808**	**-1.962**

At the end of month 4, no net under or over spend is forecast for within and Finance and Property service. There is the potential for some additional income generation, but also for additional costs associated with the restructuring necessary to reduce costs in the medium and long term.

Forecast reserves for Finance and Finance General as at 31 March 2016 total £11.4m, with the largest reserves being Organisational Change and Redundancy, Building Maintenance (including Farms) and an Insurance reserves.

4 Finance General over and underspends

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

Norse pension liabilities (forecast overspend £0.488m)
This adjustment relates to additional costs arising from 2013-14 transfer of Norse Group pension liabilities to Norfolk County Council. The shortfall has arisen due to a decrease in the number of NPS employees in the LGPS. A benefit to NCC of the transfer of pension liabilities is that the transfer has enabled the Norse Group to pay dividends to Norfolk County Council.

Interest on balances due to reduced borrowing (forecast underspend £1.377m)
The 2015-16 interest payable/receivable budget was prepared on the basis that borrowing to support capital expenditure would be undertaken on 1 April 2015. This assumption was made to ensure that, in accordance with the treasury management code of practice, treasury management activities are not impacted by short-term budget considerations.

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

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

Forecast Minimum Revenue Provision (forecast underspend £1.073m)
Every year the Council has to set aside an amount which represents the minimum contribution to the repayment of borrowing. The MRP underspend is an adjustment which reflects capital spend which was budgeted to be spent in 2014-15, but which is now forecast to be incurred in 2015-16 and beyond.

Policy and Resources Committee

Item No 7

Report title:	**Delivering Financial Savings 2015-16**
Date of meeting:	**28 September 2015**
Responsible Chief Officer:	**Simon George – Executive Director of Finance**
Strategic impact This report to Policy and Resources Committee provides an overview of the progress in delivering the savings agreed by the County Council at its meeting 16 February 2015.	

Executive summary

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

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

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

Members are recommended to consider and note:

a) the forecast total shortfall of £11.341m in 2015-16, for which alternative savings need to be identified;
b) the increase in the budgeted value of 2015-16 savings projects rated as RED to £18.811m, of which £7.343m are now forecast to be delivered;
c) the forecast savings shortfall on AMBER rated projects of £0.424m; and
d) the forecast over-delivery of GREEN and BLUE rated projects totalling £0.551m.

1. Savings Overview

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

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

1.2. The additional efficiency saving of £0.500m for 2015-16, is being used to support the adult social care budget.

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

2. RAG Ratings

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

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

2.2. The highlight report starts with the overall RAG position, as set out at Table 1. The information is derived from the detail at Annex 3. The decision to rate a project as RED, will be one arrived at by the Finance community, in consultation with departments. This will ensure a common standard is maintained in the monitoring.

2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 1 and Annex 3 have been applied. A number of new 2015-16 savings have been categorised as BLUE where the actions are certain to be delivered. These include items such as the reduction in redundancy and where decisions have been made to reduce grant payments.

2.4. 11 savings projects have been rated as RED, representing a budgeted total saving of £18.811m. It is currently forecast that only £7.343m of this saving will now be delivered as set out in the following table. This represents a shortfall of £11.468m, which relates to RED rated projects.

2.5. AMBER rated projects include a forecast shortfall of £0.424m. In addition, there is a forecast over achievement of £0.195m in relation to GREEN rated projects, and £0.356m in relation to BLUE rated projects. This results in a forecast total shortfall of £11.341m, an improvement of £0.231m when compared to the previously reported position.

2.6. Alternative plans have been identified within the Policy & Resources budgets in respect of budgeted savings totalling £0.157m, which have therefore now been classified as YELLOW. These savings are being met through historic underspends within HR and the Corporate Programme Office, and the planned savings will be delivered in future years. Alternative savings totalling £0.167m have been identified within EDT budgets to replace the non-deliverable saving from reduced opening hours at some recycling sites, which was previously rated as RED. The alternative saving will fully cover the shortfall.

Table 1: 2015-16 Savings by RAG Status

						Latest Forecast Savings 2015-16 (c) analysed by Committee				
RAG Status	**Budgeted Value of Savings 2015-16 (a)**	**Previous Forecast Savings 2015-16 (b)**	**Latest Forecast Savings 2015-16 (c)**	**Savings Shortfall 2015-16 (a)-(c)**		**Children's Services**	**Adults**	**EDT**	**Communities**	**Policy & Resources**
	£m	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**	**£m**
Red	-18.811	-7.745	-7.343	-11.468		-2.543	-4.600	0.000	-0.200	0.000
Amber	-4.480	-4.656	-4.056	-0.424		-0.401	-0.000	-1.900	-0.235	-1.520
Green	-9.577	-9.868	-9.772	0.195		-1.067	-3.305	-1.881	-0.969	-2.550
Blue	-18.188	-17.363	-18.544	0.356		-1.096	-3.156	-1.510	-0.560	-12.222
Yellow	-0.305	-0.157	-0.305	0.000		0.000	0.000	-0.167	0.000	-0.138
Gross Savings	-51.361	-39.789	-40.020	-11.341		-5.107	-11.061	-5.458	-1.964	-16.430
Shortfall	**0.000**	**-11.572**	**-11.341**	**n/a**		**-5.250**	**-5.235**	**0.000**	**-0.250**	**-0.606**
Reversal	14.640	14.640	14.640	n/a		2.000	0.000	2.000	0.000	10.640
Total	**-36.721**	**-36.721**	**-36.721**	**n/a**		**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**

2.7. Table 2 below sets out the current categorisation of 2015-18 savings based on the updated RAG rating assessment and the latest forecast variance position, which includes the replacement savings of £15.437m to be identified for the three years.

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

- **Adult Social Services:** As reported to ASC Committee on 7 September, the department is taking rigorous recovery action to reduce in-year spending as far as possible. A number of actions have already been initiated to mitigate the reported overspend to March 2015. Further actions have been identified to deal with the forecast position for 2015-16, which include:
    - Prioritise the use of Norsecare block purchased beds with target to achieve a 95% occupancy on average for the remainder of the year
    - Only fund a residential or nursing home placement in each locality when two placements have been released
    - Temporary residential placements should only be used where a clear plan exists for the service user to return home and the placement only authorised for the period in the plan.
    - Personal Budgets should only be used to meet any unmet eligible social care need, on the basis of least spend to deliver the best outcomes.

- **Children's Services:** As reported to Children's Services Committee 15 September 2015, the steps being taken to address the forecast overspend include continued rigour being applied to the reduction of LAC costs, a review of all vacancies held combined with a recruitment freeze with no posts to be recruited to without the Director's approval, and a review of any contracts ending within the financial year.

- **Resources:** at the end of month 4, there is a forecast shortfall of £0.220m relating to a decision to delay charging staff to use the County Hall car park. A proposal for car park charging was discussed at the 1 September 2015 meeting of this committee, at which members agreed to convene a small group to examine options for managing parking at County Hall. This group will report back to Policy and Resources Committee in November.

2.9. The main areas where significant shortfalls in savings have been identified are within Children's and Adults budgets. These relate principally to delays in implementing new models of service provision (savings references COM034 and COM033), and delays in the reduction in numbers of service users (savings reference CHI001), which will take time to filter through the system.

Whilst it is still expected that some of these savings will ultimately be achieved, the timescale for delivery is longer than originally anticipated.

Table 2: Categorisation of Savings 2015-18

	2015-16	2016-17	2017-18	Total
Savings	**£m**	**£m**	**£m**	**£m**
Org Change - Staffing	-4.476	-0.732	0.000	**-5.208**
Org Change - Systems	-4.673	-13.253	0.000	**-17.926**
Capital	-0.614	-0.727	0.000	**-1.341**
Terms & Conditions	-0.485	-1.102	0.000	**-1.587**
Procurement	-5.067	-0.270	-0.135	**-5.472**
Shared Services	-0.190	-0.205	-2.000	**-2.395**
Income and Rates of Return	-7.308	-5.996	-2.900	**-16.204**
Assumptions under Risk Review	3.874	5.156	0.000	**9.030**
Back office subtotal	**-18.939**	**-17.129**	**-5.035**	**-41.103**
Reducing Standards, including eligibility	-3.144	-5.225	-0.800	**-9.169**
Ceasing Service	-3.297	-1.590	0.000	**-4.887**
Front line subtotal	**-6.441**	**-6.815**	**-0.800**	**-14.056**
Shortfall	-11.341	-4.096	0.000	**-15.437**
Total	**-36.721**	**-28.040**	**-5.835**	**-70.596**

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

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

Table 3: Savings by Committee 2015-16

	Children's Services	**Adults**	**EDT**	**Communities**	**Policy & Resources**	**TOTAL**
Savings 2015-16	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	-0.286	-0.250	-0.005	-0.087	-3.848	**-4.476**
1b Lean	-1.488	-0.200	-0.116	-0.242	-2.627	**-4.673**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.237	**-0.485**

2a Procurement	0.000	-1.706	-1.904	-0.095	-1.362	**-5.067**
2b Shared Services	0.000	-0.150	0.000	-0.040	0.000	**-0.190**
3a Income and Rates of Return	0.000	-0.150	-0.882	-0.774	-5.502	**-7.308**
4a Change standards	-0.462	-2.350	0.170	-0.502	0.000	**-3.144**
4b Stop doing things	0.000	-3.000	-0.147	-0.150	0.000	**-3.297**
4c Change assumptions	-0.756	-3.156	0.000	0.000	7.786	**3.874**
Shortfall	-5.250	-5.235	0.000	-0.250	-0.606	**-11.341**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**

3. Commentary on savings rated RED

3.1. Following review, 11 savings have been rated as RED to reflect significant concern that the saving may not be delivered, and a forecast savings shortfall of £11.468m within RED rated projects identified. Commentary on the RED rated savings is provided below.

Adults

3.1.1. COM018 – Review Care Arranging Service – forecast shortfall **£0.140m**: This proposal predated the introduction of the Care Act which gives the council increased responsibilities for arranging care for people who fund their own care. There will in fact be additional workload responsibilities for this team and alternative means of achieving this saving are being sought within the department.

3.1.2. COM026 – Change the type of social care support that people receive to help them live at home – forecast shortfall **£0.100m**: A tender for the reprocurement of home care services in West Norfolk and in Yarmouth and Waveney has been advertised. The Great Yarmouth and Waveney tender is being run jointly with Suffolk County Council to deliver a more integrated and efficient service. However this has resulted in a delay in the original procurement timetable. Full year savings will not be achieved in 2015-16 as the new contract will commence on 1st November 2015.

3.1.3. GET010 – Renegotiate contracts with residential providers, to include a day care service – forecast shortfall **£0.100m**: A detailed review of the individuals who receive a separate day care and residential care service has concluded that this saving is unlikely to be achieved in most cases. The Adult Social Services Cost of Care exercise is examining placement costs in Norfolk in detail and will inform work on this proposal.

3.1.4. COM034 – Care for Learning Disabilities or Physical Disabilities – forecast shortfall **£1.000m**: Current forecasts show that £1.000m of the

£2.000m saving to change how we provide care for people with learning disabilities or physical disabilities will be achieved in 2015-16. The saving involves re-assessing existing service users and where appropriate providing alternative and most cost effective accommodation, or means of supporting them in their current accommodation. While the total saving will be achieved over time, this project does have a longer lead in time. This project is under review to ensure that all possible savings can be achieved.

3.1.5. COM033 – Reduce funding for Wellbeing Activities – forecast shortfall **£3.000m**: Estimates show that £3.000m of the £6.000m saving from reducing funding for those who receive support from a personal budget will be delivered. The time lag in implementing the change for existing service users, which was agreed following the consultation exercise, along with pressure on the reviewing capacity in the teams means it is uncertain whether the full £6.000m saving will be achieved in 2015-16. Additional reviewing capacity has been brought in to speed up this process, and the project is being very closely monitored by senior management in the department.

3.1.6. ASC002 – Redesign Adult Social Care pathway. Work with Hewlett Packard and procurement on areas of the pathway to drive out further efficiencies – forecast shortfall **£0.395m**: This saving was about using data and information better to manage voids in Supported Living. Initially this was linked to the sprint and the iHub but the work done manually to improve data quality and processes alongside the sprint has delivered significant benefits and this saving is therefore being incorporated into the wider Adult Social Care Committee saving from Changing Models of Care. The data needed for the report is in the Hub data warehouse and we will in due course be developing the iHub reports further so that we can get the data off in automated fashion, reducing the manual effort currently required to run the report.

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

Communities

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

Children's

3.1.9. CHI001 – Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children – forecast shortfall **£5.597m**: The number of Looked After Children and agency placements is not reducing as quickly as originally planned and we are forecasting only £2.543m of the £8.140m saving will be delivered.

Policy and Resources

3.1.10. RES071 – Restructure and reduce staff across HR **£0.296m**: The Council agreed savings of £0.296m, however resource from HR is being needed to support the organisational change the authority is going through. Only half of this saving will be achieved. Alternative options to deliver the balance of this saving are being explored.

3.1.11. P&R017 – Further reductions in printing spend **£0.090m**: We are awaiting the re-tender of the print contract. Saving will not be delivered this year, but in future year when contract is re-tendered.

4. Commentary on savings rated AMBER

4.1. Following review, three savings rated as AMBER are forecasting a shortfall of £0.424m. Commentary on these AMBER rated savings is provided below.

Policy and Resources

4.1.1. GET015 – Reducing the costs of employment – forecast shortfall **£0.220m**: The Council agreed savings of £0.440m from reducing the cost of employment. A shortfall of £0.220m has been identified for the year to date. Following discussion of a proposal relating to staff car parking by this Committee on 1st September, a member working group is being established to determine how this saving can be achieved.

Children's

4.1.2. CHI017 – Review senior management and commissioning structures – forecast shortfall **£0.075m**: Delayed implementation of the new structure in Children's Services means only part of this £0.180m saving can be delivered.

4.1.3. <u>CHL008 – Savings in management costs in Children's Services – forecast shortfall **£0.129m**</u>: Delayed implementation of the new structure in Children's Services means only part of this £0.310m saving can be delivered.

5. Summary

5.1. The impact of the latest forecast means that shortfalls totalling £5.250m, £5.235m, £0.250m and £0.606m have been identified within the Children's, Adults, Communities, and P&R budgets respectively and alternative savings will be required within the relevant Committee budgets.

Officer Contact

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

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Annex 1

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

One-off savings 2015-18

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

Categorisation of Savings 2015-18 (Budget)

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

Annex 2

Savings by Committee 2015-18

	Children's Services	Adults	EDT	Communities	Policy & Resources	TOTAL
Savings 2015-16	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1a Organisation	-0.286	-0.250	-0.005	-0.087	-3.848	**-4.476**
1b Lean	-1.488	-0.200	-0.116	-0.242	-2.627	**-4.673**
1c Capital	0.000	0.000	-0.540	-0.074	0.000	**-0.614**
1d Terms & Conditions	-0.115	-0.099	-0.034	0.000	-0.237	**-0.485**
2a Procurement	0.000	-1.706	-1.904	-0.095	-1.362	**-5.067**
2b Shared Services	0.000	-0.150	0.000	-0.040	0.000	**-0.190**
3a Income and Rates of Return	0.000	-0.150	-0.882	-0.774	-5.502	**-7.308**
4a Change standards	-0.462	-2.350	0.170	-0.502	0.000	**-3.144**
4b Stop doing things	0.000	-3.000	-0.147	-0.150	0.000	**-3.297**
4c Change assumptions	-0.756	-3.156	0.000	0.000	7.786	**3.874**
Shortfall	-5.250	-5.235	0.000	-0.250	-0.606	**-11.341**
Total	**-8.357**	**-16.296**	**-3.458**	**-2.214**	**-6.396**	**-36.721**
Savings 2016-17						
1a Organisation	-0.204	0.000	0.000	-0.052	-0.476	**-0.732**
1b Lean	-8.484	-1.500	-0.905	-1.440	-0.924	**-13.253**
1c Capital	-1.000	0.000	0.500	-0.227	0.000	**-0.727**
1d Terms & Conditions	-0.105	-0.090	-0.031	0.000	-0.876	**-1.102**
2a Procurement	0.000	-0.750	-0.350	0.000	0.830	**-0.270**
2b Shared Services	0.000	0.000	-0.005	-0.200	0.000	**-0.205**
3a Income and Rates of Return	0.000	0.000	-0.595	-0.105	-5.296	**-5.996**
4a Change standards	-2.312	-2.550	-0.280	0.000	-0.083	**-5.225**
4b Stop doing things	0.000	-1.500	-0.090	0.000	0.000	**-1.590**
4c Change assumptions	0.000	3.156	0.000	0.000	2.000	**5.156**
Shortfall	0.204	-4.300	0.000	0.000	0.000	**-4.096**
Total	**-11.901**	**-7.534**	**-1.756**	**-2.024**	**-4.825**	**-28.040**
Savings 2017-18						
1a Organisation	0.000	0.000	0.000	0.000	0.000	**0.000**
1b Lean	0.000	0.000	0.000	0.000	0.000	**0.000**
1c Capital	0.000	0.000	0.000	0.000	0.000	**0.000**
1d Terms & Conditions	0.000	0.000	0.000	0.000	0.000	**0.000**
2a Procurement	0.000	0.000	0.000	0.000	-0.135	**-0.135**
2b Shared Services	0.000	0.000	0.000	0.000	-2.000	**-2.000**
3a Income and Rates of Return	0.000	0.000	0.000	0.100	-3.000	**-2.900**

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

Annex 3

2015-16 Savings and RAG Status Detail

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

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
		4a Demand Management. Change Standards					
33	COM034	Changing how we provide care for people with learning disabilities or physical disabilities	-2.000	-3.000		-1.000	Red
35	COM038	Scale back housing-related services and focus on the most vulnerable people	-1.200			-1.200	Green
36	COM040	Reduce the number of Adult Care service users we provide transport for	-0.150	-0.150		-0.150	Green
		4b Demand Management. Stop Doing Things					
31	COM033	Reduce funding for wellbeing activities for people receiving support from Adult Social Care through a personal budget	-6.000	-3.000		-3.000	Red
		Sub-total Savings from 2014-17 Budget Round	**-11.645**	**-8.290**	**0.000**	**-7.305**	
		1b Digital Transformation, BWOW. Lean					
1a	ASC001	Residential care. Process improvements for more effective management of residential care beds	-0.100			-0.100	Green
3c	ASC002	Redesign Adult Social Care pathway. Work with Hewlett Packard and procurement on areas of the pathway to drive out further efficiencies	-0.395	-1.500		0.000	Red
		2a Procurement, Commissioning. Procurement					
1b	ASC004	Norse care rebate. The proposal is for the rebate to be allocated to the Adult Social Care revenue budget on an ongoing basis, rather than to the Adult Social Care Residential Care Reserve as previously.	-1.000			-0.500	Red
		4a Demand Management. Change Standards					
5a	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council		-0.900	-0.800	0.000	NA
		4c Demand Management. Change Assumptions					
NA	ASC005	One Off: Use of Earmarked Reserves (Adults)	-3.156	3.156		-3.156	Blue
		Sub-total new savings	**-4.651**	**0.756**	**-0.800**	**-3.756**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.235	
		Total Savings	**-16.296**	**-7.534**	**-0.800**	**-16.296**	

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Children's Committee							
		1a Digital Transformation, BWOW. Organisation					
08, 3a	CHI017, CHL001	Review senior management and commissioning structures	-0.180	0.000		-0.105	Amber
		1b Digital Transformation, BWOW. Lean					
21	CHI001-004	Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of looking after children	-8.140	-8.484		-2.543	Red
21	CHI001-004b	Children's Services Review - use of one off reserves to delay savings to 2015-16	2.000			2.000	Blue
		1c Digital Transformation, BWOW. Capital					
26	CHI012	Reduce the cost of transport for children with Special Educational Needs		-1.000		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET016	Reducing the costs of business travel	-0.115	-0.105		-0.115	Amber
		4a Demand Management. Change Standards					
22	CHI005	Change services for children and young people with Special Educational Needs and Disabilities in response to the Children and Families Bill		-1.912		0.000	NA
24	CHI010	Stop our contribution to the Schools Wellbeing Service, Teacher Recruitment Service, Norfolk Music Service and Healthy Norfolk Schools Programme and explore if we could sell these services to schools	-0.215			-0.215	Green
28	CHI014	Reduce the amount of funding we contribute to the partnerships that support young people who misuse substances and young people at risk of offending		-0.250		0.000	NA
29	CHI015	Reduce funding for school crossing patrols	-0.150	-0.150		-0.150	Blue

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		4c Demand Management. Change Assumptions					
12, NA	CHI018, CHL003	Reduced retirement costs for teachers	-0.400	0.000		-0.756	Blue
		Sub-total Savings from 2014-17 Budget Round	**-7.200**	**-11.901**	**0.000**	**-1.884**	
		1a Digital Transformation, BWOW. Organisation					
3a	CHL008	Savings in management costs in Children's Services	-0.310			-0.181	Amber
		1b Digital Transformation, BWOW. Lean					
3e	CHL004	Continued use of public transport within Looked After Children service	-0.190			-0.190	Blue
3e	CHL006	Reducing legal costs for Looked After Children	-0.430			-0.625	Green
3e	CHL007	End of ground maintenance contract for trees in schools	-0.130			-0.130	Green
		4a Demand Management. Change Standards					
4b	CHL005	Reduce subsidy for community use of school premises	-0.097			-0.097	Green
		Sub-total newly identified Savings	**-1.157**	**0.000**	**0.000**	**-1.223**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-5.250	
		Total Savings	**-8.357**	**-11.901**	**0.000**	**-8.357**	

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

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		Sub-total Savings from 2014-17 Budget Round	**-0.847**	**-1.924**	**0.000**	**-0.847**	
		1a Digital Transformation, Better Ways Of Working: Organisation					
2a, 2b, 2d	CMM002	Reductions in staff and increased income from car parking & ancient house museum (Thetford)	-0.078	-0.010		-0.078	Green
		1b Digital Transformation, Better Ways Of Working: Lean					
1c	CMM009	Reduction in Library Management System costs	-0.012			-0.012	Green
3b	P&R011	Review mail operations	-0.060	-0.065		-0.060	Green
3d	P&R010	Reduced consultation budget	-0.020			-0.020	Blue
NA	CMM012	Customer Services additional savings	-0.100			-0.100	Green
NA	CMM011	Library vacancy management additional savings	-0.050			-0.050	Green
		2a Procurement, Commissioning. Procurement					
1a	CMM010	Fire & Rescue Service savings generated through Priority Based Budgeting exercise - focussed on procurement efficiencies and asset management	-0.095			-0.095	Amber
		3a Income generation, Trading. Sweat the assets					
2c	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or it's history	-0.100		0.100	-0.100	Amber
1d	CMM007	Income generation (External hire replacement, fire testing, highways clearance, grants from Europe)	-0.450			-0.200	Red
2a	P&R031	Portal for "Norfolk Weddings" registrars additional income		-0.025		0.000	NA
		4a Demand Management. Change Standards					
3g	CMM001	Library staff reductions	-0.080			-0.080	Green
3b	CMM003	Service reviews, management savings in Customer Services	-0.090			-0.090	Blue
3e	CMM005	Reduced spend on ICT and conservation materials for Record Office	-0.032			-0.032	Green
1b	CMM008	Reduce Healthwatch budget	-0.050			-0.050	Blue

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	**£m**	**£m**	**£m**	
		4b Demand Management. Stop Doing Things					
4a	CMM006	Arts - reduction of arts services and grants	-0.150			-0.150	Blue
		Sub-total new savings	**-1.367**	**-0.100**	**0.100**	**-1.117**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.250	
		Total savings	**-2.214**	**-2.024**	**0.100**	**-2.214**	

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

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

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

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
Policy and Resources Committee							
		1a Digital Transformation, BWOW. Organisation					
NA		Reduction in redundancy	-2.500			-2.500	Blue
01, 3a	RES10, P&R003	Restructure staff management in Procurement	-0.050	0.000		-0.050	Green
08	RES62	Reduce staff in the Corporate Programme Office	-0.100			-0.100	Yellow
08	RES68	Reduce staff in the HR Reward team	-0.018	-0.018		-0.018	Yellow
08	RES71	Restructure and reduce staff across HR	-0.296	-0.308		-0.000	Red
10	RES80	Restructure the Corporate Resources department to reflect a smaller authority	-0.400			-0.400	Amber
		1b Digital Transformation, BWOW. Lean					
01	RES08	Reduce staff in Procurement by introducing automated document assembly	-0.050			-0.050	Green
11	RES34	Restructure the Planning, Performance & Partnerships service, creating a new Business Intelligence function	-0.188	-0.115		-0.188	Green
08	RES63	Reduce spend on properties with third parties	-0.200	-0.100		-0.200	Green
08	RES63	Property saving not delivered (2014-15) £0.150m of £0.300m	0.150			0.150	Reversal
09	RES65	Reduce staff supporting organisational development and learning and development	-0.039			-0.039	Blue
10	RES81	Reduce printed marketing materials		-0.054		0.000	NA
		1d Digital Transformation, BWOW. T&Cs					
04	GET15	Reducing the costs of employment	-0.440	-0.860		-0.220	Amber
04	GET16	Reducing the cost of business travel	-0.017	-0.016		-0.017	Blue
		2a Procurement, Commissioning. Procurement					
02	RES02	One-off ICT saving	0.010			0.010	Reversal

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
		3a Income generation, Trading. Sweat the assets					
20	RES64	Increase income from Nplaw	-0.058	-0.051		-0.058	Green
08	RES67	Office moves for some HR teams	-0.015			-0.015	Green
NA		County Hall refurbishment savings	-0.279	-0.751		-0.279	Green
NA		Cross cutting savings	0.194			0.194	Reversal
NA		Reduced cost of borrowing	-0.103	-0.825		-0.103	Blue
NA		New Homes Bonus	-0.910	-1.529		-0.910	Blue
NA		Use of second homes money	-1.200	0.000		-1.200	Blue
		4a Demand Management. Change Standards					
01	RES11	Continued efficiencies in tendering and contract management in Procurement		-0.083		0.000	NA
		4c Demand Management. Change Assumptions					
07	RES57	One-off use of the Communication development reserve	0.122			0.122	Reversal
NA		Use of organisational change reserves (one-off)	3.000			3.000	Reversal
NA		Use of organisational changes reserve (one-off)	1.000			1.000	Reversal
NA		Use of Modern Reward Strategy reserve (one-off)	0.547			0.547	Reversal
NA		Use of Icelandic Bank Reserve (one-off)	1.453			1.453	Reversal
NA		Interest receivable/payable - change to risk appetite (one-off)	4.164			4.164	Reversal
		Sub-total Savings from 2014-17 Budget Round	**3.777**	**-4.710**	**0.000**	**4.293**	
		1a Digital Transformation, BWOW. Organisation					
3a	P&R002	Service review Communications	-0.060			-0.060	Green
3b	P&R004	Accelerate "self service" for employees/mgrs - HR/Finance/ICT		-0.100		0.000	NA
3b	P&R005	Automate more information and performance reports		-0.050		0.000	NA
3a	P&R006	Further savings for review of shared services organisation	-0.100			-0.100	Blue

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

Con Ref	Internal Ref	SAVINGS	2015-16	2016-17	2017-18	Forecast 2015-16	RAG Status 2015-16
			£m	£m	£m	£m	
1c	P&R023	Optimise car leasing and reduced mileage	-0.300			-0.300	Amber
1c	P&R024	Rationalise applications and centralise all applications spend		-0.100		0.000	NA
1a	P&R025	Corporate Banking project - move to Barclays			-0.035	0.000	NA
NA	P&R038	External Audit Saving	-0.012			-0.012	Blue
NA	P&R041	Insurance (one-off)	-1.000	1.000		-1.000	Blue
3a	P&R001	Rationalise procurement functions across the organisation	-0.060			-0.060	Green
		2b Procurement, Commissioning. Shared Services					
3c	P&R026	Org change: Collaborative working with others (shared services)			-2.000	0.000	NA
		3a Income generation, Trading. Sweat the assets					
3f	P&R033	Interest rate increases	-0.787	-0.990		-0.787	Blue
3f	P&R034	Section 31 Compensation for business rates initiatives	-1.194			-1.194	Blue
1d	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.000	-1.000	-3.000	-1.000	Green
2a	P&R028	Stop all trading that doesn't cover costs or bring in higher revenue		-0.050		0.000	NA
2a	P&R029	Increased income from advertising	-0.050			-0.050	Green
2a	P&R030	Corporate approach to sponsorship & advertising		-0.100		0.000	NA
1b	P&R032	Increased rebate from the Eastern Shires Purchasing Organisation	-0.100			-0.100	Blue
		4c Demand Management. Change Assumptions					
NA	P&R044	County Farms funding (one-off)	-2.000	2.000		-2.000	Blue
		County Farms funding (recurring)	-0.500			-0.500	Blue
		Sub-total newly identified Savings	**-10.173**	**-0.115**	**-5.135**	**-10.083**	
		Shortfall (alternative savings to be identified)	0.000	0.000	0.000	-0.606	
		Total Savings	**-6.396**	**-4.825**	**-5.135**	**-6.396**	

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

Annex 4

Definition of Savings Categories

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

Glossary and terminology

The Council (and public sector bodies in general) use a range of financial terms that sometimes differ from their use in private sector businesses, and more general usage.
This is a quick guide to some of the more important terms that we use in Norfolk County Council.

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

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

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

Policy and Resources Committee

Item No. 8

Report title:	**Developing Re-Imagining Norfolk – Resources Directorate and Finance and Property Directorate**
Date of meeting:	**28 September 2015**
Responsible Chief Officer(s):	**Anne Gibson – Executive Director of Resources** **Simon George – Executive Director of Finance**
Strategic impact To provide a strategic framework – Re-Imaging Norfolk – for the County Council to re-focus its role and pursue its priorities within a radically reduced level of resources.	

Executive summary

Re-Imagining Norfolk sets out a strategic direction for the County Council which will radically change the role of the council and the way it delivers services. It commits the authority to delivering the council's vision and priorities for Norfolk, making clear that the future lies in working effectively across all public services on a local basis.

At its meeting in July, the committee considered a report on Re-Imagining Norfolk in relation to the services for which it is directly responsible, and agreed to:

- commission Executive Directors to investigate potential models of 'services for the future', and
- prepare options for what these services could look like in three years' time, with 75% of addressable spend.

This paper sets out the outcomes of that work.

Information included at Appendix 1 sets out an officer view of what services could look like at 75% addressable spend.

In the meantime, officers have developed a number of budget saving proposals for the Committee to consider. The proposals, set out in Appendix 2, would deliver permanent revenue savings over the next three years. There are a total of 21 proposals with a total savings value of £16.916m in respect of Policy and Resources budgets, equivalent to 25% of addressable spend.

Recommendations:

Policy and Resources Committee is asked to:

1. **Endorse the strategies for developing savings set out in section 6.**

2. **Consider the illustrative service models set out in Appendix 1.**

3. **Endorse the savings proposals set out in Appendix 2.**

4. **Ask officers to bring back to this committee's October meeting (for consideration alongside the proposals from other Committees) fully developed savings proposals that will contribute to the delivery of a budget based upon 75% of the Committee's addressable spend, to allow for choices and options to be considered and to support the delivery of a balanced budget for 2016-17.**

1. Background

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

1.2 As an early step in the council's approach to service and financial planning for 2016-19, committees were asked to consider the impact of re-modelling their services based on 75% of their current addressable spend.

1.3 At the last meeting, members had the opportunity to comment on a high level strategy for the services covered by this committee, and agreed to ask executive directors to develop potential models of 'services for the future' and prepare options of what these services could look like in three years' time, with 75% of addressable spend.

1.4 This paper sets out further detail about new service models, and includes an initial set of savings proposals for consideration.

2. Strategic and Financial Planning 2016-19 – Re-Imagining Resources / Finance and Property Services

2.1 The financial challenges facing the council are on such a scale that incremental budget cuts to existing services are unlikely to deliver the step change required. For this reason, committees have been asked to re-imagine their services and to set out how the committee's spending power will be used in the future.

2.2 At its meeting on 1 September, this committee was provided with financial information setting out 75% of its current addressable spend. As previously explained, this would address the forecast shortfall, and allow 'headroom' and choices for members in making budget decisions. Figures for 84% of addressable spend were also provided, being the spending figure which would close the shortfall, but not give choices or headroom. This information is reproduced for reference in section 4.

2.3 Since that time, consideration has been given to what this could mean in practical terms. In other words, at 75% of addressable spend what services would be provided, what would we do less of, and what would we need to stop doing. Further information on this is included in Appendix 1.

3. Financial Context

3.1 Details of the national financial context and the implications of the Chancellor's Summer Budget of 8th July 2015 were set out in the previous report to the committee (1 September). Ahead of the Spending Review, there remains considerable uncertainty about how the £20bn of savings from government departments will be achieved. Departments have been directed to plan for reductions of 25% and 40% over the term of the parliament.

3.2 The County Council's individual funding allocation will not be known until the publication of draft Local Government Settlement figures, which are expected to be released in late December.

4. Council financial planning 2016-17 to 2018-19

4.1 As reported to this committee in July, a projected budget 'gap' of £148.849m over the three years 2016-17 to 2018-19 has previously been identified. After taking account of savings agreed in the 2015-16 budget round totalling £33.875m, and a forecast council tax base increase of £4.381m, this leaves a net budget gap of £110.593m.

4.2 This committee agreed that additional 'headroom' of £58.000m should be built into the budget planning process to allow choices and options to be considered, as well as providing a contingency for adverse funding decisions by the Government.

4.3 This results in a total savings requirement of £168.594m, which represents a 25% reduction in "addressable" spend (the expenditure within the budget which can be influenced or controlled by services, which excludes items such as depreciation, pension amounts and long-term contractual commitments such as PFI).

4.4 Details of initial savings proposals to close the budget gap for 2016-17 are set out for consideration in this paper. This committee has agreed that planning should continue on the basis of the overall gap, but that consideration should also be given to the savings required to close the baseline gap of £110.593m. These positions are set out in Table 1 and 2 below.

4.5 It should be noted that the budget figures set out in this paper are based on an assumption that planned budget savings for 2015-16 and future years will be delivered. It is therefore highly important that achievement of current year budget plans remains a key priority for the remainder of the financial year.

4.6 The Executive Director of Finance is in the process of undertaking an assurance exercise on the deliverability of the previously budgeted savings for 2016-17 and 2017-18. Any shortfall or anticipated non-deliverability will be reported to a future meeting of this committee.

4.7 Tables 1 and 2 below provide illustrative budgets for the next three years, based on current planning assumptions. For planning purposes the supplementary tables set out details of what these budgets would require in respect of the budget gap identified for each year, by committee. Table 1 provides details of the budgets including “headroom”, allowing for greater member choice in delivering a balanced budget. Table 2 sets out the budgets without that headroom.

Table 1: Illustrative budgets with reduction of 25% of addressable spend over three years

	Gross Expenditure			
Committee	**15-16**	**16-17**	**17-18**	**18-19**
	£m	**£m**	**£m**	**£m**
Adults	358.963	332.535	315.686	308.170
Children’s (Non Schools)	208.605	190.304	183.790	180.738
Communities	103.321	94.219	86.642	81.573
EDT	179.153	172.647	167.442	164.873
P&R (inc. Finance General)	156.698	152.859	148.080	144.592
Grand Total	**1,006.739**	**942.564**	**901.640**	**879.947**

The gross expenditure figures in Table 1 above assume the following budget gap by committee in each year:

Table 1.1:	**Budget Gap (with headroom for Member choice)**			
Committee	**16-17**	**17-18**	**18-19**	**Total**
	£m	**£m**	**£m**	**£m**
Adults	27.223	27.943	19.631	74.796
Children's (Non Schools)	11.595	11.902	8.361	31.858
Communities	8.167	8.383	5.889	22.440
ETD	8.288	8.507	5.976	22.771
P&R (inc. Finance General)	6.089	6.250	4.391	16.729
Grand Total	**61.361**	**62.985**	**44.248**	**168.594**

Table 2: Illustrative budgets without headroom (reduction of 16% of addressable spend over three years)

Committee	15-16	16-17	17-18	18-19
	Gross Expenditure			
	£m	£m	£m	£m
Adults	358.963	341.112	332.840	333.902
Children's (Non Schools)	208.605	193.957	191.097	191.698
Communities	103.321	96.792	91.788	89.293
EDT	179.153	175.259	172.664	172.707
P&R (inc. Finance General)	156.698	154.777	151.917	150.347
Grand Total	**1,006.739**	**961.897**	**940.307**	**937.947**

4.8 The gross expenditure figures in Table 2 above assume the following budget gap by committee in each year:

Table 2.1: Budget Gap (without headroom for Member choice)

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

4.9 Table 3 below provides details of the underlying assumptions for pressures and savings included in the illustrative budget figures set out in Tables 1 and 2.

Table 3: Budget planning assumptions 2016-17 to 2018-19

	Adults	Children's (Non Schools)	Communities	EDT	P&R (including Finance General)	Grand Total
	£m	£m	£m	£m	£m	£m
Gross Expenditure 2015-16	358.963	208.605	103.321	179.153	156.698	1,006.739
Inflation on gross expenditure 16-19	17.367	9.785	2.430	9.942	2.735	42.260

Legislative changes impact on gross expenditure 16-19	0.000	0.000	0.000	0.000	9.068	9.068
Demand and demographic growth on gross expenditure 16-19	18.076	6.108	0.000	0.000	0.000	24.184
County Council Plan changes on gross expenditure 16-19	0.000	0.000	-0.030	0.000	1.250	1.220
Previously identified savings on gross expenditure 16-19	-11.440	-11.901	-1.709	-1.451	-8.430	-34.931
Savings to be identified 16-19	-74.796	-31.858	-22.440	-22.771	-16.729	-168.594
Gross expenditure 2018-19	**308.170**	**180.738**	**81.573**	**164.873**	**144.592**	**879.947**
Add back budget gap "headroom"	25.732	10.959	7.720	7.834	5.755	58.000
Gross expenditure 2018-19 without headroom	**333.902**	**191.697**	**89.293**	**172.707**	**150.347**	**937.947**

5. Initial Savings proposals

5.1 There are a total of 21 proposals that have been developed and are listed at Appendix 2.

5.2 Each of the proposals listed at Appendix 2 would deliver permanent revenue budget savings. For the next three years these would total £16.916m split by year as follows:

2016-17	£6.275m
2017-18	£6.250m
2018-19	£4.391m

5.3 There a number of proposals in Appendix 2 that have no indicative saving next to them at present (shown as “TBC”). Officers are working to establish the true quantum of savings in these areas and where possible will come back to committee in October with fully costed savings. Officers are alive to the fact that savings need to be robust and deliverable before members are asked to agree them. Officers will work closely with service areas to ensure that no "cost-shunting" occurs. Purely moving costs from the back-office to the frontline will neither help to improve outcomes or reduce costs effectively.

5.4 **Finance and Property** have outlined five key themes which underpin the development of savings options, leading to the delivery of the service to agreed standards at the lowest cost possible:

- Staffing savings – This will be a three year rolling programme reducing staffing costs by a cumulative £500k per annum meaning that at the end of three years we will have reduced staff costs by 11%. Those staffing costs funded from the General Fund (i.e. excluding pensions and schools support) will have reduced by approximately 17%. This work will be undertaken under a number of themes but the three principal ones will be:
  - Management delayering
  - Elimination of all activities that do not contribute towards council outcomes or fulfil a statutory obligation
  - Greater automation and removal of failure demand (i.e. get it right first time)
- Greater treasury returns via:
  - Working with members to assess our risk appetite
  - Managing our borrowings across the NCC group of companies (in particular Norse) more effectively
- Exploring commercial investment opportunities:
  - In the first instance with our wholly owned companies
  - But also via property development options, as directed already by P&R
- Working with districts to maximise Council Tax collection rates:
  - Targeted investment in projects, resources and programmes to drive up collection rates
- Budget alignment and review of discretionary budgets (housekeeping):
  - Reduction of budgets with historic underspend (Local Assistance Scheme, Subscriptions)
  - Other work to reduce marginal spend where appropriate.

5.5 The Corporate Property Team is delivering savings totalling £6.93m over the three years 2015-16 to 2017-18, with further savings proposed in this paper.

5.6 The savings proposals identified for Finance and Property deliver the service at 75% of addressable spend.

5.7 **Resources Directorate** will:

- Ensure that work it carries out for third parties (schools in particular, but also district councils and others) is **priced at its true cost**. This may in some instances result in the council withdrawing from third party work, if it is unable to deliver it at an attractive price whilst covering its costs (including an allowance for the risk it takes on).
- Seek to **reduce the unit cost** of what is delivered. There are opportunities to do this in ICT in particular, as the cost of technology typically falls each

year, and to a lesser extent in other functions through greater automation and, where appropriate, outsourcing.
- With Directorates, **reduce demand** for services (the number of units consumed – number of laptops, email accounts, recruitment exercises, etc.) and **change the mix** – for example through a greater proportion of transactions being self-service. To some extent, demand will fall naturally as cuts are made elsewhere – there will be fewer staff requiring fewer laptops, payslips, etc – but if anything demand will increase in the short term for Resources' services to implement change.

6. Further potential areas for savings

6.1 Work continues to identify further savings.

6.2 Further areas for consideration will arise particularly from the zero based review to reshape the Resources Directorate. The work will also highlight the cultural and other changes that are needed throughout the Authority to work with Resources and Finance Directorates, enabling the Authority as a whole to take maximum advantage of the services and products provided.

6.3 One element of the Re-Imagining Norfolk programme is enabling communities and working locally, shifting our focus to a locality based approach which allows a more integrated service model. Due consideration of this approach will be given.

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

7. Next Steps

7.1 The *Strategic and Financial Planning 2016-17 to 2018-19* report elsewhere on this agenda sets out details of the next steps in the 2016-17 budget-setting process.

8. Financial implications

8.1 As set out within the report.

9. Issues, risks and innovation

9.1 Issues, risks, etc have been considered as part of developing budget proposals for this Committee to consider. The development of equality impact assessments, as relevant, and any public consultation process will provide further opportunities for issues and risks to be identified and considered.

10. Background

10.1 The Committee considered reports on Re-Imagining Norfolk at its 20 July and 1 September meetings.

Officer Contact

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

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Operating Models at 75% of Addressable Spend

Resources Directorate

The zero-based review is likely to lead to some changes in the current structure, with a clearer separation between stewardship and governance functions and the likely merger of some delivery units. However the sections below set out illustrative models of service for each function on the basis of a reduction in size to 75% of addressable spend. These identify a range of issues that would need to be explored fully with directorates to ensure support services are providing the optimum services required within the reduced budget.

<u>ICT</u>

The ICT service provides corporate and schools services and services to a number of third parties including district councils. It provides the corporate voice and data network, desktop ICT and mobile devices and hosts and maintains the software applications used by directorates.

Any cost reduction beyond that already delivered (which has entailed a reduction of 39FTEs) requires a significant reduction in third-party spend.

Work is under way to identify areas where the council is delivering services to schools and other third parties at a loss, and to eliminate these subsidies. It is not practicable to apply a 25% saving to these services, since customers would (beyond the elimination of subsidies) expect these savings to be passed on, and we are operating in a competitive market.

We expect to deliver savings from the reprocurement of the voice and data network, currently under way, and have renegotiated the printer contract. We may be able to similarly reduce the unit cost of some software licences through reprocurement.

However, in order to deliver corporate services at 75% of current costs, directorates would need to be much more selective about what they require.

Areas for exploration of demand reduction include:

- A reduction in the number of desktop users – to some extent this will occur naturally as directorates reduce their staff.
- A significant reduction in the number of sites served by the corporate voice and data network. The corporate network currently has access for schools; libraries; museums; depots and registrars. In addition, it provides access at 29 small locations (8 people or fewer); 12 medium sized locations (16 people or fewer) and 33 large locations (more than 16). People in smaller locations would need to use remote access services, rather than the corporate network.
- A reduction in printing, achieved in part through a reduction in access to colour and monotone printers. A 40% reduction in print would result in £0.115m savings per annum
- Many users using web-based versions of Microsoft Office, rather than the full product.

- A reduction in corporate filestore usage, with directorates being passed the budget (less a reduction) and then being charged on a pay-per-use model.
- A significant reduction in the number of applications hosted.

<u>Human Resources</u>

HR provides a strategic employment framework for NCC and supports the organisation through governance, direct delivery and management support in the following areas: organisation development; learning development; health, safety and well-being; payroll administration; contract and other HR administration and day to day management of a complex and diverse workforce.

In order to deliver with 75% of its current net resources, HR would need to operate with 25% fewer staff. It would develop a new core offer based on:

- **supporting transformation** – both corporately and for directorates and services;
- providing **a simplified, more efficient and effective framework** to support operational activity and change;
- appropriate and flexible **corporate governance and stewardship** – with appropriate policies and systems.

This would need effective collaboration across Resources and Finance, with a focus on key customer journeys. HR resource would need to be re-aligned and targeted on key enablers which support priority NCC and directorate needs, based on the following:

- **Enabling managers and services** through a simplified framework of policies and processes providing greater clarity about manager accountabilities and responsibilities. Change support to achieve and embed this new model of people management would be required. A significant increase in management self-sufficiency would be needed, with limited direct support or access to HR staff for individual people management issues or development activities. Increased tolerance of the risks from this approach and a different culture of management decision making would need to be supported.
- **Priority on key demand areas and statutory duties/activities:** for example workforce information, staff resourcing, payroll activity, contract documentation, health and safety and change support (for example support to achieve wider organisational savings from reduced cost of employment).
- **Self-service for employees** with minimal direct support - for example, no face to face or telephone access to HR staff, with support only provided through on-line services (except for emergency contact for key issues, such as non-payment of wages). Charging would be required for providing authorised copies of documents (e.g. of P60s)
- **Additional service provision outside the core offer would require additional funding by departments** accessing the support. Examples would be likely to include change management support; management information outside the

standard/benchmark service; HR support for successful income generation bids; contracts involving HR resource; and HR effort involved in staff transfers. HR support in these cases would also be subject to availability of appropriate resource, whether from employed staff or accessed externally.

Impact/Risks:

- More flexible roles and skills sets of HR staff would need to be introduced, with revised skill sets, to maximise flexibility and reduce unit costs of supply. However there would still be an overall reduction in knowledge, skills and capacity in the organisation to respond to emerging issues or provide large-scale change support
- Investment in ICT support to deliver system changes and on-line services would be required
- There would be an increased risk of litigation or grievances with both direct and indirect costs to the organisation, including equal pay claims
- If decisions are made outside the framework provided, employment costs may increase in services. Examples include not managing poor performance; or if a service decides to make honorarium payments outside the framework this will bring a direct cost to its budget.

Information management

The Information Management service encompasses four areas: corporate information compliance, information exploitation, information integration and web/portals. The corporate Information Management vision is of a Council where accurate and reliable information is readily available to support service delivery and policy making; where employees understand the importance of good information management, where partners and the public have confidence that information is held and processed securely and where the public are empowered to make their own choices to be more independent and less reliant on the County Council.

If the IM Service was required to operate at 75% of its existing budget the service would deliver:

- Statutory information compliance requirements (Subject Access Requests, FOI/EIR and legally mandated data sharing) and only major data breach investigations.
- Continuing delivery of GIS platforms/maps etc across the council to enable location/service analysis
- CareFirst forms and reporting development only in line with statutory/mandated changes.

- Continuation of database administration tasks for existing Oracle databases, the Oracle HR and Finance system and CareFirst, to enable the systems to be operational.
- Corporate website migration and development on a new, supportable platform ("Sitecore")
- Delivery of robust data quality across the organisation, but limited to Oracle EBS and CareFirst.
- Continuing the delivery of the Identity and Access Management workstream to deliver best practice access management throughout the council.
- A reduction of staffing would be required, equating to 12 FTE. This would mean that the plans for the i-Hub (Data warehouse, Business Intelligence tooling, Electronic Document and Records Management (EDRMS) and portal development) and for delivering and supporting the SharePoint collaboration tool would need to be significantly de-scoped.

The IM service would not be able to support and deliver the significant information management elements of the corporate CRM (Customer Relationship Management) workstream which is the enabler for the council's customer services strategy.

All non-statutory compliance requests would be de-prioritised and only worked on when statutory requests were fully delivered. This would affect significant areas of compliance, that whilst not statutory are critical in delivery of a robust local government service in relation to Adult and Children's Services. These would include inter-council information sharing, police requests for information sharing, Ofsted requests and investigating low to medium importance data breaches.

The service would no longer be able to lead on information management projects that spanned over external stakeholders, for example health integration, and MASH (the multi-agency safeguarding hub).

Nplaw

Nplaw provides all the legal services for Norfolk County Council, Norwich City Council, South Norfolk Council and Great Yarmouth Borough Council. It also provides legal services to other Norfolk authorities, housing associations and public bodies and to similar organisations outside Norfolk.

The role of the legal team is to support each of its clients to carry out its business and make its decisions lawfully, to advise on legal structures to optimise effectiveness, to minimise the risk of challenge, and to represent its clients when challenged. Nplaw also provides monitoring officer services to a number of its clients.

The lawyers in Nplaw all record their hours worked and all clients, including the County Council, are charged for the work carried out. Through these charges nplaw is forecast to generate an income of £4.5m in 2015/16 and to incur expenditure of just under £4m, thus generating a 'surplus' of around £0.5m.

Approximately 60% of income is generated from the County Council and 40% from external sources. Of the County's share of the income, around £2.5m, over £1m is attributable to child protection work.

In expenditure terms, around 80% of expenditure is employment cost. A reduction of 25% would inevitably mean a reduction in staff. A 25% reduction in staff would have

- a knock-on impact on revenue (we would lose nearly 20,000 chargeable hours)
- a risk to the contractual arrangements entered into with the stakeholder authorities
- an increased risk to the Council in terms of satisfactory advice and representation.

However, whilst increasing risk a reduction may have the effect of reducing the departmental spend on legal. We would focus only on 'essential' work which would largely be litigation.

But there is a substantial risk that in practice directorates would instead need to engage external lawyers for some matters; their costs are regularly 2 to 3 times the charge-out rates of Nplaw. The Council would also lose some of its internal expertise. The Council might also lose some of the external work which serves to subsidise its internal work. It should be noted that because of the subsidy provided by the external work Nplaw does, we benchmark very favourably against other local authority legal services, with the cost of the service being significantly below the average.

Alternatively, nplaw could be tasked with generating its 25% saving by increasing its external work which serves to subsidise its County Council work. This would require a more-aggressive marketing and business development programme. There may also be benefits to setting up an arm's length trading entity to sell some types of legal service that a local authority legal practice is currently prevented from selling.

Democratic Services

Democratic Services supports members and officers in the decision making processes of the Council. It is also responsible for elections, schools appeals and statutory scrutiny and it funds and supports HM Coroner for Norfolk. The county registration service reports to Communities Committee.

Excluding registrars and the coroner, a 25% reduction in budget would require a £215k reduction in staffing costs.

At this level of funding, democratic services would focus on stewardship and governance. It would:

- Dispatch agendas and take minutes only for those bodies on the schedule of meetings – no other bodies would be supported nor would additional support over and above that be provided unless directorates wished to fund it.
- Provide other support to the Chairman, members and political groups and directorates to an agreed specification in proportion to the reduction in budget
- Provide a school appeals service that only offers a service where it has to by law or where it can more than cover its costs
- Provide a reduced business support service to other parts of Resources.

The coroner's service has a budget of £1.29m, made up of staffing (15%), premises costs (7%) and fees and charges (77%). The balance of 1% (£18,000) covers postage, telephones, office equipment, travel expenses, etc.

Staffing covers HM Coroner, assistant coroner cover and administrative support (2.6 fte). There is no scope to reduce staffing levels and HM Coroner is seeking additional funding for the appointment of an area coroner.

Premises costs relate to the inquest court and coroner's office. The leases have further 5½ and 4 year terms to run respectively.

Fees and charges are those that have to be paid to enable the Coroner to investigate the deaths reported to her. They are:

- Mortuary charges
- Body removals (contracted)
- Body storage
- Post mortems
- Histology
- Toxicology
- Microbiology
- Radiography
- GP fees for reports provided
- Witness and Juror Expenses

Operating at 75% of current budget would be a reduction of £323,000. The coroner service could not be provided as it would mean the council would be unable to pay for the above interventions that the coroner needs in order to investigate the deaths reported.

These figures are in the context of an overspend of £130,000 on the budget for 2014/15 due to increased demand.

<u>Procurement</u>

The procurement team exists to enable the organisation to get best value from the two-thirds of its budget which it spends on bought-in services and goods.

If the team is required to operate at 75% of its current budget, the service it provides will contract significantly. There is a significant risk that this would result in overall cost increases for the council because worse value for money for external services would be achieved.

The sourcing team would become largely a tender-processing team. It would:

- receive specifications from departments
- append terms and conditions with minimum tailoring
- advertise in accordance with statutory requirements
- collate evaluation scores from departments and award contracts.

It would not:

- provide any significant advice on specification – with the risk of the council not receiving what it expected, or of contractual disputes;
- undertake pre-engagement with potential suppliers, resulting in fewer, poorer-quality tenders being received;
- run competitive dialogue for significant procurements, resulting in the largest contracts being a much poorer fit with the council's requirements, and probably significantly more expensive.

The contract management team would be reduced to:

- maintaining approved supplier lists for statutory services such as residential care;
- routine contract administration;
- very limited pro-active initiatives to manage and transform categories of spend and reduce expenditure;
- involvement in only the most-significant contract disputes.

It would not:

- assist departments in minor dispute resolution;
- be pro-active in identifying overpayments, voids or other 'leakage';
- undertake pro-active initiatives to manage any but the most significant categories of spend and reduce expenditure.

<u>Communications</u>

The Communications service is organised in three teams (Media and Public Affairs, Corporate Communications and Marketing and Consultation). Together they are responsible for:

- The corporate media service, including specific communications work within our major departments, media training, crisis management, emergency planning – staff are on call 24/7.
- Consultation, to meet the authority's statutory duties when making changes to services and consulting on the budget – supporting involvement in commissioning services and delivering specific services for departments.
- Internal communications - keeping staff well informed through core briefings, the internal online magazine, blogs, emergency briefings and through induction, bite sized training and communications input to transformation projects.

- Specific marketing initiatives each year aimed at hitting council priorities (bringing Better Broadband to Norfolk) or increasing or protecting council budgets (recruiting foster carers) or increasing attendance at library and museum events.
- Specific publications printed or online aimed at informing our customers including *Your Norfolk* (residents' magazine), *Norfolk Matters* (for parish councils/partners) and *Norfolk Business Matters* (business community).

The service also generates income (less than £150k) through the trading of services to others including schools and sales of advertising space, which offsets the cost of some of the Council's campaigning and supports the capacity of the service to meet demand

With 75% of the budget, there would be a need to prioritise time and resources towards the most important activities. Most of the budget is staff, so there would be a reduction of posts. Generic communication roles would replace specialist roles and some parts of the service would become advice-only, and would need to withdraw from providing hands-on support to departments. It would be critical to ensure sufficient skills and capacity to respond in a crisis. The service would:

- Continue to prioritise media and reputation management. Proactive and reactive media would be prioritised to align around the Council's priorities.
- Streamline internal communications so there is one single corporate product, but ensure expert advice is available for departments to support their staff communications.
- Run fewer, more-targeted campaigns, corporately identified and aligning with the council's priorities. This would mean more-routine information campaigns could not be supported, but expert advice and self-serve on-line tools for services could be developed. Our presence at the Norfolk Show would end.
- Extend digital media presence and impact. This would see more routine paper-based or press release based communications switch to digital channels. *Your Norfolk* would become entirely an on-line publication.
- Consultation – this would largely become an advice-only service, instead of running specific activities for services. Council-wide activities would need to be prioritised.

<u>Programme Office</u>

The programme office is the centre of expertise for a wide range of change skills including programme and project management, business consultancy, business process re-engineering and business analysis. It is an internal service deployed according to service priorities and is focused on the delivery of change at a reduced overall cost to the council

Demand for the service consistently outstrips supply. During 2014/15, 37 complex projects were delivered with resources from the programme office. This included projects with savings of £8m as well as a range of projects delivering to the council's strategic priorities - for example, the transfer of mental health staff from NSFT, the

Better Care Fund, the County Hall refurbishment programme and the reorganisation of Children's Services. The programme office also provided oversight to the delivery of further projects totalling £21m savings in 2014/15.

All of the programme office's expenditure is on staff costs. Therefore, if the Service is required to operate at 75% of its existing 'controllable expenditure', the staff complement will have to be reduced by a further quarter. This would mean that only 75% of projects could be delivered using the skills and expertise of the programme office.

The impact of operating with a reduced expenditure would be:

- A risk to the delivery of the current budget savings and to any further savings proposals agreed to address the additional £169m savings gap
- An erosion of the Council's centre of expertise and knowledge for delivering change (programme and project management, business process re-engineering and business analyst) – wasting the investment made with the establishment of a programme office and its related services and infrastructure
- A reduction in our ability to scope, initiate and resource major strategic initiatives.

There is a risk that in practice directorates would instead have to buy in programme and project management expertise. This would result in an increase in the cost of change due to directorates buying in more expensive resource to deliver their change (programme office staff have an average day rate of £300 per day; on the open market this would be upwards of £500 per day).

Business Intelligence and Performance Service

The Business Intelligence and Performance Service works across the council to provide key data, information, intelligence and analytics to support statutory returns, inspection regimes, commissioning, performance management, strategy and service development. Demand for its services currently exceeds supply.

All of BIPS' expenditure is on staff related costs. Therefore, if the service is required to operate at 75% of its existing 'controllable expenditure', the staff complement will have to be reduced by 25%. The service would only be able to deliver the following:

- The council's key statutory data and information returns to an improved quality and standard (as owned and directed by the service directorates)
- Regular performance management information to Committees and management teams
- A limited number of 'one-off' reports, based on modifying statutory returns and performance reports.

The reduction in staffing would limit the service's capacity to provide:

- Evidence, analysis and challenge to support the council's planning and commissioning decisions (e.g. budget analysis, commissioning)
- Evidence (intelligence, performance and information), analysis and challenge to support the council's key change-management activities (e.g. Children's Services' *Getting in Shape*)
- Improved methods for the collation and processing of data and its publication
- An understanding of the impact of population changes on the business.
- Development of the new performance framework to support the County Council plan.

<u>Corporate Planning and Partnerships</u>

Corporate Planning and Partnerships supports the Council in the following ways

Planning its future direction and priorities
- Developing the strategic planning framework
- Producing the County Council Plan
- Working with services and committees to develop plans

Supporting sound strategic and service planning
- Leading council-wide projects and problem solving
- Supporting key corporate partnerships, eg Norfolk's Health and Wellbeing Board and the Community Relations & Equality Board
- Championing joint working with partners
- Researching innovations and developing proposals to help departments model for the future
- Compiling consultation responses, helping Norfolk influence national policy

Equalities and community relations
- Providing expert advice and guidance to assure service quality
- Design of the council's impact assessment framework
- Supporting positive relationships with diverse groups in Norfolk

This is a small team and its budget is virtually all staff, so a 75% budget would mean staff reductions. With a smaller complement, the team would re-focus to prioritise:
- Policy research – horizon scanning on new developments, best practice, disseminated across the organisation
- Supporting the development of the council's strategic planning framework (County Council plan and service planning).
- Equalities and community relations – expert guidance and advice on equalities legislation; designing the impact assessment framework.

Finance and Property Directorate

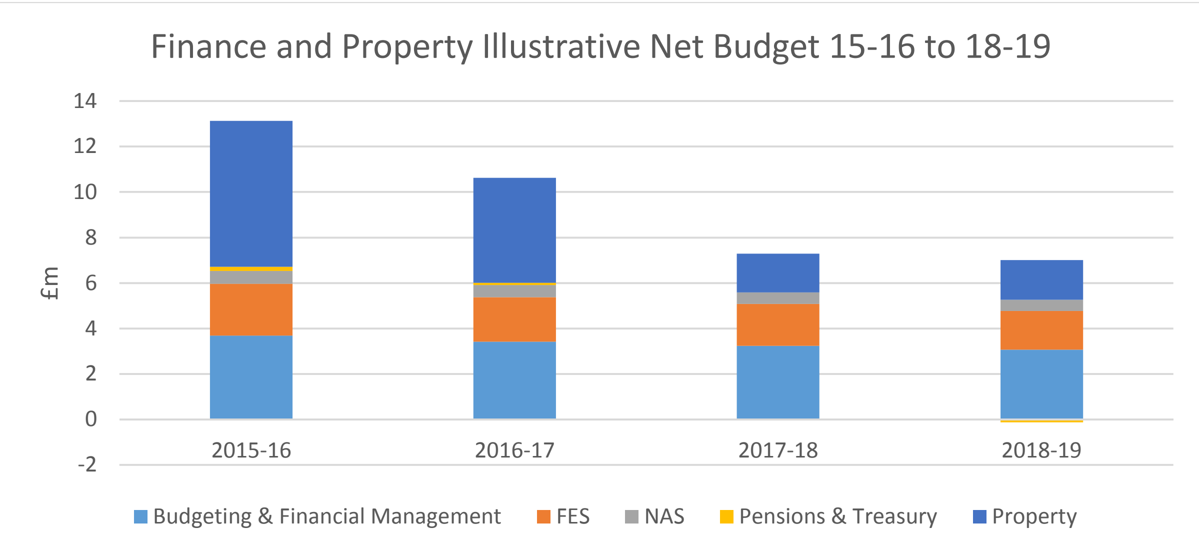
Finance and Property have outlined five key themes to support the development of savings options, leading to the delivery of the service to agreed standards at the lowest cost possible:

- staffing reductions
- maximising council tax returns
- increasing treasury returns
- commercialisation
- review of all discretionary budgets and general good housekeeping

The savings proposals identified deliver a Finance and Property service within the envelope of a 25% reduction in addressable spend. This represents a significant reduction in departmental budgets.

Full details of current savings proposals and the service approach to identification of savings are set out in section 5 and appendix 2. Work to validate and develop further savings is ongoing.

The following graph demonstrates the impact of these proposals of the Finance and Property Department’s net budget over the three years 2016-17 to 2018-19, a planned reduction of £6.243m, or 48% compared to the 2015-16 net budget of £13.130m



Resources, and Finance and Property – initial savings proposals

A total of 21 initial proposals have been identified, with a total saving value of £16.916m as set out in the table below.

	2016/17	2017/18	2018/19	Total
Resources	**£000s**	**£000s**	**£000s**	**£000s**
1. Better value for money through procurement and commissioning of software licensing and maintenance	TBC	TBC	TBC	TBC
2. Better value for money through procurement and commissioning of network connectivity	TBC	TBC	TBC	TBC
3. Raising revenue through recharging the full costs of our Services to external customers	300	500	500	1,300
4. Cutting costs through efficiencies by menu based pricing	500	500	500	1,500
5. Cutting costs through efficiencies by reducing unit costs	300	300	300	900
6. Cutting costs through efficiencies by a zero based review of our services	625	625	-	1,250
7. Raising revenue by an increased ESPO dividend	100	100	100	300
Resources Sub-Total	**1,825**	**2,025**	**1,400**	**5,250**
Finance and Property				
8. Cutting costs through efficiencies: staffing	500	500	500	1,500
9. Cutting costs through efficiencies: subscriptions	50	-	-	50
10. Customer services channel shift	200	-	-	200
11. Raising revenue: Treasury Management	750	500	-	1,250
12. Raising revenue: NCC company borrowings	700	-	-	700
13. Raising revenue: improve council tax collection	1,200	-	-	1,200
14. Raising revenue: full cost recovery for external clients	100	-	-	100
15. Raising revenue: commercialisation: investment fund	750	-	-	750

	2016/17	2017/18	2018/19	Total
16. Raising revenue: property development	TBC	TBC	500	500
17. Raising revenue: fraud, error and debt	TBC	TBC	TBC	TBC
18. Raising revenue: charging for the use of credit cards	TBC	TBC	TBC	TBC
19. Property assets: reducing the costs of running the estate	TBC	TBC	TBC	TBC
20. Aligning budgets to actual expenditure: Norfolk local assistance scheme	200	-	-	200
21. Review of accounting treatment for notional debt repayment	-	3,225	1,991	5,216
Finance and Property Sub-Total	**4,450**	**4,225**	**2,991**	**11,666**
Total Proposals for Policy and Resources Committee Budget	**6,275**	**6,250**	**4,391**	**16,916**

The savings proposals outlined for Resources total £5.250m and are detailed below:

1. **Better value for money through procurement and commissioning of software licensing and maintenance**

   The organisation currently spends £6.3m on software licensing and maintenance across a large number of applications, only £2.2m of this spend is directly controlled through ICT budgets. There are opportunities to rationalise spend across the organisation with a view to standardisation and end dating of applications, retaining only the software which best fits the overall requirements, although some compromises may result.

   The estimated savings are yet to be fully quantified.

2. **Better value for money through procurement and commissioning of network connectivity**

   The organisation currently spends £6.7m on network connectivity. A tender exercise is under way to procure up-to-date technology enabling more mobile working, thus increasing productivity.

   Part of the tender exercise involves stakeholder consultation. Indicative pricing will be available in October 2015, following which any savings (beyond those identified under heading (3) below can be tentatively quantified.

3. **Raising revenue through recharging the full costs of our Services to external customers**

   Work is under way to identify the full costs of service provision to third parties, following which the likely under-recovery identified will be sought from customers. An initial figure of an additional 10% of income has been assumed from the increased pricing impact. Prices may become unattractive in the market resulting in the termination of some unprofitable services.

   The estimated saving is £1.300m in the period 2016-17 to 2018-19.

4. **Cutting costs through efficiencies by menu based pricing**

   Many of our service costs are not fully visible to services. By making them visible we can offer cheaper alternatives to directorates (such as self-service), or help them to reduce demand by consuming fewer services. In line with proposal 3, Resources will seek to fully recover the costs of service provision.

   The estimated saving is £1.500m in the period 2016-17 to 2018-19.

5. **Cutting cost through efficiencies by reducing unit costs**

   The work of making service provision costs fully visible to enable choice also facilitates benchmarking of these costs against other methods of service provision. Further cost reductions may then be available by way of efficiencies or outsourcing.

   The estimated saving is £0.900m in the period 2016-17 to 2018-19.

6. **Cutting costs through efficiencies by a zero based review of our services**

   This saving is very closely aligned to the principles of reimagining and reshaping the entire provision of Resources services. The work will be informed by close consultation with stakeholders to confirm the core functions necessary for the future, and how the wider organisation can take maximum advantage of these services.

   The estimated saving is £1.250m in the period 2016-17 to 2017-18.

7. **Raising revenue by an increased ESPO dividend**

   ESPO is a Joint Committee of which Norfolk is the largest member, and has plans to both reduce its costs and increase its market presence. The result of these actions will be an increase in dividend payments. The dividend is affected to some extent by the amount procured from ESPO by the Council.

   The estimated saving is £0.300m in the period 2016-17 to 2018-19.

The savings proposals outlined for Finance and Property total £11.666m and are detailed below:

8. **Cutting costs through efficiencies: Staffing**

   The proposed saving arises from working across teams to reduce headcount via various workstreams – delayering, a critical view of all activities, improving customer interfaces and working towards automation wherever possible.

   Directorates will be consulted on any changes to the service that they receive.

   The estimated saving is £1.500m in the period 2016-17 to 2018-19.

9. **Cutting costs through efficiencies: Subscriptions**

   An assessment will be made of the value for money of corporate subscriptions with cancellations or a transfer to online access only where appropriate.

   The estimated saving is £0.050m in the period 2016-17.

10. **Customer Services channel shift**

    Utilising the council's customer service strategy will further reduce face-to-face contact, particularly with Finance Exchequer Services (for example with social care users for information and payment).

    The project will need to ensure that vulnerable clients can still effectively engage with the council.

    The estimated saving is £0.200m in the period 2016-17.

11. **Raising revenue: Treasury Management**

    The current average return on our cash investments is 0.75%; a modest increase in return can be achieved by broadening the organisations we are prepared to lend to and the duration of the loan.

    The estimated saving is £1.250m in the period 2016-17 to 2017-18.

12. **Raising revenue: NCC company borrowings**

    Council-owned companies borrow funds to invest from banks and other institutions, there is an opportunity for these borrowings to be provided by NCC and eliminate the profit margin.

    In practice NORSE would borrow at the same rate but from NCC. Suitable due diligence work to assess risk will be required before a change of lending policy can be proposed.

    The estimated saving is up to £0.700m in the period 2016-17.

13. Raising revenue: improve Council Tax collection

The proposal is to work with District Councils on a number of strands to deliver an increase in the council tax base and consequently increase tax revenue to the Council.

Areas to review include mobile home sites, single-person discounts and empty properties. The proposal is for a specialist company to perform this review work, funded by the savings generated.

The estimated saving, net of implementation costs, is up to £1.200m in the period 2016-17.

14. Raising revenue: Full cost recovery for external clients

The proposal is to conduct a review of services provided by Finance to ensure that we recover our full costs from external clients – including schools - and to ensure that we charge for all services performed.

Finance currently provides chargeable services to 433 schools and academies, public health, Nplaw, France-Channel England, Independence Matters and adult education.

Costs to these and other organisations may increase as a result of the review, and any non-recovery may result in the scaling back of services provided.

The estimated saving is £0.100m in the period 2016-17.

15. Raising revenue: Commercialisation: Investment Fund

The creation of a fund will allow investment in a range of commercial activities, in particular via the Council's wholly owned companies.

The fund can take the form of usage of the Council's cash balances or specific borrowing.

Suitable due-diligence work to assess risk will be required before investment can take place.

The estimated saving is £0.750m in the period 2016-17.

16. Raising revenue: Property Development

The proposal is to explore options for the Council regarding direct property development, given that the Council holds a significant land and building bank. Sale for capital receipt without adding value may not represent the best value when compared with additional development to add further value.

There will need to be an approach to ensure that the Council has the skills required to deliver such projects and to manage the inherent risk.

The achievable saving is to be fully quantified, and will be highly dependent upon the projects available at any particular time, but an initial saving of £0.500m in 2018-19 has been estimated.

17. Raising revenue: Fraud, error and debt

Data analysis tools can be used to explore the collection of debts previously written off, particularly in the area of uncollected council tax. The proposal requires close collaboration with Districts.

Although the estimated saving is still to be quantified it should be noted that the average value of debt written off by the Council annually is £0.422m.

18. Raising revenue: Charging for the use of credit cards

Charging service users for the use of credit cards for payment of bills will offset the costs incurred by the Council. Work is under way to assess this level of cost which will in turn inform the saving potentially available, as some services already have separate card processing arrangements.

Approximately 22% by volume and 16% by value of income collection is via the Global Payments Card card-processing service.

The value of the saving is to be quantified.

19. Property assets: Reducing the costs of running the estate

There are further opportunities to explore the reduction of core facilities management standards across the estate, such as opening hours and security levels.

The Corporate Property Team are undertaking this review, and for each proposal a risk assessment will be required.

The savings value is yet to be quantified but it should be noted that a significant value of property savings, circa £7.000m, has already been included in the Medium Term Financial Strategy.

20. Aligning budgets to actual expenditure: Norfolk Local Assistance Scheme (NLAS)

The NLAS replaced parts of the Discretionary Social Fund from 2013 onwards. These funds are not ring fenced but are targeted towards those facing difficulty through a mix of cash and goods.

Historically the funding has not been fully called upon and the saving proposed could be delivered with no impact based upon 2015-16 spend.

The estimated saving is £0.200m in 2016-17.

21. Review of accounting treatment for notional debt repayment

Officers are currently drafting a revised policy for the Minimum Revenue Provision calculation for debt undertaken prior to 2008. A number of other authorities have revisited their policy in this area (Birmingham, Kent and Somerset) and this has resulted in a significant budget saving for them. Officers are aware of numerous other authorities who are proposing to amend their policy.

The estimated saving has been initially estimated as £5.216m in the period 2017-19.

Policy and Resources Committee

Item No 9

Report title:	**Strategic and Financial Planning 2016-17 to 2018-19**
Date of meeting:	**28 September 2015**
Responsible Chief Officer:	**Executive Director of Finance – Simon George**

Strategic impact

This report provides the Committee with an update on the strategic and financial planning process for 2016-17 to 2018-19, and positions the County Council to produce its budget for 2016-17 in accordance with the law and proper standards. This in turn helps to ensure that public money is used economically and effectively. The proposed timetable and decision-making process enables the Council to discharge its duty under the Local Government Act to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Executive summary

On September 1st, this Committee received a report on progress towards setting the 2016-17 to 2018-19 Strategic and Financial Plan, and the timetable for Committee decisions over the coming months. The framework for discussions and decision-making over the next few months of Committee meetings set out in this report leads up to the setting of the Budget and Council Tax in February 2016.

The Committee recommended that Service Committees in September consider their spending proposals in light of budgets based on 75% of their addressable spend, to allow for choices and options to be considered, and in light of the reductions required to achieve a balanced budget for 2016-17 to 2018-19 (84% of addressable spend over three years).

This report summarises the early savings proposals which have been presented to Service Committees. Committee Chairs will provide a verbal update on the outcomes of initial Service Committee discussions.

Recommendations:

Policy and Resources Committee is asked to:

1. **Note the progress towards setting the 2016-17 to 2018-19 Strategic and Financial Plan.**
2. **Note the budget options that were presented to Service Committees during September.**
3. **Receive verbal updates from the service committee chairs on their**

budget options discussions during the September Committee round.

4. **Recommend that Service Committees bring forward further proposals to deliver budgets based on 75% of their addressable spend, including a complete set of budget proposals for 2016-17, to allow for choices and options to be considered initially at October Policy and Resources Committee.**

1. Background

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

1.2. As an early step in the Council's approach to service and financial planning for 2016-17 to 2018-19, Committees were asked to consider the impact of re-modelling their services based on 75% of their current addressable spend.

1.3. This paper sets out details of the proposals which have been presented to Committees during September.

2. Committee proposals

2.1. A summary of proposals considered to date by Service Committees is set out in table 1 below, with a complete list of savings proposals in Appendix 1. Proposals to date for the three years total £41.441m, of which £18.478m relate to 2016-17.

2.2. The value of some of the savings proposals put forward to Service Committees remain to be quantified at this point. Further details of the anticipated value of these proposals will be brought to the Committee meetings in October.

Committee	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m	Total Saving £m
Adult Social Care	3.120	4.490	5.280	**12.890**
Children's Services	2.675	0.000	0.000	**2.675**
Communities	0.351	0.948	0.000	**1.299**
EDT	6.057	1.268	0.336	**7.661**
Policy and Resources	6.275	6.250	4.391	**16.916**
Grand Total	**18.478**	**12.956**	**10.007**	**41.441**

2.3. Committee Chairs will verbally update Policy and Resources Committee on service and financial planning, and their budget options discussions in respect of these proposals, at the meeting. This will outline:

- how close the Committees are to developing proposals to deliver their budgets within the envelope of 75% of addressable expenditure;
- an overview of what the Committee's services would look like after delivering a reduction to the 75% position;
- a commentary on the most challenging proposals to achieve; and

- an overview of proposals brought forward to date for year one (2016-17).

3. Next Steps

3.1. All service committees are meeting during October and will be requested to finalise and agree a future model of services and a set of savings proposals for 2016-19, highlighting those which require formal public consultation.

3.2. The full set of proposals will be considered by Policy and Resources Committee at its meeting on October 26th 2015. At this meeting Policy and Resources Committee will receive advice and recommendations from Committees and will:

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

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

3.4. It is the role of Policy and Resources Committee to recommend a set of proposals to Full Council. This will take place at its meeting on February 8th 2016 and Full Council on February 22nd 2016 will agree the Council's budget.

3.5. A summary timetable for the budget and service planning process is set out at Appendix 2.

4. Issues, risks and innovation

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

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

5. Summary

5.1. This paper provides an update on the strategic and financial planning process leading up to the setting of the Budget in February 2016. Service Committees will now be considering their individual budgets and further savings proposals in October. A complete summary of proposals will be reported back to this Committee at its meeting 26th October 2015.

Background Papers

Re-Imagining Norfolk – Service and Financial Planning 2016-19 for Policy and Resources
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/374/Committee/21/SelectedTab/Documents/Default.aspx
Service Committee Strategic and Financial Planning papers – September Committee round

Officer Contact

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

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

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APPENDIX 1

Detailed Savings Proposal List

Committee	Proposal	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m
Adult Social Care	Revised Customer Pathway	3.120	4.490	5.280
Communities	Reduce grants provided by the Norfolk Arts Service	0.010	0.000	0.000
Communities	Move to lone working across the 10 museums managed by the Norfolk Museums service, where it is safe to do so	0.050	0.000	0.000
Communities	Re-shape some customer service delivery teams	0.059	0.000	0.000
Communities	Reduce service standards for the Norfolk Record Office to reduce hours for the search room, accept new items for the archives 2 days a week only with an appointment and reduce conservation work	0.066	0.000	0.000
Communities	Reduce library spend on stock and the staff who manage new stock	0.199	0.100	0.000
Communities	Reduce the public mobile library mobile fleet from 9 to 8 vehicles, reduce the frequency of some visits and stop Saturday routes	0.010	0.044	0.000
Communities	Close four part-time registration offices at Downham Market, Fakenham, Watton and Swaffham and find alternatives for provision in public buildings at no cost	0.025	0.000	0.000
Communities	Reduce the opening times for Norfolk and Norwich Millennium Library, but install Open Plus technology to enable the ground floor to be open longer via self service	-0.078	0.138	0.000
Communities	Introduce technology to enable libraries to open with self-service machines	0.000	0.622	0.000
Communities	Change the mobile library service for people in residential care, by allowing care homes to pay for the service or using volunteers to provide books for individual people	0.010	0.044	0.000

Committee	Proposal	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m
Children's Services	Change how we provide early help services – this is the support that we give families so that the challenges they face are resolved earlier on and before they turn into more serious problems. We have contracts with a number of other organisations who provide early help services to families and some these contracts will come to end by March 2016. We propose to reduce the number of other organisations providing early help services. We would continue to provide support to families by changing how we work with our partner organisations and the council's newly formed Early Help team would take on some of the work.	2.175	0.000	0.000
Children's Services	Reduced retirement costs for schools staff. We are not responsible for paying redundancy and retirement costs for teachers that work for the growing number of academy schools.	0.250	0.000	0.000
Children's Services	Review the income targets for the support services we sell to schools and other educational establishments. Some of the services we trade are generating more income than we anticipated and others less. We need to make sure that the budget accurately reflects the levels of income that we can generate from selling support services to education providers.	0.250	0.000	0.000
EDT	Reduce volume of core testing sampling carried out by Highways Laboratory	0.015	0.000	0.000
EDT	Reduce spend on external network analysis and safety activities, including deployment of Traffic Marshalls in Norwich City centre	0.040	0.000	0.000
EDT	Re-design the delivery model for the area based street works service	0.050	0.000	0.000
EDT	Cease the direct funding to support economic development projects, and work with others to identify alternative ways to secure funding	0.000	0.050	0.000
EDT	Remove the highway asset team budget for technical highways laboratory advice, and instead ensure our charges are included within relevant scheme/project costs	0.067	0.000	0.000
EDT	Redesign the highways bridges teams	0.100	0.000	0.000
EDT	Remove vacant posts in business support	0.133	0.000	0.000
EDT	Reduce/revise some non-safety critical highway maintenance standards	0.245	0.735	0.000

Committee	Proposal	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m
EDT	Capitalise funding for some highway maintenance activities and realise a revenue saving as a result	3.000	0.000	0.000
EDT	Redesign the historic environment service to deliver only the statutory service elements	0.172	0.000	0.000
EDT	Start charging to provide specialist flood and water management advice	TBC	0.000	0.000
EDT	Redesign and new contract arrangements for the Norwich Park and Ride bus service and site management at Norwich bus station	0.350	0.000	0.000
EDT	Savings from the planned reprocurement of waste contracts	2.000	0.000	0.000
EDT	Redesign the environment service so that it operates at 75% of current budget and increases use of volunteers and interns	0.000	0.000	0.200
EDT	Put new technology and models in place for delivery of the intelligent transport systems approaching the end of their economic life, including replacing rising bollard technologies at bus gates with camera enforcement and co-locating the control room with another public service provider.	-0.215	0.483	0.085
EDT	Cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities	0.000	0.000	0.051
EDT	Redesign the Developer services team to reduce reliance on recharged work and simplify the planning appeals function	0.100	0.000	0.000
Policy and Resources (Resources)	Better value for money through procurement and commissioning of software licensing and maintenance	TBC	TBC	TBC
Policy and Resources (Resources)	Better value for money through procurement and commissioning of network connectivity	TBC	TBC	TBC
Policy and Resources (Resources)	Raising revenue through recharging the full costs of our Services to external customers	0.300	0.500	0.500
Policy and Resources (Resources)	Cutting costs through efficiencies by menu based pricing	0.500	0.500	0.500
Policy and Resources (Resources)	Cutting costs through efficiencies by reducing unit costs	0.300	0.300	0.300
Policy and Resources (Resources)	Cutting costs through efficiencies by a zero based review of our services	0.625	0.625	0.000
Policy and Resources (Resources)	Raising revenue by and increased ESPO dividend	0.100	0.100	0.100
Policy and Resources (Finance and Property)	Cutting costs through efficiencies: Staffing	0.500	0.500	0.500

Committee	Proposal	2016-17 Saving £m	2017-18 Saving £m	2018-19 Saving £m
Policy and Resources (Finance and Property)	Cutting costs through efficiencies: Subscriptions	0.050	0.000	0.000
Policy and Resources (Finance and Property)	Customer Services Channel Shift	0.200	0.000	0.000
Policy and Resources (Finance and Property)	Raising revenue: Treasury Management	0.750	0.500	0.000
Policy and Resources (Finance and Property)	Raising revenue: NCC Company Borrowings	0.700	0.000	0.000
Policy and Resources (Finance and Property)	Raising revenue: improved council tax collection	1.200	0.000	0.000
Policy and Resources (Finance and Property)	Raising revenue: Full cost recovery for external clients	0.100	0.000	0.000
Policy and Resources (Finance and Property)	Raising revenue: Commercialisation: Investment Fund	0.750	0.000	0.000
Policy and Resources (Finance and Property)	Raising revenue: Property Development	TBC	TBC	0.500
Policy and Resources (Finance and Property)	Raising revenue: Fraud, error and debt	TBC	TBC	TBC
Policy and Resources (Finance and Property)	Raising revenue: Charging for the use of Credit Cards	TBC	TBC	TBC
Policy and Resources (Finance and Property)	Property Assets: Reducing the costs of running the estate	TBC	TBC	TBC
Policy and Resources (Finance and Property)	Aligning budgets to actual expenditure: Norfolk Local Assistance Scheme	0.200	0.000	0.000
Policy and Resources (Finance and Property)	Review of accounting treatment for notional debt repayment	0.000	3.225	1.991
Total		**18.478**	**12.956**	**10.007**

APPENDIX 2

2016-17 Budget and Service Planning Timetable

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

Policy and Resources Committee

Item No 10

Report title:	**Development of the Council's three year strategy**
Date of meeting:	**28 September 2015**
Responsible Chief Officer:	**Anne Gibson, Executive Director of Resources**

Strategic impact

The County Council Plan is the vehicle for articulating the role and priorities set out in Re-Imagining Norfolk, the Council's agreed strategic framework. The 2015/18 plan will draw together the strategic direction of the Council over the medium term at a time when diminishing resources and rising demand, mean that it has never been more important for the Council to focus its efforts and resources on its most important outcomes for residents.

Executive summary

In June, Policy and Resources Committee endorsed Re-Imagining Norfolk as the over-arching strategic framework for the Council's medium term service and financial strategy. In doing so, the Committee agreed that the three-year strategy should:

- Articulate the Council's new strategic direction
- Present a clear outcome and performance framework
- Be underpinned by annual financial plans with spending targets

The County Council Plan is the vehicle for articulating this strategy as part of the Council's over-arching policy framework and it is the responsibility of the Policy and Resources Committee to co-ordinate the development of the Plan prior to final sign-off by Full Council.

This paper seeks agreement about an approach to develop and finalise the County Council Plan, together with a set of arrangements to translate Re-Imagining Norfolk in to practical delivery at a Committee and Departmental level.

Policy and Resources is asked to:

- **Agree the framework for the County Council Plan and associated Committee Plans**
- **Note and agree the timetable set out in section 3.5 of this report.**

1. Background

1.1. In June, Policy and Resources Committee endorsed Re-Imagining Norfolk as the over-arching strategic framework for the Council's medium term service and financial strategy. In doing so, the Committee agreed that the three-year strategy should:

- Articulate the Council's new strategic direction
- Present a clear outcome and performance framework
- Be underpinned by annual financial plans with spending targets

1.2. The County Council Plan is the vehicle for articulating this strategy as part of the Council's over-arching policy framework and it is the responsibility of the Policy and Resources Committee to co-ordinate the development of the Plan prior to final sign-off by Full Council.

1.3. This paper seeks agreement about an approach to develop and finalise the County Council Plan, together with a set of arrangements to translate Re-Imagining Norfolk in to practical delivery at a Committee and Departmental level.

2. Purpose of the Plan

2.1. The County Council Plan sets the strategic direction for the Council over the medium term. At a time of diminishing resources and rising demand, it has never been more important for the Council to focus its efforts and resources on its most important outcomes for residents. The Plan will:

- **Describe the strategic context for the Council** – one of continuing austerity and financial constraint.
- **Provide direction and help guide strategic choices** that will face councillors over the coming years.
- **Describe the strategy for each of the themes** set out in Re-Imagining Norfolk.
- **Reference Council's ambitions and priority outcomes for Norfolk people** – these were agreed by Full Council at the budget setting meeting in February this year. Against the priority outcomes it will describe trajectories, milestones and a set of evidence based activities to reach those outcomes.
- **Describe how services will be re-imagined in partnership with other public services** - redesigned around people's lives achieving better outcomes at less cost. This is work currently underway through the service and budget planning work led by Committees.
- **Improve the Council's internal organisation** - addressing the need for the Council to continue its journey of improving efficiency and modernisation, radically re-shaping its capacity while taking out costs.

2.2. The County Council Plan is intended to be a high level whole-council strategy and is not intended to describe and catalogue everything we do.

2.3. It is critical that the corporate level strategy translates into practical delivery at a departmental and committee level, so that delivery of outcomes can be tracked. Committees have already begun to develop their future service models and have begun to develop their plans. It is proposed that there is a consistent framework for these plans which addresses the following:

- Specific activities which individual services will undertake to improve the four priority outcomes
- Objectives for the Department's core business
- Spending plans - what the money will be spent on and what it will deliver/achieve
- Performance, risk and accountability framework

2.4. Taken together the published County Council Plan and associated suite of Committee and Departmental plans will collectively form a performance management and accountability tool to help focus and prioritise activities and resources at a time of continued financial restraint.

3. Timetable and next steps

3.1. There are currently a number of specific pieces of work underway which will form elements of the County Council Plan, and associated Committee and Departmental operational plans. Central to this is more detailed development of the Council's four priority outcomes by:

a) Translating these priorities into specific outcomes;
b) Developing the metrics necessary to define and measure outcomes;
c) Mapping out the actions that must be taken by services across the council to achieve the desired results.

3.2. Members will have an early opportunity to shape this thinking at workshops taking place on September 30th and October 5th.

3.3. A set of measurable outcomes will be reported for consideration by Committees in January 2016, so that priorities are made an explicit part of the Council's multi-year strategy and Departmental plans, and help to guide budget deliberations.

3.4. Work is also underway on a new outcome based performance management framework and approach to ensure we capture and measure the vital signs of service performance against achieving outcomes and the associated risks. This will also enable us to measure our overall organisational health, ensuring that we remain ahead of any 'curve' we need to change.

3.5. It is proposed to bring the County Council Plan for consideration to Policy and Resources Committee in March 2016, (following agreement of the budget by full council in February 2016.) The Plan will then be finally agreed by Full Council at its April meeting. Service Committees would then be in a position to sign-off their committee plans at their May cycle.

4. Recommendations

4.1. Policy and Resources is asked to:

(1) Agree the framework for the County Council Plan and associated Committee Plans

(2) Note and agree the timetable set out in section 3.5 of this report.

Officer Contact

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

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Policy and Resources Committee

Item No 11

Report title:	**Devolution opportunities for Norfolk and Suffolk Councils – update on progress**
Date of meeting:	**28 September 2015**
Responsible Chief Officer:	**Dr Wendy Thomson, Managing Director**

Strategic impact

The devolution of decision-making to local areas has become a central policy focus nationally. Greater autonomy over such strategic issues as transport, economic development, housing, flood defence, strategic planning would support the County Council's ambitions for Norfolk.

Executive summary

This report updates Members about the devolution agenda in Norfolk and Suffolk. It details some of the benefits and opportunities that the current Devolution agenda offers in areas such as skills, transport, infrastructure, housing, policing, health and welfare, and outlines the next key milestones.

Policy and Resources is asked to:

- **Note and comment on progress to date**
- **Agree the principle of a Norfolk and Suffolk Combined Authority**
- **Agree that the Leader and Managing Director continue to play a full part in discussions, representing the best interests of Norfolk residents.**

1. Background

1.1 The devolution to local areas of responsibility for economic development and public service reform is a central plank of the current Government's policy and is considered to be a key contributor to deficit reduction and increasing productivity.

1.2 In his first speech of the new Parliament, Chancellor George Osborne underlined the Government's approach to devolution. Since then, rapid steps have been taken to introduce legislation to permit the devolution of powers over functions such as economic development, housing, transport, planning and policing.

1.3 So far 'deals' between the Government and local authorities have tended to focus on English cities and large urban areas. More recently Cornwall has been the first rural area to agree a devolution deal after submitting proposals. The Cornwall devolution proposal covers a range of key areas including transport, employment and skills, EU funding, business support, energy, health and social care, public estate, heritage and culture. The Government has also agreed to work with agencies in Cornwall on a number of proposals to improve employment and skills opportunities. These include reshaping training and learning provision, developing new apprenticeship opportunities and improving careers advice for young people.

1.4 Currently across the country many two-tier areas are keen to take part in the discussion, and last month the Managing Director set out for Policy and Resources Committee a progress report on an expression of interest being prepared by all Norfolk councils. This paper updates Members on the outcome of that expression of interest and sets out the next steps.

2. Expression of interest

2.1 An expression of interest was submitted to Government by all Norfolk councils to meet the 4th September deadline. The covering letter (appendix A) and Norfolk Offer (appendix B) set out the scope of the devolution expression of interest (EOI) in more detail. Also attached (Appendix C) is a note from Mark Pendlington, Chairman of New Anglia LEP circulated to all council leaders.

2.2 The purpose of this EOI is to open a dialogue between the Government and local public sector partners to explore what policy and budget areas might be advantageous to both if they were to be devolved to more local control.

2.3 There are significant potential benefits associated with devolution. These include support and devolved government funding to encourage economic growth and infrastructure provision, better use of public funds in areas such as health and wellbeing allowing cross sector investment to reduce demand on services and more coordinated decision making in respect of major issues such as strategic housing and infrastructure delivery. These points are made within the EOI.

2.4 A key focus for Government is scale of a prospective deal, and feedback from civil servants is that a Norfolk only devolution option is not seen by Government as a viable option. We were strongly encouraged to consider a joint Norfolk, Suffolk and LEP bid and were given a very short window in which to put together a joint position.

2.5 A Norfolk and Suffolk devolution deal will require a new form of governance based around a ‘Combined Authority’ model, and discussions about the remit for a Combined Authority are taking place between council leaders in Norfolk and Suffolk and the New Anglia LEP. The Combined Authority proposal could include a ‘Double Devolution’ approach, which sets out functional clusters of districts, and this is currently being considered.

2.6 Public sector partners, the LEP and higher education organisations have recognised potential benefits of achieving devolved powers and budgets and also in developing closer and more effective working between public sector bodies.

2.7 The Norfolk offer document in appendix B invites the Government to enter into discussions about these additional powers and the governance arrangements that would be necessary to operate them. The expression of interest focuses on the benefits of this approach including:

- Delivering economic growth and prosperity
- Coherent planning and housing
- Employment and skill
- Physical Asset and infrastructure

- Action on flood risk
- Improved health and social care

3. Next steps

3.1 This is very much the first stage in the process and if taken up by Government then much more work will need to be undertaken with partners to develop for example, a more integrated approach to health and social care.

3.2 The next steps, which are already underway, involve defining more precisely the functions and resources that could be devolved from central government as part of a combined authority. At the time of writing this report, Norfolk Leaders were due to meet and consider a negotiation document setting out potential functions to be part of a combined authority.

3.3 A parallel meeting is planned for Suffolk Leaders, and this is to be followed by a meeting of all Norfolk and Suffolk Leaders with the LEP on 22nd September to agree the content. An update on the outcome of these discussions will be given to Policy and Resources.

3.4 On the 22nd October there is a Government challenge process regarding content and Governance of the negotiation document ahead of a final discussion and announcement in the Autumn Statement on the 25th November.

4. Recommendations

(1) Note and comment on progress to date
(2) Agree the principle of a Norfolk and Suffolk Combined Authority
(3) Agree that the Leader and Managing Director continue to play a full part in discussions, representing the best interests of Norfolk residents.

Officer Contact

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

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APPENDIX A

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Via email
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Xxx
xxx

NCC contact number: 0344 800 8020
Textphone: 0344 800 8011
Email: xxx@norfolk.gov.uk

4 September 2015
Your ref:
My ref: FMc/

To whom it may concern

Re: Devolution – Letter of Intent

We invite you to consider an exciting proposal that will further transform the economy of much of East Anglia. It comes with the strong endorsement of the Councils in Norfolk together with the New Anglia Local Enterprise Partnership and our universities. It conveys our commitment to continue to work together to maximise the benefits of devolution for businesses and communities Our proposals in summary are to:

- improve productivity, drive growth and improve housing delivery
- invest in transport and improve infrastructure
- transform skills and employment
- transform the delivery of health and social care

These represent a significant commitment to achieve the local/national dividend desired through devolution and to rebalance the local economy.

Building on the Norwich & Ipswich City Deals we will develop the existing strong relationships which we have created with private and public sector partners through the New Anglia LEP and develop further Enterprise Zones focused on agri-tech, food and health and digital ICT. We will also complete our commitment to provide Superfast Broadband to 100% of our premises by 2020,
We are proud of our collaboration which has led to two Round 2 City Deals; our Enterprise Zone, covering Great Yarmouth and Lowestoft, has exceeded job creation targets; our Growth Hub has blazed the trail for simplified and streamlined support for businesses and our Growing Business Fund has created more than 1,000 new jobs and levered in £60m in private sector investment.

Productivity
At the heart of our collaboration would be a Productivity Commission, led by the private sector and the New Anglia LEP which will examine the root causes of the productivity gap in Suffolk and Norfolk and make positive recommendations on how we can tackle these issues head on.

Rural Issues
Our productivity commission will incorporate a 10 point rural productivity plan for boosting productivity in the two counties, in support of the national programme, to address the challenges faced by businesses and local communities in rural and isolated areas.

Financing Infrastructure Investments
A key role for the LEP in a combined authority would be to create investable investment and infrastructure opportunities in a way that levers-in private finance, perhaps from individuals, pension funds or sovereign wealth without relying exclusively on the UK Government for funding.

Strategic Connections to Neighbouring Areas
Whilst our immediate focus is Norfolk we see strengthening connections, both physical and economic, to Suffolk and further still to Cambridgeshire and our neighbouring LEP as key to unlocking the whole area's economic potential, especially in respect of strategic transport provision.

Strategic Transport
We have welcomed and supported government investment in transport infrastructure, including the A11, A47 and A14, but we are ambitious for more. We see the devolution of funding for investment in our roads infrastructure as essential to enable the further development of an integrated, modern transport system that would be the key to developing employment and housing sites across the counties. In this respect we are committed to looking outside our boundaries to areas such as Cambridgeshire and beyond to deliver benefits for the wider region. An effective transport system is the lifeblood of our rural area.

We also want greater local influence over planned improvements to the Strategic Road Network and greater local engagement and influence over the development and operation of the Greater Anglia Rail franchise. We believe this will ensure that government and private sector investments provide better value for money and are focussed strongly on making East Anglia a more attractive place to start up, locate and grow business.

Our "Norwich in 90" rail campaign has brought together private and public sector partners around a compelling business plan to support investment and growth and we have established effective delivery through the Local Transport Body and Skills Board. Not only will such infrastructure unlock business and housing investment throughout East it will also ensure the port of Felixstowe, the UK's busiest container port, continues to grow and contribute to UK economy.

Supporting Business Growth
Building on the success of our Growth Programme, we will enhance the Growth Hub which is already exceeding ambitious performance targets. This will continue to provide a single point of contact for business support. By seeking devolution of national support schemes, including UKTI, MAS and Growth Accelerator this will ensure that businesses have the support they need to help them grow, compete and win in the global marketplace.

Co-operation amongst Key Partners
All the Norfolk and Suffolk Councils have played a major role in the acknowledged success of New Anglia LEP, judged to be one of the most successful in England. This is testament to the strong and enduring collaboration and leadership from private and public sector organisations across Norfolk & Suffolk. We all want this to continue and strengthen so that together we can release the further potential that exists, particularly on growth and in tackling the productivity challenge.
Our submissions to the Comprehensive Spending Review on the wider opportunities presented by devolution represent the respective positions of the authorities. We believe that devolution presents a once in a generation opportunity for public service reform and improved collaborative working, not just on growth and productivity, but the range of opportunities highlighted above. Working with other partners to improve health economies

is critical to delivering sustainable public services and we are committed to working with our partners to make the most of the opportunity offered by devolution to do so.

Support for Key Industry Sectors
Focusing on growth, we know the East Anglian economy, already a net contributor to the Exchequer, has the potential to grow faster, with strengths in key sectors such as agri-tech, energy, ports & logistics and the digital economy. Linking Greater Cambridge and Greater Norwich with their two world-class universities and research facilities with the A11 growth corridor should further accelerate jobs and growth.

Our innovation and research pedigree is world class, with Norwich Research Park (NRP), hosting the Institute of Food Research, The Genome Analysis Centre (TGAC), The Sainsbury Laboratory and The John Innes Centre. We have the University of East Anglia (UEA) with its established record across disciplines, and the Norwich University of the Arts' international reputation.
In Suffolk, the University Campus Suffolk, opened in 2007 has grown quickly and is applying for Taught Degree Awarding Powers currently. In addition our private sector includes Adastral Park, home to BT's global research facility and other tech companies and the Hethel Engineering Centre, a hub for innovation.
Growth in the IT and Digital sector supported by Norwich University of the Arts (NUA), presents a huge opportunity for East Anglia, even more so when you factor in collaboration with Cambridgeshire and the Greater Cambridgeshire and Greater Peterborough LEP. Close to mainland Europe and the wider South East we want East Anglia to be a centre for global business, offering high value, secure and sustainable jobs to everyone who lives there.

Employment & Skills
We are already making good progress. 88% of 18-24 year olds are in work or education and the number of young Job Seekers has fallen by almost 40% in the last 12 months. However, 2,675 16-24 year olds remain on Job Seekers Allowance (JSA), 2,770 on Employment Support Allowance and the rate of youth unemployment in our most deprived towns and some rural areas is still above regional and national average. With the help of Government, we will deliver the national Youth Obligation through a local promise that all our 14-24 year olds will receive the personal support they need to make a successful transition into post-16 learning, get an apprenticeship, work experience or a job within three months of leaving education or employment. This is our Youth Pledge.

Democracy & Governance
We appreciate the need for clear and democratically accountable governance which in turn recognises and reflects the nature of the distinct economic and social geographies within a larger Combined Authority based on clusters of Districts or City Deal geography. This proposal will incorporate clear, decisive and accountable decision making at the geography that best matches effective local delivery

We will explore new forms of governance, based around a Combined Authority model, customised for Norfolk, focused on growth and productivity and our other headline proposals. Suffolk is committed to discussing arrangements with Norfolk and the New Anglia LEP as they evolve further. We will happily enter into discussion about governance arrangements which cross our county borders.

Meaningful Double Devolution
Built into a combined authority will be the importance of a meaningful double devolution approach based on district clusters or City Deal areas, especially in respect of strategic planning and housing delivery. The Greater Norwich partnership is a prime example of how this can work successfully.

This way we can build on the strengths of the New Anglia LEP Board, its active collaborations across public and private sectors, the universities and the LEP Sector Groups.

We are confident that you will see these proposals as a clear commitment to build on what we have achieved already, to strengthen the economy of East Anglia and recognise that all the councils in the New Anglia LEP area are ambitious not just to support this growth, but to exploit the wider opportunities presented by devolution for the benefit of our communities and the country.

We can move at pace and look forward to a positive response to this expression of interest. We are committed to working with you to meet the Spending Review deadline.

Yours sincerely

Cllr Nick Daubney
Leader - Borough Council of King's Lynn & West Norfolk and Chair of Norfolk Leaders

Mark Pendlington
Chair - LEP

Cllr George Nobbs
Leader – Norfolk County Council

Professor David Richardson
Vice-Chancellor - UEA

Professor John Last
Vice-Chancellor - NUA

Cllr Michael Wassell
Leader – Breckland District Council

Cllr Andrew Proctor
Leader – Broadland District Council

Cllr Graham Plant
Leader – Gt Yarmouth Borough Council

Cllr Tom Fitzpatrick
Leader – North Norfolk District Council

Cllr Alan Waters
Leader – Norwich City Council

Cllr John Fuller
Leader – South Norfolk Council

The Norfolk Offer

- A prosperous Norfolk is fundamental to the UK's continued push to be a global economic leader in the 21st century. It is vital we get the support necessary to capitalise on our opportunities and create growth in high value jobs and business
- We want greater devolution for Norfolk and there is much that can be gained by partners joining forces to increase productivity. New solutions will focus on clusters of districts such as Greater Norwich.
- We are keen to explore larger scale options, based on our LEP footprint of the combined counties of Norfolk and Suffolk and we are actively engaged in working with Suffolk.
- Our ambition doesn't stop there. We will also pursue strategic links with Cambridgeshire, our historic East Anglian partners, now even more accessible, thanks to the newly dualled A11.
- This statement of intent is very much the start of a process and we want to begin discussions with Government on how we accelerate the pace of growth and prosperity in Norfolk and beyond.

Norfolk has for centuries contributed to the economic growth of the country, through innovation and technological advancement in agri-business and environmental management.

This has never been more true than today with innovation in the county at the heart of tackling the major global challenges of food production, energy security and climate change.

The county is a world centre for hi-tech research, and in specialist manufacturing.The gas and offshore wind industry, supported by world class engineering technology developing along the A11 Technology Corridor, underpins our Green Energy Coast. We have both a well-established and diversified financial sector which is internationally recognised, and new areas of growth, like the digital and creative sectors, are fuelled by our second university, the highly successful Norwich University of the Arts.

The Norfolk Offer

As Leaders, we want to build upon our current success and reap the benefits that devolution could offer our communities.

The county areas of Norfolk and Suffolk, with their centuries of common interest and culture, represent the core element of a combined authority, working with our Universities and New Anglia Local Enterprise Partnership. The work of the LEP has been underpinned by the support of local authorities across Norfolk and Suffolk and city deals in Greater Norwich and Ipswich.

Our immediate focus is Norfolk but we see strengthening connections, both physical and economic, to Cambridgeshire and our neighbouring LEP as key to unlocking our area's economic potential.

Our Devolution Deal
Devolution - initially with Suffolk and the New Anglia LEP – will help us realise our vision for a 21st century economy. Government has recognised the potential of Norfolk, with welcome investments in key infrastructure including the A11, NDR and A47 and the Norwich Research Park. But we are ambitious for more.

With greater devolution we could deliver:

Economic Growth & Productivity
- A new Anglia LEP productivity commission with a 100 day challenge to examine the scale of the productivity gap and establish the root causes of the problem.
- A network of rural enterprise zones with innovation and improved productivity at their heart.

Coherent Planning & Housing
- A combined authority to provide a single vision to stimulate the growth, overcome blockages and provide better integration and efficiencies, with the appropriate cluster level democratic governance to ensure delivery.
- Work with Government to identify new settlements, utilising Homes and Communities Agency powers and resources to plan and deliver.
- Strengthened compulsory purchase powers to accelerate housing delivery.

The Norfolk Offer

Employment & Skills

- To work with Government on the roll-out of Universal Credit and test new approaches to providing in work progression to support raising incomes and reducing welfare dependency.

Physical Assets and Infrastructure

- A five year funding settlement for local transport schemes to fund an integrated investment package to deliver our local economic, housing and employment priorities. This will deliver better value for money and greater connectivity through integrated transport solutions.
- Direct influence over the new Greater Anglia rail franchise and accelerate much needed improvements on the Norwich to Liverpool Street (Norwich in 90) and King's Lynn to Cambridge King's Cross lines.

Action on Flood Risk

- Responsibilities, and associated budgets and funding, currently exercised by Environment Agency to transfer to the Combined Authority to meet local priorities.
- Improved Health & Social Care
- Integrated commissioning to tackle the challenges facing Norfolk's health and social care offer.

Foundations for growth

The Greater Norwich area represents 50% of the GVA of Norfolk and is a focus for housing and employment growth; Great Yarmouth is an established energy centre; and there is also additional potential from growth in Kings Lynn and along the A11 corridor towards Cambridge.

Norfolk is England's primary offshore energy county, having serviced the oil and gas sector in the Southern North Sea for 50 years. This has helped its rapid growth to become a centre for new technology energy industries, especially offshore renewables. Around £20bn of investment is planned around the UK by 2020 and the Southern North Sea basin presents by far the largest portion. The East Anglia Array, situated off our **Green Energy Coast**, will ultimately comprise around 1000 turbines. This is infrastructure development on a scale seldom seen outside of the Far East. Great Yarmouth and Lowestoft are already recognised as one of the

The Norfolk Offer

six national Centres for Offshore Renewable Engineering (CORE) and their Enterprise Zone is considered to be one of the most successful in the country, delivering jobs and growth well ahead of its original target.

Car maker Lotus is synonymous with Norfolk. There is now a high tech cluster of businesses in this area, building on the Lotus heritage and attracting further new high performance technology businesses to start up. This is the heart of the **A11 Technology Corridor**, where hundreds of companies with links to the automotive and motorsports sector are based. We have available space and plans to create significant numbers of new high performance engineering jobs.

Norwich Research Park (NRP), Home to Europe's largest concentration of agri-tech scientists, is turning world class science into world class jobs. It houses the Institute of Food Research, The Genome Analysis Centre (TGAC), The Sainsbury Laboratory, The John Innes Centre and the University of East Anglia (UEA). It is also a globally renowned centre for the study of climate change, due to the close association between the Tyndall Centre and the Climatic Research Unit at UEA. This is coupled with leading edge research at UEA through the Energy Materials Laboratory. The Park has superb business incubation facilities – the NRP Innovation Centre, the Bio Incubator, the new Centrum building and the unique Enterprise Centre at the UEA - Britain's greenest building. New companies benefit from the cluster effect of specialist researchers and the NRP has 52ha of development land, with the Greater Norwich City Deal set to create 7,000 jobs there by 2031.

The 200 year old Norwich **financial services cluster** –which includes the largest concentration of insurance business in the UK outside of London - and new hi- tech industries (including Norwich Tech City), are both ideally placed to benefit from the success of London and Cambridge. The emerging Centre for Advanced Knowledge Engineering campus which is being developed by Aventa Capital Partners at Downham Market in the west of the county is a case in point, with expectations of more than 4,000 new jobs in the new & rapidly growing data analytics sector.

As well as these unique facilities, Norfolk has two further attributes that can support rapid economic growth. It has an **ambitious public service** - in local government, higher education and health services - that supports innovation and takes pride in providing space for new businesses to grow. We work closely to both support fledgling business and get out of their way when they are ready to fly.

The Norfolk Offer

And, importantly, Norfolk also has the **room to grow.** Situated less than 100 miles from the nation's capital (albeit with a number of infrastructure projects still necessary to capitalise on this proximity), we have space for new business and new homes and we are committed to creating the business growth, jobs and housing needed to achieve that growth.

As part of any devolution agreement for Norfolk and Suffolk, opportunities should be seized to develop a local Rural Productivity Plan for the two counties, in support of the national programme, to address the challenges faced by businesses and local communities in rural and isolated areas. Examples of where local solutions might be developed could include problems faced by young people accessing education and training opportunities; centralisation of many public and financial services; development of successful market town programmes to compete with internet based shopping; and developing new approaches to business development in rural areas through conversion of agricultural buildings to business, rather than second or holiday home use. This would deliver more balanced and sustainable rural communities.

We recognise the need for clear and democratically accountable governance which recognises and reflects the nature of our economic social geography. This is likely to incorporate clear decisive, and accountable decision making, built into a combined authority which reflects the importance of greater Norwich and our mixed urban/rural area. A meaningful double devolution approach will provide appropriate local governance to the delivery of growth.

We can move at pace and look forward to a positive response to this expression of interest.

Breckland Council
Broadland District Council
Great Yarmouth Borough Council
Borough Council of King's Lynn & West Norfolk
Norfolk County Council
New Anglia Local Enterprise Partnership for Norfolk and Suffolk
North Norfolk District Council
Norwich City Council
Norwich University of the Arts
South Norfolk Council
UEA University of East Anglia

APPENDIX C

Text of an e-mail circulated on September 10th 2015 to all Norfolk and Suffolk Council Leaders from Mark Pendlington, Chairman of the New Anglia LEP

Dear Colleagues,

Yesterday, the LEP Board held a special meeting to discuss urgent business, which included devolution. This was immediately followed by a meeting hosted by Government advisers, to which all local authority leaders and myself were invited.

Given the short notice of the meeting, which was held in Norwich, not all leaders were able to join us, so I was asked by the LEP Board (which as you know comprises local authority, education and private sector leaders) and all the other local authority leaders present, to circulate a note to everyone to summarise and share the guidance given by Government colleagues on devolution, and to outline recommend next steps. We all recognise the importance for us all to have the same information, at the same time, and in most timely way, and it was felt that the meeting was useful in bringing clarity to a number of issues.

Government officials who attended were:

- Jackie Sadek, Specialist Regeneration Adviser to Greg Clark, DCLG Ministers and Lord Heseltine
- Louise Morgan, Deputy Director, Cities and Local Growth Unit, BIS
- Shan Lloyd, Assistant Director, BIS London & East

We were advised that:

- In addition to early devolution deals with Northern cities, ministers are very keen to secure a non-metropolitan deal. Norfolk and Suffolk, together, are very well-placed to be among the first to secure this
- Government want to announce these deals in the Autumn Statement on 25th November, so time is tight (see next steps below)
- There is real advantage in being a 'first mover' but the national political energy behind this is finite. Keep the enthusiasm and focus on Norfolk/Suffolk, or other areas could move ahead
- Important that we continue to convey to Government the strength of our ideas and scale of our ambition – we need to move at pace
- This is a bottom-up process, we can't expect any specific guidance from Government, although officials will be on hand to offer advice. It's for <u>us</u> to come up with the ideas; Government will then decide what they can agree to
- There is a very strong inward investment market in the UK, with Norfolk and Suffolk in prime position. (For every £1 invested, there is potential for a further £40). We should exploit this.

- Recommended the main focus for our submission be on economic growth and productivity, but happy/keen for it to go wider; discussions around health and public sector reform can continue in parallel.
- A single county option is not seen as big enough – strong preference given to a joint, two-county proposition.
- Links with neighbouring areas (eg Cambridgeshire), or other geographical areas, that are already working well, can be developed further – potential recognised
- Most important for the moment, is to focus on what is working well now
- New Anglia LEP is well regarded in Whitehall, with the strong public/private sector partnership recognised as delivering success. This is a principal reason why there is political energy and momentum behind Norfolk/Suffolk being the first non-metro deal
- While both submissions with separate covering letters were gratefully received by Government on Friday, a joint letter from both counties would have been preferable
- Governance - Combined Authority is the minimum, although devolution beneath the CA could be incorporated into the structure. Directly elected mayor not essential
- Unanimity of approach across Norfolk and Suffolk is the best way to underpin confidence in our proposition to Government, and to help secure the best possible outcome

Next Steps

Shan will be circulating the timeline and actions required if we want to meet the deadline for the Autumn Statement. This will include:

22nd September	Meeting of all local authority leaders (see below)
22nd October	'Challenge Session' when government test our proposals
25th November	Autumn Statement

Jackie, Louise and Shan are willing to meet with any and all leaders, recognising that the meeting yesterday was called at short notice.

The LEP executive is happy to work and collaborate with all local authority leaders and officials to help identify the common ground between the two current devolution proposals, and the Strategic Economic Plan that has already been agreed between us, with the aim of producing a single compelling and aspirational submission to Government.

Tuesday September 22 is the full LEP board and AGM. As all local authority leaders and CEOs have been invited to this. It was thought that this would be a good opportunity to bring Norfolk and Suffolk partners together at 2.30pm, immediately after the AGM, to look at the joint working that has been done to that point and agree the next steps to submitting an ambitious proposal into Government. (A reminder that this meeting is to be held at Easton & Otley College, Easton Campus, next to the Norwich Showground).

As LEP Chair, representing all public and private sector members of the Board, I stand ready to help and support this process in any way I can. I will be more than willing to participate in any meetings you may wish to convene prior or post September 22.

Further information on the 22nd September meeting will be circulated in coming days.

I hope this is a helpful update and will be pleased to discuss further any of the points. Please do not hesitate to call.

With my thanks and very best wishes.

Mark.

Mark Pendlington