Norfolk County Council
at your service

Policy and Resources Committee

Date: **Monday, 27 October 2014**

Time: **10 am**

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

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

Membership

Mr G Nobbs (Chair)

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

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

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

A g e n d a

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

2. **Minutes** **(Page 5)**
To agree the minutes from the meeting held on 29 September 2014.

3. **Members to Declare any Interests**

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

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

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

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

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

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

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

5. **Local Member Issues**

Fifteen minutes for local members to raise issues of concern of which due notice has been given.
Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Wednesday 22 October 2014**.

6 **Workforce Profile 2013-14** **(Page 15)**
Report by Acting Head of Human Resources

7 **2014-15 Revenue Monitoring Report –Month 5** **(Page 48)**
Report by Interim Head of Finance

8	**2014-15 Capital Monitoring Report –Month 5** Report by Interim Head of Finance	**(Page 89)**
9	**Shared Services Savings Proposals** Report by Temporary Director of Strategy and Resources	**(To Follow)**
10	**Strategic and Budget Planning 2015-18** Report by Head of Business Intelligence and Performance Service & Corporate Planning and Partnerships Service	**(To Follow)**
11	**Internal and External Appointments** Report by Temporary Director of Strategy and Resources	**(Page 126)**

Group Meetings

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

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

Date Agenda Published: 17 October 2014

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Norfolk County Council
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Policy and Resources Committee

Minutes of the Meeting Held on Monday 29 September 2014
10:00am Edwards Room, County Hall, Norwich

Present:

Mr G Nobbs (Chair)

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

Substitute Members Present:

Mr W Northam for Mr S Gurney
Mr D Roper for Mr D Harrison
Mrs M Somerville for Mr T Garrod

Other Members Present:

Mr B Borrett
Mr R Bearman
Mr R Coke
Mr J Joyce
Mr P Smyth
Ms S Whitaker

1. Apologies

1.1 Apologies for absence were received from Mr T Garrod, Mrs S Gurney, Mr D Harrison and Dr M Strong. It was reported by the Chairman during the meeting that the Managing Director was in Canada to receive a Woman of Achievement award.

2 **Minutes**

2.1 Councillor Dobson asked that the minutes be amended to delete "…and service committees" as a more accurate reflection of what was agreed. On being put to the vote, it was agreed by 8 votes to 7 to amend minute 8.8 of the meeting held on 5 September 2014 accordingly.

2.2 Subject to the above, the minutes of the previous meeting held on 5 September

2014 were confirmed by the Committee and signed by the Chairman.

3 **Declarations of Interest**

3.1 There were no declarations of interest.

4 **Items of Urgent Business /Welcome to Members of Peterborough City Council**

4.1 There were no matters of urgent business.

4.2 The Chair welcomed to the meeting several Members of Peterborough City Council. They were attending the meeting to gather evidence because their Council had recently resolved to form an Alternative Governance Working Group, for the purpose of researching alternative governance arrangements, in order to decide whether or not to change their current arrangements to a Committee system.

5 **Local Member Issues**

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

5.2 Cllr Fitzpatrick, at the invitation of the Chair, raised the issue of an email that the Interim Head of Finance had sent to Members seeking details of member questions in advance of the meeting. At the end of the discussion the Leader confirmed that this request had been solely to facilitate the attendance of the right officers at the meeting and was not intended in any way to constrain Members' ability to ask questions on the day.

6 **2014-15 Revenue Budget Monitoring Report—Month 4**

6.1 The annexed report (6) by the Interim Head of Finance was received.

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

- At the end of July 2014 revenue expenditure was forecast to overspend by £0.958m, after identified recovery actions and approved use of reserves, on a net budget of £308.397m.
- Some Members expressed concern at the potential use of reserves to balance the budget. In reply, the Interim Head of Finance said that the County Council had approved the use of reserves as part of an agreed plan to address its budgetary pressures during the financial year. Chief Officers were, however, exploring measures to reduce or eliminate the overspend in-year so as to minimise the call on reserves.
- It was noted that the term "agency and controlled services" (a heading in the accounts laid down by CIPFA) was causing confusion. The term covered a range of services such as residential care, fostering, highway maintenance and recycling management and not just agency staff.
- Members referred to the statement on page 41 of the report that "…the level of outstanding debt is considered reasonable" and asked whether the

level of debt would be considered reasonable for a typical high performing local authority. The Interim Head of Finance said that he would need to check on the definition of a high performing local authority in this context before he provided a written answer to this question.

- The Interim Head of Finance also undertook to provide a written answer on whether Interims were shown within the employee line.
- Cllr Proctor queried whether the figure of £0.948m in the summary was correct, since the figure of £0.958m appeared elsewhere in the report. The Interim Head of Finance said he would check and confirm the position.

6.3 **RESOLVED**

That the Committee note:

- Revenue expenditure was forecast to overspend by £0.958m on a net budget of £308.397m.
- General Balances were forecast to be £19.000m at 31 March 2015, before taking into account the forecast overspend.
- The Council had earmarked revenue reserves forecast to be £47.766m at 31March 2015. The Residual Waste Treatment Contract Reserve was £20.6m following payments of £13.1m in July and August 2014, with further payments made in September. The Council separately held Reserves in respect of Schools estimated to be £33.483m at 31 March 2015.

7 **2014-15 Capital Monitoring Report - Month 4**

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

7.2 Members agreed to defer until the next meeting the spend to save scheme in relation to the Oaks site, Harvey Lane, Norwich, that was set out in Appendix 5 of the report, including the requirement for £0.100m of prudential borrowing to fund initial investment in the site, in order for a business case and appraisal of the scheme to be brought forward.

7.3 **RESOLVED-**

That the Committee:

- note the revised expenditure and funding of the 2014-17 capital programme and the changes which have occurred following the position reported on 5 September, as set out in Section 1 of Annex A to the report
- note the progress towards the achievement of the 2014-15 programme, as set out in Section 2 of Annex A to the report.
- note the proposed changes to the disposals schedule and the impact on the capital receipts reserve, summarised in Section 4 of Annex A and further detailed in Appendix 4 to the report
- note the impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 1 to the report
- support and encourage member attendance at the 28 October 2014 Property Workshop, as described in paragraph 4.3 of the report.

8 **Performance Monitoring Report**

8.1 The annexed report (8) by the Head of Business Intelligence and Performance Service & Corporate Planning and Partnerships Service was received.

8.2 It was noted that, in response to a request that had been made at the July 2014 meeting of the Committee, the performance indicators which related to 'surveillance targets' had been reviewed. The report also included more benchmarking data and trend analysis when this was appropriate. In response to a question about which committee was best placed to oversee carbon reduction activities, it was reported that the in depth work on this issue would continue to be reported to the EDT Committee and a brief summary of that work included in Policy and Resources Committee performance monitoring reports.

8.3 It was noted that some parts of the report highlighted the impact of financial reductions on performance but this was not consistent.

The answer to a detailed question by Mr Proctor about the mitigation of the data protection risk can be found at Appendix A to these minutes.

8.4 **RESOLVED**
That Members note the performance monitoring report and confirm that the performance indicators included in the report enable a robust assessment of performance across the service areas that are covered by this Committee.

9 **Norfolk Communities First; Norfolk's Transformation Challenge Award Bid**

9.1 The annexed report (9) by the Interim Director of Children's Services and the Director of Community Services was received.

9.2 The overall aim of the bid was supported and welcomed. It was noted that with regard to what was said in paragraph 3.7 of the report there was nothing new to report.

9.3 **RESOLVED**
That the Committee support the proposals for the Norfolk Transformation Challenge Award bid.

10 **Shared Services – Financial Prospects 2015/18**

10.1 The annexed report (10) by the Director of Strategy and Resources that was circulated with the supplementary agenda was received. This report summarised the approach taken to efficiency and improvement and savings across shared services achieved in 2011/14, provided details of savings of £8.5m previously identified for 2014/17, and identified further potential efficiency savings of £2.29m for 2015/16 to contribute towards the identified gap of £17.5m.

10.2 During discussion the following key points were noted:

- Because the main contribution of shared services to budget savings was through the work that they did for other parts of the organisation, it was important to be careful that any savings in this area did not impact on the Council's ability to make savings elsewhere in the organisation.

- Members were informed that the Managing Director was undertaking a review of the organisational structure of the Council and was due to bring a proposal for the Chief Officer structure to Full Council on 20 October 2014.
- Resources continued to make good progress on delivering its identified savings for 2014/2015 and expected to deliver the full amount by the end of the financial year. Individual services within Resources also had plans, at various stages of development, for delivering their previously agreed savings for 2015/2016 and 2016/2017. Also in 2015/16, a sum of £1.5m was identified to be achieved across Resources by means of a comprehensive review of the shared services. This review would encompass whether any services should be outsourced or carried out by partners. As part of this review, the Council was seeking to measure in a more meaningful way the costs and benefits of services that were traded with its partners, particularly with regard to services to schools and other Local Authorities.
- It was noted that ICT services were being managed by the Director of ETD. Since ICT was a critical whole-organisation enabler, it reported through to Policy and Resources Committee along with other shared services. Any changes to the current managerial arrangements would be addressed through the organisational review led by the Managing Director.

10.3 **RESOLVED**

That the Committee give further consideration to the proposals for shared services at their meeting on 27 October 2014.

10.4 **Procurement Overview**

10.5 The Committee received a detailed presentation from the Head of Procurement (which can be found on the Committee pages website) that set out the Council's current approach to procurement and potential opportunities for savings in the future.

10.6 Members asked to be informed of the level of savings on procurement as a percentage of total procurement expenditure.

11 **Strategic and Financial Planning 2015/18**

11.1 The annexed report (11) by the by the Head of Business Intelligence and Performance Service & Corporate Planning and Partnerships Service and Interim Head of Finance that was circulated with the supplementary agenda was received.

11.2 The Committee received a presentation (which can be found on the Committee pages website) from the Head of Business Intelligence and Performance Service & Corporate Planning and Partnerships Service about the budget planning context, the current forecast, the breakdown of the remaining £13m "gap" against forecast, an illustrative allocation and a suggested approach.

11.3 The Committee Chairs gave verbal updates on progress to date in Committee discussions about how to close the budget gap.

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

- There are considerable financial pressures in Adult Social Care, and although there is recurrent funding transferred from the NHS this is insufficient to meet the increase in demand for services.
- In order to help manage pressure in year, the Director of Community Services had placed restrictions on the discretion given to Heads of Social Care when providing social care so as to increase the take up of residential placements in Norse care and the use of Norse care voids was being closely monitored by senior management.
- It is proposed to make a saving next year from better use of all block purchased care places and by reducing transport costs
- Officers were looking at whether the £1m rebate from Norse care which is earmarked for a capital contributions to the development of Housing with care could be used to support revenue expenditure
- The main priority for capital spending in Adult Social Care continued to be the development of Housing With Care and Supported Housing provision. The officers were looking at ways to work closer with District Councils in order to achieve efficiency savings.
- The Head of Procurement had been invited to attend a future meeting of the Committee to explain the system wide review of procurement that was being undertaken in the Council in so far as it impacted on adult social services.
- Officers had been asked to identify areas of service delivery (including adult preventative services) where by investing money in the next financial year it would result in savings in future years.
- It was the intention to find required savings from efficiencies, not to make service cuts.

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

- Children' s Services was maintaining a concerted drive for immediate, sustainable and long term improvement, particularly in relation to services for looked after children and support for school improvement.
- The Department was also exploring potential new ways of working in relation to school and college transport.
- Steps were being taken to reduce the use of agency staff, particularly in relation to "looked after children", through external recruitment and by taking on increased numbers of trainees within Children's Services. Members asked for the numbers of trainee staff to be monitored in future monitoring reports.
- It was pointed out that in some areas of service delivery it was necessary to make up front investment in improvement and early help in order to make for savings in future years.
- It was the intention to balance the budget and avoid service cuts.

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

- EDT held a number of reserves for specific purposes and the use of the reserves was constantly reviewed and where possible released to support service delivery.
- Full details of all of the balances and planned usage over the next 3 years had been made available to the EDT Committee.
- The areas of expenditure that were currently being examined included Waste Management and Recycling; Transport Strategy, ways to reduce street light energy use and new forms of income generation.
- The Department had been asked to find additional savings of £385,000. In the long-term the savings that would be expected of the County Council would lead to a review of our priorities and approach. To this end, EDT Committee would undertake a strategic review, starting in March 2015 to consider the best way forward.

11.7 The following key points were made In relation to Communities Committee:

- The Communities Committee combined the responsibilities previously in the remit of three separate Cabinet Members', areas and three review panels which had required Members to come up to speed with a broad range of service issues and demands including budgets.
- A large proportion of the funding in relation to Communities could not be reduced because it was obtained from external sources for example the Heritage Lottery Fund, Sports England, and the NHS in relation to ring fenced Public Health. In addition, some of this money was provided for schemes that ran over several years.
- All the services covered by the Communities Committee supported the delivery of wider service and council priorities and included the Norfolk Fire and Rescue Service and Library service which were already very low cost and high performing and enjoyed high levels of public support.
- In terms of controllable spend – for most of the services within the committee's remit this was predominately staff related (fire fighters, library staff or customer services deliver staff). Major reductions in expenditure would necessitate staffing redundancies in frontline services.
- A number of strategic reviews were either underway or being planned in respect of the services covered by the Communities Committee to ensure that services were sustainable in the long term.

11.8 **RESOLVED**

That the Committee:

Note the Council's latest financial position, detailed in Section 2 of the report specifically:

- The provisional Better Care Fund (BCF) position for 2015/16;
- The confirmation of an overall savings target for 2015/16 of £17.5m ;
- The risks set out in paragraph 2.10.

Request Committees to:

- assure themselves of continued tight control on revenue budgets in this

- financial year;
- ensure early notice to Policy and Resources Committee of any potential
- overspends;
- ensure delivery of savings already agreed for 2015/16.

Note verbal reports from Chairs of service committees on progress to date to close the budget gap, and the schedule of savings identified to date.
Note any further actions for Committees to ensure any residual gap is closed and savings proposals are developed in readiness for consultation at the end of October 2014.

12 **Digital Norfolk Ambition - update**

12.1 The annexed report (12) by the Head of ICT and Information Management that was circulated with the supplementary agenda was received. This report provided a further update on the Digital Norfolk Ambition (DNA) Programme that sought to update the County Council's technology provision and to put in place the tools, technologies and procedures to allow the organisation to progress with its transformation agenda.

12.2 The Committee noted that the Digital Norfolk Ambition programme was making good progress, although some milestones had slipped. The higher than anticipated number of software applications and the more hands-on delivery of laptops were the only critical issues identified that would impact on delivery of the programme.

12.3 **RESOLVED**
That the Committee:

- note the progress in the delivery of the DNA programme
- receive a further progress report in two months

13 **Norfolk County Council Workforce Profile 2013-14**

13.1 The annexed report (13) by the Acting Head of Human Resources was deferred until the next meeting because there was considered to be insufficient time remaining for a detailed consideration of this item at this meeting.

14 **Chair's Concluding Remarks**

14.1 The Chair said that Members would receive details in due course of a Member Workshop about the budget setting that would be held in October 2014.

The meeting concluded at 1.40 pm

CHAIRMAN

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APPENDIX A

1. Data protection risk

The risk relates the organisation's ability to protect citizen information in-line with the Data Protection Act. The risk was placed on the corporate risk register in September 2011 following serious breaches of the Act and subsequent investigation and fines by the Data Commissioner. The risk on the corporate register reflects the risk owners considered opinion of the position of the risk at the time of the review. An extract of the full risk register showing the specific risk is attached.

When the risk was added to the corporate risk register the inherent risk score (the level of risk exposure before any action is taken to reduce the risk) was 15 (likelihood 3 x impact 5). The risk owner regularly assesses the current risk score (the level of risk exposure at the time the risk is reviewed, taking into consideration all relevant factors including the progress of the mitigation tasks). This score has fluctuated over the life of the risk to reflect the changing circumstances and mitigation progress. For the 2nd Quarter the risk was rated as 20 (likelihood 4 x impact 5) which is an increase from the 1st Quarter score of 12 (likelihood 3 x impact 4). The increase is to reflect the on-going investigations into recent the Data Protection Act breaches within Children's Services. Further mitigation is being implemented at this time and the score reflects the heightened potential for financial penalties, prosecution and civil claims against the organisation. The target score of 4 (likelihood 1 x impact 4) is the level of risk exposure that we are prepared to tolerate following completion of all the mitigation tasks.

Risks are scored in accordance with the Risk Matrix and Risk Tolerance Level set out within the current Norfolk County Council "Well Managed Risk - Management of Risk Framework. For this review, using the framework, the risk owner has increased the likelihood score to 4 – "likely" and the impact score to 5 - "extreme". An extract of the framework for the impact and likelihood matrices is attached.

In addition, the prospect of meeting target scores by the target date is a reflection of how well mitigation tasks are controlling the risk. The contents of the cell acts as an early warning indicator that there may be concerns when the prospect is shown as amber or red. In these cases, further investigation may be required to determine the factors that have caused the risk owner to consider the target may not be met. It is also an early indication that additional resources and tasks or escalation may be required to ensure that the risk can meet the target score by the target date.

Steve Rayner
Strategic Risk Manager
30/09/14

2. Whether the level of debt would be considered reasonable for a typical high performing local authority.

As part of the constant improvement in reporting, and the ability to better manage performance, the suite of income/debt information has been improved. The recent formal agreement to the accounts, gives us the opportunity to include the performance for 2013-14. In next month's monitor, we will include comparisons with best of class, as requested by the September 29 P&R Committee, now the 2013-14 information is available.

3. Whether Interims were shown within the employee line.

Interims are being coded under the subjective code category of supplies and services – other professional services and not being included in the employee line.

4. Whether the figure of £0.948m in the summary was correct, since the figure of £0.958m appeared elsewhere in the report.

The figure of £0.948m in the summary is incorrect; it should have been £0.958m. The £0.948m in the summary is a typographical error.

Policy and Resources Committee

Item No 6……

Report title:	**Workforce Profile 2013-14**
Date of meeting:	**27 October 2014**
Responsible Chief Officer:	**Audrey Sharp, Acting Head of HR**
Strategic impact The directly employed workforce is a major contributor to the delivery of NCC's priorities and plans and makes up 38 % of organisational costs.	

Executive summary

This annual report provides an overview of the NCC Workforce during 2013/14. It uses data and trends, reports on work undertaken since last year's Workforce Profile and provides insights into some of the future workforce challenges facing the Council.

NCC's Core workforce (Schools and Non-Schools) has reduced by 28% over the past 5 years. This trend has continued during 2013/14 with a reduction of 9% during 2013/14. This results from transfers of schools to academy status, transfers of adult social care staff to Independence Matters (the social enterprise) and as a result of budget cuts, redundancies.

The flexible workforce has increased to support service priorities including Ofsted Improvement Plans. Internal banks for specialised temporary staff like Social Workers have been developed and reduced costs have been negotiated with external agencies.

Staff turnover has increased to 15%, the highest level for 8 years. Within the overall turnover, the percentage of voluntary leavers which are employee initiated has also increased to 11%. Career development is the primary reason for leaving a role.

In an increasingly challenging recruitment market, 69% of adverts lead to successful recruitment. To meet the demands of skills shortages and increasing the 16-24 year old age profile, there are some innovative examples of schemes to 'growing our own' future workforce.

The pace of change requires us to focus even more on what we expect from our employees. We are seeking to strengthen key behaviours across the organisation.

Recommendation:
Members are asked to review and comment on trends relating to the current workforce, the work undertaken and the future skills and behaviours required.

Contents

1. Introduction and context

Demographics, legislation, changes to service delivery and political priorities all impact on the context of the workplace. In Norfolk, we have an increasingly elderly population that increases the demand for our services. Legislation has led to the transfer of Public Health into NCC. Changes to service delivery have resulted from the transfers of Schools to academies and the challenge of meeting Ofsted outcomes. The transfer of the Personal and Community Support Service to Independence Matters happened during the year. There have also been major County wide projects like Digital Norfolk Ambition involving external partners.

This is in the context of significant changes to meet £140m budget reductions in 2011-14, with further reductions needed over 2014-17. Continued financial constraint for the foreseeable future alongside increased demand for services drives service transformation and the need to find effective and innovative ways of delivering services.

1.1. In October 2013, the Putting People First consultation on budget reductions stated:

"Our ambition for Norfolk is for everyone in Norfolk to succeed and fulfil their potential. By putting people first we can achieve a better, safer future, based on education, economic success and listening to local communities."

Our priorities are:

- Excellence in education
- Real jobs
- Good infrastructure

2. Improvements during 2013-14

Based on issues identified in last year's Workforce Profile, the following are examples of actions that have been taken:

Temporary workforce – To meet our flexible workforce needs, the internal bank for Adult Social Care has grown significantly since last year. Contracts with neutral vendors and other suppliers have been renegotiated to maximise value for money and quality. The contract with Comensura has been used to respond to the shortage of experienced Social Workers, within short timescales, to help us meet Ofsted outcomes.

Leavers – The revised exit questionnaire has led to improved understanding of the reasons for leaving and the scope to benchmark against some of the Employee Survey questions.

Employee Resourcing – The 'Get Britain Working Scheme' is continuing and a new Traineeship and Apprenticeship Scheme is starting in October 2014. 'In house schemes have been developed to respond to critical skill areas identified in last year's profile. Redeployment policy and practice have been developed to meet current organisational and individual outcomes.

Sickness absence – Sickness absence rates have continued on a downward trend following the implementation of a new sickness reporting system. HR Direct contacted Resources' managers of employees' with long term absence which has reduced as a result.

Equalities – A review of HR policies and practice has led to new guidance that includes how to support people with disabilities involved in office moves and advice on reasonable adjustments.

Organisation Development and Learning & Development – There has been a continued emphasis on performance management. NCC's Ways of Working has been developed to provide clarity on the behaviours expected of employees to support the changing organisation. Cost effective approaches to learning and development have been used, for example using 'super users' with the training 'roll out' to support Digital Norfolk Ambition (DNA). E-learning is one flexible response to address some of the critical skills identified in last year's profile, including Health Commissioning and Questionnaire Design.

Wider workforce – Local Authorities have a statutory responsibility to ensure occupational standards are maintained when services are commissioned. The external workforce is increasingly important to social care delivery, so as a strategic contribution to workforce development the authority has contributed £130,000 to the Norfolk and Suffolk Dementia Alliance for Norfolk's residents. This has funded the development of 170 Norfolk Dementia Care Coaches to act as role models and mentors in their workplaces and the wider community. 16 Community Hubs will enable carers to learn from each other.

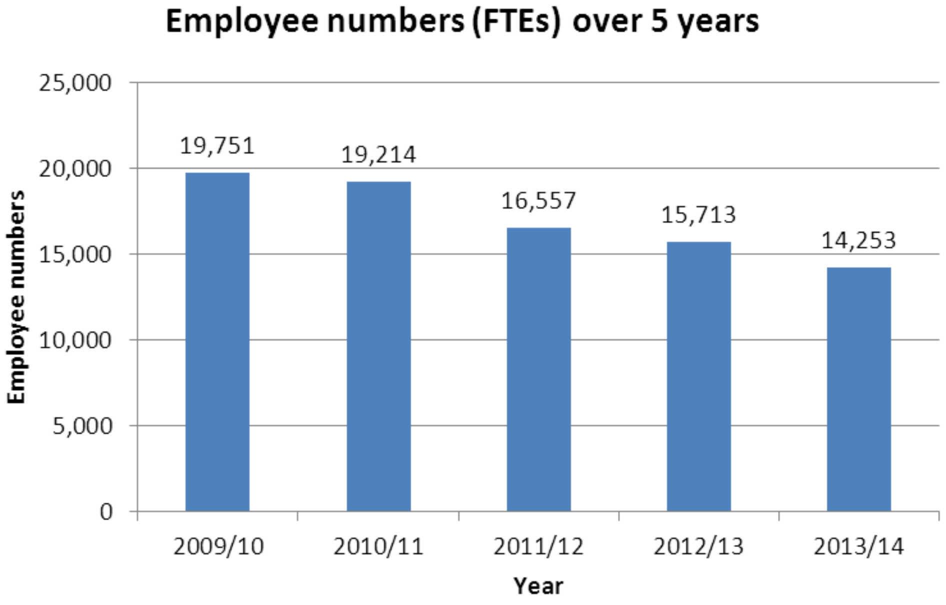
3. Workforce numbers

Key insight

The core employed workforce has decreased by 9% overall during 2013/14, with significant reductions resulting from Schools converting to Academy Status, the transfer of staff to Independence Matters and staff reductions to meet budget cuts. The workforce profile by department is in Appendix 13.3. Although overall staff numbers have reduced, our use of a flexible workforce, employing temporary and agency staff, has increased to meet service priorities and short term fluctuations in demand.

3.1. Trends

NCC's Core workforce (Schools and Non-Schools) has reduced by 28% over a 5 year period. The graph below illustrates this.



The table below shows the changes in workforce numbers by department between March 2013 and March 2014, by Full Time Equivalents (FTE) and Headcount.

Department	FTE Mar-13	FTE Mar-14	Change	Headcount Mar-13	Headcount Mar-14	Change
Children's Services (Non-Schools)	1589.2	1427.4	-161.8	1883.0	1698.0	-185
Children's Services (Schools)	9877.8	9141.1	-736.7	18078.0	16862.0	-1216
Community Services (Adult Social Care)	1458.9	831.2	-627.7	1896.0	1058.0	-838
Community Services (Cultural Services)	570.5	511.7	-58.8	1360.0	1199.0	-161
Environment, Transport & Development	705.7	708.0	2.3	754.0	758.0	4
Fire Service	381.8	382.9	1.1	391.0	395.0	4
Resources (Incl. Shared Services)	1129.5	1198.7	69.2	1380.0	1468.0	88
Public Health	0	52.2	52.2	0	58	58
Total	15713.4	14253.2	-1460.2	25742	23496	-2246

The reduction from 2013 to 2014 continues a trend over the past 4 years. The reduction between the start and end of this financial year amounts to 9%. The core employed workforce numbers decreased during 2013-14 by 1,460 FTE, (737 from Schools and 723 from Non-Schools). Schools account for 64% of the workforce.

The reduction in Schools is primarily because of schools moving to Academy status. In Community Services (Adult Social Care), this is because of the transfer of staff in the Personal and Community Support Service to Independence Matters, a social enterprise.

Other main changes have included:

- In Children's Services (Non-Schools):
  - the Short Stay School for Norfolk (SSSfN) transferred to Children's Services (Schools) leading to a decrease.
  - there has been an increase in Social Workers, school improvement and governor support posts to meet Social Care and Schools Improvement Plans. Increases are being phased over 2013/14 and 2014/15.

- In Community Services (Cultural Services), there have been reductions in Adult Education and other services due because of budget pressures and reduced external funding.

- In Resources:
  - Care Connect staff transferred from Adult Social Care to the Customer Service Centre as a result of the Community Services Assessment and Care Management review.
  - Some departmental area finance staff transferred into the Finance Shared Service.
  - Public Health became a local authority function in April 2013, with staff transferring into NCC.
  - Reductions of Shared Service staff (ICT, HR and Finance) are being phased over 2013/14 and 2014/15 as part of the budget reductions programme.

Appendix 13.2 illustrates the trend in FTEs and Headcount over the last 4 years. Appendix 13.3 shows the current breakdown of departments graphically.

3.2. Redundancy and redeployment

Budget reductions have continued throughout 2013/14. As a result, 261 Non-Schools employees were made redundant (compared with 133 in 2012/13). Of these redundancies, 102 were 'compulsory' and 159 were 'voluntary'.

In Schools, 91 employees were made redundant. Of these redundancies, 41 were 'compulsory' and 50 were 'voluntary'.

NCC operates redeployment services for Non-Schools and Schools employees. In Non-Schools, of the 84 people entering redeployment, 64 were redeployed. This retained skills and knowledge and avoided £326,787 redundancy costs (excluding pension strain). For Schools, there were 29 redeployments which saved £258,177 in redundancy costs (excluding pension strain). The use of the Schools redeployment service is increasing.

3.3. Trends in the flexible workforce

NCC uses a combination of temporary employees and agency staff to cover short term peaks of work and ensure continued delivery of operational/critical services

Internal:

NCC employs temporary staff through a Temporary Staff Register and internal banks for Social Workers. The table below shows the requests and the number of placements made for the Temporary Staff Register.

Temporary Staff Register	2013/14	2012/13	2011/12
Number of placement requests	243	270	230
Number of people placed	208	260	215
Percentage of requests placed	86%	96%	93%

The main demand for the Temporary Staff Register is to cover vacancies resulting from leavers and arising from sickness. The placement rate has reduced from previous years due to greater demand in Kings Lynn and Great Yarmouth, where roles are harder to fill. Recruitment in these areas is planned.

Due to the scale of demand, and the need to provide an increased level of internal flexible response to service needs, Adult and Children's Social Worker Banks have been operating for more than a year. This involves investment in recruitment, manager time in selection and pre-employment checks. These banks provide NCC with employees who gain familiarity with our working practices and systems.

Banks 2013/14	Numbers in Bank	Numbers placed
Adult Social Care	81	37
Children's Social Care	9	4

The Adult Social Care Bank has grown considerably since last year. Further work needs to be done to see whether the lessons learnt from the Adult Social Care Bank can be applied to the Children's Social Care Bank.

3.4. External contracts to engage agency staff

The two main contracts for agency staff are supplied by Comensura and Staff Call. These are used where the service need cannot be provided through internal means. However, over the last year there has been greater need for filling of senior managerial roles and as a result a wide range of agencies have been used which are not included in this report. This includes consultants, interims and professional advisors in School Improvement. We would be looking to this decreasing with a more permanent structure in the organisation.

Staff Call provides business support, drivers and winter maintenance roles. Comensura act as a neutral vendor so that NCC can engage all other types of agency workers, including Social Workers and professional roles such as Finance, Planners, ICT and HR. The neutral vendor negotiates with a wide pool of specialist agencies on NCC's behalf.

The contracts deliver a number of benefits:

- Workers can be deployed flexibly in response to short term or service critical needs. The Comensura framework was utilised quickly to engage 44 Social Workers for Children's Services to support the Ofsted Improvement plans.
- The contracts deliver economies of scale and allow improved agency mark up fees to be negotiated on our behalf. During 2013/14 approximately £437,500 was saved as a result of using the Comensura framework rather than negotiating directly with individual agency providers.

The overall spend is:

	2012/13	2013/14
Staff Call	£1,673,473	£1,066,764
Comensura	£3,649,049	£5,278,956

The Non-Schools temporary and agency staff account for 10.7% of the total payroll spend (up from 8.3% in 2012/13). Chartered Institute for Personnel and Development's (CIPD) Labour Market Outlook, Spring 2014 research evidences that "Temporary contracts are more prevalent among public sector employers (83%) than private sector employers (65%). Where temporary contracts are used, a median of 10% of the workforce is employed under such contracts."

79% of the 2013/14 spend is as a result of increased staffing of Social Work professionals to support the Children's Services Improvement Plan. Community Services accounts for around 9% of the remaining spend, however this is likely to reduce in future following the TUPE transfer of staff to Independence Matters in November 2013.

The majority of placements are short term in nature, evidencing that the contract is being used correctly. A closer analysis of assignments lasting more than 12 months shows that these are for very specialised, skills shortage areas such as Planners and legal professionals, where it has not been possible to recruit to vacancies.

In 2014/15, we plan to:

- Look at ways to maximise the use of internal temporary resources before external routes are pursued.
- Embed the new Staff Call contract (which took effect from 1 May 2014) using improved Management Information to identify further benefits for NCC.
- Understand reasons where the Comensura framework has difficulty in sourcing some candidates.
- Undertake regular contract reviews to ensure that key performance indicators and savings are delivered, and that candidates are of the right quality in terms of skills and experience.
- Retender or extend the Comensura framework during 2015.

Summary

Although overall staff numbers have reduced, our use of temporary and agency staff have increased, in terms of total payroll costs and agency usage. The flexible workforce accounts for 10.7% of the workforce spend. This trend is in line with other public sector organisations where the trend is to drive down fixed costs of core workforce and use flexible workforce to respond to peaks in demand or workforce shortages.

Future workforce

Some known changes on the horizon are that the Mental Health Trust's Social Worker service is transferring back to NCC in October 2014. This involves 68 FTEs and 45 vacancies at the time of writing.

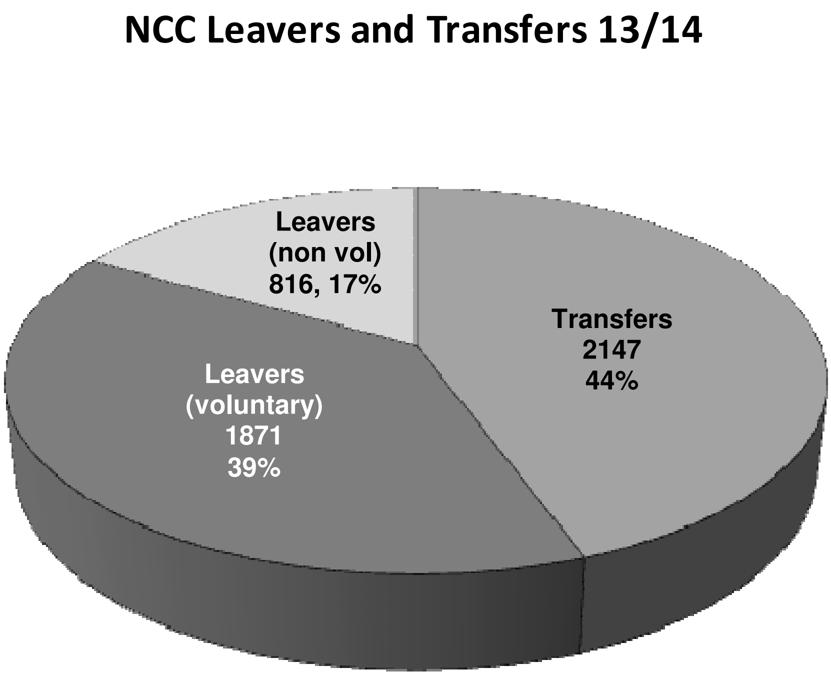
The implications of the Care Act 2014 are yet to be worked out in detail, but there is likely be an increased number of assessments and reviews required. This will include new groups who currently fund their own care and carers, as well as re-assessment of existing groups.

> **Key Implications**
>
> To maximise the use of internal temporary resources, including building on the success of the Adult Social Care Bank and apply this learning to other areas.

4. Employee transfers, turnover and movement

> **Key insight**
>
> NCC overall turnover has increased to 15.1%, the highest level for 8 years. The number of voluntary leavers has increased to 1,871(up from 1,794). This accounts for 10.5% of employees (up from 8.7%).
>
> Career development is the main reason for employees leaving their current role (55%). Of this 'push' factor, 33% leave for career development outside NCC and 22% seek career development by moving within the Council. Fewer organisational levels and greater numbers of staff reporting to managers can reduce career opportunities.

The overall distribution of leavers, from NCC, by headcount is shown in the chart below.



4.1. Turnover

Employee turnover refers to the proportion of employees who leave an organisation over a year, expressed as a percentage of the total workforce. It does not include transfers of staff.

Turnover is analysed by voluntary and non-voluntary reasons. Voluntary leavers are where exits are employee initiated. Non-voluntary turnover is where the organisation needs to end the contract of employment. Where skills are relatively scarce, where recruitment is costly or where it takes several weeks to fill a vacancy, turnover is likely to be problematic for the organisation. It can also be an opportunity to acquire needed skills and fresh perspectives.

The overall NCC turnover of 15.1% is higher than in 2012/13 (12.3%).
The latest average turnover for counties/single tier authorities was 11.4% for 2012/13. In NCC, our increased turnover does not correlate with low unemployment figures, so other factors must be contributing to the higher voluntary turnover of 10.5%. The 2014 Employee Survey results may provide further clarity on the NCC factors.

4.1.1 Non-Schools

According to the most recent 2013 Xpert HR Survey, the median voluntary resignation rate is 8.9% in 2012. The survey also identifies that voluntary resignation rates are on the rise across all sectors of the UK economy, with the public sector experiencing the sharpest rise.

The Non-Schools employee turnover has increased to 14.4% (up from 11%). Of this, 350 (6.2%) employees left for non-voluntary reasons, largely redundancies to meet budget savings. 464 (8.2%) of employees left for voluntary reasons.

	Headcount 11/12	Headcount 12/13	Headcount 13/14
Non Voluntary leavers	556	225	350
Voluntary leavers	494	487	464
Total	1050	712	814
Turnover rate	14.6%	10.6%	14.5%

4.1.2 Schools

Schools employee turnover has increased to 15% (up from 13%). Of these 1407 (11%) employees left for voluntary reasons. The proportion of voluntary leavers in Schools is probably higher due to the flux in the local market, with academies and free schools appointing to roles.

	Headcount 11/12	Headcount 12/13	Headcount 13/14
Non Voluntary leavers	594	522	466
Voluntary leavers	1344	1305	1407
Total	1938	1827	1873
Turnover rate	12.9%	13.1%	15.4%

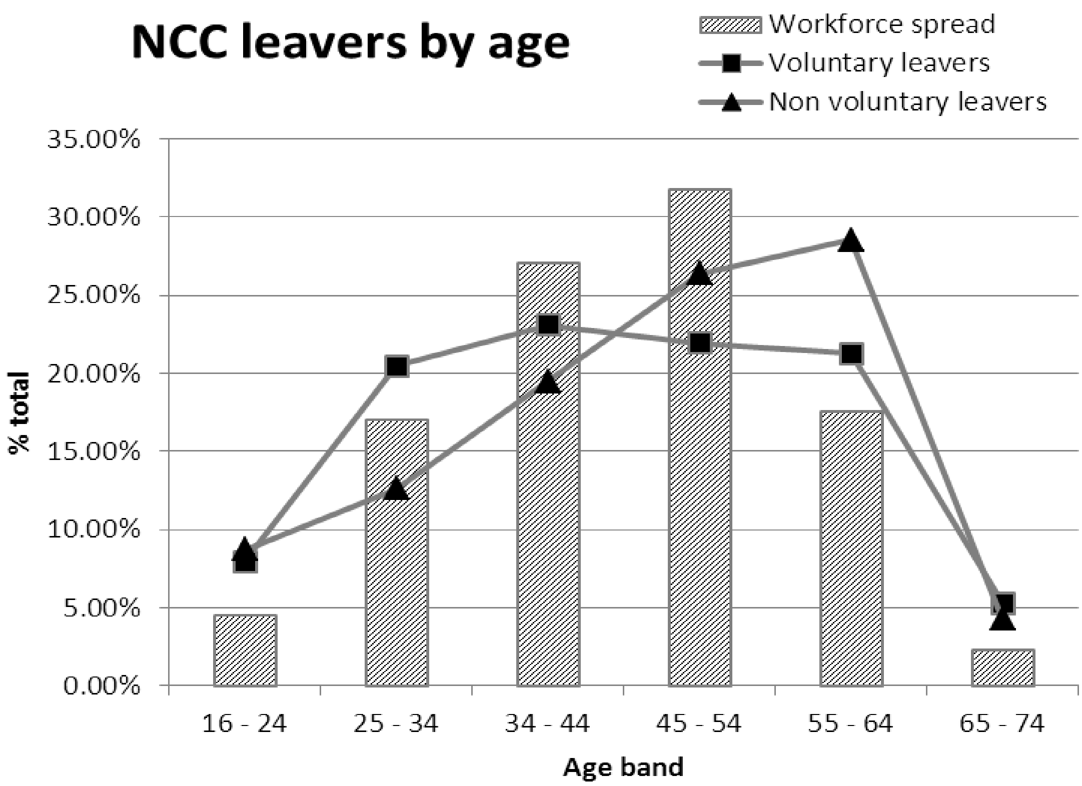
4.2. Voluntary leavers

Voluntary leavers are of particular interest as they are employee initiated and result in costs of replacement and induction. When looking at voluntary leavers it is interesting to note:

- **Length of service:**
  The turnover rate for employees with less than 2 years' service has reduced to 28% from 38% in 2012/13. 40% of voluntary leavers left within 5 years, which is also down from 61%. Once employees have been at NCC for more than 12 months they are more likely to stay than last year, so further analysis of the under 12 month leavers will be undertaken due to the recruitment costs involved.

- **Age profile of Leavers:**
  Just over 36% are aged 16-34; this has increased from 28% in 2012/13. This is in part because Schools' employees have a younger age profile and there is flux in the local market. This percentage rises to 52% if extended to all voluntary leavers aged 44 or less and is at a similar level to the previous year. Turnover is higher among young people than older age groups in the economy. So it is not unusual for organisations to experience this level of attrition. For NCC Non-Schools this is a challenge as our percentage of 16-34 year olds is lower than the whole economy and the private sector.

The graph below illustrates that the percentage of total leavers in the 16-34 and 55+ age groups are more likely to be voluntary leavers when compared to the percentage of the workforce in those age categories. The percentage of total leavers in the 55+ age group are more likely to be non-voluntary leavers. As this group are likely to have knowledge and experience, effective approaches to transfer knowledge and experience is important for NCC.



4.3. Exit questionnaire

Obtaining accurate information on reasons for leaving or moving roles can be challenging. Over the last year, a redesigned, confidential questionnaire has been used to improve understanding of employees' reasons for leaving roles. It was completed by 28% of leavers/movers in 2013/14 (up from 23%).

Of those who completed the questionnaire, 95% were voluntary leavers. The top three reasons for leaving were:

- Career development outside NCC (33%)
- Other/personal (23%)
- Career development within NCC (22%)

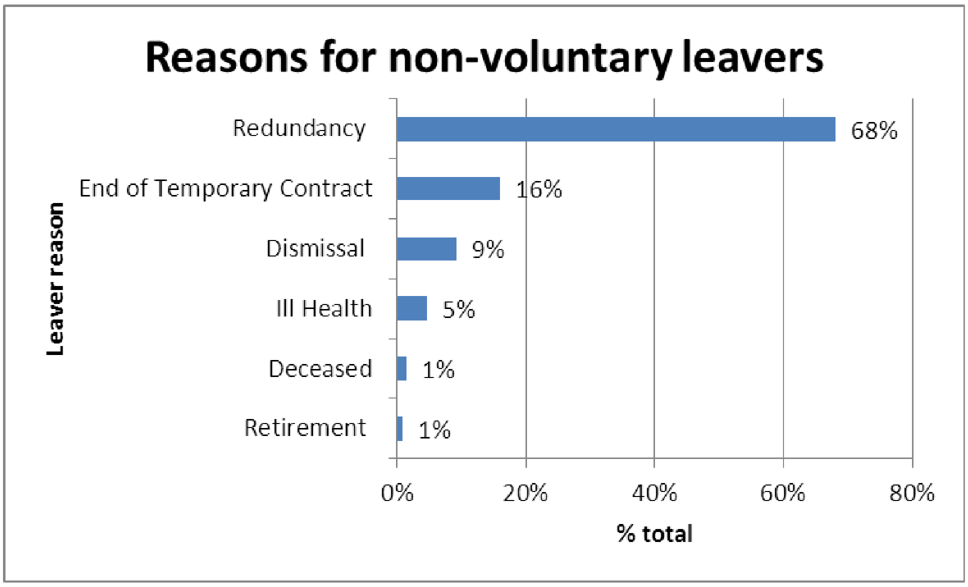
Career development accounts for 55% of the 'reasons for leaving'. Sometimes it is the attraction of a new job or the prospect of a period outside the workforce that 'pulls' them. On other occasions they are 'pushed', as a result of dissatisfaction in their present jobs. Flatter structures in organisation design can reduce career opportunities and reduced learning and development budgets can reduce opportunities for learning.

From those who completed the exit questionnaire, 77% of respondents would speak 'highly of NCC without being asked'. The challenge is to maximise opportunities for employees to develop skills and develop in their careers. Where promotions are not feasible, encouraging sideways moves that can vary experience and provide 'development stretch' become more important.

4.4. Non-voluntary leavers

Although the majority of leavers left for voluntary reasons, a greater number of non-voluntary leavers left than last year, 816 (up from 742 in 2012/13). Non-voluntary reasons include an increased percentage of redundancies detailed in Section 3.2 of this report. The average age for retirement is 61.8 years.

The profile of non-voluntary leavers differs from voluntary leavers, with 48% having more than 5 years' service (voluntary 40%). In the non-voluntary leaver group, 21% of former employees are aged 16-34 (voluntary 36%).



Key Implications

Look at building on learning from 'In house' approaches to skills development, detailed in Section 5 and learning from other approaches to career development.

5. Employee Resourcing

Key insight

With increased operational demands, increased turnover and an upturn in the public sector recruitment market, skills gaps are becoming more evident.

Within NCC there is increased advertising for temporary roles, greater internal movement. Managers are also requiring tighter timescales on recruitment.

NCC has developed some innovative developmental approaches to respond to skills shortages and contribute to NCC's strategic priority for preparing young people for employment.

5.1. Redundancy and redeployment

In the light of employee and manager feedback on the approach to redeployment in Non-Schools, a new Redeployment and Retention policy was introduced on 1 February 2014. This enables improved matching of redeployees' transferable skills to advertised roles. The main changes are:

- Redeployees complete application forms via Applicant Tracking System (ATS) to reflect all their skills, achievements and experience, including work in other sectors and voluntary work. Redeployees applying for more than one role can re-use or tailor previous applications on ATS.
- Managers have better quality information on redeployees through application forms and references from existing managers.
- Trial periods are used consistently, with objectives and timescales for managers and redeployees to assess progress.

5.2. Recruitment

2013/14 has been the first full year of operation for the Applicant Tracking System (ATS), NCC's on line recruiting system. The demand for staff is reflected in the table below. This shows the numbers of internal and external job advertisements.

2013/14	Recruitment Adverts	Appointments Made	Recruitment Adverts where an appointment has been made
Internal	436	452	299 (69%)
External	491	493	340 (69%)
Total	927	945	639

Note: 'Appointments Made' is greater than the number of adverts placed because some adverts cover more than one job.

31% of adverts have not resulted in an appointment, which can have significant operational implications.

Over this year there has been an increase in:

- Social Care vacancies including Social Workers, Reablement Workers and Family Support Workers (across Children's and Adults Services)
- Temporary posts

5.3. Skills shortages

In recruitment, some vacancies are noticeably harder to fill than others including:

- Experienced Children's Social Workers
- Head Teachers
- Mathematics and Science Teachers
- Schools roles in the west of the county
- Advisory and School Improvement roles
- Reablement workers in the west of the county
- Approved Mental Health Care Professionals
- ICT specialists
- Some planning, legal, finance and procurement roles

5.4. Recruitment trends

The Labour Market Outlook Spring 2014 from Chartered Institute of Personnel and Development (CIPD) indicates employment prospects have improved in the public sector. The rise is largely due to an increase in recruitment intentions, which have risen to their highest level for almost two years.

The three top reasons cited by employers for hard-to-fill vacancies are skills (57%), lack of applicants (42%) and lack of experience (38%). Employers are planning to invest more in development schemes to address these difficulties by recruiting more graduates, apprentices and internships. In addition, the report suggests that more public sector employers (52%) are currently having difficulties filling vacancies than the private sector (37%) or voluntary sector employers. The report concludes that UK employers need to offset the risks associated with further skills shortages.

5.5. Developing skills ‘In House’ – Examples of Schemes

5.5.1. Norfolk Institute for Practice Excellence

The aim of the Norfolk Institute is to develop experienced Social Workers within NCC to respond to the Social Care Improvement Plan. Children’s Services has developed an innovative approach of placing Newly Qualified Social Workers in 2 small teams of 8 with Team Managers. These teams work alongside Duty Teams. The Team Managers’ role is to plan workload and supervision using cases from the Duty Teams, so that knowledge and expertise are deepened. The Team Managers are also joint reviewers of cases and assessors. The two "pilot" teams started in June 2014. A further 27 NQSWs will start in September in 4 other NQSW teams.

The benefits are:

- Newly Qualified Social Workers (NQSW) are in a team with a Team Manager who is focussed on supporting their Assessed and Supported Year in Employment (ASYE).
- Planned workload and experiences are used to both broaden and deepen knowledge and expertise.
- An opportunity to work across Children’s Services Social Care
- Retention of ASYE Social Workers within NCC

5.5.2. Norfolk Commissioning Academy

This programme brings together senior commissioners from Norfolk’s public sector organisations. All our commissioners are operating in a very challenging environment of reducing resources and increasing demand. This programme of collaborative learning brings together public sector colleagues in similar commissioning leadership roles, providing them with access to innovative approaches from a range of sectors.

There are 28 participants from District Councils, Norfolk County Council, Norfolk Constabulary and the NHS.

The programme is based around tackling together the real, intractable commissioning challenges we have across our local landscape. We have many examples in Norfolk of good commissioning practice; this is an opportunity to share these and explore even better ‘join up’ of our work. This programme seeks to bring some ‘fresh thinking’ and research from the Cabinet Office national programme to strengthen our collective local commissioning transformation work.

5.5.3. Museum Trainee Scheme

The Teaching Museum Trainee Programme was set up to offer an alternative, vocational route into the museum profession enabling people from diverse backgrounds to start a career in the sector. Trainees in the first cohort ranged from 20-50 in age. 8 Museum Trainees started work in January 2013 with a further 8 starting in January 2014. Trainees were not required to have any previous museum qualifications or experience, but were recruited for their positive attitude and potential to learn the skills needed to work in a museum. They were placed across the service supporting work in Archaeology, Digital, Learning, Natural History, Social History and Collections. The 12 month traineeships provide experience of doing a real museum job and a comprehensive development programme involving skills development as well as mentoring. The posts are funded by Arts Council England, Esmée Fairbairn Collections Fund and the Heritage Lottery Fund Skills for the Future programme.

The benefits so far have been:

- The trainees have gained real experience of, and insight into, the work of museums and in turn they have helped us to evaluate and develop the programme.
- All of their posts include work to increase access to collections for the public and this extra capacity provides more opportunities to engage local communities and visitors.
- Staff across the service have supported the scheme though supervising, mentoring and training trainees and in turn have developed their own skills and strengthened links between different parts of the service.
- Of the first 8 trainees, 7 have secured museum roles, 2 in the Norfolk Museums Service and 1 is taking a Museology qualification.

5.5.4. Customer Services and Communications Scheme

The aim of the scheme is to boost capacity across the team and offer graduates significant practical experience across marketing, internal communications, media, events, web and customer insight. This is intended to increase their chances of finding permanent employment in a highly competitive area by matching their theoretical knowledge with practical experience in an award winning service. Since September 2011, there have been 7 paid internships, each lasting 11 months. The scheme was initially funded by income generated from advertising and selling expertise to partner organisations. A further 4 internships each lasting 11 months will start in September. They will be funded by areas of the council needing additional communications resource, but they will continue to be managed and mentored by communications professionals.

The benefits so far have been:

- The unit has benefitted from the new ideas, technical skills, enthusiasm and energy of recent graduates.
- All of the 7 interns have secured permanent employment in communications roles outside NCC.

5.5.5. NCC Apprenticeship Scheme

This scheme aims to improve the employability and skills of 30 young people (aged 16-24) by providing paid workplace experience and access to apprenticeship qualifications. This was to support the work of Economic Development in promoting apprenticeships across private sector employers in Norfolk. A positive effort was made to recruit young people who faced 'barriers to employment'. The Scheme started in March 2013, on a phased basis with the last apprentices due to finish September 2014. Apprentices undertook either Information Technology (ICT Level 2) or Health and Social Care (H&SC Level 2) or Business and Administration (Level 2 or 3). This scheme also contributes to redressing the balance in NCC's age profile.

Outcomes:

- 9 of the apprentices recruited declared a disability.
- 97% retention rate compared to a national rate of 70%.
- There were 18 completions as at the end of March 2014, with 4 achieving ICT Level 2, 5 Bus Admin Level 3, 4 Bus Admin Level 2 and 5 H&SC Level 2.
- Of the 18 completions, 3 have permanent posts within NCC, 11 have temporary posts within NCC and 2 have temporary posts outside NCC, with 2 unknown.

NCC will be appointing 20 trainees, with funds assigned (approximately £67,000) to offer 10 supernumerary apprenticeship posts at the end of their traineeship. The traineeships are starting October 2014. (Traineeships have three elements; work preparation training, English and maths development and a high quality work placement and last approximately 3 months). In addition, departments and Schools continue to recruit apprentices to structures where possible.

5.5.6. Graduate Placement Scheme (Get Britain Working Initiative)

NCC committed to offering and managing 30-50 Placements (from Feb 2012 to March 2014) in support of the Governments' 'Get Britain Working' initiative. The candidates are sourced through the Job Centre and are recent, unemployed graduates aged between 21 and 25. Successful candidates are offered 6-8 weeks' work experience and are expected to work between 25 and 30 hours a week.

In total, 31 placements have been offered and feedback has been positive. Additionally, four opportunities have been offered to graduates through our links with external organisations and these have been passed to the Job Centre to be filled. As the scheme has developed, the time taken to match graduates to placements has reduced, to an average of 3 weeks.

Placements

Placements filled within NCC	31
Placements referred to Job Centre	4

Known candidate outcomes

Joined Temporary Staff Register	4
Gained employment within NCC	6
Gained employment outside NCC	5

Referrals from the Job Centre have fallen since their peak in 2013, with less than 20 during the first half of 2014. This would initially seem to be a promising sign of increased employment levels and a more competitive job market. NCC will continue to participate in the scheme.

5.5.7. Other work placements

NCC has offered 142 placements to Social Work students (observation and practice placements), Environmental Science 'Year in Industry', Speech & Language Therapy and BA in Education.

22 work experience placements were offered to school students in Year 10 of secondary education. This latter group has reduced because of lack of organisational capacity.

Key Implications

There is a need to gain additional intelligence on recruitment within the Norfolk market, particularly shortages in the west.

Use the innovative and practical case studies to respond to skill or capacity shortages.

6. Sickness absence

> **Key insights**
>
> Overall sickness absence for 2013/14 has fallen to 6.96 days per FTE. There has been an overall reduction in sickness absence of 1.7 days per FTE over the last 5 years.
>
> This is lower than benchmark comparisons and continues to reduce. There has been a marginal increase in staff (46%) having no sickness absence at all.
>
> Long term sickness continues to account for more absence than short term sickness, with some variations between Schools and Non-Schools.
>
> When comparing with 2012/13, the percentage of absence due to 'short term viral infections' and 'musculo-skeletal conditions' have decreased, while mental well-being has increased.

NCC has achieved a considerable reduction in time lost due to sickness. The table below sets out the trend data for the last 5 years, including the end of year outcome for 2013/14. This is shown in the graph in Appendix 13.4.

	2009/10	2010/11	2011/12	2012/13	Target 2013/14	2013/14
NCC (All)	8.67	7.81	7.10	7.06	6.81	6.96
NCC (Non-Schools)	10.83	9.13	8.51	8.48	8.23	7.91
Schools	7.24	6.88	6.30	6.26	n/a	6.44

Note: There is no target for Schools as NCC has limited scope to influence schools' sickness levels.

Overall absence levels continued to reduce in 2013/14, although the target was just missed. It is positive to note however that the downward trend has continued within NCC Non-Schools, with a reduction of 2.92 days per FTE, or a 27% reduction in the last 5 years.

Overall, 9,528 fewer days' sickness absence were taken in NCC during 2013/14 compared to 2012/13. This delivered notional savings equating to approximately £605,114, based on an average day's pay.

6.1. Comparative trend data

In the latest Local Government Workforce Survey, 2012/13 Councils reported a median of 8.8 days lost per FTE. NCC's sickness absence is at 6.96 days per FTE.

An alternative method of calculation is days lost to sickness per employee. In NCC this is 6.7 days. This is the method of calculation used in the CIPD Annual Absence Management Survey 2013. NCC's absence levels compare favourably with relevant comparators.

	Average days absence per employee
NCC	6.7
All employers	7.6
All local government employers	8.8
All employers with 5,000+ employees	9.2

It is encouraging to note that while local government and large organisations have experienced increases in the last 12 months, NCC is continuing a downward trend, albeit at a slower rate than previously.

6.2. Key trends

Absence due to sickness can be analysed further to understand trends, shown in the table below:

	12/13				**13/14**			
	Up to 5 Days	**5.5 to 20.5 Days**	**21+ Days**	**% staff taking sick**	**Up to 5 Days**	**5.5 to 20.5 Days**	**21+ Days**	**% staff taking sick**
NCC Non-Schools	12.36%	20.29%	67.35%	59.1%	12.22%	21.01%	66.76%	54.2%
Schools	22.9%	30.9%	46.3%	67.6%	22.1%	30.5%	47.4%	68.4%
Total	18.3%	26.3%	55.4%	64.9%	18.1%	26.7%	55.2%	63.9%

- 55.2% of absence in 2013/14 is long term (over 21 days in a year). This is in line with Local Government Workforce data on proportions of long term and short term sickness (under 21 days).
- In Non-Schools long term absence accounts for a greater proportion of total absence (66.7%) in 2013/14. This has reduced from 67.4% in 2012/13.
- In Schools, long term sickness absence is not as prevalent, because of the term time only working pattern. There are more Non-Schools staff who are absent for long term reasons, but when staff in Schools are absent on a long term basis it is for significantly longer periods.
- In NCC Overall there is a marginal increase of staff with no sickness absence during the 12 month period. However, the improvement in Non-Schools (55.8% up from 50.9% in 2012/13) is significant.
- For NCC overall, ‘short term viral infections, mental well-being and musculo-skeletal’, account for 66% of the absence. These proportions are in line with the Local Government Workforce Survey. In NCC Schools, ‘short term viral infections’ account for a third of absence due to sickness. In Non-Schools ‘mental well-being’ accounts for 29%. A table in Appendix 13.5 shows the reasons for absence for Schools and Non-Schools.
- Reasons for absence in this report are calculated on the basis of percentage of overall absence. The percentage of absence due to ‘short term viral infections and ‘musculo-skeletal conditions’ has decreased from 2012/13,while ‘mental well-being’ has increased.
- Further information on interventions on mental well-being (Norfolk Support Line) and Musculo-skeletal (IPRS) is detailed in the Health and Safety Annual report in July’s Policy & Resources meeting.

6.3. Actions taken

Over the last 12 months, the following actions have been taken to support managers:

- Proactive contact made by HR with managers of the top 50 long term sickness cases within Resources. Data shows that the feedback from managers has been positive and a reduction in sickness absence has been achieved.
- Monthly sickness absence reporting extended to include all Community Services Team managers. Work is underway to extend the reporting to all NCC line managers. Managers are starting to make contact about the reports, indicating that the information is being reviewed and actions taken.
- A presentation to Community Services Managers about managing absence identifying the support available to manage sickness absence.

Key Implications

Reviews of absence management practice were undertaken by Internal Audit and the Corporate Health and Safety Manager. An action plan is being developed.

7. Equalities

Key insights

There have been increases in the employees in the 16-24 year old age group, employees who declare a disability and those from an ethnic minority during 2013-14.

Work on enabling people with disabilities to be planned for in accommodation changes has been integrated into the NCC's approach to flexible working.

For Members who want further information on how NCC meets the Public Sector Equality Duty (PSED) for service delivery and the workforce, the information is published on NCC's Internet in: January 2014 performance report.

NCC aims to ensure that all reasonable adjustments or supportive measures are considered to allow equality of access and opportunity regardless of age, gender, ethnicity, sexual orientation, disability, faith or religion, gender identity, pregnancy or marital status.

7.1. Age profile

The age profile of NCC's workforce at 31 March 2014 is outlined in the table below.

Age Group	All NCC Employees 12/13	All NCC Employees 13/14		Schools	Non-Schools
16 - 24	4.33%	4.48%	▲	5.19%	2.80%
25 - 34	16.81%	17.00%	▲	17.32%	16.26%
35 - 44	27.13%	27.05%	▼	28.63%	23.31%
45 - 54	31.46%	31.69%	▲	31.49%	32.14%
55 - 64	18.00%	17.51%	▼	15.50%	22.29%
65 +	2.28%	2.27%	-	1.87%	3.21%

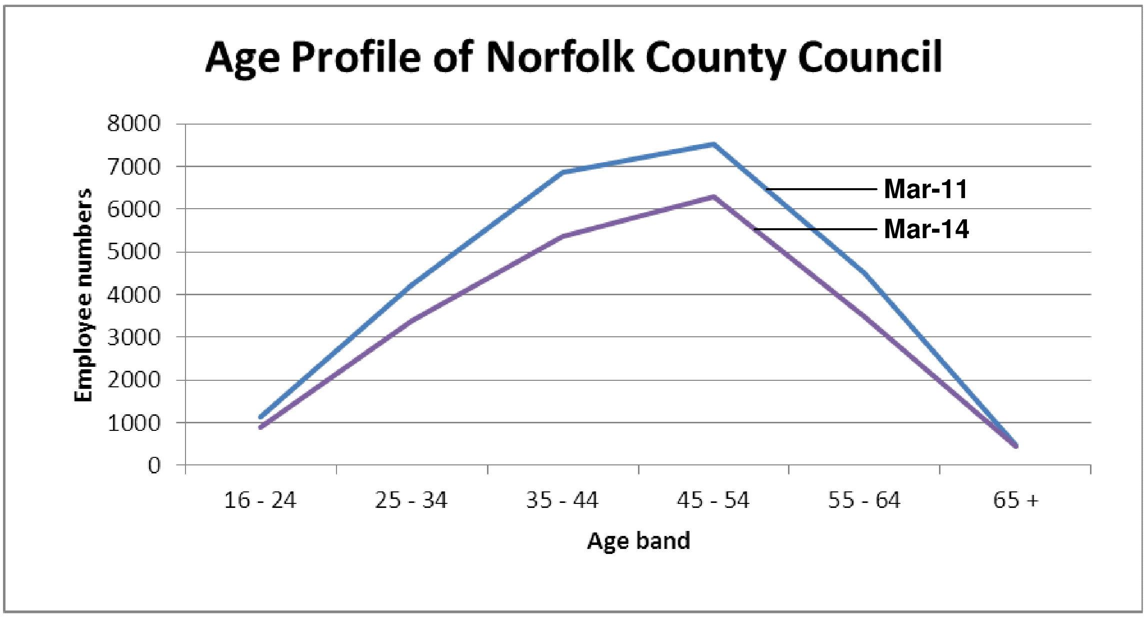
Of NCC's workforce, 51% are aged 45+, 6 % higher than 11 years ago. The profile shows an ageing group peaking at age 45-54.

The marginal increases of 16-24 year olds has continued for a third year, up to 4.48% (up from 4.18% in 2011/12). The recruitment of apprentices and the Get Britain Working Scheme has contributed to this. However, NCC as an organisation does have more of a commissioning role with the need for experienced specialists and fewer entry level roles, especially in business support.

Our percentage of 16-24 year olds is lower than the public sector employment in the East of England (8.29%) and the total of the remaining employment sectors(12.55%).

There have been small reductions in the 55+ age group.

The graph below shows our overall age profile over the last 3 years.

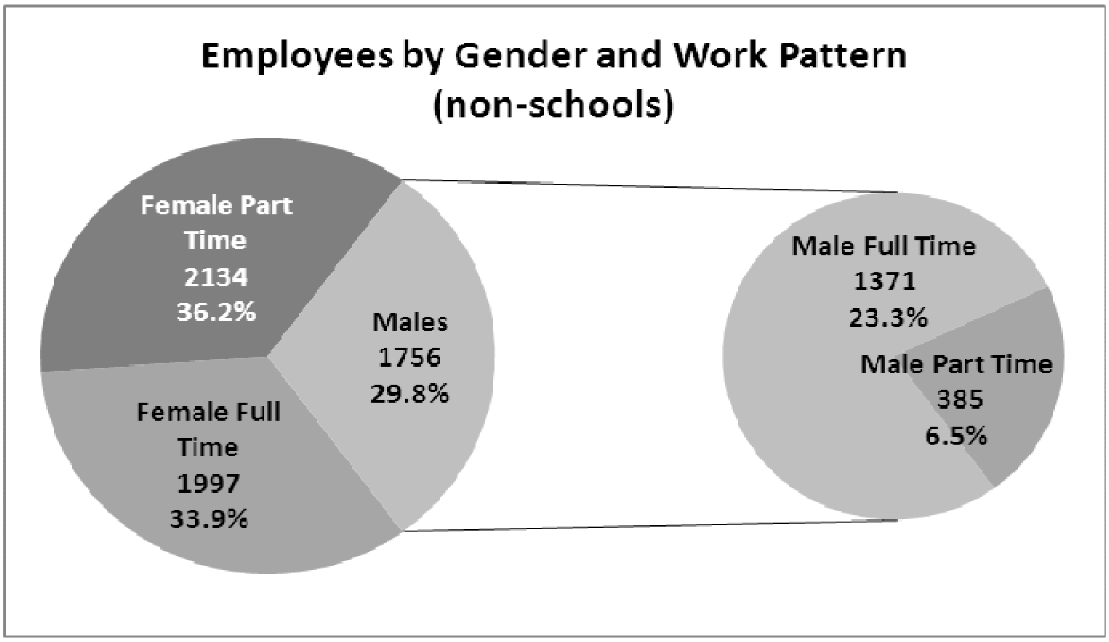


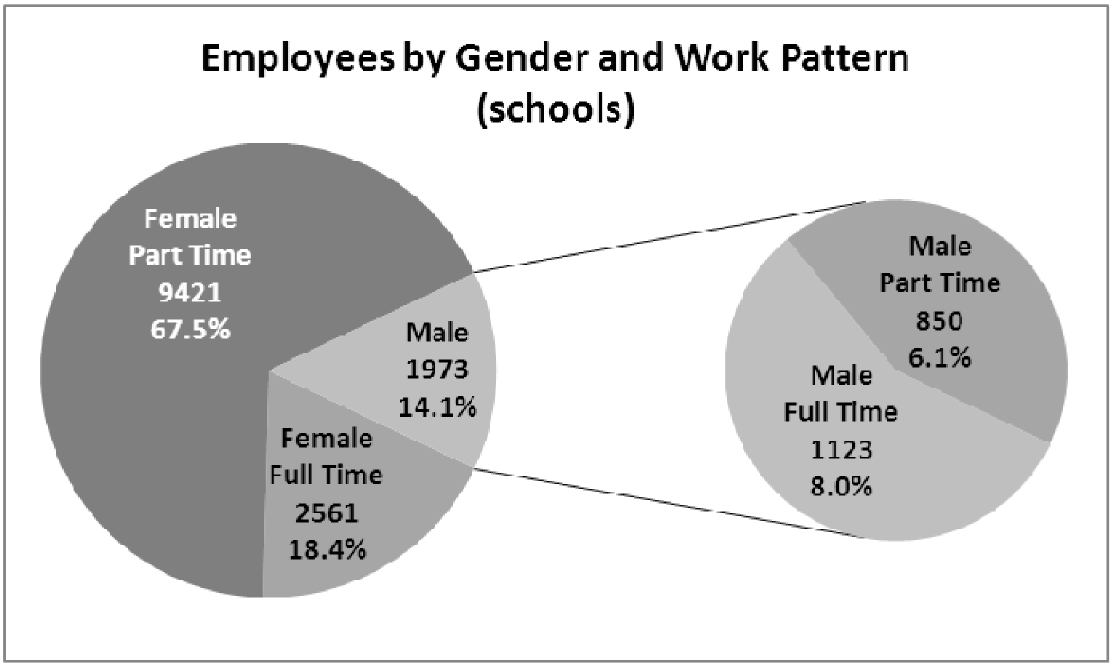
The age profiles for Non-Schools and Schools are different and are in Appendix 13.7. The average length of service profile in NCC is 8.28 years.

7.2. Gender and work patterns

Overall in NCC, 81% of the workforce is female and 64% of staff are part time. The proportions of male and female part time staff have remained at the same levels since March 2011, with male part time staff forming between 6-7% of part time workers.

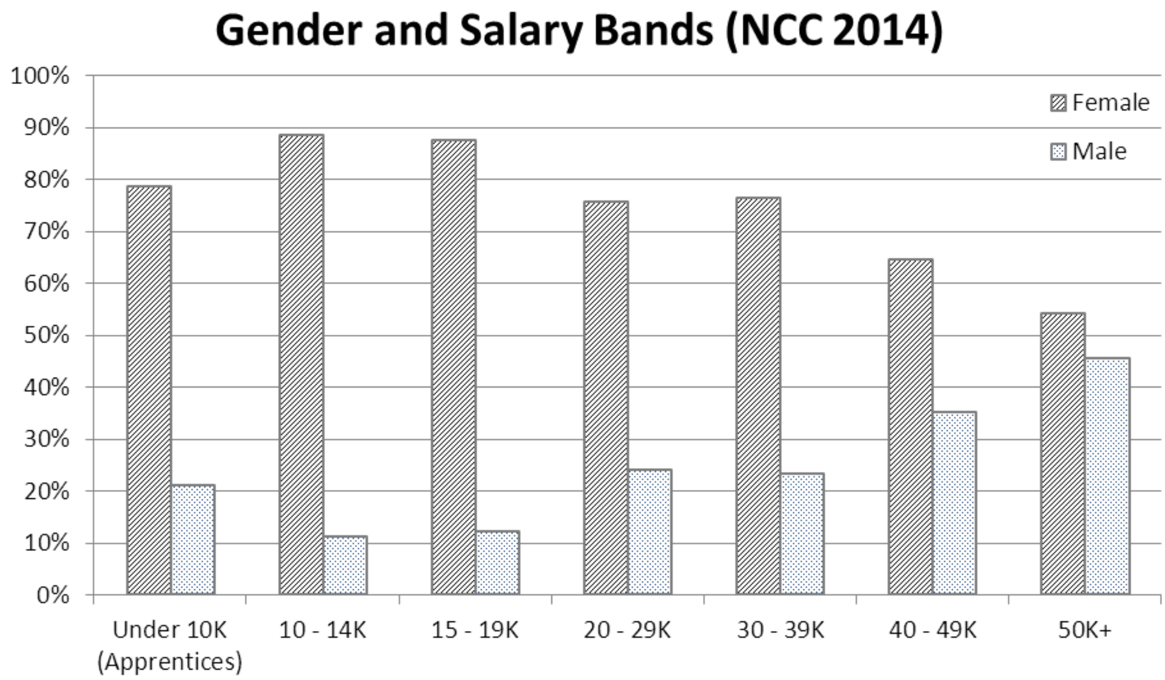
In Schools, 86% of the workforce is female and 74% is part time. The NCC profile continues to follow the profile for local government. Graphs for Non-Schools and Schools are below.





7.2.1. Gender and salary bands

The figures show females well represented in all salary levels due to greater numbers in employment. In the higher salary bands the proportion of women decreases.



	Under 10K (Apprentices)	10 - 14K	15 - 19K	20 - 29K	30 - 39K	40 - 49K	50K+
Total Female	79%	89%	88%	76%	76%	65%	54%
Total Male	21%	11%	12%	24%	24%	35%	46%

Note: The lowest salary banding is subject to small numbers and therefore minor fluctuations in this group can cause significant changes.

As the gender profiles in Schools and Non-Schools are different, the same chart has been included in Appendix 13.6 for Non-Schools and Schools separately.

7.3. Equalities profile

	2009/10	2010/11	2011/12	2012/13	2013/14
Employees with a declared disability					
Workforce	2.12%	2.24%	2.14%	2.21%	2.24%
Top 5% Earners	3.39%	3.34%	3.34%	3.51%	3.92%
Employees from a declared ethnic minority (BAME)					
Workforce	1.43%	1.51%	1.44%	1.42%	1.55%
Top 5% Earners	0.28%	0.30%	0.38%	0.40%	0.48%
Top 5% Earners (female)	45.66%	46.52%	45.24%	45.68%	43.62%

During 2013/14, employees who declare themselves to have a disability as defined by the Equality Act now stands at 2.24% of the workforce, with 4.13% in Non-Schools and 1.26% in Schools. This represents marginal increases over 5 years. We know that on average 18% of employees in Non-Schools and 38% in Schools do not declare their status, so it is likely to be under representative. 3.92% of top earners declared a disability.

Black, Asian and Minority Ethnic declared employees (BAME) comprise 1.55% of the overall workforce, with 1.10% in Schools and 2.41% in Non-Schools. This represents marginal increases over 5 years. We know that on average 10% of employees in Non-Schools and 34% in Schools prefer not to indicate their ethnic status.

In addition to monitoring BAME employees, we monitor those declaring themselves as 'other non-white background' in recognition of the migrant workforce, not captured by BAME. 1.90% of the overall workforce declare they are of 'other non-white background'.

NCC has monitored protected characteristics of Lesbian, Gay and Bisexual (LGB) employees and employees of faith or no faith for 3 years under the Public Sector Equality Duty. 6% of the overall NCC workforce declared their LGB status, with 7.3% declaring their faith or no faith.

Work undertaken:

- An accessibility survey that will provide an opportunity to update employees' declarations.
- Improved guidance on identifying and implementing reasonable adjustments for employees with disabilities and a new policy supporting transgender employees.
- Improved manager guidance to support team members with disabilities involved in accommodation moves in order to identify potential reasonable adjustment issues at an earlier stage for effective planning and implementation.

Key Implications

Following the recent accessibility survey, we will be continuing to support employees with disabilities and also further develop the Accessibility Standards.

8. 2014 Employee Survey

Background

Employee Engagement is an area in which we place considerable emphasis, given its importance to organisational performance. The Employee Survey has taken place approximately every 2 years since 2007, with some focused 'pulse checks' in between. An Employee Survey was completed in June 2014. This year results will be provided to an increased number of managers to support targeted performance improvement.

The survey will not only measure levels of engagement, but also barriers that get in the way of people doing their job. The data focusses the key drivers of engagement; leadership, strategy and direction, performance management, pay and benefits, resources, systems and processes, development opportunities, collaboration, authority and empowerment, quality and customer focus.

This year we are able to benchmark ourselves against high performing organisations in the private sector, alongside the previous Mori public sector norm data.

Survey Outcomes and Next Steps

The Survey had just under 3850 responses, the highest participation of all our surveys. The response rate of 61% compared with 54% in 2011. The strengths and opportunities to improve from the survey are highlighted in Appendix 13.8.

Over the next few weeks managers and employees will be involved in understanding the key issues, their root causes and develop actions to address them together. This will be done through employee forums and some focused task-and-finish groups.

Senior Managers will be talking to their service areas and teams about how the survey results relate to their areas.

Progress will be monitored through regular 'pulse checks'.

9. Ways of Working

Implementing successful transformation requires NCC to ensure that the way we work, supports the challenges we face moving forward. The pace of change requires us to focus even more on what we expect from our employees and reinforce key behaviours. A set of behaviours has been developed, which' "if everyone was doing them" consistently would have the biggest positive impact on the way we work together as an organisation. We set up a programme of employee advocates to support the implementation. This work is being reinforced with managers across NCC.

10. Recommendation

Members are asked to review and comment on trends relating to the current workforce, work undertaken and future skills and behaviours required.

11. Financial Implications

There are no financial implications to bring to the attention of Members.

12. Issues, risks and innovation

Equality Impact Assessments (EqIA) have been carried out on all HR policies and procedures as well as on some of the impact of current organisational change

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:

Officer Name: Ruth Grant **Tel No: 01603 223592**
Email address: ruth.grant@norfolk.gov.uk

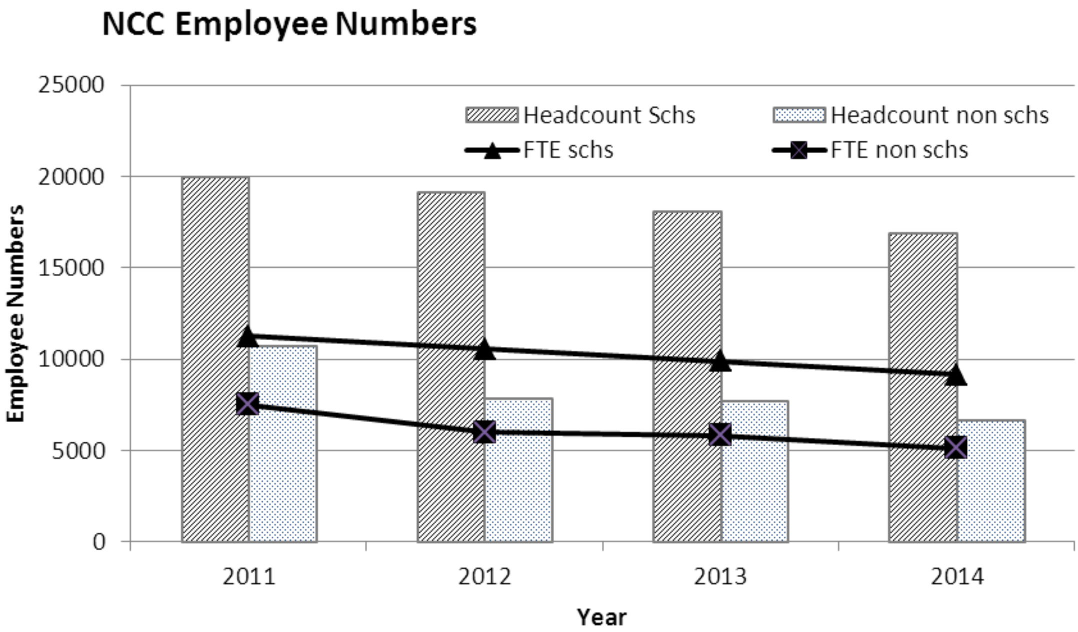
13. Appendices

13.1. Terms of reference

The table below outlines what is in or out of scope of this report, as well as relevant comparative and benchmark data sources.

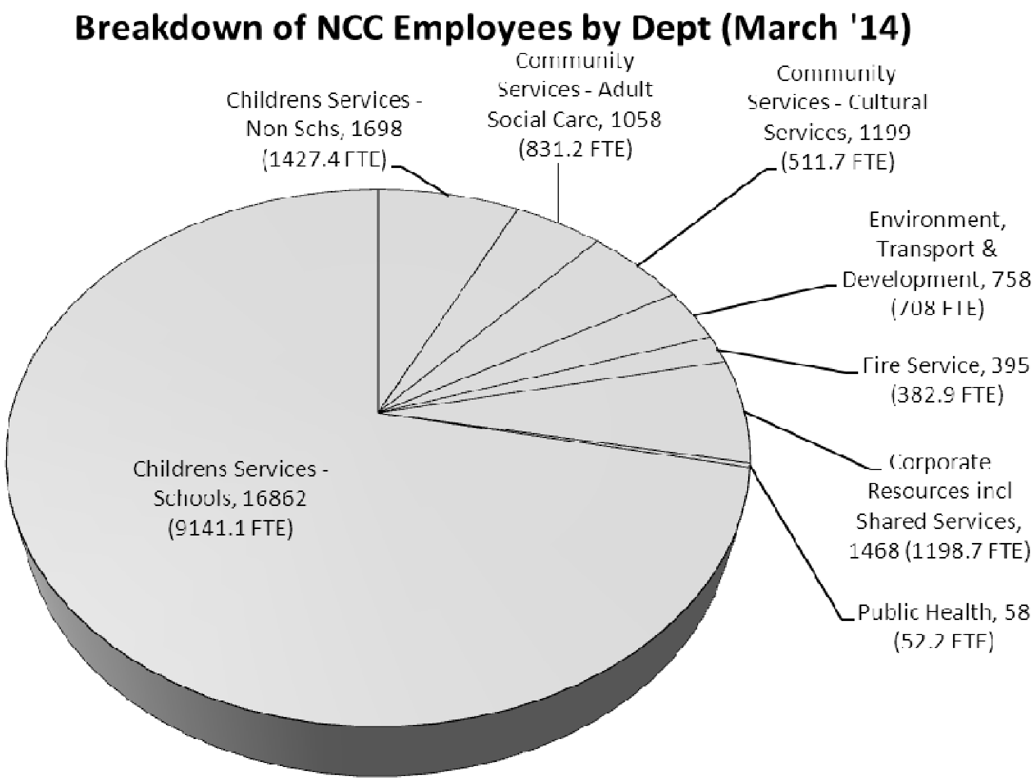
Topic	Definition	Data
Time frame	As at 31 March 2014 for the financial year 2013/14	Oracle database
Scope	Included: – Permanent Employees – Fixed Term Contract Employees – All Local Authority Schools teaching and support employees Not included: – Relief employees – Casual employees Temporary and Agency employees are included in respect of costs and agency spend, however, they are excluded for all other reporting purposes.	The staffing budget data is presented as full time equivalents. Where headcount analysis is required, March 2014 payroll data has been used. Benchmark data: – Chartered Institute of Personnel and Development (CIPD) – Local Government Association/Employment (LGA/LGE) – Office of National Statistics
Diversity measures	– Age – Gender – Ethnicity – Disability – Sexual Orientation – Religion or Belief	
Local Labour Market (LLM)	Norfolk County	– Office of National Statistics Regional Monthly Statistics (March 2014) – Economic Development

13.2. FTE employee numbers (Schools and Non-Schools)

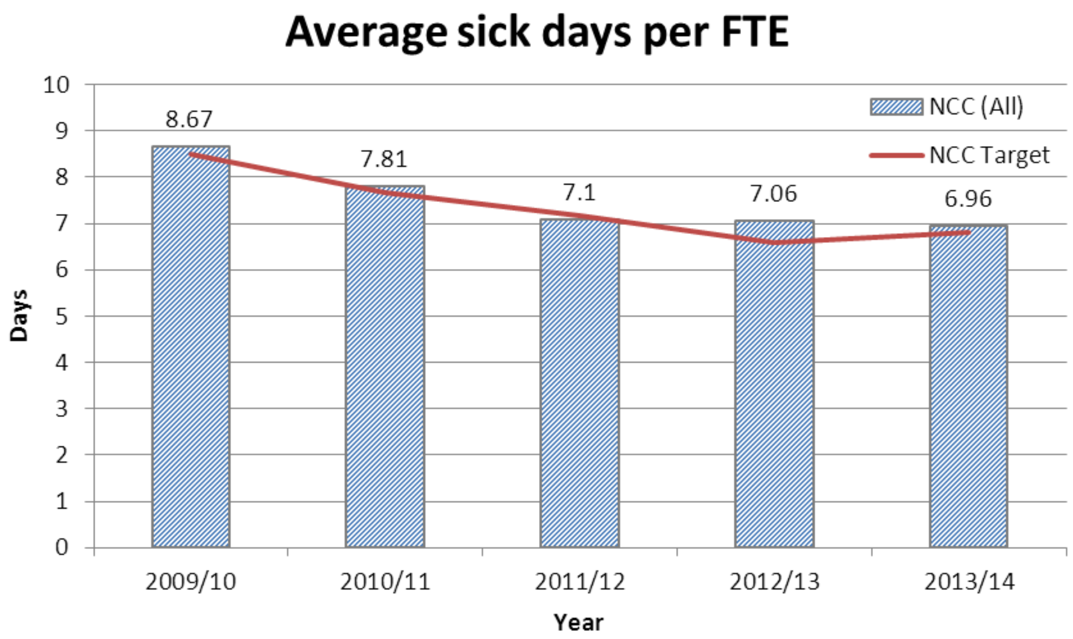


Schools	2011	2012	2013	2014
Headcount	19923	19101	18078	16862
FTE	11248.7	10543.2	9877.8	9141.1
Non-Schools	**2011**	**2012**	**2013**	**2014**
Headcount	10710	7819	7664	6634
FTE	7519	6013.35	5835.63	5112.065

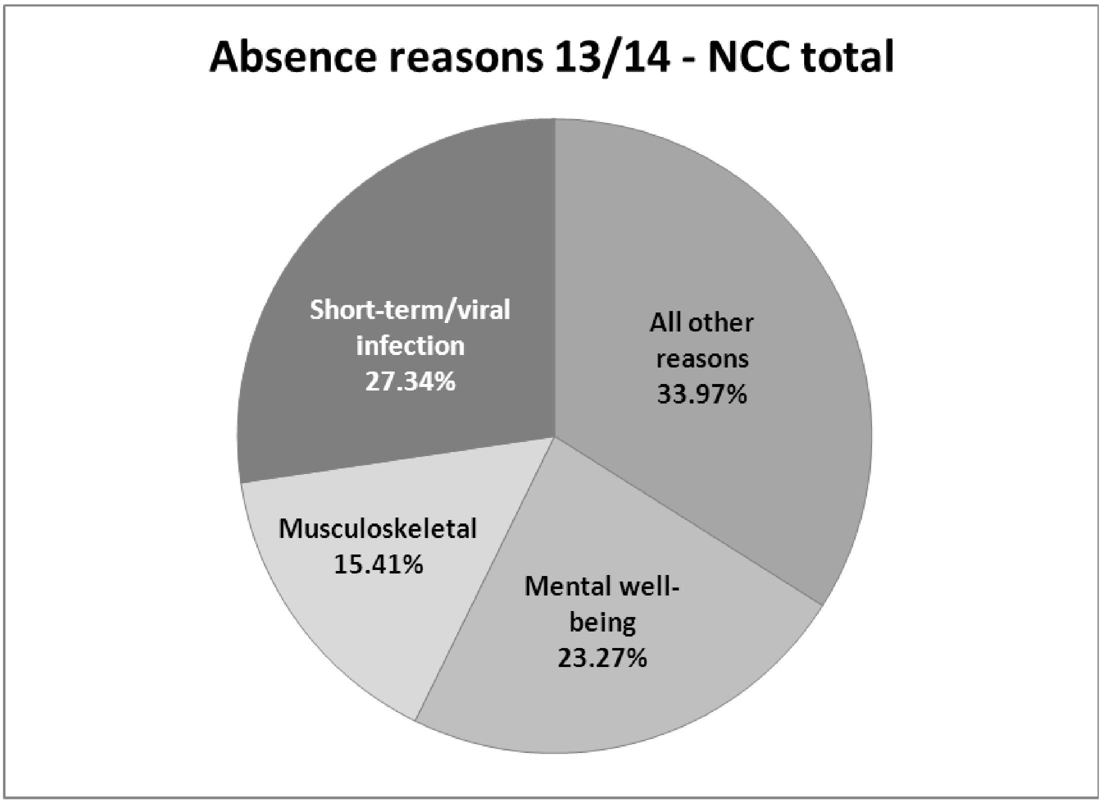
13.3. Breakdown of FTE and headcount by department



13.4. Sickness absence rates

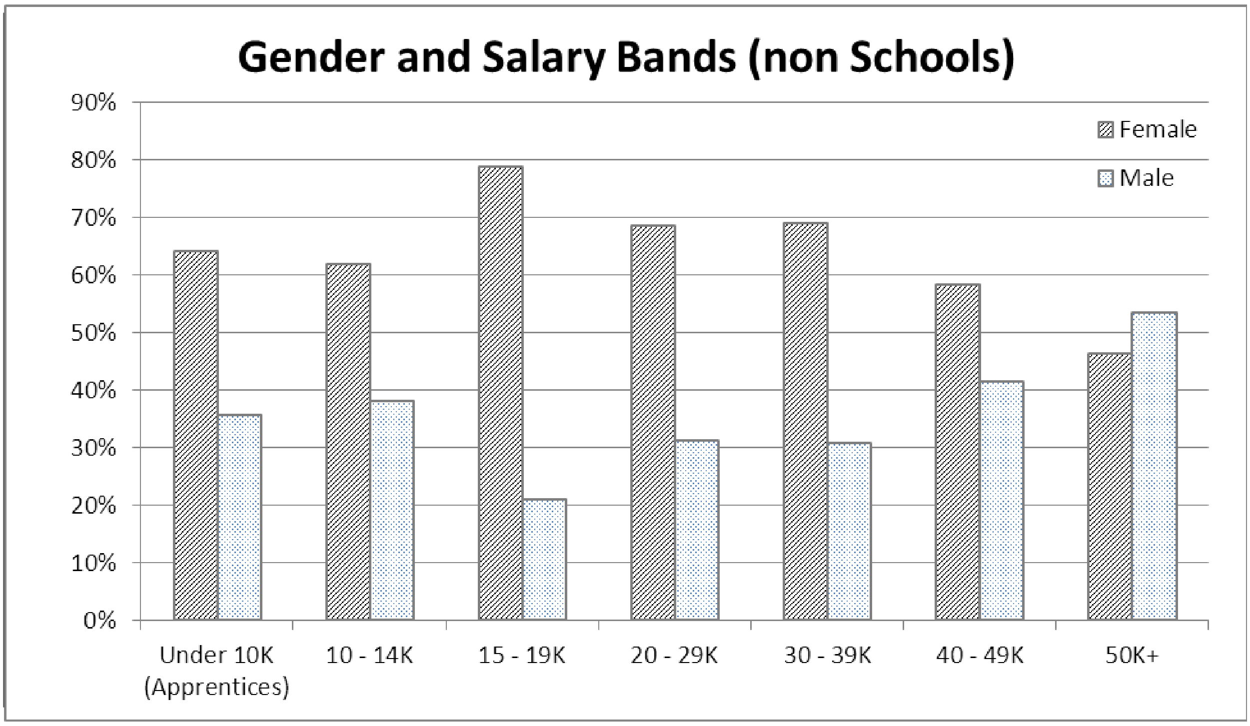


13.5. Reasons for sickness absence

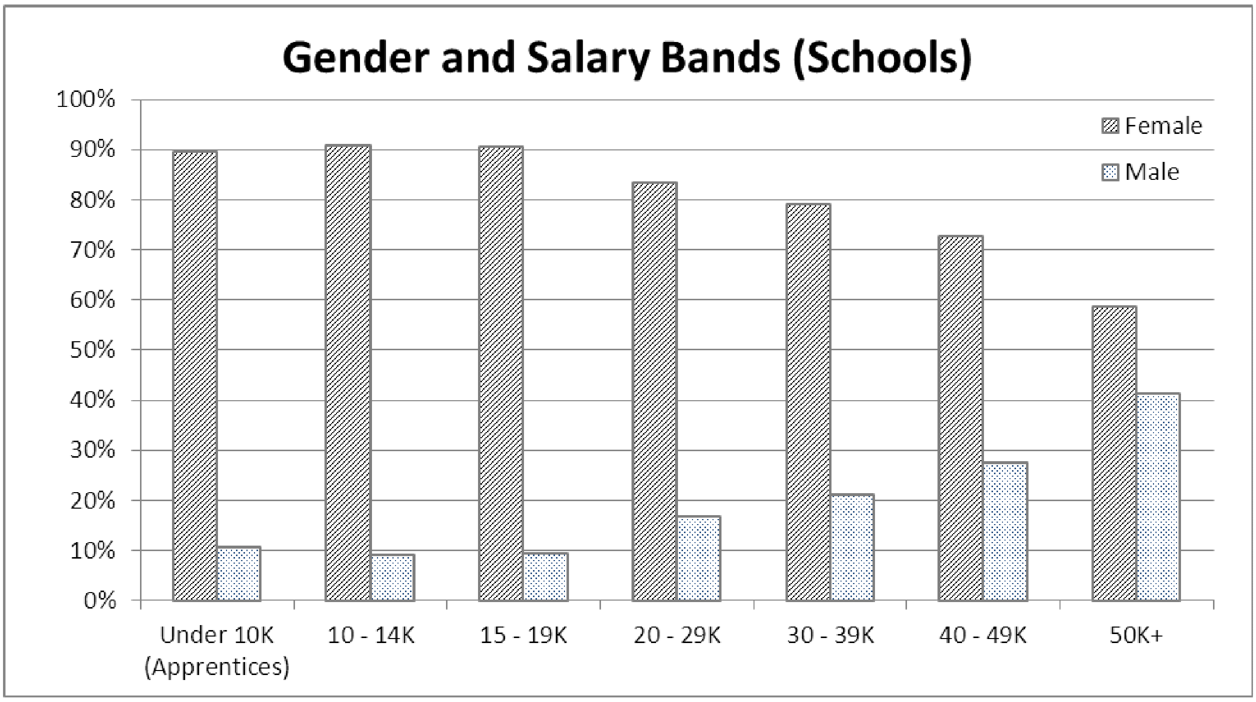


Absence Reason 13/14	Schools	NCC Services	All
Cancer	2.87%	4.70%	3.61%
Circulatory /Organ Related	1.64%	7.18%	3.88%
Diarrhoea and Vomiting	5.65%	2.98%	4.57%
Genito-Urinary	0.56%	1.11%	0.78%
Hospitalisation	8.16%	6.84%	7.62%
Mental Well-being	19.31%	29.10%	23.27%
Musculoskeletal	12.18%	20.16%	15.41%
Neurological	3.61%	4.58%	4.00%
Pandemic Flu	0.08%	0.00%	0.05%
Pregnancy Related	0.84%	1.07%	0.93%
Respiratory	2.68%	3.16%	2.87%
Short-Term/Viral Infection	33.46%	18.32%	27.34%
Skin Conditions	0.38%	0.60%	0.47%
(blank)	8.57%	0.21%	5.19%
Grand Total	100.00%	100.00%	100.00%

13.6. Gender and salary bands

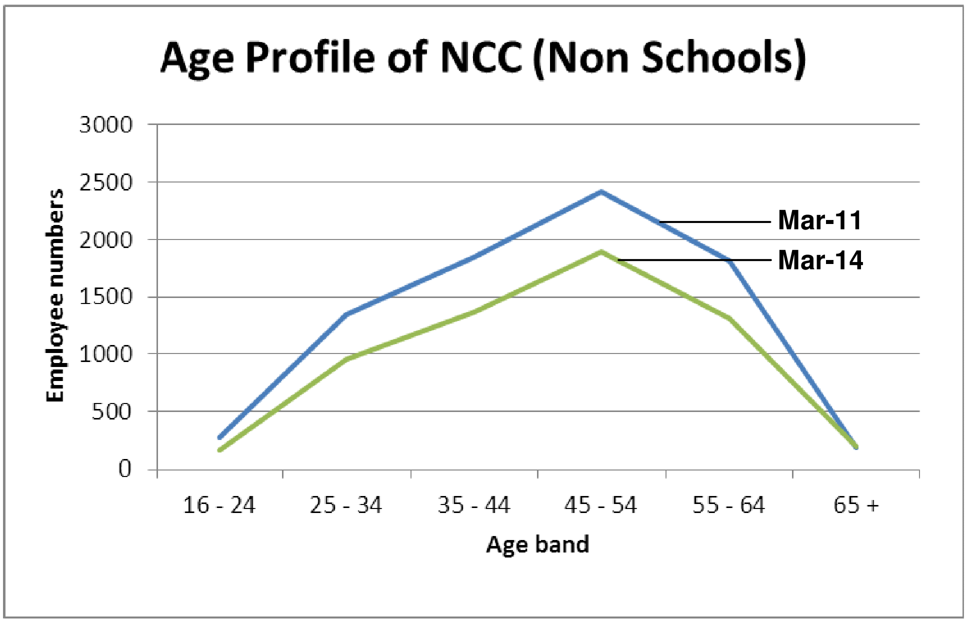


	Under 10K (Apprentices)	10 - 14K	15 - 19K	20 - 29K	30 - 39K	40 - 49K	50K+
Female % - Non-Schools	64%	62%	79%	69%	69%	58%	46%
Male % - Non-Schools	36%	38%	21%	31%	31%	42%	54%

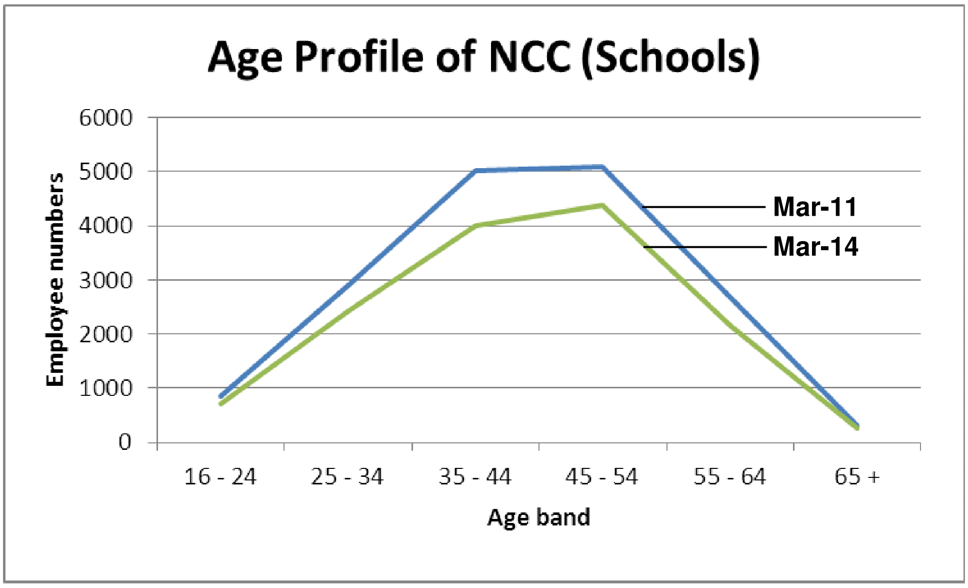


	Under 10K (Apprentices)	10 - 14K	15 - 19K	20 - 29K	30 - 39K	40 - 49K	50K+
Female % - Schools	89%	91%	91%	83%	79%	73%	59%
Male % - Schools	11%	9%	9%	17%	21%	27%	41%

13.7. Age profile



Year	16 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 +
Mar-11	3%	17%	23%	31%	23%	2%
Mar-14	3%	16%	23%	32%	22%	3%



Year	16 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 +
Mar-11	5%	17%	30%	30%	16%	2%
Mar-14	5%	17%	29%	31%	15%	2%

13.8 Employee Survey 2014 Strengths and Opportunities

Strengths

Progress on the improvement journey

- **Notable progress has been made since 2011** – 62% of comparable questions have improved.
- **Engagement has remained stable since 2011** – but we want to strive for more!

Local culture and climate

- **Perceptions of line managers** are positive. Managers treat employees fairly and with respect, encourage flexible working, support health and wellbeing, and encourage their team to deliver for the customer.
- **Recognition for doing a good job** is above both the High Performing and UK organisations benchmark norm.
- **Managers acting on ideas and suggestions** has improved notably since the last survey.
- **Communication and collaboration within teams and service areas** is strong – but we need to continue improving collaboration between service areas.

The job itself

- **Role clarity –** employees have a good understanding of what is expected of them, and feel NCC expects a high level of performance.
- Employees feel they have the **opportunity for challenging and interesting work** – this scores above both the HP and UK norm.

Opportunities

Connection

- **Alignment with strategy** - while employees understand their service area strategy, we have more to do to give people a clearer understanding of the council's strategic direction and how their job relates to it. These aspects have declined since 2011.
- **Clarity of messages and management of NCC** - trust and confidence in leadership has remained the same since 2011; however there is scope to improve the clarity of communication from senior leaders and managers. These areas may impact on whether employees feel NCC is effectively managed – a key driver of engagement.
- **Managing change** - although improved, involvement in and management of change initiatives need further attention. Managing change in service areas also offers scope for improvement.

Ways of working to transform our services

- Innovation, collaboration and trust all offer scope for further improvement

Enabling processes & technology

- **Structure and efficiency:** Views suggest that the work environment does not support productivity and NCC is not effectively organised and structured – there are low scores on **decision-making and resources, including ICT.**

Developing people for performance

- **Performance conversations: Feedback** - employees have concerns about the **fairness and effectiveness of performance reviews**. While they feel recognised for doing a good job, **poor performance is not being consistently managed.**
- **Career development and expectations - Opportunities to achieve career objectives, and job-related learning opportunities** are both low scoring areas.

Policy and Resources Committee Item No 7

Report title:	**2014-15 Revenue monitoring report month 5**
Date of meeting:	**27 October 2014**
Responsible Chief Officer:	**Head of Finance (Interim)**
Strategic impact This report gives details of the forecast outturn position for the 2014-15 Revenue Budget, General Balances, and the Council's Reserves at 31 March 2015, together with related financial information.	

Executive summary

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

Members are recommended to note the following:

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

1. Introduction

The Annex to this report summarises the Authority's 2014-15 financial position at the end of month 5: August 2014.

2. Evidence

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

The annex also summarises:

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

3. Financial Implications

As stated above, revenue expenditure is forecast to overspend by £0.025m on a net budget of £308.397m. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers are mandated to explore measures to reduce or eliminate potential over-spends in-year, for example by reducing expenditure, to minimise the call on reserves.

4. Issues, risks and innovation

Risk implications

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

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

5. Background

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

Officer Contact

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

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

IN TRAN communication for all

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Annex A

Norfolk County Council

2014-15 Revenue Finance Monitoring Report Month 5

Report by the Head of Finance (Interim)

1 Introduction

1.1 This report gives details of:

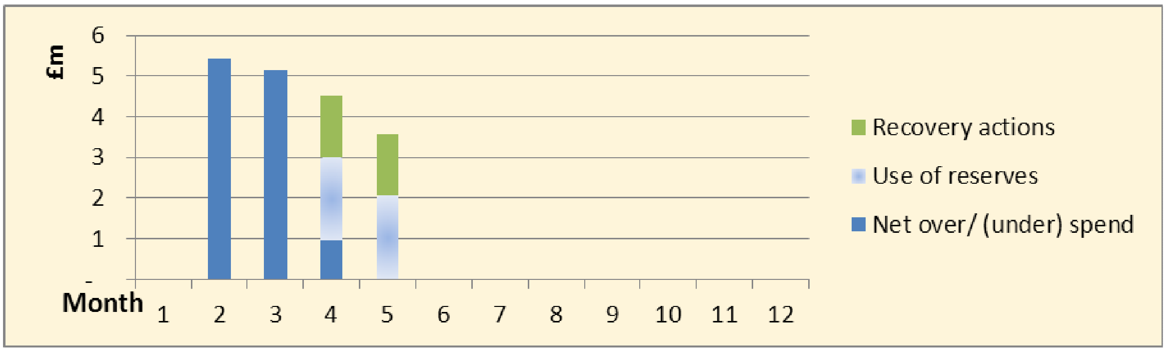
- the latest monitoring position for the 2014-15 Revenue Budget
- forecast General Balances and Reserves at 31 March 2015 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

2.1 At the end of August (month 5):

- Revenue expenditure is forecast to overspend by £0.025m (month 4: £0.958m) after identified recovery actions and approved use of reserves, on a net budget of £308.397m. The chart below shows the month by month trend.

Chart 1: forecast revenue outturn 2014-15, by month, after recovery actions and approved use of reserves: Month 5 overspend £0.025m.



- The change to the net overspend since last month is primarily the result of a Business Rates cap compensation grant of £1.195m as described in paragraph 5.4.

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

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

- The Council has earmarked revenue reserves forecast to be £47.148m at 31 March 2015, which reflects the Willlows settlement to date and forecast as set out section 6 and other movements including the approved use of reserves necessary to address budgetary pressures. The Council separately holds Reserves in respect of Schools estimated to be £33.388m at 31 March 2015.

3 Agreed budget, changes and variations

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

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

Service	**Approved net budget**	**Budget last period**	**Changes to budget August 2014**	**Revised budget**
	£m	£m	£m	
Children's Services	161.903	161.966	-	161.966
Community Services	264.923	265.022	-	265.022
Environment, Transport and Development	108.840	108.912	-	108.912
Fire and Rescue Service	27.804	27.804	-	27.804
Resources	55.457	54.907	-	54.907
Finance General	-310.675	-310.214	-	- 310.214
Total	**308.397**	**308.397**	**-**	**308.397**

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

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

3.4 Significant new in-year revenue grants over £0.100m are listed in Appendix 3 including the Business Rates Cap Grant described in paragraph 5.4.

3.5 In September the Council succeeded in a bid with Norfolk and Suffolk NHS Foundation Trust for more than £600,000 of government funding to create new ways of working that will support mums with postnatal depression and post-puerperal psychosis – preventing babies and young children needing to come into care. The grant, from the Department for Communities and Local Government's (DCLG) Transformation and Challenge Award, will help psychologists to work with groups of mums with mental health conditions, addiction or learning difficulties, as well as teenage parents and those suffering from domestic violence.

3.6 The Transformation Challenge Award 2015-16 bid totalling £0.963m presented to Policy and Resources Committee 29 September 2014 is a separate bid in addition to the amount received in respect of the 2014-15 bid described above.

4 Control of growth, cost pressures and savings targets

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

Table 2: 2014-15 key planning assumptions

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

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

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

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

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

5 Revenue outturn – forecast over/underspends

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

5.2 Based on the position at the end of June 2014 the latest projection for the 2014-15 revenue outturn shows a net projected overall **overspend of £0.025m**, after identified recovery actions and approved use of reserves.

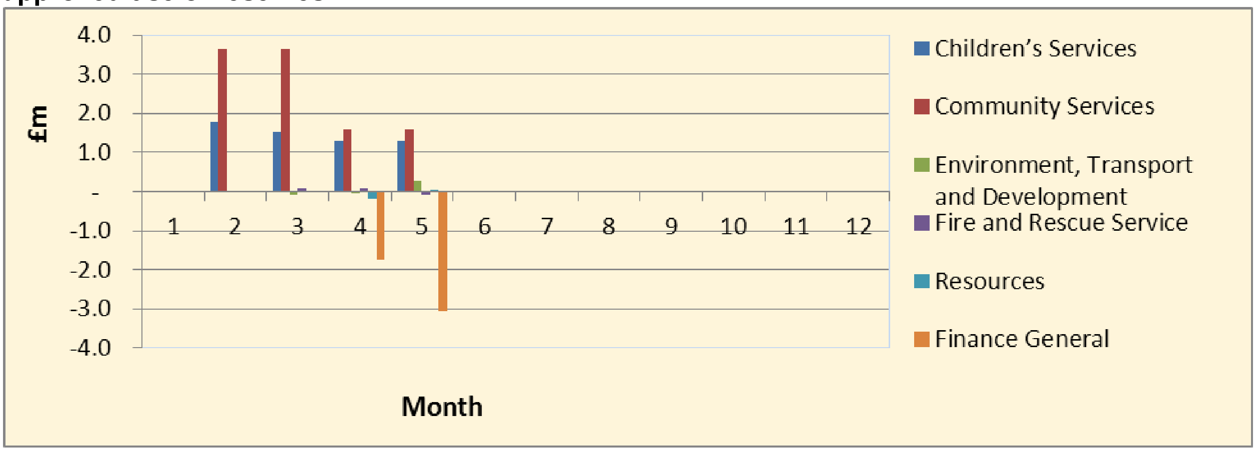
5.3 Details of all projected under and over spends for each service, together of areas where mitigating action is being taken, are shown in Appendix 6, and are summarised in the following table:

Table 3: 2014-15 projected budget variations by service

Service	Revised Budget £m	Projected net (under)/ over spend after use of reserves £m	%	RAG
Children's Services	161.966	1.280	0.79%	A
Community Services	265.022	1.582	0.60%	A
Environment, Transport and Development	108.912	0.265	0.24%	G
Fire and Rescue Service	27.804	-0.076	-0.27%	G
Resources	54.907	0.032	0.06%	G
Finance General	-310.214	-3.058	0.99%	G
Totals	**308.397**	**0.025**	0.01%	

5.4 The following chart shows service outturn projections by month:

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



- The main difference since last month is the receipt of a Business Rates cap compensation grant of £1.195m. This grant is compensation for the reduced income from business rates as a result of the 2% cap on the small business rates multiplier announced at Autumn Statement 2013, but which was not confirmed when the Council's budget was set.

5.5 Analysis by subjective type:

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

Subjective analysis	***Approved budget***	**Projected over / (under) spend**	**%**
Expenditure	**£m**	**£m**	
Employees	529.601	**-0.588**	-0.1%
Premises	44.531	**0.377**	0.8%
Transport	52.143	**-0.015**	0.0%
Supplies and services	139.030	**-2.367**	-1.7%
Agency and contract services	455.408	**19.381**	4.3%
Transfer Payments	24.681	**-2.214**	-9.0%
Support Services	1.596	**0.848**	53.1%
Departmental recharge	43.503	**0**	0.0%
Capital Financing	106.240	**-1.114**	-1.0%
Income		**0**	
Government Grants	-789.646	**-0.971**	0.1%
Other Grants, Reimbursements etc.	-69.483	**-10.051**	14.5%
Customer & Client Receipts	-103.673	**0.835**	-0.8%
Other income		**-0.121**	
Interest Received	-1.832	**-0.413**	22.5%
Corporate Recharges including Capital Finance	-72.085	**0**	0.0%
Departmental Recharge	-48.492	**0**	0.0%
Budgeted net transfers to earmarked reserves and general balances (see below)	-3.125	**0**	
Recovery actions		**-1.510**	
Approved use of reserves		**-2.052**	
Total	**-308.397**	**0.025**	

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

6 General balances and reserves

General balances

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

Table 5: forecast general balances

	£m
General Balances 31 March 2014 – Outturn report	17.288
Transfer to Residual Waste Treatment Contract Reserve (Table 6)	(1.288)
General Balances at 1 April 2014	**16.000**
Use of released funds for one-off purposes: Increase in General Balances, agreed County Council 17 February 2014	3.000
Latest forecast General Balances at 31 March 2015	**19.000**

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

Earmarked reserves levels and forecasts

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

Table 6: budget and forecast reserves

	Forecast balance 31.3.15 when budget approved (Feb 2014)	Actual balances b'fwd 1.4.14	Previous month forecast 31 March 2015	Current forecast 31 March 2015
	£m	£m	£m	£m
Earmarked reserves - non schools	32.931	77.669	47.766	47.148
Residual Waste Treatment Contract Reserve	11.000	19.065	0.000	0.000
Reserves for Capital Use	6.270	1.755	3.699	3.526
Earmarked reserves - schools	37.661	43.075	33.483	33.388
Total	**87.862**	**141.564**	**84.948**	**84.062**

As part of the budget setting process, non schools reserves were forecast to reduce significantly during the year. There have been no significant changes since the last report: the largest change is a projected additional use of £0.160m from the Organisational Change and Redundancy Reserve, and a projected use of £0.248 from the Health and Wellbeing Reserve.

6.3 The decrease in forecast schools' reserves is accounted for by a reduction in LMS balances due primarily to anticipated academy conversions and forecast use of balances in-year.

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

Residual Waste Treatment Contract Reserve

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

Table 7: Creation and use of Residual Waste Treatment Contract Reserve

	£m
Opening balance 1 April 2014, before transfer of excess general balances	19.065
Outturn 2013-14 – excess of general balance over minimum requirement	1.288
Savings in 2014-15 (total £5.350m)	
Norse contributions	1.000
Sale of property – substituted for current revenue funding of capital project	0.700
Waste procurement arrangements	0.650
Household waste reserve	1.000
Savings in 2014-15 – Approved by County Council	
Reduction in funding set aside for redundancies based on past trends	1.000
Service reductions - Libraries	0.140
Service reductions – Road maintenance	0.860
Budget 2014-15 cost pressure: Willows Power and Recycling Centre planning uncertainty (ref Appendix 4)	8.000
Total set aside	**33.703**
Payment made to July 2014 – forex and interest risk costs	(11.800)
Payment made August 2014 – planning inquiry costs	(1.275)
Balance 31 August 2014	**20.628**

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

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

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

A further payment was made on 2 September. At the time of writing, the amount of the payment has not been made public, but is within the remaining balance shown above.

7 Treasury management, payment performance and debt collection

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

7.2 **Payment performance**: approximately 460,000 invoices are paid annually. In August 2014, 94.3% were paid within a target of 30 days from receipt, against a target of 90%. An analysis is shown in Appendix 10.

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

7.4 The debt collection analysis at Appendix 11 has been significantly enhanced. From Period 5, it includes

- A summary of 2013-14 debt collection performance showing that 92% of all invoiced income was collected within 30 days of issuing an invoice, and 98% was collected overall
- Collection performance for August: 89.3% of invoices were collected within 30 days for the month of August 2014
- Levels of outstanding debt – secured (£8.973m) and unsecured (£29.170m) and
- Debts written off (ref paragraph 7.5 below).

7.5 For the period 1 April 2014 to 31 August 2014, 356 debts less than £10,000 have been written off following approval from the Head of Finance. These debts totalled £136,102.58. No debts over £10,000 have been written off.

8 Purchase order performance

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

8.2 Performance against this objective is measured in two ways:

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

8.3 As can be seen in Appendix 12, performance on both measures has improved. Compared to the same month last year, average retrospective spending has reduced from 38% to 21% by value, whilst the proportion of orders which are retrospective has fallen from 36% to 26%. The tables in Appendix 12 also set out the performance by directorate.

9 Financial risk management

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

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

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

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

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

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

10 Medium Term Financial Strategy

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

Table 8: MTFS 2014-17 action and status

MTFS 2014-17 action	**Current status**
County Farms: To review the economic case for the investment in and returns from County Farms	A member working group has been set up to review County Farms strategy and policy, as proposed to Economic Development Sub-Committee on 24 June 2014.
Carbon – to consider the stretch target proposed by the October 2013 Corporate Resources Overview and Scrutiny Panel for the 2015-18 MTFS.	Base line data, based on 2013-14 energy usage, is being collated and analysed to determine whether the target has been met and cost reductions obtained. This will inform the 2015-18 MTFS.

Officer Contact

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Appendices

Appendix 1: Approved budget

Appendix 2: Monthly timetable

Appendix 3: In-year grant funding

Appendix 4: Planning assumptions

Appendix 5: Savings

Appendix 6: Projected outturn for each service

Appendix 7: Revenue projections by subjective

Appendix 8: Projected earmarked reserves and provisions

Appendix 9: Treasury management

Appendix 10: Payment performance

Appendix 11: Debt collection

Appendix 12: Purchase order performance

Appendix 13: Corporate risk register summary

Appendix 1

Approved budget 2014-15

Agreed by Council 17 February 2014

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

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

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

Appendix 2

Budget monitoring timetable 2014-15

Table A2: Budget monitoring timetable 2014-15

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

In-year Grant Funding

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

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

New Grant Funding	Details	£m
PE and Sports Grant	New unconditional DfE grant for the improvement of PE and sports in schools	1.174
Universal Infant Free School Meals Grant	The universal infant free school meals (UIFSM) grant is designed to enable schools to provide free school meals to all pupils in reception, year 1 and year 2.	5.395
DCLG Transformation Challenge Award funding	In September the Council succeeded in a bid with Norfolk and Suffolk NHS Foundation Trust for government funding to create new ways of working that will support mums with postnatal depression and post-puerperal psychosis – preventing babies and young children needing to come into care..	0.623
Business Rates cap compensation grant	This grant is compensation for the reduced income from business rates as a result of the 2% cap on the small business rates multiplier announced at Autumn Statement 2013.	1.195
	Total in-year grants > £100,000 to date	**8.387**

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

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

New Grant Funding	Details	£m
Troubled Families Grant	2014-15 funding has been confirmed for this on-going government programme which is designed to help troubled families turn their lives around. At the time the Council's budget was approved, no budget was set due to funding uncertainties.	3.178
Adoption Reform Grant	This government grant is designed to recognise the programmes of change underway in the area of adoption, covering for example training, staff recruitment, and marketing activities to support the drive to recruit more adopters. At the time the Council's budget was approved, no budget was set due to funding uncertainties.	2.410
	Total in-year grants > £100,000 to date	**5.588**

Appendix 4

Financial Plan – 2014-15 planning assumptions

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

Table A4: key financial planning assumptions 2014-15

Planning assumption 2014-15	Financial impact	Latest position
	£m	
Significant funding pressures		
Government funding reductions	24.786	No change in assumption. Note: the council tax freeze grant listed in Appendix 3 was anticipated in the 2014-15 base budget.
Significant cost pressures		
Pay inflation	1%	At the time of writing, pay negotiations are on-going.
Price inflation	14.260 (includes pay and price inflation)	Price inflation has only been forecast where there is a contractual need or where it is known that price increases will occur. Rates of inflation applied to budgets differ between 0% where inflationary increases have been withheld, to an expected 7% rise in the contract price for electricity. Some budgets will experience price rises linked to CPI which was forecast at 2.34%. The Consumer Prices Index (CPI) grew by 1.5% in the year to August 2014, down from 1.6% in July. (Source: ONS).
Demographics – primarily increases in Looked after Children and Adult Community Services demographic growth	11.590	Community Services – Adult demographic pressure of £6.934m was based on the latest ONS statistics for population growth (2.18% in over 65s and 0.36% in 18-64 year olds) and 2013/14 expenditure trends. Learning Difficulties demographic pressures were calculated by forecasting the number of service users transitioning from Children's Services and estimates of expected growth in adult service users. These forecast pressures are reviewed again in the Autumn when sufficient new trend data can be gathered. Children's Services original demographic pressure of £2.081m was based on being 40 Looked After Children above target. The demographic pressure was revised to £3.931m in November 2013 taking into account being 84 LAC above target and revised average LAC costs. The demographic pressures are inextricably linked with budgeted savings in place to change the services provide to prevent children coming into care.
Willows Power and Recycling Centre planning uncertainty	8.000	The County Council resolved to terminate the Willows Energy from Waste contract on 7 April 2014, resulting in termination costs estimated at £33.7m and a reserve set up for this amount . The Council has made payments of £13.275m from the reserves relating to foreign exchange and interest rates risks, plus a further payment in September.

Appendix 5

Financial Plan 2014-15 savings

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

	Children's Services	Community Services - Adults	Community Services - Cultural	ETD	Fire	Resources	Finance General	Total
Categorisation of Saving	£m	£m	£m	£m	£m	£m	£m	£m
Organisational Change - Staffing	0.375	0.460	0.260	1.250	0.499	2.769	0.000	5.613
Organisational Change - Systems	8.725	1.340	0.212	3.340	0.381	3.174	0.000	17.172
Procurement	0.790	4.150	0.000	6.400	0.000	0.094	0.000	11.434
Shared Services	0.000	2.004	0.260	0.050	0.000	0.000	0.000	2.314
Capital	0.000	0.000	0.000	0.200	0.724	0.000	0.000	0.924
Terms & Conditions of Employees	0.126	0.108	0.000	0.038	0.000	0.019	0.000	0.291
Income & Rates of Return	0.000	0.000	0.361	1.623	0.043	0.411	5.138	7.576
Assumptions under Risk Review	0.000	0.000	0.000	0.150	0.036	3.201	7.220	10.607
Reducing Standards	2.670	4.000	0.931	1.151	0.000	0.073	0.000	8.825
Cease Service	0.474	2.640	0.010	0.300	0.087	0.000	0.000	3.511
Budgeted Savings	**13.160**	**14.702**	**2.034**	**14.502**	**1.770**	**9.741**	**12.358**	**68.267**
P04-15 Forecast Savings	**11.881**	**13.727**	**2.034**	**14.502**	**1.770**	**9.741**	**12.358**	**66.013**
Variance	**-1.279**	**-0.975**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**2.254**

Table A5b: savings variance summary

Savings Variance	Children's Services	Community Services - Adults	Community Services - Cultural	Total
Categorisation of Saving	£m	£m	£m	£m
Organisational Change - Staffing	0.000	0.000	0.000	0.000
Organisational Change - Systems	-1.883	0.000	0.216	-1.667
Procurement	0.000	-0.750	0.000	-0.750
Shared Services	0.000	-0.200	-0.220	-0.420
Capital	0.000	0.000	0.000	0.000
Terms & Conditions of Employees	0.000	0.000	0.000	0.000
Income & Rates of Return	0.000	0.000	0.004	0.004
Assumptions under Risk Review	0.484	0.000	0.000	0.484
Reducing Standards	0.120	0.000	0.000	0.120
Cease Service	0.000	-0.025	0.000	-0.025
Total	**-1.279**	**-0.975**	**0.000**	**-2.254**

As at P05-15 forecast savings of £66.013m are £2.254m short of the budgeted £68.267m savings target.

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

The number and cost of Looked After Children are not reducing as planned leading to a forecast saving shortfall of £1.883m.

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

Community Services – Adults are £0.250m short on a saving to review the agreement with the Mental Health Trust, and £0.500m short on the saving to review the Norse Care agreement for the provision of residential care.

The remaining £0.200m shortfall in Community Services – Adults is on the saving for joint senior management posts with Health, and £0.025m short on the saving to charge people who fund their own social care the full cost of transport.

Projected revenue outturn by service analysis

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

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

Service	Revised Budget £m	Service total projected overs spend £m	Service total projected (under) spend	Net total over / (under) spend	%
Children's Services	161.966	3.379	-2.099	1.280	0.79%
Community Services	265.022	7.316	-5.734	1.582	0.60%
Environment, Transport and Development	108.912	1.311	-1.046	0.265	0.24%
Fire and Rescue Service	27.804	0.612	-0.688	-0.076	-0.27%
Resources	54.907	0.211	-0.179	0.032	0.06%
Finance General	-310.214	0.000	-3.058	-3.058	0.99%
Totals current month	**308.397**	**12.829**	**-12.804**	**0.025**	0.01%
Previous month	308.397	11.241	-10.283	0.958	0.31%

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

Reconciliation between current and previously reported underspend

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

	£m
Forecast 2014-15 over/(under)spend previous month	**0.958**
Movements in current period - summary	
Children's Services	
Community Services (overspend now shown before use of reserves)	**-0.010**
Environment, Transport and Development	0.322
Fire and Rescue Service	**-0.156**
Resources	**0.211**
Finance General	**-1.300**
Latest forecast over / (under) spend after use of reserves	**0.025**

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

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

Table A6c: recovery actions and use of reserves

Service	**Revised Budget £m**	**Service total projected overs spend £m**	**Identified recovery actions £m**	**Approved use of reserves not budgeted (see below) £m**	**Net total over / (under) spend £m**
Children's Services	161.966	1.280	-	-	1.280
Community Services	265.022	5.144	-1.510	-2.052	1.582
Environment, Transport and Development	108.912	0.265	-	-	0.265
Fire and Rescue Service	27.804	-0.076	-	-	-0.076
Resources	54.907	0.032	-	-	0.032
Finance General	-310.214	-3.058	-	-	-3.058
Totals current month	**308.397**	**3.537**	**-1.510**	**-2.052**	**0.025**
Previous month	308.397	4.532	-1.510	-2.052	0.958

The approved use of reserves to address the Adult Social Care overspend within Community services is derived from the approved budget as follows:

Table A6d: Adult Social Care approved use of reserves

Reserve	**Forecast balance at 31.3.14**	**Forecast balance at 31.3.15**	**Approved use of reserves**
	£m	£m	£m
Adult Social Services Residential Review	2.023	2.023	-
Adult Social Care	3.253	2.253	1.000
Prevention Fund	2.319	1.267	1.052
Total Adult Social Care reserves	**7.595**	**5.543**	**2.052**

Appendix 6 continued

Projected revenue budget outturn by service - detail

Children's Services	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Additional Looked After Children agency costs	1.601		
Additional Residence / Kinship costs	0.282		
Savings on Looked After Children legal costs		-0.430	
Savings on Looked After Children transport costs		-0.190	
Additional costs of Ofsted unregulated accommodation for 16/17 year olds	0.350		
Additional adoption allowances	0.159		
Additional adoption recruitment costs	0.020		
Additional fostering recruitment costs	0.098		
Reduced cost of Information Advice and Guidance Service		-0.200	
Reduced cost of Early Years & Childcare Service		-0.200	
Savings on school crossing patrols		-0.120	
Reduced school pension/redundancy costs		-0.484	
Reduced Education Support Grant due to schools becoming academies	0.224		
Additional cost of SEN transport	0.550		
Clinical commissioning team		-0.380	
Dedicated Schools Grant			
Additional school maternity costs	0.095		0.095
Cont’n to schools contingency fund as a result of the above		-0.095	-0.095
Forecast outturn for Children’s Services	**3.379**	**-2.099**	**0.000**
		1.280	

Community Services	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Adult Social Services			
Management, Finance and Transformation		-2.087	-0.119
Commissioning, including Supporting People	1.812		-0.059
Central Services – Business Development	0.024		0.033
Human Resources, Training and Organisational Development		-0.008	-
Safeguarding	4.571		0.138
Prevention	0.909		0.028
Income from Service users		-0.055	-0.021
Over / (under) spend before recovery actions	**7.316**	**-2.150**	**-**
		5.166	
Recovery actions - including use of £1m Norsecare contract rebate to mitigate overspend, plus other actions centred around Adult Social Care and Purchase of Care budgets.		-1.510	
Use of Reserves – approved as part of 2014-15 budget setting process		-2.052	
Forecast subtotal for Adult Social Services (excluding Cultural Services)	**7.316**	**-5.712**	**-**
Over / (under) spend after recovery actions and approved use of reserves		**1.604**	
Norfolk Libraries and Information Service		-	
Museums and Archaeology Service		-	
Norfolk Records Office		-0.005	
Arts Service		-0.017	-0.010
Adult Education Service		-	
Norfolk Guidance Service		-	
Active Norfolk		-	
Forecast subtotal for Cultural Services	**0.000**	**-0.022**	**-0.010**
		-0.022	
Forecast outturn for Community Services	**7.316**	**-5.734**	**-0.010**
		1.582	

Environment Transportation & Development	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
Highways and transport services		-0.386	0.214
Environment and Public Protection	1.311		0.744
Economic development and strategy	-	-	
Business development and support		-0.044	-0.020
ICT		-0.616	-0.616
Forecast out-turn for ETD	**1.311**	**-1.046**	**0.322**
		0.265	

Fire and Rescue Service	Projected over spend	Projected under spend	Change this month
	£m	£m	£m
HQ Salaries	0.052		0.052
Resources	0.004		0.004
IRMP	0.006		0.006
Resilience & Operations		-0.049	-0.049
HR & Business Support		-0.229	-0.229
Community Safety	0.463		0.463
Training		-0.256	-0.256
Operations		-0.127	-0.127
Commercial Training		-0.027	-0.027
Fire Prevention	0.001		0.001
Central Finance – significant insurance cost increase	0.086	-	0.006
Forecast outturn for Fire and Rescue Service	**0.612**	**-0.688**	**-0.156**
		-0.076	

Resources and Finance General	Projected over spend	Projected under spend	Change this month
Resources	£m	£m	£m
Policy and Performance – Norfolk Ambition / Projects		-0.104	
Procurement		-0.075	
Nplaw – reduced internal demand	0.211		0.211
Net forecast outturn for Resources	**0.211**	**-0.179**	**0.211**
		0.032	
Finance General			
Adjustment to forecast interest on balances		-0.413	-0.105
Adjustment to minimum revenue provision		-1.114	
ESPO dividend		-0.336	
S31 Business Rates cap compensation grant – unbudgeted adjustment re 2% inflation cap		-1.195	-1.195
Net forecast outturn for Finance General	**0.000**	**-3.058**	**-1.300**
		-3.058	

Appendix 7

Latest Revenue Projections by subjective analysis

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

Subjective analysis	***Approved Budget by subjective***	**Children's Services**	**Community Services**	***ETD***	***Fire & Rescue***	***Resources***	***Finance general***	***Total variance***
		Forecast (under)/over spend						
Expenditure	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Employees	529.601	-0.709	0.197	0.265	-0.162	-0.179		**-0.588**
Premises	44.531		0.377					**0.377**
Transport	52.143	-0.100	0.085					**-0.015**
Supplies and services	139.030	-0.362	-2.005					**-2.367**
Agency and contract services	455.408	1.962	17.419					**19.381**
Transfer Payments	24.681		-2.214					**-2.214**
Support Services	1.596	0.360	0.402		0.086			**0.848**
Departmental recharge	43.503		0					**0**
Capital Financing	106.240		0				-1.114	**-1.114**
Income								**0**
Government Grants	-789.646	0.224					-1.195	**-0.971**
Other Grants, Reimbursements etc.	-69.483		-9.715				-0.336	**-10.051**
Customer & Client Receipts	-103.673		0.624			0.211		**0.835**
Other income		-0.095	-0.026					**-0.121**
Interest Received	-1.832						-0.413	**-0.413**
Corporate Recharges including Capital Finance	-72.085							**0**
Departmental Recharge	-48.492							**0**
Budgeted net transfers to earmarked reserves and general balances	-3.125							**0**
Recovery actions			-1.510					**-1.51**
Approved use of reserves			-2.052					**-2.052**
Council Tax / net expenditure	**-308.397**	**1.280**	**1.582**	**0.265**	**-0.076**	**0.032**	**-3.058**	**0.025**

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

Appendix 8

Reserves and provisions

Earmarked Reserves	Forecast 31.3.15 Approved Budget £m	Actual Balances 1.4.14 £m	Forecast Balances 31.3.15 Prev mnth £m	Forecast Balances 31.3.15 current £m
All Services				
Building Maintenance	1.186	1.672	2.152	2.152
Information Technology Reserve	2.934	10.226	6.101	6.056
Repairs and Renewals Fund	2.157	3.925	3.290	3.330
Unspent Grants and Contributions (including Public Health Reserve)	4.789	12.826	6.955	6.930
	11.066	**28.649**	**18.498**	**18.468**
Children's Services				
Children's Services Improvement Fund	-	1.741	0.241	0.241
	0.000	**1.741**	**0.241**	**0.241**
Community Services				
Adult Education Income Reserve	0.018	0.160	0.159	0.159
Adult Social Services Residential Review	2.023	3.025	2.330	2.330
Adult Social Care Legal Liabilities	2.253	3.094	0.133	0.133
Archive Centre Sinking Fund	0.274	0.261	0.263	0.263
Museums Income Reserve	0.024	0.039	0.024	0.024
Prevention Fund	1.267	1.140	0.533	0.533
Residual Insurance and Lottery Bids	0.100	0.423	0.410	0.410
	5.959	**8.142**	**3.852**	**3.852**
ETD				
Economic Development	2.649	4.215	2.184	2.184
Highways Maintenance	1.930	4.625	4.214	4.190
Historic Buildings	0.178	0.199	0.086	0.086
NDR Reserve	-	2.500	2.500	2.500
Norfolk Infrastructure Fund	0.491	2.015	1.315	1.218
P & T Bus De-registration	-	0.064	0.064	0.064
P & T Demand Responsive Transport	-	0.156	-	-
P & T Park & Ride	0.012	0.012	0.012	-
P & T Road Safety Reserve	0.000	0.150	0.226	0.226
P & T Street Lighting Sinking Fund	5.595	7.040	7.005	7.005
ETD – Re-procurement Strategic Partnership	-	0.035	-	-
ETD – Transformation Reserve	-	0.625	-	-
Public Transport Commuted Sums	0.016	0.016	0.014	0.014
Waste Management Partnership Fund	-	0.397	0.382	0.382
	10.871	**22.049**	**18.002**	**17.869**
Fire				
Fire Operational Equipment Reserve	0.298	0.967	0.967	0.967
Fire Pensions Reserve	0.273	0.348	0.348	0.348
Fire Operational Reserve	0.177	0.542	0.542	0.542
	0.748	**1.857**	**1.857**	**1.857**
Resources				
nplaw Operational Reserve	0.306	0.306	0.306	0.286
	0.306	**0.306**	**0.306**	**0.286**

Corporate				
Car Lease Scheme surplus	0.798	0.222	0.222	0.222
Health and Wellbeing Board Reserve (part previously included with Strat. P'ship reserve)	-	0.027	0.275	0.027
Local Assistance Scheme Reserve	-	0.900	0.871	0.871
Strategic Partnership	0.016	0.184	0.027	-
Icelandic Banks Reserve	0.790	2.444	0.999	0.999
Industrial Estate Dilapidations	0.010	0.010	0.010	0.010
Insurance	0.017	0.027	0.027	0.027
Modern Reward Strategy Reserve	-	4.359	-	-
Organisational Change and Redundancy Reserve	1.535	5.605	1.730	1.570
Strategic Ambitions Reserve	0.815	1.147	0.849	0.849
Residual Waste Treatment Contract Reserve	11.000	19.065	-	-
	14.981	**33.990**	**5.010**	**4.575**
Non – Schools Total	**43.931**	**96.734**	**47.766**	**47.148**
Reserves for Capital Use				
Usable Capital Receipts	**6.270**	**1.755**	**3.508**	**3.526**
Schools Reserves				
Building Maintenance Partnership Pool	1.061	1.197	1.197	1.197
Building Maintenance Non-Partnership Pool	-	1.034	0.996	0.996
Children's Services Equalisation	-	0.249	0.655	0.655
LMS Balances	21.631	26.517	17.617	17.617
Norwich Schools PFI Sinking Fund	1.711	2.061	2.061	2.061
Schools Contingency	10.711	9.315	8.315	8.220
Schools non-teaching activities	1.010	1.170	1.170	1.170
Schools Playing Field Surface Sinking Fund	0.409	0.248	0.188	0.188
Schools Sickness Insurance Reserve	1.128	1.284	1.284	1.284
Schools Total	**37.661**	**43.075**	**33.483**	**33.388**
Provisions				
Community Services				
Adult Social Services Doubtful Debts	0.851	0.942	0.952	0.952
Potential pension liability arising from the transfer of staff to the Norfolk & Waveney Mental Health NHS Foundation Trust	-	1.370	1.370	1.370
Corporate				
Insurance	12.000	12.941	12.941	12.941
Redundancy	-	5.163	5.088	5.088
ETD				
Closed landfill long term impairment provision	9.132	9.189	9.133	9.133
ETD Doubtful Debts	0.050	0.050	0.050	0.050
Fire				
Retained Firefighters and Part-time Workers (Prevention of Less Favourable Treatment) Regs	0.775	0.850	0.850	0.850
Schools Provisions				
Children's Services Provision for Holiday Pay	0.018	0.017	0.017	0.017

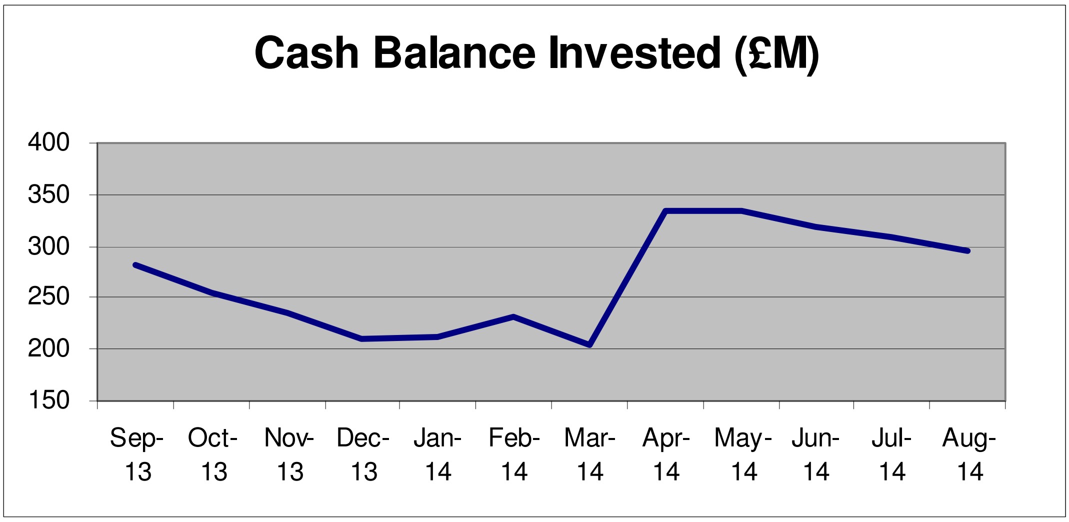
The main changes between 31 March 2014 and the estimated position at 31 March 2015 are:

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

Treasury Management Performance Monitoring

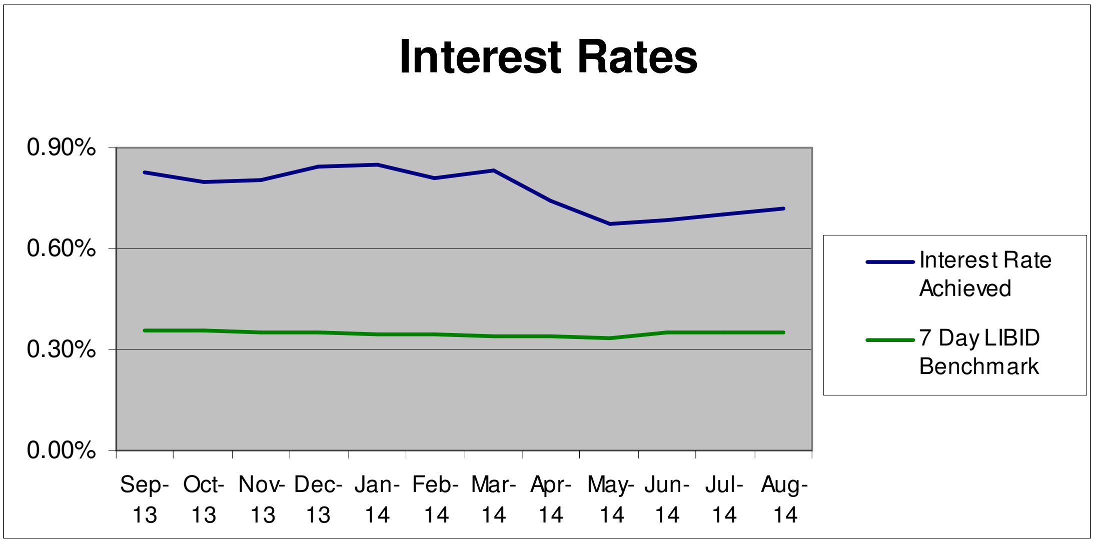
A9.1 Cash Flow Management

A9.1.1 Income received amounts to £745m, while payments (including debt repayment) total £653m, resulting in an overall increase in cash balances of £92m. Cash balances available for investment have therefore increased from £203m at 1st April 2014 to £295m at the 31st August 2014. The cumulative average balance un-invested has remained within the tolerance of plus/minus £0.025m across all 550 bank accounts.



A9.2 Interest Earned on Cash Balances

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



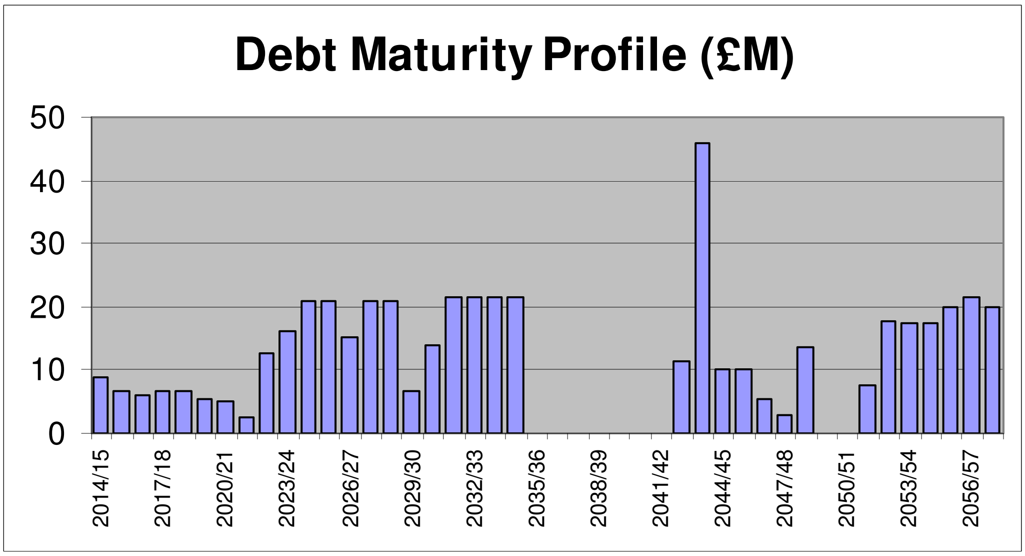
A9.2.2 Gross interest earned for the period 1st April 2014 to 31st August 2014 is £0.901m.

A9.3 Long Term Borrowing

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

A9.3.2 The Council's overall borrowing requirement in 2014-15 is approx. £118m. This represents past capital expenditure for which the approved borrowing has not yet been drawn down due to the treasury management factors explained above.

A9.3.3 The Council's debt portfolio at 31st August 2014 is £499m.



A9.4 Icelandic Banks

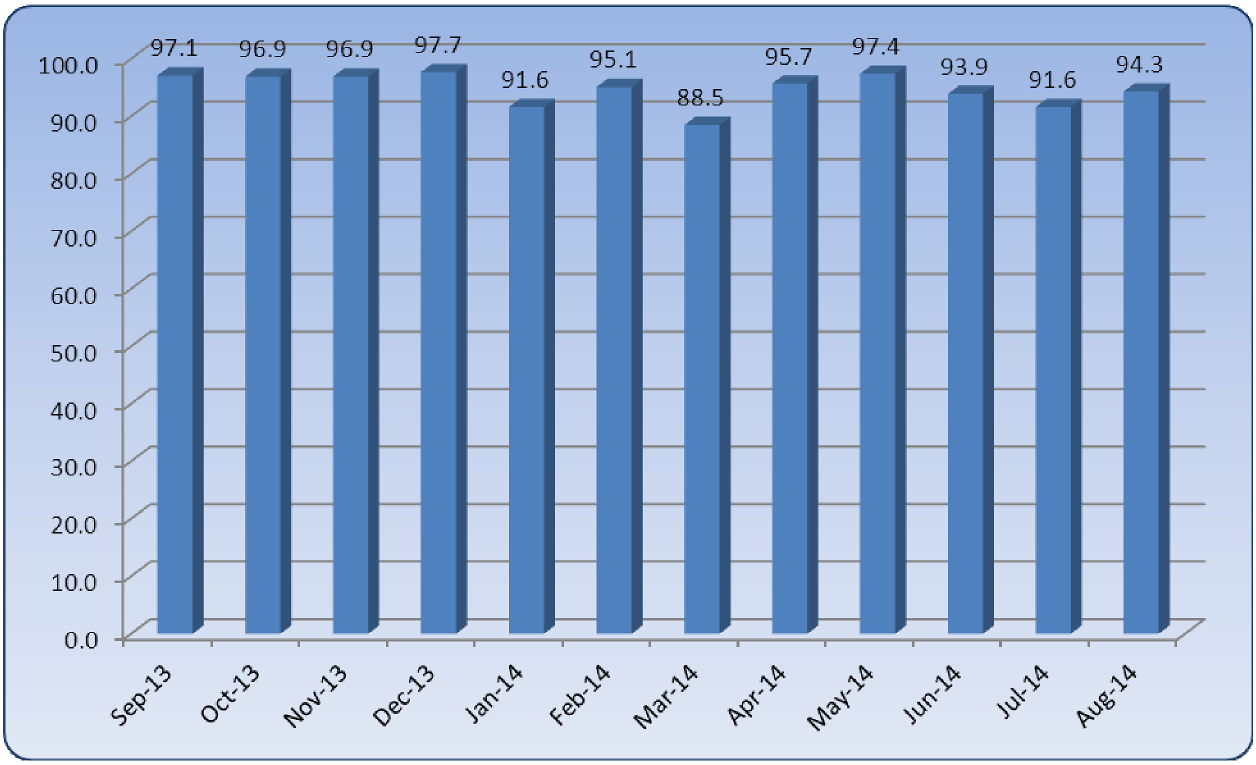
A9.4.1 The latest projected cash recovery from all 3 banks is £31.367m, of which £29.273m has been received, £1.674 is held in an Escrow account, and £0.420m is outstanding.

Appendix 10

August 2014 - Payment Performance

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

94.3% were paid on time in August 2014.

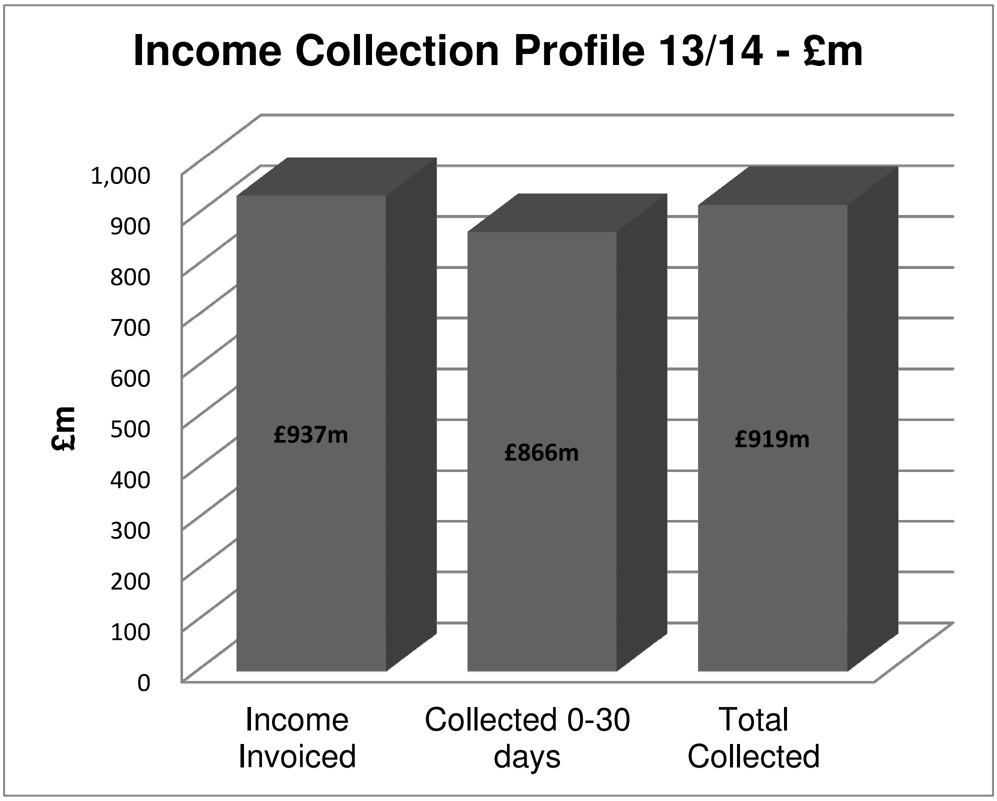


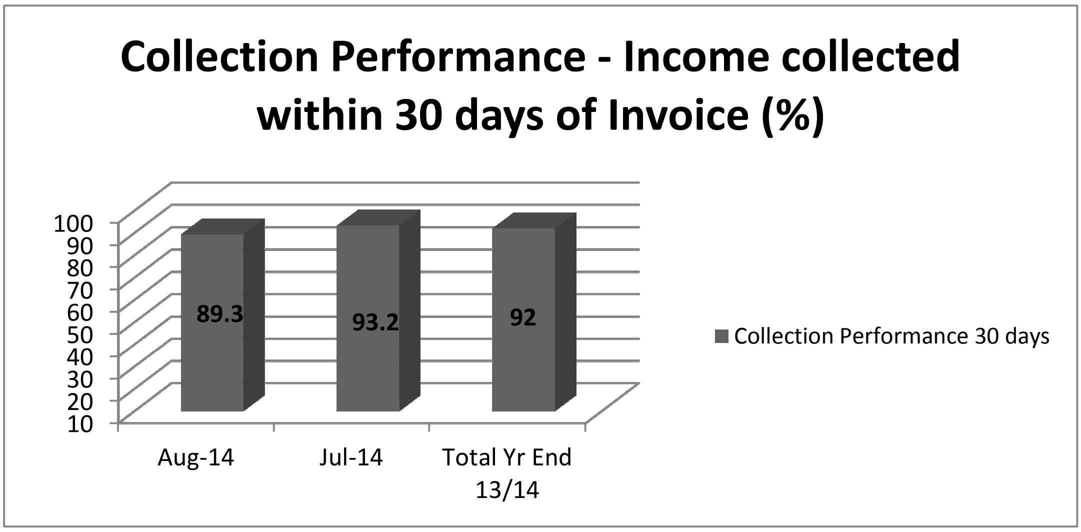
*The figures include an allowance for disputes/exclusions.

Appendix 11

Analysis of Income Collection Performance and Outstanding Debt
31 August 2014

Overview
As part of the constant improvement in reporting, and the ability to better manage performance, the suite of income/debt information has been improved. The recent formal agreement to the accounts, gives us the opportunity to include the performance for 2013-14. In next month's monitor, we will include comparisons with best of class, as requested by the September 29th P&R Committee, now the 2013-14 information is available.

1	**Collection Performance 2013/14**
1.1	Each year the County Council raises over 120,000 invoices for statutory and non-statutory services. These invoices amount to in excess of £900m.
1.2	In 2013/14 92% of all invoiced income was collected within 30 days of issuing an invoice, and 98% was collected overall. **Fig 1: Analysis of income collection performance in 2013/14 (£m):** 
1.3	In the absence of payment, debt recovery action begins at Day 31 in the income collection cycle. In 2013/14 98% of all invoiced income raised was collected within the financial year.

2	**Collection Performance August 2014**
2.1	Recipients of invoices have a number of ways to pay available to them to settle their invoices including: • Direct Debit • Standing order • Bank Transfer • Cash • Cheque • Credit/Debit Card (via the phone or online via the NCC website)
2.2	89.3% of invoices were collected within 30 days for the month of August 2014 (the % of income collected within 30 days for invoices raised in July 2014) **Fig 2: Collection Performance August (%) – including comparable data** 
2.3	The lower collection percentage for August reflects that August is peak holiday season, and some customers will delay payment until after this period is over.
2.4	Within the last 12 months we have successfully introduced the ability for customers to pay their invoices online via the Norfolk County Council website providing a 24-7 service.

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

Fig 3a: Debt Profile (Total) August 2014

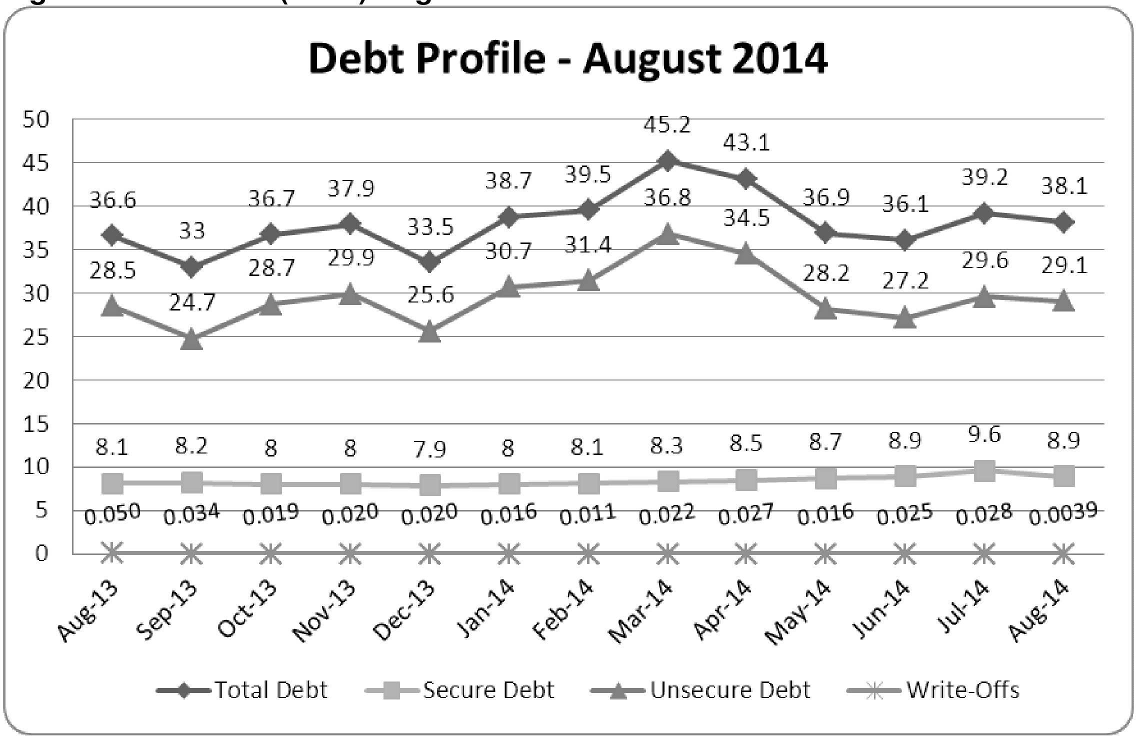
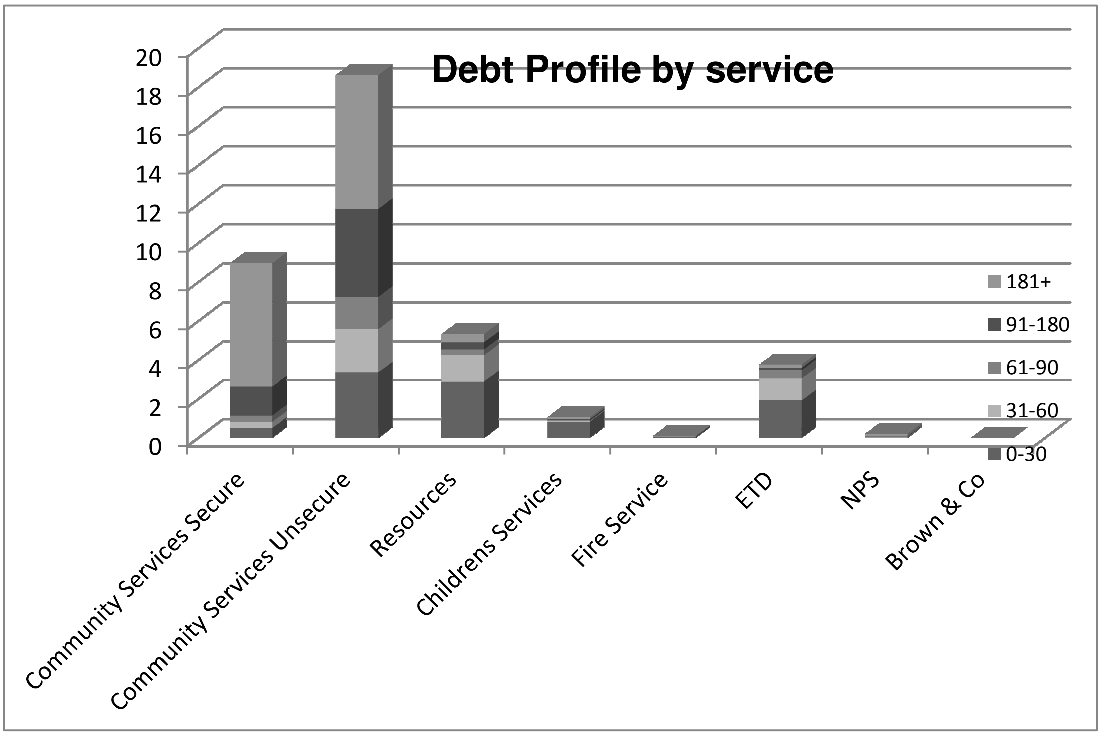


Fig 3b: Debt Profile by service area – August 2014 (£m)



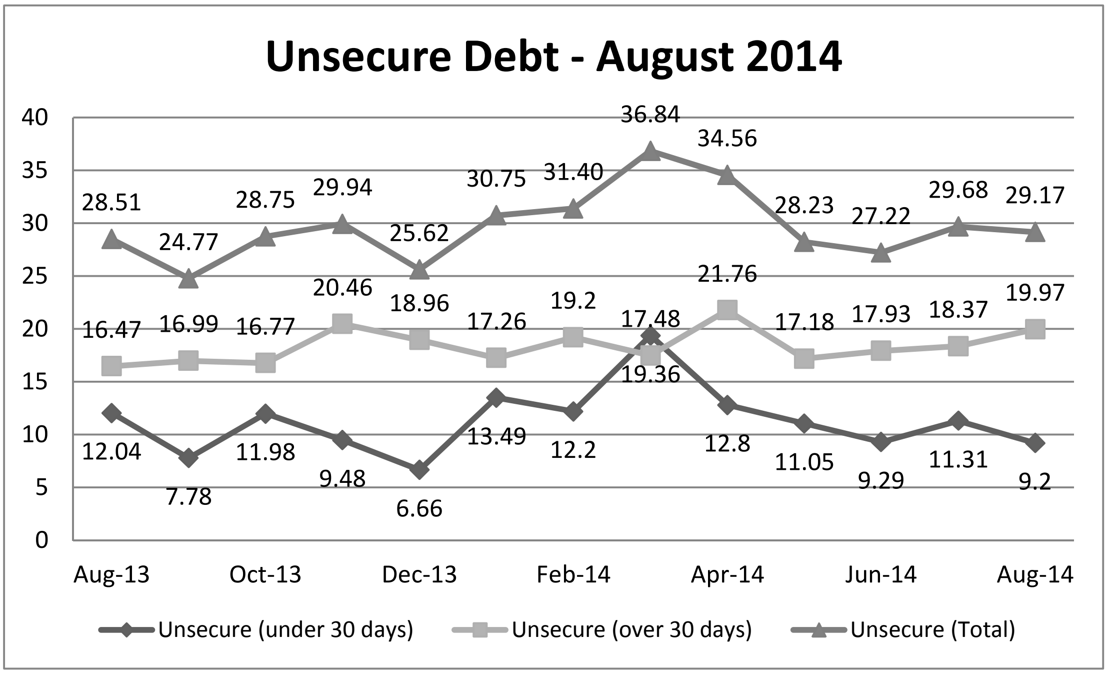
3.2 **Secured Debt**

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

3.2.2 Secured debts amount to £8.973m at 31 August 2014. Within this total £2.06m relates to estate finalisation where the client has died and the estate is in the hands of the executors.

3.3 **Unsecured Debt**

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



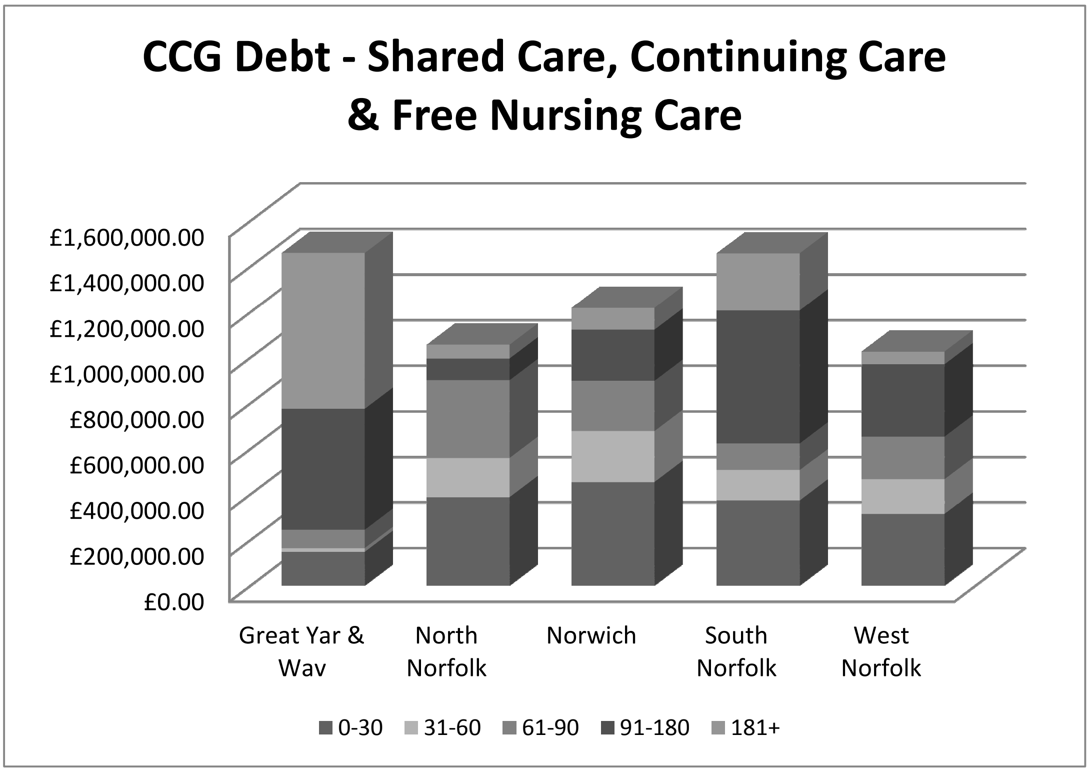
3.3.1 Of the £29.17m total unsecure debt:

- £9.2m is debt under 30 days
- £1.33m is being paid off by regular instalments
- £0.41m has been referred to NP Law
- £1.93m is awaiting estate finalisation
- £1.06m of debt between 31-60 days relates to school payrolls, these invoices were not paid over the summer holiday period

3.3.2 The largest area of unsecure debt relates to charges for social care. Of the £18.6m Community Services unsecure debt:

- £3.87m is under 30 days
- £6.959m is debt with the CCG's, the majority of which is for shared care, continuing are and free nursing care

Fig 3d: Current CCG debt across CCG area – August 2014 (£m)

	
3.3.3	Since the creation of the CCG's we have experienced relatively slow payments from them with regards to shared care, continuing and free nursing care. This is for a number of reasons including but not limited to: • Transition to a new entity – the move from dealing with one authority to dealing with 5 CCG's • CCG & CSU internal structures and recruitment issues • Complex invoicing and billing processes
3.3.4	We have worked hard with the CCG's & the CSU since April 2013 to improve the management of information and the speed of payments.
3.3.5	We are currently working very closely with Gt Yarmouth & Waveney CCG to look at the outstanding debt in detail. We are also working with the CSU for the remaining CCG's to review the process of invoicing with a view to developing a more efficient way of working.
3.3.6	We are confident that continued close working with the CCG's & CSU along with the completion of the above actions will lead to faster payments.

4	**Debt written off**
4.1	In accordance with Financial Regulation and Financial Procedures, the Policy & Resources Committee is required to approve the write-off of debts over £10,000. The Head of Finance approves the write off of all debts up to £10,000.
4.2	Before writing off any debt all appropriate credit control procedures are followed. Where economically practical the County Council's legal position is protected by court proceedings being issued and judgment being entered. For a variety of reasons, such as being unable to locate the debtor, it is sometimes not appropriate to commence legal action
4.3	For the period 1 August 2014 to 31 August, 63 debts less than £10,000 were approved to be written off by the Head of Finance. These debts totalled £39,544.35
4.4	For the period 1 April 2014 to 31 August 2014, 356 debts less than £10,000 have been written off following approval from the Head of Finance. These debts totalled £136,102.58. No debts over £10,000 have been written off.
4.5	Given the above factors the level of outstanding debt is considered reasonable.

Appendix 12

Purchase order performance – retrospective purchase orders

Introduction

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

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

Background

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

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

1.4 Performance against this objective is measured in two ways:

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

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

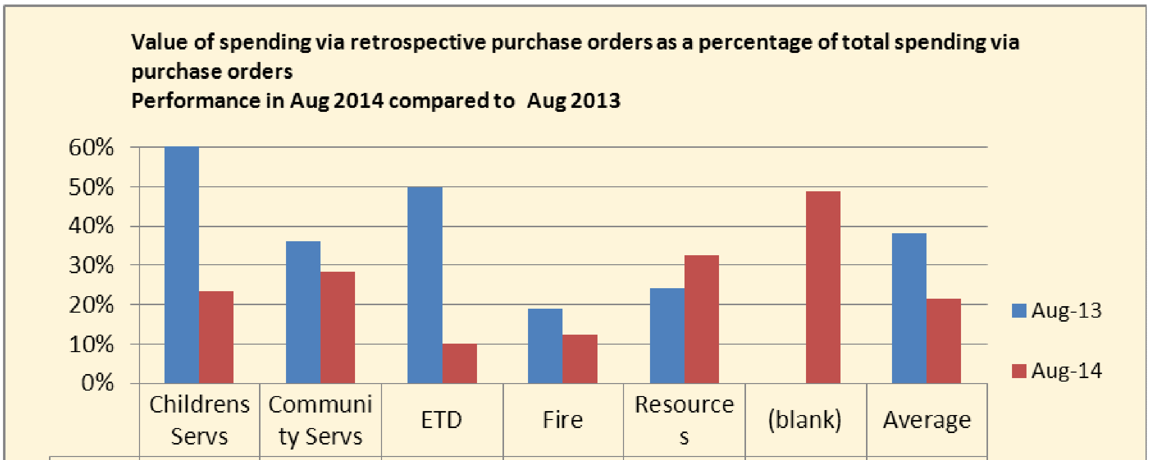
Performance

1.6 As can be seen in the tables below, performance on both measures in 1.4 above has improved. Compared to the same month last year, average retrospective spending has reduced from 38% to 21% by value, whilst the proportion of orders which are retrospective has fallen from 36% to 26%.

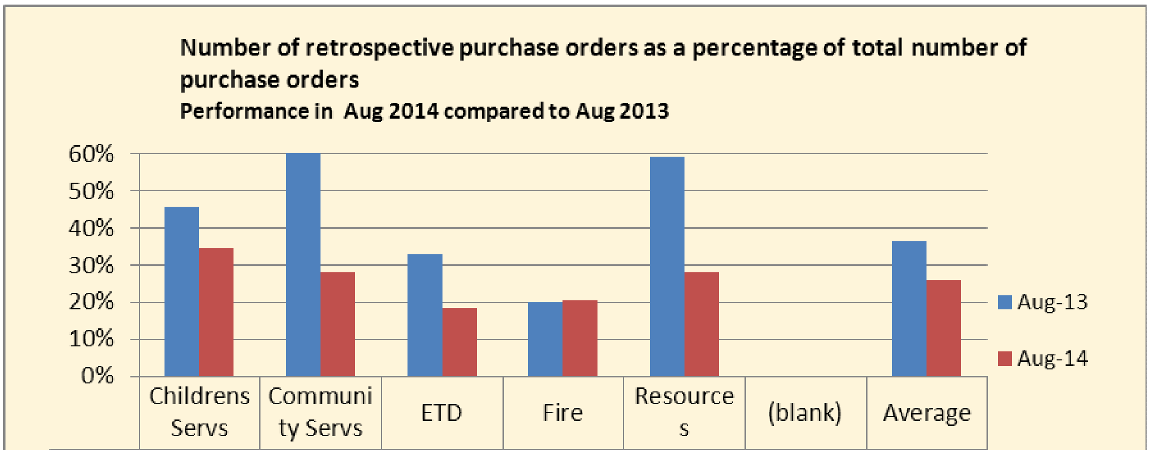
1.7 Workshops across each Department are now being run to help address this issue.

Purchase order performance – retrospective purchase orders

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



	Childrens Servs	Community Servs	ETD	Fire	Resources	(blank)	Average
Aug-13	61%	36%	50%	19%	24%		38%
Aug-14	23%	28%	10%	12%	32%	49%	21%



	Childrens Servs	Community Servs	ETD	Fire	Resources	(blank)	Average
Aug-13	46%	61%	33%	20%	59%	0%	36%
Aug-14	35%	28%	18%	20%	28%	0%	26%

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

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

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

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

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

Policy and Resources Committee

Item No 8

Report title:	**2014-15 Capital Finance Monitoring Report Month 5**
Date of meeting:	**27 October 2014**
Responsible Chief Officer:	**Head of Finance (Interim)**

Strategic impact

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

The primary purpose of this report is:

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

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

Executive summary

<u>Capital Programme</u>

On 17 February 2014, the County Council agreed a 2014-15 capital programme of £202.462m with further future years' funding of £188.676m. Following the agreement of that programme, there have been further adjustments resulting in the programme's revised position reported at Month 4. This report summarises further revisions to the programme resulting in a revised programme of £210.584m.

<u>Capital Receipts</u>

There have been further changes to the disposal schedule set out in the Month 4 monitoring report increasing the forecast capital receipts for 2014-15 by £0.040m. This report sets out the primary changes on the disposal schedule and the proposed impact on the capital receipts reserve, including a revised figure of £6.702m of capital receipts now forecast to be used to reduce borrowing incurred through financing the 2014-15 capital programme.

<u>Capital Expenditure</u>

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

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

Recommendations:

Members are recommended to:

- **note the revised expenditure and funding of the 2014-17 capital programme and the changes which have occurred following the position reported on 29 September, as set out in Section 1 of Annex A**
- **note the progress towards the achievement of the 2014-15 programme, as set out in Section 2 of Annex A**
- **note the proposed changes to the disposals schedule and the impact on the capital receipts reserve, summarised in Section 4 of Annex A and further detailed in Appendix 5**
- **note the impact of using borrowing to finance the programme on future revenue budgets, as identified in Appendix 2**
- **approve the revised spend to save scheme in relation to the Oaks site, Harvey Lane, Norwich, as set out in Appendix 6, including the requirement for £0.100m of prudential borrowing to fund initial investment in the site**

1. Introduction

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

2. Evidence

2.1 The Council set an initial 2014-15 capital programme of £202.462m in January 2014, which was subsequently revised to £236.615m to account for reprofiling and other adjustments as reported on 29 September 2014.

2.2 There has been further reprofiling and adjustments of -£26.031m in the period following the presentation of the opening position, as set out in the attached report. This has resulted in a revised position of £210.584m.

3. Financial Implications

3.1 The revised position of the 2014-15 capital programme is £210.584m.

3.2 This is to be funded by £44.516m of unsupported borrowing; £8.632m of capital receipts; £2.046m of revenue & reserve funding; and £155.390m of grants and contributions.

3.3 The impact of the additional borrowing on future revenue budgets as a result of interest and setting aside amounts for the repayment of the borrowing is £3.863m, as set out in Appendix 2.

4. Issues, risks and innovation

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

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

5. Background

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

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

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Norfolk County Council

Annex A: 2014-15 Capital Finance Monitoring Report Month 5

Report by the Head of Finance (Interim)

Introduction

This report gives details of:

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

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

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

Revised Capital Programme
The revised opening position of £237.935m for the 2014-15 capital programme was reported to Policy and Resources committee on 14 July 2014. This report identifies further refinements to that opening capital programme as plans are developed for the delivery of the constituent projects. Major changes during August include reprofiling of expenditure on the Children's Services capital programme as constituent schemes are reviewed and the profile of expected spend is revised accordingly.

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

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

Capital Receipts
There have been further changes to the projected capital receipts for 2014-15 as reported in section 4, with the projection for overall receipts now being £9.608m. These changes to the disposal schedule result in an increased figure of £6.702m of general capital receipts now forecast to be used to reduce borrowing incurred through financing the 2014-15 capital programme. This is primarily due to the addition of three new properties which have been identified for disposal.

1 Capital Programme 2014-15 Period 5 Position

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

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

1.3 Subsequent to the Period 4 monitoring report presented to Policy and Resources committee on 29 September 2014, the capital programme has undergone further revisions as summarised in Table 2.

1.4 The latest revised programme totals £439.755m, made up of:

Table 1: Revised Capital Programme

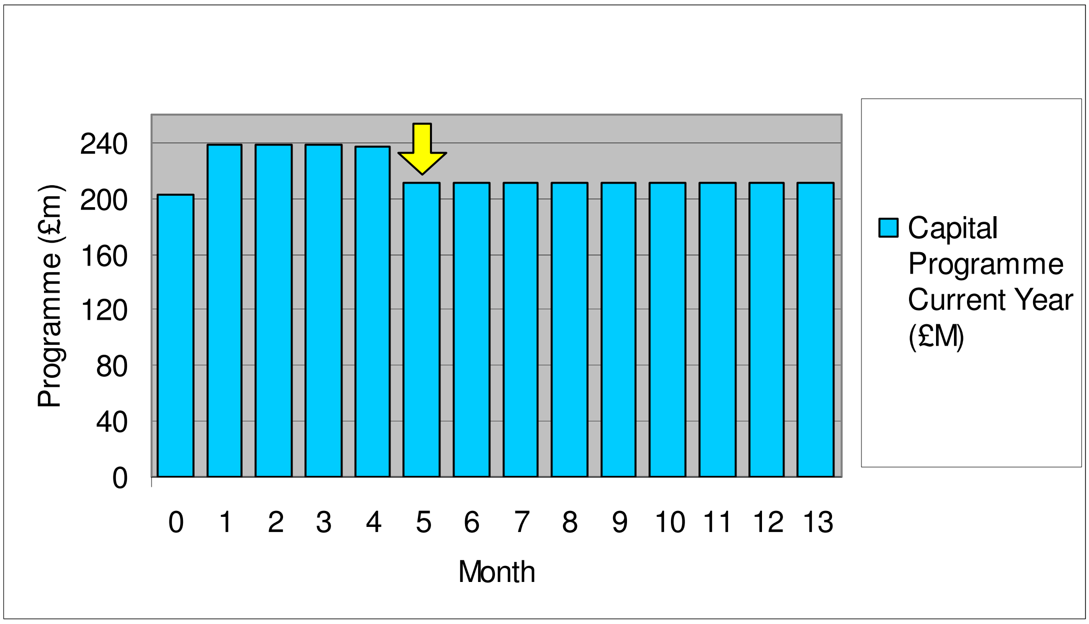
	2014-15	2015-17
	£m	£m
New schemes approved January 2014-15	24.446	142.188
Previously approved schemes	178.016	46.488
Totals in Medium Term Financial Strategy	**202.462**	**188.676**
Re-profiling and other adjustments at financial year end	17.878	7.958
Slippage	2.359	0.000
Other Adjustments (Primarily additional funding announcements for Children's Services and Highways)	15.236	0.000
Capital Programme Opening Position	**237.935**	**196.634**
Previously approved reprofiling	-5.818	5.818
Other movements previously approved	4.498	-0.002
Totals previous period	**236.615**	**202.450**
Re-profiling this period	-26.671	26.671
Other movements to be approved	0.640	0.050
Revised capital programme outturn	**210.584**	**229.171**
Total		**439.755**

1.5 This table highlights a reduction of £26.671m in the 2014-15 capital programme due to reprofiling schemes to later years, as identified in Appendix 1.

1.6 The reprofiling in this period has been primarily due to a review undertaken by Children's Services to identify and correct instances where budgets on projects have been front-loaded. This has been due to the budget appearing in the year in which funding was expected to be received rather than when expenditure would occur.

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

Chart 1: Capital Programme changes to date 2014-15 at Period 5



1.8 The arrow at Month 5 shows the latest position.

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

Table 2: Revised capital programme 2014-15

Service	Opening Capital Programme 2014-15	Cumulative Changes To Date	Reprofiling To Be Approved	Other Changes To Be Approved	2014-15 Capital Programme	Forecast Outturn	Over / (Under)spend
	£m	£m	£m	£m	£m	£m	£m
Children's Services	91.160	1.030	-26.797	-1.900	63.493	63.493	0.000
Adult Social Care	10.552	-5.252	0.126	0.000	5.426	5.428	0.002
Cultural Services	1.119	0.107	0.000	0.050	1.276	1.276	0.000
Highways	90.492	2.758	0.000	0.762	94.012	93.913	-0.099
ETD Other	7.727	0.000	0.000	0.000	7.727	6.124	-1.603
Fire & Rescue Service	2.841	0.001	0.000	0.102	2.944	2.944	0.000
Resources	34.044	0.036	0.000	1.626	35.706	35.715	0.009
Total	**237.935**	**-1.320**	**-26.671**	**0.640**	**210.584**	**208.893**	**-1.691**
		236.615		**-26.031**			

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

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

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

Table 3: Opening capital programme 2015-17

Service	**Revised Position at end of July 2014 £m**	**Reprofiling in August £m**	**Other Movements in August £m**	**Revised Position at end of August 2014 £m**
Children's Services	46.897	26.797	0.050	73.744
Adult Social Care	5.257	-0.126	0.000	5.131
Cultural Services	0.000	0.000	0.000	0.000
ETD Highways	123.722	0.000	0.000	123.722
ETD Other	3.600	0.000	0.000	3.600
Fire and Rescue	1.769	0.000	0.000	1.769
Resources	21.205	0.000	0.000	21.205
TOTAL	**202.450**	**26.671**	**0.050**	**229.171**

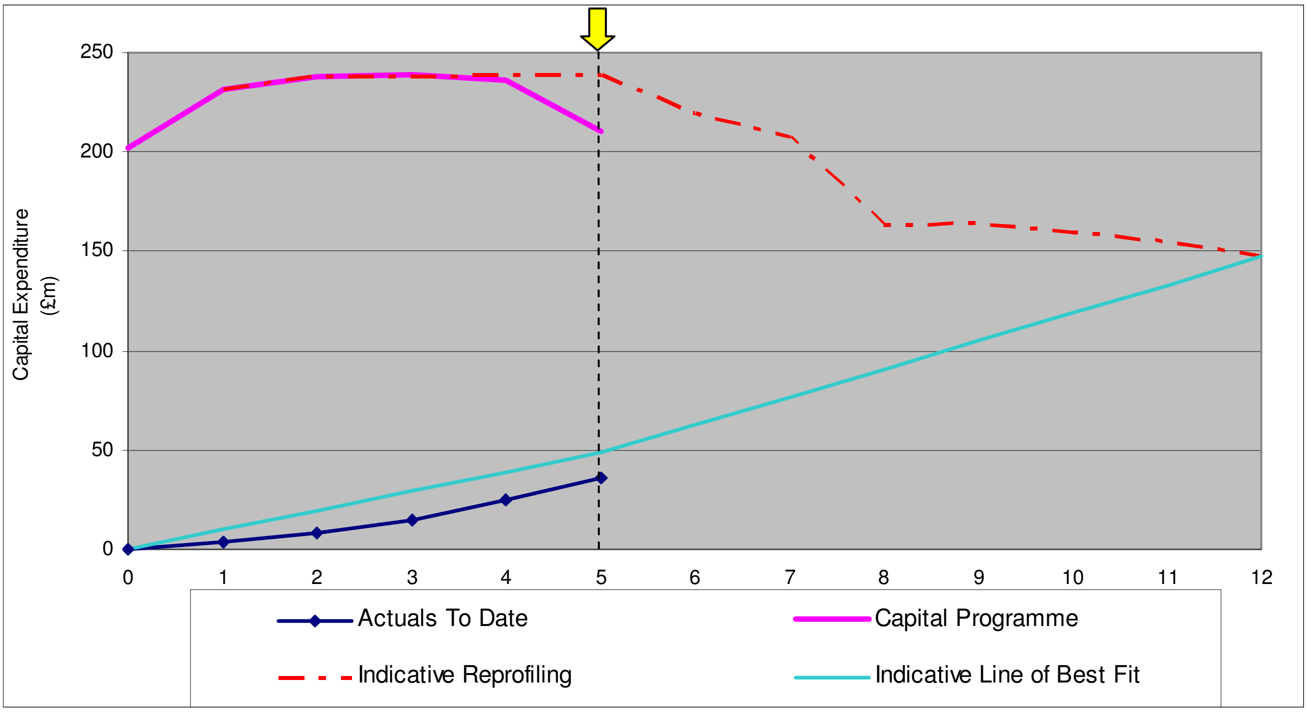
1.13 The revised position of the future years programme was reported to Policy and Resources committee on 29 September 2014.

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

2 Actual Spend and Progress on Capital Programme

2.1 Progress on the overall capital programme is as follows:

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



2.2 Total expenditure on the 2014-15 capital programme to the end of August was £36.240m. By comparison, the Council had spent £41.273m by the end of August 2013.

2.3 Capital projects by their nature do not lend themselves to evenly profiled expenditure, which would suggest a target spend percentage of 41.6%. A number of reasons may result in higher expenditure during certain parts of the year. In particular, major construction and infrastructure projects would expect to incur greater expenditure during the summer and autumn. There may be other reasons for delays in projects such as difficulties in obtaining planning permission.

2.4 Despite the significant reprofiling this month, the graph above suggests that there may still be a significant amount of re-profiling of expenditure into future year's programmes. The difference between the current profile and actual at Month 5 is 24.4%.

2.5 The dotted lines on Chart 2 present an indicative pattern of reprofiling based on last year's capital programme. If there is similar reprofiling in this year then the outturn capital programme would be £147.3m and expenditure to date would represent 24.6% of the outturn, 17% below expected progress if expenditure is incurred on a "straight line basis". The "line of best fit" above has been adjusted for major projects not yet in construction/delivery (as shown in Chart 3). This shows that actual expenditure is closer to an expected profile, but is still below expected progress.

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

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

Service	Capital Programme	Expenditure To Date	% Capital Expenditure Incurred	RAG
	£m	£m		
Children's Services	63.493	7.630	12.0%	R
Adult Social Care	5.426	2.381	43.9%	G
Cultural Services	1.276	0.384	30.1%	G
Highways	94.012	20.343	21.6%	G
ETD Other	7.727	0.408	5.3%	R
Fire & Rescue Service	2.944	0.796	27.0%	G
Resources	35.706	4.298	12.0%	R
Total	**210.584**	**36.240**	**17.2%**	**A**

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

Children's Services (Month 5 gap: £18.783m) - "Red"

The gap between expected and current expenditure has narrowed in the last month from £25.439m to £18.783m. This represents the positive impact of the programme review undertaken and subsequent reprofiling.

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

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

Highways (Month 5 gap: 18.766m) – "Green"

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

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

ETD Other (Month 5 gap: £2.806m) – "Red"

The majority of the programme for ETD Other relates to loans to be paid to Norfolk Energy Futures Ltd in respect of developing renewable energy projects. There have not been any further loans agreed with NEF during the first quarter of 2014-15 and work ongoing to identify suitable schemes to finance remains challenging.

The other major scheme within this budget is for drainage improvements at the county's Household Waste Recycling Centres and landfill sites. There remain five sites at which works are required and these are expected to be completed in 2014-15 at a forecast underspend of £1.603m, as reported in Table 2, due to a reassessment of the works required and a change of contractor.

Resources (Month 5 gap: £10.556m) – "Red"

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

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

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

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

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

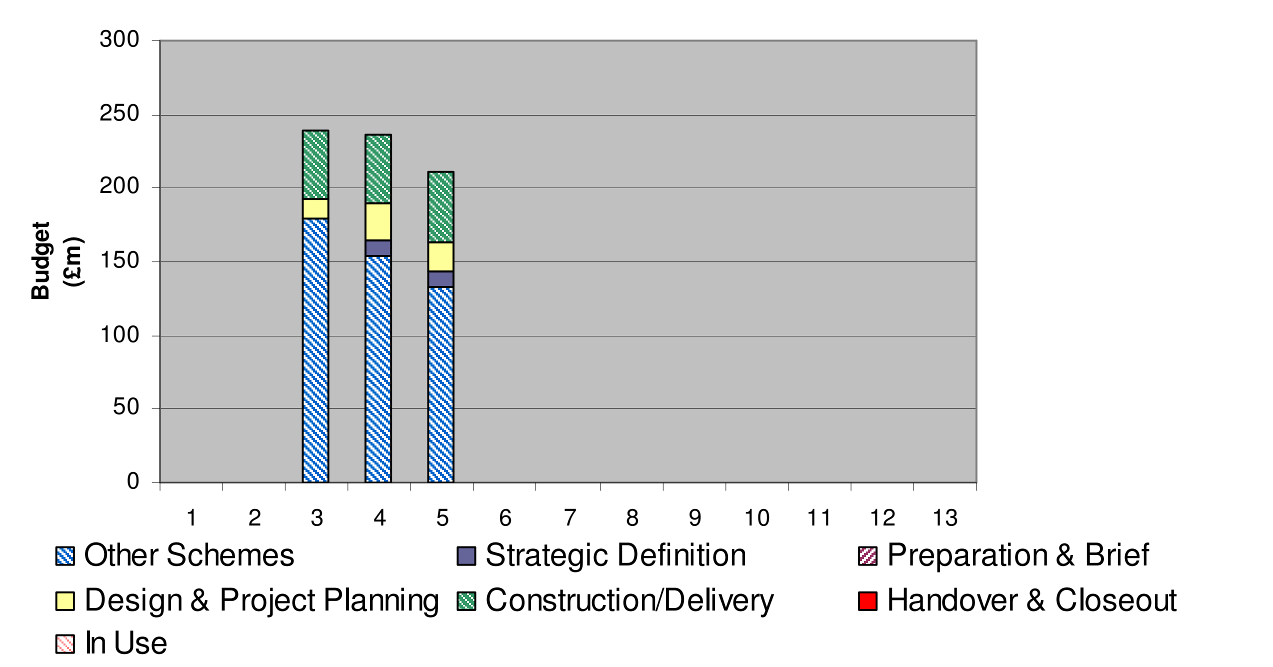
2.9 The following gateways will be applied to determine the progress of the schemes within the programme:

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

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

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

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



2.12 Progress on delivery of schemes at the beginning of 2014-15 has been good. Below are some highlights of progress in the year to date:

Children's Services

Completion of a building extension and associated improvements at Earlham Nursery School as part of the expansion of places for 2 year olds completed in June 2014.

Completion of a project at Eaton Primary School aimed at improving the original 1970s design limitations, which has been very positively received by the school. These are positive changes to a school currently in Ofsted 'special measures' category .Internal alterations were completed in the school ready for September within tight timescales.

A brand new 210 place primary school was opened in Lingwood on 8 September bringing the infant and junior schools together on one site. The feedback from staff and parents has been very positive. The overall design is likely to be used as a model for other primary schools being built as part of the capital programme.

Easton VC Primary School has been expanded by an additional 60 places to full 1 form of entry (210 places) by the provision of a two class base modular building in place for the start of the Autumn Term. The project has been very well received by the school.

Highways

The Council is continuing to progress the Norwich Northern Distributor Road and Postwick Hub schemes, which are a key element of the delivery of sustainable growth in the Greater Norwich area. Construction of Postwick Hub is under way and should be completed by autumn of 2015.

The Council continues to operate the annual parish partnership scheme. In 2014-15, £0.206m support is being provided for 68 local initiatives that will deliver small highway improvements through partnership working with Town and Parish Councils.

The new contracts for the delivery of highways construction and maintenance, professional services and traffic signal maintenance are now in place with LaFarge Tarmac, Mouchel and ImTech respectively.

Norfolk recently ranked 5th out of 25 county authorities which took part in a nationwide survey of public satisfaction with highways and transportation services.

<u>Resources</u>

Progress on County Hall continues apace with the first two floors of the main tower now having been completed and fitted out. Floor eight is now occupied with the move to floor seven planned for October. Works are scheduled to finish in Spring 2016.

Works continue on Better Broadband with progress as identified in Appendix 4.

<u>Fire</u>

The main structure of the new fire station at Kings Lynn is now fully erected with work on the building progressing well.

<u>Adult Social Care</u>

The first tranche of funding (£2m) has been provided to NorseCare for the delivery of the Bowthorpe dementia care project. Further funding is expected to be passed to NorseCare later in the year.

<u>Cultural Services</u>

The Museums Service delivered its new stock system on time – the system went live on 1 April 2014.

The Ecobuilding project at Gressenhall has also been completed with Keppel's Lodge being opened earlier this year.

3 Financing The Programme

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

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

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

Table 5: Financing of the capital programme

Funding Stream	Approved Capital Programme	Previously Approved Changes	Changes To Be Approved	2014-15 Programme	2014-15 Forecast Outturn	2014-15 Over / (Under)spend	Future Years Forecast
	£m	£m	£m	£m	£m	£m	£m
Prudential Borrowing	44.884	2.365	-2.733	44.516	42.922	-1.594	55.462
Capital Receipts	2.258	5.931	0.443	8.632	8.632	0.000	1.894
Revenue & Reserves	3.567	-1.180	-0.341	2.046	2.046	0.000	0.090
Grants and Contributions		0.000					171.725
DfE	58.463	13.496	-22.215	49.744	49.744	0.000	
DfT	48.760	14.289	0.021	63.070	62.971	-0.099	
DoH	7.482	-3.865	0.225	3.842	3.842	0.000	
DCLG	0.406	0.496	0.000	0.902	0.902	0.000	
DCMS	10.378	0.000	0.000	10.378	10.378	0.000	
GNDP/CIF	0.000	2.673	0.000	2.673	2.673	0.000	
Developer Contributions	0.000	14.669	-1.463	13.206	13.206	0.000	
Other	26.265	-14.720	0.032	11.576	11.576	0.000	
TOTAL	**202.462**	**34.154**	**-26.031**	**210.585**	**208.892**	**-1.693**	**229.171**

3.4 The table above shows forecast prudential borrowing requirement for the Council to support the 2014-15 programme of £42.922m. The underspend of £1.594m from borrowing is primarily related to the lower than expected cost of providing drainage improvements at the County's landfill and Household Waste Recycling Centres.

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

3.6 The revenue consequences of borrowing are shown in Appendix 1. The key issues continue to be:

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

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

4 Capital Receipts

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

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

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

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

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

Table 6: Revised disposal schedule £m

	2014-15 Approved	2014-15 End of July	2014-15 End of August	Changes since the end of July
General Capital Receipts Available	2.258	5.715	6.135	0.420
Financial Packages	1.485	1.235	0.935	-0.300
County Farms Capital Receipts	6.420	2.618	2.538	-0.080
Estimated Total Capital Receipts	**10.163**	**9.568**	**9.608**	**0.040**

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

4.5.1 <u>General Capital Receipts</u>

Movements on general capital receipts are as follows:

- Additional disposals identified for Lingwood Junior School, Sculthorpe depot and 322-323 St John's Way, Thetford.

4.5.2 <u>Financial Packages Receipts</u>

Necton School, which was forecast to achieve £0.350m, has been removed from the market due to planning issues.

This has been offset by an increase in the valuation of Stalham Highways Depot by £0.050m.

4.5.3 <u>County Farms Receipts</u>

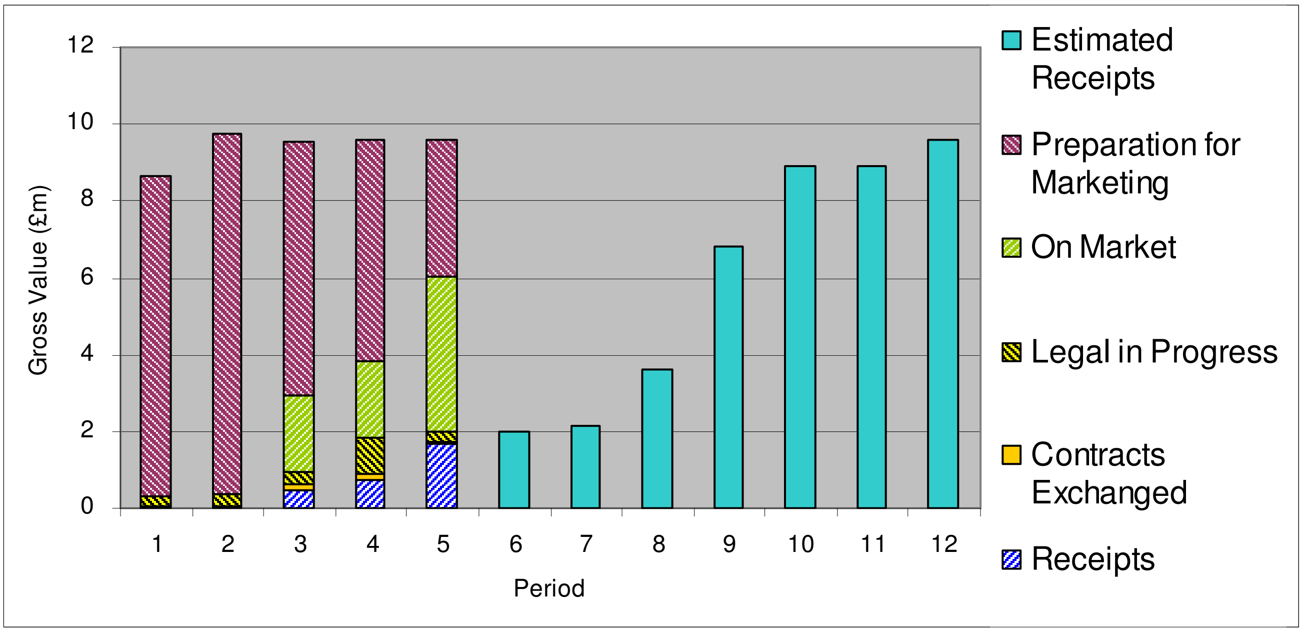
The sale of Row Hill Barns has been delayed to 2015-16 whilst plans for the site continue to be developed.

Table 6a: Reconciliation of Disposal Schedule Estimates

	£m
Capital receipts estimate at end of previous period	9.568
Additions	0.420
Upward revaluations of estimates	0.050
Brought forward from future years	0.000
Removals	-0.350
Downwards revaluations of estimates	0.000
Delayed until future years	-0.080
Revised Estimate 2014-15	**9.608**

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

Chart 4: Forecast Capital Receipts from property sales 2014-15 (estimated cumulative receipts from month 6)



The columns for periods 6-12 show estimated cumulative future monthly receipts and demonstrate a good level of confidence in their delivery in 2014-15. A detailed list of property sales and their status may be found in Appendix 5.

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

Table 7: Capital receipts reserve forecast 2014-15

	General	Financial Packages	County Farms	Total
	£m	**£m**	**£m**	**£m**
Opening Balance	**0.000**	**1.385**	**0.367**	**1.752**
Forecast receipts from sales of properties	6.135	0.935	2.538	9.608
Receipts from sales of assets to leasing companies	0.867	0.000	0.000	0.867
Other capital receipts	0.000	0.000	0.000	0.000
Forecast receipts generated in year	**7.002**	**0.935**	**2.538**	**10.475**
Sales expenses	-0.300	0.000	0.000	-0.300
Receipts repayable to third parties	0.000	0.000	0.000	0.000
Forecast net receipts available for funding	**6.702**	**2.320**	**2.905**	**11.927**
Forecast use to fund incomplete leases	0.000	0.000	0.000	0.000
Forecast use to fund programme and reduce borrowing	-6.702	-0.990	-0.940	-8.632
Forecast Closing Balance	**0.000**	**1.330**	**1.964**	**3.295**

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

5 New capital scheme proposals requiring borrowing

5.1 There are currently no new proposals for schemes requiring borrowing.

6 Spend to Save schemes

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

7 Capital schemes in development

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

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

7.2 A14 Cambridge to Huntingdon Improvement Scheme 2016-2020

The Secretary of State for Transport proposes to construct the A14 Cambridge to Huntingdon Improvement Scheme. The scheme is under development and is to be jointly funded by the Secretary of State and local authorities and LEPs based in the Eastern region. The outturn cost of the scheme is approximately £1.345 billion based on the works taking place between the financial years

2016-17 and 2019-20. Local authorities and LEPs will be contributing £100m, with £75m from Cambridgeshire County Council and Greater Cambridge Greater Peterborough LEP. Norfolk County Council's will be £0.040m per annum from January 2020 to January 2044, resulting in a total commitment of £1m.

7.3 One Public Estate programme

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

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

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

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

7.4 Bowthorpe Development

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

7.5 Priority Schools Building Programme

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

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

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

Appendices

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

Appendix 2: Revenue Consequences of Borrowing

Appendix 3: Spend to Save and NIF-Supported Schemes

Appendix 4: Norfolk Infrastructure Fund Update

Appendix 5: Capital Receipts

Appendix 6: Spend to save scheme: the Oaks site, Harvey Lane, Norwich

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

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

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

Reprofiling

Table A1a: Reprofiling in August 2014

Service	Project	Funding Type	Amount £m	Explanation
Children's Services	Unallocated Basic Need	Grants and Contributions	1.000	Funding brought forward from future years to allocate to the Southtown Reorganisation scheme in Great Yarmouth
	Land Purchases	Grants and Contributions	-2.529	Reprofiling of funding set aside for land purchase contingencies and the purchase of land at Gayton. Issues remain outstanding with the purchase of the Gayton land and this is now not likely to occur in 2014-15.
	Drake Infant School	Grants and Contributions	-2.134	Still no planning permission in place for this project. Funding reprofiled into future years as work is unlikely to go ahead this financial year.
	Sidestrand Hall Sixth Form	Grants and Contributions	-0.556	Planning problems persist - funding moved to future years.
	Underspends from prior years	Multiple Funding Sources	-0.790	Underspends reprofiled to 2015-16 and allocated to projects to be completed in that financial year.
	Condition Contingency	Grants and Contributions	-1.674	Contingency fund for works undertaken to improve and maintain schools. This is unlikely to be drawn on in the current financial year due to sufficient other funding being available.
	Gayton Growth project	Grants and Contributions	-2.789	Delays to land purchase identified above resulting in no likely progress of construction work in 2014-15
	Other Children's Services schemes:	Multiple Funding Sources		In addition to the specifically identified movements above, there has been an exercise undertaken to more realistically profile the budget for a number of schools projects over the length of the schemes. This has corrected instances where budget was allocated to the first year of a project or the year in which funding was due to be received.
	Catton Grove		-0.500	
	Queens Hill Phase 2		-4.802	
	Thorpe St Andrew Sportshall		-1.800	
	Westfield Infants Expansion		-0.908	
	Trowse Primary		-1.500	
	Henderson Green		-0.500	

	Primary			
	BEST Briggan Road		-1.750	
	Great Yarmouth School		-0.744	
	Developer contributions Unallocated		-1.000	
	Other Schemes		-3.821	
Children's Services Total			**-26.797**	
Adult Social Care	Unallocated Capital Grant	Grants and Contributions	0.222	Brought forward to 2014-15 to support Lakenfields project
	Great Yarmouth Dementia Daycare	Multiple Funding Sources	-0.015	
	Domestic Violence LPSA Funding	Grants and Contributions	-0.092	
	Adult Social Care IT infrastructure	Borrowing and Capital Receipts	0.016	
	Failure of Kitchen Appliances	Borrowing and Capital Receipts	-0.005	
Resources Total			**0.126**	
Total Reprofiling			**-26.671**	

Other Changes

Table A1b: Other changes in August 2014

Service	**Project**	**Funding Type**	**Amount £m**	**Explanation**
Children's Services	Looked After Children	Borrowing and Capital Receipts	-1.623	Transfer of borrowing from Children's Services to Offices to fund the Great Yarmouth Office Reorganisation project at Havenbridge House
	Developer Contributions Unallocated	Grants and Contributions	0.183	Additional Developer Contributions allocated to the programme
	Schools-based schemes including ICT Refresh	Multiple Funding Sources	-0.460	Additional contributions from schools towards school-based projects offset by correction to Devolved Formula Capital grant and accounting for schools loan schemes
Children's Services Total			**-1.900**	

Cultural Services	New Libraries CERF Projects	Borrowing and Capital Receipts	0.039	CERF funding disaggregated from the CERF Pot. Offset by a reduction in Resources funding below
	New Libraries Corporate Minor Works Projects	Borrowing and Capital Receipts	0.001	Corporate Minor Works funding disaggregated from the CMW Pot. Offset by a reduction in Resources funding below
	New Section 106 schemes	Grants and Contributions	0.010	Additional developer contributions towards libraries schemes
Cultural Services Total			**0.050**	
Highways	Local Road Schemes	Multiple Funding Sources	0.665	Increase in contributions from developers and Kings Lynn and West Norfolk Borough Council towards a number of schemes including Chapelfield, Norwich, and Tuesday Marketplace in Kings Lynn. These have been offset by a small reduction in the planned drawdown from ETD reserves
	Local Safety Schemes	Revenue and Reserves	0.020	Additional £20,000 to be drawn down from Network Management reserve in respect of safety works
	Traffic Management and Calming	Grants and Contributions	0.020	Additional contributions of £20,000 from Parish Councils toward traffic management schemes
	Other Schemes	Grants and Contributions	0.056	Other minor adjustments to funding for schemes
Highways Total			**0.761**	
Fire and Rescue Service	New CERF Projects	Borrowing and Capital Receipts	0.101	CERF funding disaggregated from the CERF Pot. Offset by a reduction in Resources funding below
	New Corporate Minor Works Projects	Borrowing and Capital Receipts	0.001	Corporate Minor Works funding disaggregated from the CMW Pot. Offset by a reduction in Resources funding below
Fire and Rescue Service Total			**-0.002**	
Resources	CERF Pot	Borrowing and Capital Receipts	-0.686	Disaggregation of funding to schemes within services
	CMW Pot	Borrowing and Capital Receipts	-0.002	Disaggregation of funding to schemes within services
	Great Yarmouth Office Reorganisation	Borrowing and Capital Receipts	1.623	Transfer of borrowing from Children's Services to Offices to fund the Great Yarmouth Office Reorganisation project at Havenbridge House

	County Hall Refurbishment	Multiple Funding Sources	0.668	Additional CERF funding for the provision of a biomass boiler and transfer of further funding from the Buildings Maintenance Fund to reflect the repayment of NPS fees to the fund relating to monies transferred to the County Hall project
	County Farms	Borrowing and Capital Receipts	0.023	
Resources Total			**1.626**	
Total Other Changes			**0.640**	

iii. Reprofiling into future years is as per Table A1a. There has been £0.050m added to the Children's Services future years programme to recognise additional external funding for the Sidestrand Hall Sixth Form project.

Appendix 2: Revenue Consequences of Borrowing

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

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

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

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

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

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

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

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

	2014-15	**2015-16**	**2016-17**	**2017-18**
	£m	**£m**	**£m**	**£m**
Forecast additional borrowing required in year	42.922	34.685	20.778	N/A
Cumulative additional borrowing	**42.922**	**77.606**	**98.384**	**98.384**
Interest		2.146	4.054	5.197
MRP		1.717	3.104	3.935
Total annual revenue impact of borrowing (cumulative)		**3.863**	**7.158**	**9.132**

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

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

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

Table A2b: Analysis of unsupported borrowing

	2014-15	2015-16	2016-17
	£m	£m	£m
Spend to save (Appendix 2)	20.947	9.530	
Economic Development & NIF Funded Schemes (Appendix 2)	14.712	24.297	20.000
Deferred borrowing	7.573	0.857	0.875
Other schemes	7.332	1.784	0.013
Capital receipts available to reduce deferred and other borrowing	-7.642	-1.784	-0.110
Total	**42.922**	**34.684**	**20.778**

xi. Spend to Save Schemes

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

xii. Economic Development & NIF Funded Schemes

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

xiii. Deferred Borrowing

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

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

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

Table A2c: Analysis of Other Schemes

Scheme	2014-15	2015-16	2016-17	2017-18
	£m	£m	£m	£m
Corporate				
Corporate Minor Works	0.124	0.130		
Alterations to Offices to Comply with Disability Discrimination Act	0.324	0.185		
Asbestos Survey & Removal Programme (Chief Exec)	0.295	0.113		
Fire Safety Requirements	0.076	0.049		
Unsupported schemes				
Kings Lynn Fire Station	0.248			
Kings Lynn North Improvements	0.430			
Real Fire Training Unit	1.173			
New Fire Station - Boat Store & Enhanced	0.005	0.153		
Closed Landfill Site Capping	0.400			
HWRC Drainage Improvements	0.108			
Education schemes initially funded through supported borrowing				
Schools Access Initiative Post 2011-12	0.056	0.450	0.056	
BEST Briggan Road		0.145		
Kings Lynn Academy	0.150		0.150	
Drake Land	0.448		0.448	
Gayton Land	0.350		0.350	
Queens Hills Land		0.066		
Chapel Rd site	0.034		0.034	
Sustainability	0.350		0.350	
Condition Contingency	0.176		0.176	
Thetford Replacement School	0.165	0.200	0.165	
Robert Kett, Wymondham	0.455		0.455	
Valley Primary	1.117		1.117	
Brooke Replacement School	0.136		0.136	
Other education schemes	0.300	0.076	0.300	
Other small schemes				
Other Schemes	0.411	0.217	0.013	
	7.331	**1.784**	**0.013**	
Cumulative Borrowing	**7.914**	**9.115**	**9.128**	
Impact on revenue		0.659	0.821	0.822

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

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

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

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

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

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

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

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

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

Scheme	Financing	2014-15	2015-16	2016-17
		£m	£m	£m
Carbon Energy Reduction Fund (CERF)	Energy cost savings	2.052		
County Hall Carbon Energy Reduction Fund		0.535	0.771	
County Hall Better Ways of Working	Office closures rent saving	2.462	1.760	
County Hall Strategic Maintenance		13.555	6.999	
North Norfolk Office Reorganisation	Office closures running cost saving and sales proceeds	0.030		
County Farms Improvements	Capital receipts from County Farms disposals	0.940		
Great Yarmouth Property Rationalisation	Capital receipts from disposal of Great Yarmouth office accommodation	0.420		
Gressenhall Sewerage Works	Increased capacity for visitor numbers	0.253		
RAF Coltishall	Identified capital receipt used to replace direct funding from NIF	0.700		
Total Current and Proposed Spend To Save Schemes		**20.947**	**9.530**	**0.000**

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

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

Scheme	Financing	2014-15	2015-16	2016-17
		£m	£m	£m
Better Broadband	Telecommunications contract savings and NIF support	3.012	11.197	
Northern Distributor Road	GNDP/ CIF	7.550	9.500	20.000

Loan to Norfolk Energy Futures	Loan Repayments From renewable energy incomes generated by a wholly owned company	4.150	3.600	
Total Economic Development and NIF funded projects		**14.712**	**24.297**	**20.000**

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

Appendix 4: Norfolk Infrastructure Fund Update

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

ii. This support is in the form of either:

   a. one-off funding from the reserve, whereby the Council does not incur future revenue costs related to borrowing, or

   b. through support for borrowing, providing an annual contribution to mitigate the future effects of interest and MRP.

iii. An annual update detailing progress on the fund was presented to Cabinet on 3 March 2014.

iv. The revised commitments on the fund following the end of 2013-14 are as follows:

Borrowing requirement	Total Investment	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
3rd River Crossing	0.800	0.800					
College of West Anglia	1.500		0.105	1.395			
Broadband	4.221					0.000	4.221
Thetford	0.000						
Beach Coach Station	0.000			1.247	0.888	(2.135)	
South Denes	0.000						
NORA	0.000		0.307	0.443	0.250	0.000	(1.000)
Total Borrowing commitment	6.521	0.800	0.412	3.085	1.138	(2.135)	3.221
Cumulative Borrowing Position		0.800	1.212	4.297	5.435	3.300	6.521
Balance of the Fund							
Opening balance of reserve		(1.151)	(1.151)	(4.745)	(2.378)	(2.015)	(1.218)
Additions to the fund			(3.658)	(1.914)	(1.161)	(1.133)	(1.133)
Borrowing costs			0.065	0.098	0.247	0.442	0.269
One off Funding							
RAF Coltishall				4.183	1.270	1.489	
Breckland					0.006		
Broadband							0.779
		(1.151)	(4.745)	(2.378)	(2.015)	(1.218)	(1.303)

v. The following provides an update on the position of the current schemes within the Norfolk Infrastructure Fund:

NORA (Nar Ouse Regeneration Area) Housing Project

Progress update

- Pre-commencement planning conditions and associated works were completed and signed off in July 2013. The expected surplus from phase one was £0.392m (outline business case May 2012).
- There have been significant issues in regard to ground conditions and a pumped sewer main across the site which have now been resolved. Compared to the plan, a further contribution may be necessary.
- Infrastructure works commenced in August 2013 and piling commenced in October 2013.
- Construction of the first 54 dwellings (Phase 1) commenced in November 2013 with the first of these properties programmed to be completed in May 2014 with the whole of Phase 1 being handed over by October 2014.
- William H Brown has been appointed as agent for the site, interest from potential purchasers is strong. A number of offers have already been accepted "off-plan". To help generate sales there will be a show home on the site and the scheme is registered with the Help to Buy scheme.
- The business plan for phase 1 is being refreshed. Later phases cannot commence until a business plan has been agreed.
- After each phase of development is finalised, a report analysing the results of that phase will be completed (Cabinet April 2010).

Royal Britannia Crescent (formerly Beach Coach Station Car Park, Great Yarmouth)

Period 5 Sales update

- All 19 homes have been built. There has been further progress on the sales of properties following the May 2014 report.
- All properties have now been sold or are in the process of being sold, with work ongoing to complete the sales of those which are sold subject to contract.

Scheme estimates

- Current estimates for the scheme outturn are as follows:

	Original estimate £m	Change from Original Estimate £m	Current forecast £m
Total Budgeted Costs	2.076	0.144	2.220
Estimated Sales	-2.440 +/- 5%	-0.146	2.294
Estimated surplus (-)	-0.364	0.290	-0.074

The surplus has dropped compared to the original estimates, due to increased costs on the site. The latest figures show a small upward revision to the expected returns and still forecast a return on the project.

As further sales continue to be completed there will be increasing certainty that a surplus will be realised, but at this stage there remains a risk around that return.

Once the properties are sold the initial investment will be returned to the fund and will be available to fund future projects.

Supporting better broadband access in rural areas

Progress update

- On 21 December 2012, using the Broadband Delivery UK (BDUK) Framework Contract, Norfolk County Council signed a contract for the delivery of improved broadband infrastructure across Norfolk
- Once complete in late 2015, the combination of commercial deployments and the 'Better Broadband for Norfolk' project should mean that 89% of Norfolk premises to have access to 'next generation access' infrastructure and 83% of all Norfolk premises have access to speeds of 24Mbps+
- All premises are expected to have access to a minimum of 2Mbps (enough to run BBC iPlayer).
- Implementation commenced three months ahead of plan, and at the end of December 2013, over 20,000 premises have access to Superfast (24 Mbps+) broadband
- Further funding of £5.590m was announced by central government subject to the provision of match funding. A further £4m was requested from DCMS and agreed subject to the entire £9.590m being matched with local funding.

  A report was presented to the Environment, Development and Transport committee on 8 July 2014 detailing options for procurement and match funding. Currently, Norfolk County Council proposes to make a £1m contribution with the remaining being sought from District Councils and the Local Enterprise Partnership.

The programme is still on schedule to be complete by the end of 2015.

Appendix 5: Capital Receipts

i. The current budgeted requirement for borrowing and capital receipts to support the 2014-15 capital programme is £53.148m, with a further £57.356m required to fund 2015-17.

ii. As detailed in Appendix 2, borrowing to finance the capital programme incurs revenue costs for both the interest on loans and the Minimum Revenue Provision that the Council is required to set aside. These increased revenue costs have an impact on the future revenue budgets set by the Council.

iii. In order to reduce the borrowing required to finance the programme, the Council may seek to generate capital receipts through the rationalisation of its property portfolio.

iv. The table below sets out in detail the sales which the Council has generated to date in 2014-15 in order to realise capital receipts and reduce the Council's borrowing requirement:

Table A5a: Sales to Date

Property	2014-15 Status	Capital Programme 2014-15	Forecast / Actual Receipt	Variance	Notes
		£m	£m	£m	
Former Landfill Site, North Walsham	Completed 4 July 2014	0.000	0.004	0.004	
Former Highways Office, Aylsham	Completed 19 June 2014	0.175	0.303	0.128	
Shrublands, Great Yarmouth	Completed 7 July 2014	0.050	0.166	0.116	
Tanner House, Thetford	Completed 17 July 2014	0.000	0.262	0.262	
Magdalen House HFE, Great Yarmouth	Completed 6 August 2014	0.000	0.000	0.000	
Unthank Centre, Norwich	Completed 7 August 2014	0.000	0.700	0.700	
Former St Michael's School Site, Kings Lynn	Contracts Exchanged	0.000	0.050	0.050	
Former Railway Line, Walsingham	Legal in Progress	0.001	0.030	0.029	
Former Youth & Community Centre, North Walsham	Legal in Progress	0.000	0.200	0.200	
Land at Norwich Road, Acle	Legal in Progress	0.000	0.000	0.000	
Clere House HFE, Ormesby St Margaret	On Market	0.000	0.000	0.000	
Highways Depot, Watton	On Market	0.000	0.400	0.400	
Former Court House, Fakenham	On Market	0.000	0.100	0.100	
Primary School, Cringleford	On Market	0.750	0.950	0.200	
30 Swansea Road, Norwich	On Market	0.000	0.170	0.170	
Former Claydon High School, Great Yarmouth	On Market	0.000	1.800	1.800	

Marsh House, Kings Lynn	Preparation for Market	0.185	0.185	0.000	
Dereham Road Land, Norwich	Preparation for Market	0.000	0.085	0.085	
Earthsea House, East Tuddenham	Preparation for Market	0.000	0.310	0.310	
Sculthorpe Depot, Tattersett	Preparation for Market	0.000	0.120	0.120	
Lingwood Junior School, Lingwood	Preparation for Market	0.000	0.150	0.150	
322-323 St John's Way, Thetford	Preparation for Market	0.000	0.150	0.150	
Former Drill Hall, Great Yarmouth		0.025	0.000	-0.025	Staged payment accounted for in prior financial year
The Hollies Youth & Community Centre, Loddon		0.004	0.000	-0.004	Staged payment accounted for in prior financial year
New Youth & Community Centre, Sheringham		0.058	0.000	-0.058	Staged payment accounted for in prior financial year
Land Adjacent to 20 Three Mile Lane, Costessey		0.100	0.000	-0.100	Sale of property completed in March 2013-14
Herondale HFE, Acle		0.900	0.000	-0.900	No longer being considered for sale
Former Sailing Base, Filby		0.010	0.000	-0.010	Delayed until future years
Mildred Stone House HFE, Great Yarmouth		0.000	0.000	0.000	Delayed until future years due to community asset listing
General Capital Receipts		**2.258**	**6.135**	**3.877**	
Former Highways Depot, Stalham	On Market	0.250	0.150	-0.100	
Land at Sewell Park College, Norwich	On Market	0.000	0.450	0.450	
Alderman Jackson School, Kings Lynn	Preparation for Market	0.335	0.335	0.000	
Former Sixth Form Centre, Swaffham		0.150	0.000	-0.150	Sale of property completed in March 2013-14
The Hollies and Ivy House, Great Yarmouth		0.200	0.000	-0.200	Sale of property completed in March 2013-14
Former Highway Depot, Hillington		0.200	0.000	-0.200	Sale of property completed in March 2013-14
Former School, Necton		0.350	0.000	-0.350	Sale removed from schedule as the property is no longer being marketed due to planning issues
Financial Packages Capital Receipts		**1.485**	**0.935**	**-0.550**	
Priory Farm, Wiggenhall St Germans	Completed 7 July 2014	0.150	0.130	-0.020	
Dairy Farm, Burlingham	Completed 4 September 2014	0.000	0.138	0.138	
Sparrow Hall Bungalow, Blofield	Preparation for Market	0.150	0.150	0.000	

Hall Farm, Thorpe Market	Preparation for Market	0.000	0.900	0.900	
Church Farm Barns, Bacton	Preparation for Market	0.090	0.000	-0.090	
Barns at College Farm, Denver	Preparation for Market	0.300	0.300	0.000	
Site for 14 Homes Including Affordable Housing, Blofield	Preparation for Market	0.475	0.475	0.000	
Hall Farm Cottage, Haddiscoe	Preparation for Market	0.200	0.230	0.030	
Tunstead Barns, Tunstead	Preparation for Market	0.150	0.150	0.000	
Site for 5 Homes Including 3 Affordable Housing, Salthouse	Preparation for Market	0.065	0.065	0.000	
Land for 150 Homes Including Affordable Housing, Acle		4.000	0.000	-4.000	Delayed until future years
Vicarage Farm Barns, North Elmham		0.200	0.000	-0.200	Delayed until future years
Development Site, Hilgay		0.080	0.000	-0.080	Delayed until future years
Additional Land for Hospice, Hopton		0.060	0.000	-0.060	Delayed until future years
Site for 20 Homes Including 12 Affordable Housing, South Walsham		0.500	0.000	-0.500	Delayed until future years
Row Hill Farm Barns, Hindringham		0.000	0.000	0.000	Delayed until future years
Farms Capital Receipts		**6.420**	**2.538**	**-3.882**	
TOTAL RECEIPTS		**10.163**	**9.608**	**-0.555**	

Appendix 6: Spend to save scheme: the Oaks site, Harvey Lane, Norwich

0 Prequel

0.1 The P&R Committee of September 29, requested additional information from that presented at their meeting. The Councillor who raised the concerns was contacted to ensure the revised item was acceptable. The revision was shared with the Councillor prior to the meeting.

0.2 NPS have reviewed the Outline Business Plan and have confirmed the valuations on which the case is based.

1. Executive Summary

1.1 The Oaks has proved to be a difficult site for a variety of reasons listed below however it is clear that selling 4 individual plots with prepared services at a cost of c£100K will increase the sales value from c £500K to c £1m. This proposal seeks approval to this approach together with the allocation of £100K capital funding.

2. Background

2.1 This site continues to be challenging in respect of obtaining an optimum Planning Consent The initial planning option appraisals of the whole site commenced back in 2006 and there have been various reports since this time working in tandem with occupying service changes to bring the site in to line with the latest Development Plan policy.

2.2 The site falls within the defined Conservation Area in Thorpe St Andrew with a number of local site designations, notably an area of landscape importance and an area of green space. Additionally, significant areas within the site are designated as ancient woodland and the access way off Harvey Lane is restricted .These constraints have an impact on the overall development potential of the site as does the Children's Home that is to be retained.

2.3 The site extends to an area of 2.145 hectares and includes a number of buildings of varying styles and ages, including The Oaks (no.16) which is a three storey building of brick and slate construction, previously used for office purposes, and a number of two and single storey detached buildings to the north and north east (no's 16a, b and c) previously used for a mixture of educationally based residential and non-residential institutional uses.

2.4 Planning applications are currently being finalised and will be made on a plot by plot basis. It is anticipated that consent will be obtained for plots 3 and 4 in the spring of 2015 with plots 1 and 2 consents following in the Summer 2015

3 Objectives

3.1 The main objective is simply the maximisation of capital receipts for NCC and to achieve this there are advantages in taking a low density individual plot approach. This avoids the normal 'affordable' housing / recreational spaces requirements. The site is considered suitable for bespoke designs on large plots that will appeal to the more lucrative 'self build' market.

4 Project Alternatives

4.1 Various alternative approaches have been assessed and valued since 2006 in tandem with service occupation and local development plan directives. More recently two residual appraisals have been carried out:-

1) Conversion of the Oaks to a single dwelling and three new build dwellings.
2) Demolition of The Oaks, and four new build dwellings.

4.2 It is likely that, if the consent for demolition and new build was obtained, a developer might pay in the region of £450,000 – 500,000 for the complete site. However, if the plots were sold individually to ‘self-builders’, then the entire site may realise around £1,000,000.

4.3 The difference in values is because there are few opportunities for self builders to acquire plots particularly of this quality in terms of location and access, setting and size. This site seems particularly suited to selling off in plots; however the unknown quantity is how the proximity of a Children’s Home may affect the purchasers’ perceptions.

4.4 To sell 4 individual plots it is necessary to take all the services, (electricity, water, telephone, gas, drainage) to the curtilage of each plot. Investigation of this work is on-going however early estimates are at £15-£20K per plot, say £100K including fee’s for budget purposes.

4.5 With appropriate marketing, the first two plots could sell within 6- 12 months and the remainder within two years. The initial outlay for servicing the plots should therefore be paid back within 6 - 12 months.

4.6 If the woodland is a barrier to sales, then, if the majority of the woodland could be sold off as separate amenity land, this might make the sales of the plots easier.

5 Preferred Alternative

5.1 From the above it is clear that significant ‘added value’ can be obtained by an up to £100K investment to facilitate four individual plot sales aimed at the ‘self build’ market by preparing the services for individual connections.

6 Implementation Plan

6.1 Expedient approval of this outline business plan and the allocation of funding is critical to the implementation. Following approval further work will be commissioned and tenders obtained for the provision of services working in tandem with the planning applications.

6.2 It is anticipated that plots 3 and 4 can be marketed with the benefit of planning approval and services and sold as early as late summer 2015. Because of the staggered planning applications plots 1 and 2 are likely to follow in the spring of 2016. It is hoped that by staggering the sales demand will be higher and drive up prices.

6.3 The woodland area will be sold separately from the commencement of marketing plots 1 & 2. This will give all four plot owners the opportunity to purchase the woodland individually or as a collective with bids considered against a wider market. The Woodland has not been valued at this stage and can be considered to be bonus income.

7 Risks

7.1 There is a risk of some abortive fees if for any reason planning consent for individual plots is not forthcoming. This can be mitigated by maintaining a dialogue with the planning authorities during the application process. Consequently this is considered to be a <u>low risk.</u>

7.2 There is a risk of delay driven by archaeological finds. This is considered to be a <u>medium risk.</u>

8 Recommendation

8.1 The Committee agree the proposal to fund preparation works of £100k, to realise an increase in receipts of £500k, to generate a net increase of income to the Council of £400k, which can be used to fund projects that would otherwise not proceed.

Policy and Resources Committee

Item No 11

Report title:	**Internal and External Appointments**
Date of meeting:	**27 October 2014**
Responsible Chief Officer:	**Anne Gibson**

Strategic impact

Appointments to Outside Bodies are made for a number of reasons, not least that they add value in terms of contributing towards the Council's priorities and strategic objectives. The Council also makes appointments to a number of member level internal bodies such as Boards, Working Groups, Panels, and Steering Groups.

Under the Committee system responsibility for appointing to internal and external bodies lies with the Service Committees. The same applies to the positions of Member Champion which will be part of the review of the structures in November 2014.

In the June cycle, Committees made appointments to those external organisations and internal bodies where there was an urgent need. Committees also agreed that existing appointments to all other external and internal bodies continue pending a review and that Member Champion appointments remain in force until the November review.

Executive summary

Service Committees agreed in June 2014 that it was a timely opportunity to undertake a fundamental review of the Outside Bodies to which the Council appoints. Committees agreed that a report be produced reviewing the list of Outside Bodies within the remit of the Committee to ensure relevance and appropriateness. The views of members who have served on these bodies together with those bodies themselves and Chief Officers have been sought, and where received are reported back to this Committee.

Under the Committee system, responsibility for establishing and appointing to internal bodies lies with the Service Committees. As the current pattern of internal bodes was created under the Cabinet system, it is important to review these to make sure they are still appropriate and relevant.

Set out in the appendix to this report are the outside and internal appointments relevant to this Committee, together with any feedback from the organisation itself, the member representative and the relevant Chief Officer.

Recommendation

- **That Members review and where appropriate make appointments to those external and internal bodies, as set out in Appendix A.**
- **That the Committee agrees a mechanism for member feedback from the external bodies on which they represent the Council.**

1. Proposal

Outside Bodies

1.1 Following your June 2014 meeting, all organisations and the current member representatives were invited to provide feedback on the value to the Council and the organisation of continued representation and to make a recommendation to that effect. In addition, Chief Officers were consulted.

1.2 Organisations were asked a number of questions about the about the role of the Councillor representative. Councillor representatives were asked questions such as how the body aligned with the Council's priorities and challenges and what the benefits are to the people of Norfolk from continued representation. Finally, both were asked whether they supported continued representation. The appendix to this report sets out the outside bodies under the remit of this Committee together with any recommendations where received. It also sets out separately appointments to the LGA. The current representative is shown against the relevant body. Members are asked to review Appendix A and decide whether to continue to make an appointment, and if so, to agree who the member should be.

1.3 Members are also requested to agree a mechanism for member feedback. There are a number of options including:

- Written reports to be circulated in a bulletin
- An agenda item at each meeting to allow members to feed back
- A dedicated area of Member insight where members can post updates

1.4 Members are asked to consider the above options (and any others that may be appropriate).

Internal bodies

1.5 The current pattern of these groups was agreed by the Cabinet at its meeting in June 2013. Under the new system of governance, it is important to review these bodies as, for example, a number were established to advise Cabinet Members. Set out in Appendix A are the internal bodies that come under the remit of this Committee, together with the recommendation of the relevant Chief Officer. Members will note that the current political makeup of these bodes was established by Cabinet. There is no requirement for there to be strict political balance as the bodies concerned do not have any executive authority. The current appointments are not made on the basis of strict political proportionality, so the Committee may, if it wishes to retain a particular body change the numbers on the group and/or political makeup. The members shown in the appendix are those currently serving on the body.

2. Evidence

2.1 The views of the Councillor representative, the organisation and Chief Officer are reported where appropriate.

3. Financial Implications

The decisions members make will have a small financial implication for the members' allowances budget, as attendance at an internal or external body is an approved duty, for which members may claim travel expenses.

4. Issues, risks and innovation

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

5. Background

5.1 Under the previous system of Governance, appointments to outside bodies were made under delegated powers by the Leader at the commencement of a new Council. The Leader reviewed the appropriateness of making an appointment to a body and, following consultation with Group Leaders, appointed members. Any new organisations that required representation during the period of the Council were also referred to the Leader for a decision. The Council also makes appointments to a significant number of internal bodies. Under the Committee system, responsibility for these bodies lies with the Service Committees.

5.2 There is no requirement for a member to be appointed from the "parent committee". In certain categories of outside bodies it will be most appropriate for the local member to be appointed; in others, Committees will wish to have the flexibility to appoint the most appropriate member regardless of their division or committee membership. In this way a "whole Council" approach can be taken to appointments.

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

Officer Contact

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

Officer Name:	**Tel No:**	**Email address**:
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APPENDIX A

Policy and Resources Committee Appointments

1. <u>LOCAL GOVERNMENT ASSOCIATION APPOINTMENTS</u>

<u>LGA General Assembly</u> (4)

George Nobbs (4 votes)
Tom FitzPatrick (1 vote)
Alison Thomas (1 vote)
Mike Sands (1 vote)

<u>County Council Network</u> (4)

Tom FitzPatrick
Tom Garrod
George Nobbs
Marie Strong

<u>East of England Local Government Association (1) and 1 substitute</u>

George Nobbs
Tom FitzPatrick (sub)

Appointments to all of the above 3 bodies were made at the June cycle of the Committee. No action is required from the Committee.

<u>LGA Urban Commission</u> (2)

Sue Whitaker – 4 votes
Pat Hacon – 3 votes

The LGA Urban Commission provides a forum in which authorities can discuss matters of common concern and exchange good practice and experience. It assists the LGA take into account the needs, priorities and aspirations of authorities in formulating and promoting its policies and helps it to promote the role, interests and ability of those authorities to meet the needs of the communities they serve.

<u>LGA Rural Commission</u> (2) and 1 substitute

Michael Carttiss
Sue Whitaker – 1 vote

Sub Bev Spratt

The Rural Commission provides a forum within the LGA for member authorities with an interest in rural affairs.

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

Michael Baker

The LGA Coastal SIG champions and takes forward the coastal strategy and represents the collective interests of all maritime local authorities.

Coastal issues are a priority for Environment, Development and Transport Committee. The Committee may therefore wish to consider whether it is appropriate to appoint a member of that Committee who also represents a coastal division.

It is recommended that Members review and make appointments to the three above LGA bodies

2. POLICY AND RESOURCES COMMITTEE OUTSIDE BODIES

1. Greater Norwich Growth Board (1)

Steve Morphew

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

It is **recommended** that an appointment is made to this important body.

3. POLICY AND RESOURCES COMMITTEES/ BOARDS/PANELS/ GROUPS

1. Joint Consultative & Negotiating Committee – 7

This is a forum for discussion between staff trades unions and the County Council on employment related matters.

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

The above appointments were made at the June cycle of the Committee. No action is required from the Committee

2. Member Support & Development Advisory Group – 9

This Group champions Member Development and Member Support

4 Conservative – Colin Foulger, Judy Leggett, Tom Garrod, Tony White
2 Labour - David Collis, Julie Brociek-Coulton
1 Lib Dem – Eric Seward
2 UKIP - Stan Hebborn and Paul Smyth

It is recommended that the Group be retained and the Committee reviews and makes appointments to it.

3. NORSE

The Committee is recommended to appoint the NORSE Group Shareholder Representative (currently Toby Coke) and a Member Director (currently Colleen Walker). The Member Director serves on the Norse Group Board, NPS Board and NCS Board.

4. NORSE Member/Officer Shareholder Committee – 6

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

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

It is recommended that the Shareholder Committee be retained and that this Committee reviews and makes appointments to it.

5. NORSE Care Liaison Board (2)

Member Director of the NORSE Board and the Chairman of Adult Social Care Committee.

It is recommended that the Committee confirms the Board's membership (above).

6. Property Reference Panel – 6

3 Conservative - Nigel Dixon, Tony White, Cliff Jordan
1 UKIP - Colin Aldred
1 Lib Dem - John Timewell

1 Labour - Steve Morphew (served as Cabinet Member for Finance, Corporate and Personnel and was the Chairman of the Panel)

This Panel was created to advise the Cabinet Member on Property matters. Under the Council's new governance structures, property matters are the responsibility of this Committee.

A Member seminar on property matters has been arranged and it is **recommended** that the need for a Property Reference Panel be reconsidered by this Committee after the seminar.

7. Strategic Equalities Group – 6

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

This body provides Member leadership on equality for Norfolk County Council, ensuring that the authority delivers its duties with respect to the Equality Act 2010 and the Public Sector Equality Duty.

The above appointments were made at the June cycle of the Committee. No action is required from the Committee.

8. Treasury Management Panel – 9

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

The Treasury Management Panel was established in December 2008 following the collapse of the Icelandic Banks. One of its specific responsibilities was to monitor the recovery of the Councils Icelandic investments. With the Icelandic Banking crisis largely resolved, the Panel continued to scrutinise the investment, borrowing and banking activities of the council. During 2014-15, Policy and Resources Committee has had oversight of treasury management activities having received an annual Report in July and regular monitoring reports at subsequent meetings.

The Audit Committee has specific responsibility for 'considering the effectiveness of governance, control and risk management arrangements for treasury management and ensuring that they meet best practice'.

Guidance published by the Audit Commission and the Chartered Institute of Public Finance recommends the establishment of a separate board or committee to ensure that ‘treasury management policies are scrutinised in detail by a specialist board/committee before being accepted by the authority’.

While considering these governance arrangements for Treasury Management, the Audit Committee on the 25th September 2014 recommended the retention of the Treasury Management Panel on the grounds of independent scrutiny of treasury management activities.

It is therefore recommended that the Committee considers the above and decides whether it wishes to retain the Treasury Management Panel.

9. ESCO (Energy Saving Company) - 1

Deputy Leader (David Harrison)

This appointment was made at the June cycle of the Committee**.** No action is required from the Committee.

10. Constitution Advisory Group - 7

3 Conservatives (Andrew Proctor, Alison Thomas, John Dobson)
1 Labour: TBA
1 Lib Dem: TBA
1 Green: Richard Bearman
1 UKIP: TBA

These appointments were made at the June cycle of the Committee**.** No action is required from the Committee.