Norfolk County Council

Policy and Resources Committee

Date: **Monday, 25 September 2017**

Time: **10 am**

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

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

Membership

Mr C Jordan (Chairman)

Mr B Borrett
Mrs P Carpenter
Mrs M Dewsbury
Mr T Garrod
Mr K Kiddie
Mr S Morphew
Mr R Oliver
Mr D Roper
Mr E Seward
Mrs A Thomas
Mrs C Walker
Mr M Wilby

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

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A g e n d a

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

2. **Minutes** **(Page 5)**
To agree the minutes from the meeting held on 3 July 2017

3. **Members to Declare any Interests**

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

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

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

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

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

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

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

5. **Public Question Time**

15 minutes for questions from members of the public of which due notice has been given.

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223055) by **5pm on Wednesday 20 September 2017.** For guidance on submitting public question please view the Constitution at Appendix 10.

6. **Local Member Issues**

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

Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk or 01603 223230) by **5pm on Wednesday 20 September 2017.** For guidance on submitting public question please view the Constitution at Appendix 10.

Section A – Items for Discussion and Decision/Action

7 **Strategic and Financial Planning 2018/19-2021/22** **(Page 20)**
Report by Executive Director of Finance and Commercial Services

8 **Finance Monitoring 2017-18 P4 –July 2017** **(Page 34)**
Report by Executive Director of Finance and Commercial Services

9 **Delivering Financial Savings 2017/18** **(Page 59)**
Report by Executive Director of Finance and Commercial Services

10 **New Anglia Economic Strategy** **(Page 98)**
Report by Executive Director of Community And Environmental Services

11 **Re-thinking Access to Services** **(Page 116)**
Report by Executive Directors of Adult Social Services and Children's Services

12 **Demand Management & Prevention Strategy: Children's Services** **(Page 123)**
Report by Executive Director of Children's Services

13 **Restorative Approaches Strategic Board** **(Page 149)**
Report by Executive Director of Children's Services

14 **Consents for Appointment of Company Directors – Repton Property Developments** **(Page 154)**
Report by Executive Director of Finance and Commercial Services

15 **Preparing for the Re-Introduction of a Cabinet System** **(Page 157)**
Report by Managing Director

16 **Petition Scheme-Trigger Points** **(Page 159)**
Report by Managing Director

Section B – Items for Report

17 Notification of Exemptions under Contact Standing Orders **(Page 162)**
Report by Executive Director of Finance and Commercial Services

18 Feedback from Members serving on Outside Bodies

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

1. LGA General Assembly
2. County Council Network
3. East of England Local Government Association:

Group Meetings

Conservative	9:00am	Leader and Deputy Leader Room
Labour	9:00am	Labour Group Room
Liberal Democrats	9:00am	Liberal Democrats Group Room

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

Date Agenda Published: 15 September 2017

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Norfolk County Council

Policy and Resources Committee

Minutes of the Meeting Held on 3 July 2017
10:00am Edwards Room, County Hall, Norwich

Present:

Mr C Jordan (Chairman)

Mr B Borrett
Mrs P Carpenter
Mrs M Dewsbury
Mr T Garrod
Mr K Kiddie
Mr S Morphew
Mr R Oliver
Mr E Seward
Mrs A Thomas
Mrs C Walker
Mr M Wilby

Substitute Member Present:
Mr D Harrison for Mr D Roper

Also Present:

Mr J Mooney
Mrs M Stone
Dr M Strong
Mr B Long
Mr B Watkins

1. Apologies for Absence

1.1 An apology for absence was received from Mr D Roper.

2 **Minutes**

2.1 The minutes of the previous meeting held on 27 March 2017 were confirmed by the Committee and signed by the Chairman.

3 **Declarations of Interest**

3.1 Mrs P Carpenter declared an “other interest” in Norse Group Ltd (page 20 of the agenda).

4 **Items of Urgent Business**

4.1 There were no items of urgent business.

5 **Public Question Time**

There was one public question from Mr Martin. The question together with the answer can be found at **Appendix A to these minutes**.

6 **Local Member Issues**

6.1 There were no local Member questions.

Section A – Items for Discussion and Decision/Action

7 **Caring For Your County**

7.1 The annexed report (7) by the Managing Director was received.

7.2 The Committee received a report that set out some of the key commitments contained in the Conservative Party manifesto “Caring for Your County” that were published for the local government elections in May 2017.

7.3 In introducing the report, the Managing Director said that the Administration’s commitments would provide a significant focus for the new Strategy Service in driving forward the emerging County Council Plan.

7.4 During discussion of the report it was suggested that work should continue with Trading Standards and the Police to make it easier for neighbourhoods with large numbers of vulnerable people to gain “no cold calling” zone status. Further information will be circulated to Members.

7.5 Labour and Liberal Democrat Members of the Committee said that the pledges contained in the Conservative Party manifesto were unrealistic. They questioned whether it was possible to protect key front line services in Norfolk at a time when the demand for County Council services was rising and the financial support that the Council received from central government was being curtailed. They said it was very important for the County Council to be seen to be lobbying central government for additional funding to meet Norfolk’s needs, particularly with regard to maintaining front line services such as Fire and Rescue, Museums, Libraries, Recycling Centres and Children’s Centres. They added that there were also rising transport costs associated with adults and children’s services that had yet to be fully addressed.

7.6 Mr Morphew sought assurances from the Chairman on protecting specific front line services. The Chairman responded that this was his intention, however, he could not offer any guarantees.

7.7 The Chairman said that the Administration was continually lobbying government through the County Council network for additional financial support for County Council services. Mr Borrett said that this approach had recently resulted in an additional £30 m of support for adult social care. The Chairman added that the Administration would take all necessary steps to ensure that front line services were maintained at an acceptable level, however, more sustainable models of service delivery (which made greater use of technology and a more commercial approach to assets and property) would be necessary in order for the County Council to meet its financial commitments.

7.8 **RESOLVED**

That the Policy and Resources Committee:

1. **Agree to the adoption of the "Caring for our County" themes for presenting the new administration's priorities for implementation in the County Council's Corporate and Service plans.**
2. **Agree to the process and timetable for the County Council Planning cycle that is set out in the report.**

8 **Performance and Risk Monitoring**

8a (i) **Managing Director's Department and Finance and Commercial Services vital signs performance management report**

8a(i).1 The annexed report (8a i) by the Strategy Director was received.

8a(i).2 The Committee received a report by the Strategy Director that presented up to date performance management information for the Managing Director's Department and Finance and Commercial Services.

8a(i).3 In reply to questions, the Executive Director of Finance and Commercial Services said that more data was now being collected to show the level of completion of the online employee induction course, particularly for employees within Adults and Children's Services, and that this would be reflected in future performance monitoring reports.

8a(i).4 **RESOLVED**

That the Policy and Resources Committee:

Note the performance data for the Managing Director's Department and Finance and Commercial Services and the recommended action included within the Vital Signs and Performance Management Reports.

8a(ii) **Corporately significant vital signs performance management report**

8a(ii).1 The annexed report (8a ii) by the Strategy Director was received.

8a(ii).2 The Committee received a report by the Strategy Director that provided up to date performance management information for corporately significant vital signs.

8a(ii).3 The Executive Director of Finance and Commercial Services said that Department Budget Managers made full use of the Budget Manager Toolkit to maintain a robust financial position for some 300 individual budget managers and to create opportunities for the County Council to raise revenue and maximise income.

8a(ii).4 In reply to questions, the Interim Executive Director of Children's Services explained the plans that were being made for earlier intervention work with children on the edge of care to reduce the number of Looked After Children in Norfolk. He said that this new approach was successfully tried and tested elsewhere in the country and could be expected to take two to three years to make a significant difference in Norfolk.

8a(ii).5 **RESOLVED**

That the Policy and Resources Committee:

Note the corporately significant performance data and the recommended action included within the Vital Signs and Performance Management Reports.

8b **Risk Management Report**

8b.1 The annexed report (8b) by the Executive Director of Finance and Commercial Services was received.

8b.2 In reply to questions from Mr Morphew about whether adequate administrative processes were in place to make Members aware of the rising costs of the Norwich Northern Distributor Route (NDR), the Executive Director of Community and Environmental Services said that in November 2016 Members of the Environment, Development and Transport Committee were reminded of the risk that this project would not be delivered within budget. The Executive Director added that significant issues during the construction phase of the project had increased the forecast out-turn costs which were subject to a target price contract. The detailed costs were fully reported to the service committee in June 2017 by way of a report containing exempt information.

8b.3 The Chairman said that in his opinion the correct process for keeping Members informed of the rising costs of the NDR had been applied. The Chairman added that Members of EDT Committee continued to be kept fully informed of developments through regular reports from the Executive Director and through the work of an All Party Working Group that had been set up to take the NDR forward to completion. In response, Mr Morphew said that while he accepted the comments that had been made by the Executive Director there would in his opinion be some merit in the planned internal audit into the costs of the NDR examining the procedures that were used for keeping Members informed of progress with forthcoming major capital schemes.

8b.4 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the changes to the corporate risk register (Appendices A and B to the report), the progress with mitigating the risks; and**

2. **Note the scrutiny options for managing corporate risks, (Appendix C to the report);**
3. **Note the movement of corporate risks since the last meeting (Appendix D to the report);**
4. **Note the Finance and Commercial Services departmental risk summary (Appendix E to the report);**

9 **Strategic and Financial Planning 2018-19 to 2021-22**

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

9.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided details about the latest developments impacting on the 2017-18 Budget, and the organisational response to some of these financial challenges.

9.3 The Executive Director of Finance and Commercial Services drew the attention of Members to Table 4 on page 107 of the agenda which set out the allocation of new 2018-22 MTFS savings by department, excluding schools and public health.

9.4 In response to questions about the kinds of issues that might impact on the budget planning process for the period 2018-19 to 2021-22 the Director said that an additional 1 per cent increase in local government pay equated to the County Council having to find a reoccurring cost pressure of £2.3m.

9.5 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the arrangements for the development of the County Council Plan set out in section 4 of the report presented to the Committee;**
2. **Approve the budget planning assumptions set out in this report and confirm the proposed budget planning principles for 2018-19;**
3. **Note the revised budget gap of £100.000m forecast in the Council's latest financial planning which updates the Medium Term Financial Strategy for 2018-19;**
4. **Approve the allocation of saving targets for the MTFS period 2018-19 to 2021-22 to Departments, noting the existing savings for 2018-19 and beyond which were agreed as part of the 2017-18 budget round;**
5. **In order to help close the forecast 2018-19 budget gap (as defined in resolution 3), request for Service Committees to consider during the September Committee cycle:**
    a. **which of their savings identified for 2019-20 have the capacity to be brought forward to 2018-19;**
    b. **to identify alternative new savings for 2018-19;**
    c. **to identify any savings which could be implemented during 2017-18 to provide an in-year saving; and**
    d. **to identify savings for the future years 2019-20 to 2021-22 to close the budget gap identified in those years.**

6. **Note the use of additional funding for Adult Social Care in 2017-18 as set out in section 5 of the report and that this will be agreed by the Adult Social Care Committee at its meeting 10 July 2017;**
7. **In respect of a potential Business Rates localisation pilot as set out in section 5 of the report to:**
    a. **note the uncertainty about whether there will be scope to submit a bid for pilot status; and**
    b. **delegate authority to the Executive Director of Finance and Commercial Services to explore the opportunity further and, if appropriate, take forward an application for pilot status to the Department for Communities and Local Government (subject to consultation with the Leader of the Council) in coordination with other authorities as required.**

10 **Employee Health, Safety and Wellbeing Annual Report**

10.1 The annexed report (10) by the Strategy Director was received.

10.2 The Committee received a report by the Strategy Director that provided an overview of the Health, Safety and Well-being (HSW) performance of NCC for 2016/17 and the activities of the HSW Service to support the management of risks. An indication of the plan for next year and the information necessary for Members to satisfy themselves of the effectiveness of the NCC health and safety management system were provided.

10.3 The Committee was informed that while the factors that had caused and contributed to the devastating fire at Grenfell Tower in London were still being investigated there was no reason for people in Norfolk County Council office buildings to be concerned. The County Council took fire safety issues very seriously and had fire risk assessments in place for all of its buildings. The safety of a building in relation to fire was dependent on a number of factors including:

- Adequate compartmentation and escape routes
- Early warning and detection systems
- A well-practiced evacuation plan supported by trained staff
- Fire-fighting equipment.

10.4 Any recommendations that came from the investigations into the fire at Grenfell Tower would be closely examined through the NCC health and safety management system and implemented as appropriate.

10.5 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the Health, Safety and Well-Being Annual Report for 2016/17 and the actions outlined throughout the report and specifically the**

organisation's HSW performance.
2. Agree the priorities and plan for 2017-20 outlined in section 6 of the Health, Safety and Well-Being Annual Report.**

11 **Finance Monitoring Report Outturn**

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

11.2 In introducing the report the Executive Director of Finance and Commercial Services explained the projected revenue over and (under) spends that could be found in Table A1a on page 166 of the agenda.

11.3 Mr Morphew asked what action the County Council had taken to facilitate the departure of Mr Rosen. In reply, the Managing Director confirmed that in order to facilitate his early departure and allow for a new Interim Director to be brought in as soon as possible a decision on the level of payment to be made to Mr Rosen was taken under Chief Officer delegated powers. Leading Members within the County Council had been consulted and advice taken from the Acting Head of HR. A written response would be provided to Members of the Committee.

11.4 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the Revenue outturn of an underspend of £0.048m on a net budget of £338.960m;**
2. **Note the General Balances of £19.301m at 31 March 2017, including the 2016-17 underspend of £0.048m;**
3. **Note the planned use of reserves, and actual use of reserves required to deliver a balanced budget in 2016-17 as set out in Appendix 1 paragraphs 3.1-3.9 of the report;**
4. **Note the financial information in respect of budgets which are the direct responsibility of this Committee, as set out in Appendix 2 of the report;**
5. **Note the expenditure and funding of the 2016-17 and future capital programmes as set out in Appendix 3 of the report.**

12 **Delivering Financial Savings 2016-17 Final Outturn Position**

12.1 The annexed report (12) by the Executive Director of Finance and Commercial Services was received.

12.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided details of the outturn position in respect of the delivery of the 2016-17 savings agreed by the County Council at its meeting 22 February 2016. The report commented on the exceptions to successful delivery, in particular those items rated RED.

12.3 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the total shortfall of £7.339m in 2016-17, which amounts to 18% of total savings. This represents a £0.909m improvement from the position reported for period 10, due to increased savings delivery in Adults and Children's Services;**
2. **Note the budgeted value of 2016-17 savings projects rated as RED of £6.575m, of which £0.788m have been delivered;**
3. **Note the budgeted value of 2016-17 savings projects rated as AMBER of £6.908m, of which £4.875m have been delivered;**
4. **Note the over delivery of £0.481m on GREEN and BLUE rated projects; and**
5. **Note the total removal of £13.325m of 2017-18 savings and £18.472m of 2018-19 savings reflecting delay and removal of savings as approved in 2017-20 Budget setting by County Council.**

13 **Finance Monitoring Report Period 2: May 2017**

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

13.2 The Committee received a report by the Executive Director of Finance and Commercial Services that summarised the Period 2 (May 2017) forecast financial outturn position for 2017-18, to assist Members to maintain an overview of the overall financial position of the Council.

13.3 In introducing the report the Executive Director of Finance and Commercial Services drew Members attention to the projected 2017-18 budget variations by service that were set out in Table 3 on page 227 of the agenda.

13.4 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the period 2 forecast Revenue overspend of £0.870m;**
2. **Note the forecast General Balances at 31 March 2018 of £19.301m, before taking into account any over/under spends;**
3. **Approve the specified use of reserves required to deliver a balanced budget in 2017-18, as set out in Appendix 1 paragraph 3.2;**
4. **Approve the write-off of one Residential Care charges debt of £11,954.68, due to the exhaustion of the estate;**
5. **Note the revised expenditure and funding of the current 2017-20 capital programme as set out in Appendix 2;**
6. **Approve the addition of £0.450m to the capital programme in order to purchase and commission a new sourcing, purchasing and payments system, as described in in Appendix 2 paragraph 4.**

14 **Delivering Financial Savings 2017-18**

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

14.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided details of the forecast delivery of the 2017-18 savings agreed by the County Council at its meeting 20 February 2017, as at period two (May 2017).

14.3 **RESOLVED**

That the Policy and Resources Committee:

1. **Note the forecast shortfall of savings delivery of £1.182m, which amounts to 2% of total savings for 2017-18;**
2. **Note the budgeted value of 2017-18 savings projects rated as RED of £1.750m, of which £0.568m are forecast to be delivered;**
3. **Note the budgeted value of 2017-18 savings projects rated as GREEN or BLUE of £46.024m, of which £46.024m are forecast to be delivered; and**
4. **Note the forecast position of savings delivery for 2018-19 (£0.878m shortfall) and 2019-20 (£0.535m shortfall).**

15 **Annual Treasury Management Report 2106-17**

15.1 The annexed report (15) by the Executive Director of Finance and Commercial Services was received.

15.2 The Committee received a report by the Executive Director of Finance and Commercial Services that provided information on the Treasury Management activities of the County Council for the period 1 April 2016 to 31 March 2017.

15.3 During the course of discussion, Mr. Seward drew the Committee's attention to the Icelandic bank update shown in Appendix C to the report. The Executive Director confirmed that of the £32.5m original deposits, £30.740m has been recovered. The projected cash recovery was £30.802m.

15.4 **RESOLVED to RECOMMEND**

That Policy and Resources Committee:

Endorse and recommend to County Council the Annual Treasury Management Report for 2016-17.

16 **Norfolk Energy Futures**

16.1 The annexed report (16) by the Executive Director of Finance and Commercial Services and the Executive Director Community and Environmental Services was received.

16.2 The Committee received a report by the Executive Director of Finance and Commercial Services that recommended transferring responsibility for Norfolk Energy Futures (and its associated activities) from the Community and Environmental Services Department to the Corporate Property Team in the Finance and Commercial Services Department. In addition, the report proposed that the company was liquidated. This approach would ensure that any debt associated with the company's operations could be minimised but would also enable a more robust and joined up approach to securing and delivering renewable energy projects, particularly in relation to the County Council's property estate.

16.3 **RESOLVED**

That the Policy and Resources Committee:

1. **Agree to liquidate Norfolk Energy Futures Ltd.**
2. **Agree to delegate responsibility to the Executive Director of Finance and Commercial Services, in consultation with the Leader and Deputy Leader of the Council, to carry out the relevant activities to liquidate the company and to take appropriate actions to ensure that the most beneficial approach for the County Council is progressed, including seeking to minimise any debt that may need to be written off. The outcomes of this work will be reported to Policy and Resources Committee through the financial monitoring process.**

17 **Direct Property Development Company**

17.1 The annexed report (17) by the Executive Director of Finance and Commercial Services was received.

17.2 The Committee received a report by the Executive Director of Finance and Commercial Services that proposed the establishment of a new wholly-owned Limited Company that would undertake property development using land identified as surplus to County Council use with the aim of taking profits that would otherwise be taken by a private developer and others involved in the process, including financiers.

17.3 **RESOLVED**

That the Policy and Resources Committee:

1. **Agree to the establishment of a commercial property development company and instruct officers to register the company with Norfolk County Council as the sole shareholder.**
2. **Confirm that the primary purpose of the company is to generate income streams to support service delivery and agree to the secondary objectives as detailed in paragraph 1.2 of the report.**
3. **Confirm the composition of the Company Board to include 2 County Councillors, 2 external Non-Executive Directors and 4 County Council**

Officers.

4. **Confirm the nomination of Councillor Kiddie and Councillor Iles as the founding directors of the new company. Directors will then be appointed annually, as part of the process for appointment to external bodies.**
5. **Agree that the company will be offered suitable NCC surplus properties and other assets, suitable for development, at full market value (each proposed disposal will be reported to committee in accordance with the usual disposal process).**
6. **Endorse the business objectives and operating model for the company and note that the Board of the new company will focus on the development of a 5 year business plan, to be reported to the Business and Property Committee before commencing trading.**
7. **Confirm the name of the company will be Repton Property Developments (subject to a final check that this name has not been used elsewhere).**

18 **Consents for Council Controlled and Partially Controlled Companies**

18.1 The annexed report (18) by the Executive Director of Finance and Commercial Services was received.

18.2 It was noted that the appointment of Directors to Council owned entities requires the consent of full Council.

18.3 **RESOLVED to RECOMMEND**

That Policy and Resources Committee:

1. **Recommend to Full council the appointment of directors to companies owned by Norfolk County Council in Table 1 of the report.**
2. **Delegate to the Executive Director of Finance & Commercial Services the authority to consent to the debt restructuring proposed by Norwich Airport Limited after undertaking further due diligence.**

19 **Internal and External Appointments**

19.1 The annexed report (19) by the Managing Director was received.

19.2 **RESOLVED:**

That Policy and Resources Committee:

1. **Make appointments to those external bodies, internal bodies and Champions position as set out in Appendix B to these minutes.**
2. **Ask the Constitution Advisory Group to consider the possible establishment of a new committee (the Digital Innovation and Efficiency Committee).The Committee also asked CAG to carry out a**

review of the Constitution and determine if there was any "general tidying up" that needed to be done in the context of the new political structures following the election in May and to report directly to Council.

Section B – Items for Report

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

20.1 No verbal update reports were received.

The meeting concluded at 12.10 pm

Chairman

Appendix A

Question from Mr John Martin:

"Please provide me with full details of all financial benefits that it has been agreed are to accrue from the Council to Ms Victoria McNeill on her employment by the Council ceasing. (I assume that this information will ultimately have to be disclosed in the Council's 2017/2018 Statement of Accounts.)"

Answer:

"No financial benefits have been agreed. You are correct that such information would be disclosed in the Council's 2017/18 statement of accounts".

Appendix B

POLICY AND RESOURCES COMMITTEE APPOINTMENTS 2017/18

LOCAL GOVERNMENT ASSOCIATION APPOINTMENTS

1. LGA General Assembly (4)

Cliff Jordan (4 votes)
Alison Thomas (1 vote)
Steve Morphew (1 vote)

Dan Roper (1 vote)

2. County Council Network (4)

Cliff Jordan
Alison Thomas
Steve Morphew
Dan Roper

3. East of England Local Government Association (1) and 1 substitute

Cliff Jordan
Alison Thomas (Sub)

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
1 Labour (Emma Corlett)
4 Conservative (Andrew Proctor, Tom FitzPatrick, Tony White, Roy Brame)
1 Lib Dem (John Timewell)

2. Member Support & Development Advisory Group (5)

This Group champions Member Development and Member Support.

3 Conservative – Colin Foulger, Greg Peck, Thomas Smith
1 Labour - David Collis
1 Lib Dem – Eric Seward

3. Norse

Shareholder Representative – Karen Vincent
Member Director – Andrew Jamieson (serves on the Norse Group Board, NPS Board and NCS Board).

4. Norse Shareholder Committee (6)

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.

Shareholder Representative (Chair)

1 Lib Dem - John Timewell
4 Conservative – Fabian Eagle, Harry Humphrey, Roy Brame, Bill Borrett

1 Labour – Mick Castle

5. NorseCare Liaison Board (2)

Member Director and the Chairman of Adult Social Care Committee.

6. Strategic Equalities Group

No appointments – review in 12 months

7. Treasury Management Panel (5)

1 Labour – Steve Morphew
3 Conservative - Ian Mackie, Brian Iles, Cliff Jordan
1 Lib Dem - Brian Watkins

8. Norfolk Energy Futures (1)

Body deleted

9. Constitution Advisory Group (5)

3 Cons –Cliff Jordan, Bill Borrett, Judy Oliver
1 Lab – Steve Morphew
1 Lib Dem – Dan Roper

POLICY AND RESOURCES COMMITTEE OUTSIDE BODIES

1. Queen Elizabeth Hospital Trust – Governors' Council (1)

Sandra Squire

The Trust achieved Foundation Trust status in February 2011, at which time the 'shadow' Governors' Council gained it legal authority. The Governors' Council totals 33. There are 9 appointed governors, 6 staff governors (3 clinical and 3 non-clinical) and 19 publicly voted governors (9 from West Norfolk, 2 from North Norfolk, 4 from Cambridgeshire, 1 from Breckland, and 1 from South East Lincolnshire and the Rest of England. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

2. Norfolk and Suffolk NHS Foundation Trust – Partner Governor (1)

Bill Borrett

Norfolk and Suffolk NHS Foundation Trust provides mental health services, alcohol treatment, learning disability and eating disorder services across Norfolk and Suffolk. It was formed from the merger of the two former county mental health trusts in the two counties. The Board of Governors represent the interests of the members and partner organisations in the local health economy in the governance the trust, and for sharing information about key decisions with the membership. There is a statutory requirement for Council representation. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

3. Norfolk Community Health and Care NHS Trust Shadow Council of Governors (2)

(1 representing Adults) – Joe Mooney
(1 representing Children – Graham Middleton

Norfolk Community Health & Care NHS Trust is responsible for community health provision across all of Norfolk except for Great Yarmouth and Waveney. This includes community hospitals and a full range of non-acute services including community nursing, health visiting, and school nursing services. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

4. Norfolk and Norwich University Hospital Trust – Council of Governors (1)

Shelagh Gurney

The Trust provides the Norfolk and Norwich hospital, providing acute hospital care for almost 1m patients annually. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

5. Council of Governors of James Paget University Hospitals NHS Foundation Trust (1)

Hayden Thirtle

The Governors' Council holds the Board of Directors to account for the performance of the Trust. Council appointees as a Governor of an NHS Trust should not also be members of the Norfolk Health Overview and Scrutiny Committee because of the potential / perceived conflict of interest.

Champion: Mental Health – Emma Corlett

Policy and Resources Committee

Item No 7

Report title:	**Strategic and Financial Planning 2018-19 to 2021-22**
Date of meeting:	**25 September 2017**
Responsible Chief Officer:	**Simon George – Executive Director of Finance and Commercial Services**

Strategic impact

This report provides an update on the Council's budget setting process, and the actions required to enable the Council to set a balanced budget for 2018-19. It also sets out details of the allocation of budgets to the newly established Service Committees

Executive summary

The report follows Policy and Resources Committee's issuing of guidance to Service Committees on the actions required to support preparation of a balanced budget for 2018-19. This guidance included an overview of the Council's budget planning process, the principles for this year's budget-setting activity, and the latest forecast gap for budget planning purposes for the period 2018-19 to 2021-22. This report now summarises the issues identified in Service Committee budget planning reports and sets out the next steps in the budget-setting process.

Recommendations:

Policy and Resources Committee is recommended to:

1) **Note the continuing uncertainty around the Council's overall funding, and the Government's Autumn Budget as detailed in section 2;**
2) **Consider the latest information regarding the opportunity to apply for a Business Rates Pilot in 2018-19 set out in section 2, and:**
    a. **note that an application will only be progressed in the event that all Norfolk Districts confirm their interest in participating;**
    b. **note the potential unfunded risk of approximately £7.371m for Norfolk as a whole if the Government does not offer a "no detriment" protection to new pilots;**
    c. **note that the Norfolk Business Rates Pool will be discontinued in the event of a successful pilot application;**
    d. **note that in the event that a pilot application is not progressed, it is anticipated that the current Norfolk Business Rates Pool membership will be extended to include Great Yarmouth Borough Council (subject to agreement by the other members of the Pool); and**
    e. **confirm the in principle decision to pursue a business rates pilot, delegating authority to agree the final details of a pilot bid to the Executive Director of Finance and Commercial Services in consultation with the Leader and other Norfolk authorities.**
3) **Confirm the allocation of budgets and associated savings to the new Committee structure as set out in section 3;**

4) **Consider the budget planning issues which have been identified by Service Committees as detailed in section 5, including the recommendation to Policy and Resources Committee from the Adults Committee as set out in paragraph 5.9;**
5) **Consider and agree the service-specific budgeting issues for 2018-19 in respect of Policy and Resources Committee's own budgets, as set out in section 6,**
6) **Note the next steps in the budget-setting process for 2018-19 as set out in section 7.**

1. Introduction

1.1. The County Council agreed the 2017-18 Budget and Medium Term Financial Strategy (MTFS) to 2019-20 on 20 February 2017, with a gap for budget planning purposes of £35.015m. At the previous meeting of Policy and Resources Committee on 3 July 2017, Members confirmed a revised gap estimate of £100.000m for the period to 2021-22. This overall position will be updated with a further report to Policy and Resources Committee in October.

1.2. In 2018-19 the budget-setting process is being closely aligned with development of the new Council Plan and associated corporate strategy work, to be completed in the autumn.

1.3. The latest details of the 2017-18 budget position are set out in the budget monitoring report elsewhere on the agenda. The budget planning assumptions for 2018-19 continue to assume that the 2017-18 Budget will be fully delivered (i.e. that savings are achieved and there are no significant overspends at the end of the year).

2. National context

2.1. As previously reported to Members, the Council has been informed of funding allocations for the four years 2016-17 to 2019-20. As such it is anticipated that the Council's main funding settlement from Government is unlikely to change for 2018-19, although confirmation will not be received until the Local Government Finance Settlement is announced. In addition, the Chancellor's Autumn Budget announcement is expected to take 22 November 2017 and any changes may have implications for the County Council's overall financial position.

Adult Social Care funding

2.2. The Chancellor's Spring 2017 Budget in March included an additional £2bn of non-recurrent funding for Adult Social Care nationally. Of this funding, Norfolk will receive £18.561m in 2017-18, followed by £11.901m in 2018-19 and £5.903m in 2019-20. Further details of the use of this funding are set out in the Budget Monitoring Report elsewhere on the agenda, and the additional funds have been included in 2018-19 budget planning. This fund is governed by the Health and Wellbeing Board and monitored by NHS England and the Department for Communities and Local Government (DCLG) through national and local assurance and quarterly returns. The use of this grant is governed by grant conditions which require that the funding is used for the purposes of:

a) Meeting social care needs;
b) Reducing pressure on the NHS supporting people to be discharged from hospital when they are ready; and
c) Ensuring that the local social care provider market is stabilised.

Business Rates Pilot 2018-19

2.3. At its meeting of 3 July 2017, Policy and Resources Committee agreed to delegate authority to the Executive Director of Finance and Commercial Services to explore the opportunity to submit an application to pilot 100% Business Rates retention and, if appropriate, take forward an application to the Department for Communities and Local Government (subject to consultation with the Leader of the Council) in coordination with other Norfolk authorities as required. Since the preparation of the July report, the Government has published an invitation to local authorities to pilot 100% Business Rates Retention in 2018-19[1], which provides further details of the opportunity to pilot.

2.4. Norfolk meets the Government criteria for new business rates pilots. The Government invitation sets out that it is particularly interested in piloting in two-tier areas and wishes to focus on rural areas. It is proposed that Norfolk County Council take forward an application for pilot status in conjunction with Norfolk districts, subject to district support. In the event that any Norfolk district is not supportive of an application, it appears unlikely that the Government would approve a pilot and so the County Council would **only wish to proceed on the basis of all districts participating**. Norfolk Chief Executives and Norfolk Leaders are meeting on 21 September 2017 to discuss the potential for a Norfolk application, and it is anticipated that this meeting will provide an indication of the appetite to pilot amongst Norfolk Districts.

2.5. All Norfolk districts are currently forecasting to receive business rates in excess of their Settlement business rates baselines for 2018-19. These forecast levels of business rates allow a Business Rates Pool to be beneficial, with Norfolk predicted to retain an additional £4m of business rates in saved levy payments. Under the current 50% rates retention system, central Government receive half of the growth in Norfolk's business rates. By piloting 100% business rates retention, Norfolk local authorities would retain the central Government share of rates growth. This is the financial benefit of becoming a pilot for Norfolk. **Current forecasts indicate that this could be around £10m in 2018-19** and work to validate this is underway. This would be a one-off benefit as the pilot prospectus indicates that pilots will be offered for one year only.

2.6. If an application for a Norfolk pilot for 2018-19 is approved, **the existing Norfolk Business Rates Pool will be superseded and dissolved**. The forecast £4m saved levy benefit would go to the pilot and not the pool. The governance arrangements of the pilot will need to set out how the gain and loss of all business rates growth and decline, including this £4m, is split between Norfolk's local authorities. The table below sets out the forecast impact on the treatment of business rates growth for Norfolk as a whole if a pilot bid were to be successful.

[1] https://www.gov.uk/government/publications/100-business-rates-retention-pilots-2018-to-2019-prospectus

Table 1: Summary of impact on all business rates growth forecast for 2018-19

Element of Growth	Forecast 2018-19 Value £m	Under current arrangements	Under Pilot arrangements
Saved Levy	4.116	Spent on economic development projects	Retained in Norfolk – use of funds TBC
District share of growth	4.116	Retained by relevant district	Retained in Norfolk – use of funds TBC
County share of growth	2.058	Retained by county	Retained in Norfolk – use of funds TBC
Central share of growth	10.291	Retained by Government	Retained in Norfolk – use of funds TBC
Total	**20.582**		

2.7. For the 2017-18 pilots, the Government agreed a 'no detriment' clause, guaranteeing that these areas will not be worse off as a result of participating in the pilot. However, the Government has not guaranteed the inclusion of a 'no detriment' clause for 2018-19 pilots. Any pilot application will need to make clear whether or not member authorities would be willing to proceed without the benefit of 'no detriment'. Presumably bids will be more likely to be successful without the benefit of 'no detriment'. Should a Norfolk bid proceed without a 'no detriment' clause, Norfolk local authorities would have to agree how to fund any reduction in rates up to the level of the pilot safety net. The pilot safety net is 97% of baseline funding level across Norfolk, meaning **the unfunded risk to the pilot is a potential £7.371m below baseline funding levels**.

2.8. The pilot collectively would need to fund any reduction in rates up to the safety net level. In essence this means funding could fall by £7.371m below baseline funding before the Government would pay the pilot a safety net. This (plus any growth already built in as part of 2018-19 budget planning) is the main financial risk the pilot would face. A pilot will bear a greater exposure to the risk of rates appeals as it would take 100% of the impact of an appeal, in line with the 100% rates retention. In this context it should however be noted that districts have a good track record of forecasting rates income, although business rates income is difficult to estimate a year in advance and decisions on whether to bid for pilot status will inevitably be based on uncertain forecasts.

2.9. The pilot prospectus states that Government *"particularly want to see additional growth being used to promote the financial stability and sustainability of the pooled area. In addition, we would expect some retained income from growth to be invested to encourage further growth across the area"*. **Work to agree funding splits within the pilot, and further aspects of governance arrangements will be required**. In particular all authorities will need to come to an agreement on how to share the rewards and risks of Norfolk business rates growth and decline. The deadline for pilot applications is Friday 27 October 2017, which represents a very short window for Norfolk authorities to all agree on a pilot proposal.

Public Sector Pay inflation

2.10. The Council's budget planning makes allowance for a 1% pay increase in 2018-19. The Government's position on limiting public sector pay increases is currently under significant pressure, with above 1% awards having been announced for the police and prison officers. It is currently not clear what the implications of this might be for local authority pay awards next year. Every 1% pay increase represents approximately a £2.5m pressure for the County Council (excluding schools).

2.11. Any changes in the Council's overall budget position for 2018-19 as a result of the above, or any other issues, will be reported to future Policy and Resources Committee meetings.

3. Committee budgets and savings

3.1. Since the setting of the 2017-18 Budget, the County Council has agreed the establishment of two new Committees, the Business and Property Committee, and the Digital Innovation and Efficiency Committee. This report sets out details of the budgets attributable to these new Committees, existing savings from the 2017-18 Budget process, and their indicative share of the 2018-19 savings requirement.

Table 2: 2017-18 Approved Net Budget by Committee

	2017-18 Approved Net Budget[2]
	£m
Adult Social Care	261.453
Children's Services	177.351
Communities	48.811
Environment, Development and Transport	134.236
Policy and Resources	15.482
Business and Property	9.039
Digital Innovation and Efficiency	16.048
Finance General	-303.607
Norfolk County Council Total	**358.812**

3.2. The Medium Term Financial Strategy (MTFS) for 2017-20 agreed by Full Council in February set out a forecast gap for the years 2018-19 and 2019-20 of **£35.015m** and included planned net savings of **£72.737m**. The table below sets out how those savings break down by the new Committee structure. Further details of the savings by Committee can be found in the Delivering Financial Savings 2017-18 report elsewhere on this agenda. This report identifies a forecast shortfall in

[2] This table shows the breakdown of the approved net budget as at 1 April 2017, this may differ from the current budgets reported to Committees, which reflect in-year adjustments.

savings delivery of £4.768m, which amounts to 10% of total savings for 2017-18. No provision has been made in the 2018-19 budget to reverse these savings.

Table 3: Agreed MTFS savings 2017-20 by Committee

	2017-18	2018-19	2019-20	Total
	£m	£m	£m	£m
Adult Social Care	-11.213	-18.716	-10.000	**-39.929**
Children's Services	-1.854	-0.859	-0.535	**-3.248**
Communities	-1.906	-0.102	0.000	**-2.008**
Environment, Development and Transport	-5.340	-0.605	0.000	**-5.945**
Policy and Resources	-23.646	9.100	0.290	**-14.256**
Business and Property	-1.710	-1.751	-1.000	**-4.461**
Digital Innovation and Efficiency	-2.105	-0.726	-0.059	**-2.890**
Total	**-47.774**	**-13.659**	**-11.304**	**-72.737**

3.3. Savings have previously been considered by Policy and Resources allocated by Department. As set out above, work has now been undertaken to determine the apportionment of savings to Service Committees following confirmation of the Committee structure. Savings by Committee are shown in this report, subject to confirmation by Policy and Resources Committee of the budgets which are the responsibility of the Business and Property Committee and the Digital Innovation and Efficiency Committee. Taking account of the budgets relating to these Committees, the allocation of savings by Committee is shown in the table below.

Table 4: Allocation of new MTFS 2018-22 savings required by Committee

Allocation of new 2018-22 MTFS savings by Committee excluding Schools and Public Health	2018-19	2019-20	2020-21	2021-22	Total
	£m	£m	£m	£m	£m
Adult Social Care	-1.477	-11.480	-18.047	0.000	**-31.004**
Children's Services	-7.134	-6.369	-10.013	0.000	**-23.516**
Communities	-2.461	-2.197	-3.454	0.000	**-8.112**
Environment, Development and Transport	-6.663	-5.950	-9.353	0.000	**-21.966**
Policy and Resources	-3.553	-3.172	-4.987	0.000	**-11.712**
Business and Property	-0.362	-0.323	-0.507	0.000	**-1.192**
Digital Innovation and Efficiency	-0.757	-0.677	-1.064	0.000	**-2.498**
Total	**-22.407**	**-30.168**	**-47.425**	**0.000**	**-100.000**

4. Service Committee Issues

4.1. As referenced in the report presented at Policy and Resources 3 July 2017, the County Leadership Team has identified a number of corporate priorities (known as Norfolk Futures) to drive change and efficiencies, and deliver the administration’s priorities. These are:

- Local Service Strategy
- Demand Management and Prevention Strategy – Children's Services
- Demand Management and Prevention Strategy – Promoting Independence
- Demand Management and Prevention Strategy – Information Advice and Guidance
- Towards a Norfolk Housing Strategy
- Technological efficiencies
- Local Government Commercialisation

4.2. Cutting across all Committees, the Local Service Strategy will be a key step to cost reduction across the County Council. The objective of this priority is to create modern, integrated services that are financially sustainable and work together coherently and effectively to meet the needs of local communities, while making best use of our property and maximising economies of scale. The Council wants to empower people and local communities to help themselves and each other with more integrated local services, building on the strength of existing organisations and partnerships.

4.3. September Service Committees have considered their overall budget position to inform their planning for 2018-19, ahead of discussing full savings proposal in October. The key points arising from these preliminary discussions are set out below and further details are available in the individual Service Committee reports.

Adults:

4.4. In Adult Social Care, the scale of transformation to achieve a new approach to social care is substantial. The Promoting Independence strategy, one of the corporate priorities, has been refreshed and a new model of future service delivery – supported by a cost and demand model – has been developed to identify and focus delivery on interventions which have the greatest impact on outcomes for people as well as on reducing reliance on formal services.

4.5. This new model of service delivery will rely on a number of the other corporate priorities, which make up the Norfolk Futures programme, to deliver the transformation required, namely: implementing a local service strategy to empower people and communities to help themselves; a demand management and prevention strategy working across the whole health and social care system empowering people to live independently for longer; provision of accessible information and signposting to sources of help to reduce the reliance on County Council services; ensuring that appropriate housing exists to ensure people can live independently for as long as possible; and the innovative use of technology in frontline service provision.

4.6. Underpinning the programme is the delivery of the Care Act 2014 and further integration with Health by 2020, taking into account the Norfolk and Waveney Sustainability and Transformation Plan. A full commissioning review is also expected to contribute to the savings, with significant activity planned around critical services such as the review of Day Services and Carers' Support.

4.7. Additional social care grant announced this year and the utilisation of the improved Better Care Funding has been incorporated into planning assumptions. The recurrent elements of this funding will also support areas of financial risks for social care, particularly in relation to national living wage legislation.

4.8. In preparing for the 2018-22 budget planning, Adult Social Services is reviewing both existing savings and new opportunities. In particular the Adults Committee has been asked to consider amending planned transport savings from £3.8m over the next two years to a total of £1.7m. The implications of this will be included in the next Adults budget planning report and reflected in the savings proposals presented to Policy and Resources Committee in October.

4.9. In considering the 2018-19 budget position, the Committee also recommended that Policy and Resources Committee ask the appropriate representative on the Local Government Association to lobby on behalf of Adult Social Care Committee for more funds for Adult Social Care.

Children's Services:

4.10. The seven corporate priorities (Norfolk Futures) will assist Children’s Services to meet the challenges of service transformation by focusing on demand management, prevention and early help, while targeting service provision at a local level. In particular, services will:

- better leverage existing assets and ensure that services are delivered in and targeted at areas of need;
- focus on early help and prevention work with children and their families to reduce the volume of referrals, assessments, child protection plans and looked after children; and
- ensure the provision of accessible information and signposting to sources of help to reduce the reliance on County Council services.

4.11. In line with the national picture of increasing pressure upon social care services for Children, the Council is experiencing pressure both due to volume and mix within the placements budget for children who are looked after. Additionally, the Council is experiencing pressure as a result of the numbers and complexity of support for children with Special Educational Needs and alternative education for permanently excluded pupils.

4.12. In Children’s Services, the focus is on the Improvement Plan to move the service out of inadequate and towards a good Ofsted rating. The service will put in place an ambitious change programme across the Council and the wider children’s partnership to further develop a sustainable system for children’s care, focused on timely, cost effective and efficient service provision, and help manage demand differently. The overall approach will be to focus on providing families with earlier help, reduce the number of referrals to social care, have clearer thresholds, increase permanence for children, reduce the number of Looked After Children, and reduce overall service cost. There will also be a specific objective to reduce the unit costs for each child looked after. It is expected that the transformation programme will not only lead to better outcomes for children and a reduction in the cost of formal care arrangements, but also achieve significant reductions of public spending further downstream.

4.13. The budget setting report to Children’s Services Committee includes details of savings agreed in the 2017-18 Budget. The implications of any changes to previously agreed savings will be reported to Policy and Resources Committee in October.

Communities:

4.14. Work in the Community and Environmental Services (CES) Department has focussed in two main strands. The first is driving savings through business as usual activity. This includes a continued focus on good management, taking forward the digital transformation agenda for the Council to drive efficiency savings, seeking opportunities to increase income, accessing funding from alternative sources, and making other back-office changes.

4.15. The second strand of work focuses on implementing a new working model across CES services, incorporating a number of the Norfolk Futures corporate priorities, and introducing new ways of working. CES has sought to develop opportunities to commercialise services, and to deliver a local service strategy with more staff based in and working out and about in local communities. It also aims to use technological efficiencies to deliver both better front line services and a more efficient back office.

4.16. Work to develop a full set of budget proposals is underway and will include consideration of:

- Opportunities for new sources of income, maximising current income streams and commercialisation of services. This includes considering how technology can be used to enhance customer offers e.g. using 3D projections in museums.
- Potential for further back office efficiencies e.g. through better use of our ICT systems and changing some processes.
- Changing the way that some activities funded, in particular considering whether elements can be capitalised to enable a revenue saving.
- Reductions in staffing levels – there has been a recruitment restriction in place for some time and, with natural turnover, this helps to provide opportunities to change our approach e.g. by combining or reducing roles.
- Opportunities for invest to save.
- Potential to reduce grants and payments to other organisations.
- Given the size of the budget savings target, consideration is also being given to the level and standard of service delivery for all services, in the context of ensuring that we have the capacity needed to deliver our statutory responsibilities and key priorities.

Environment, Development and Transport:

4.17. The Local Service Strategy – one of the seven Norfolk Futures strategic priorities – will be a key step to cost reductions in Environment, Development and Transport (EDT). This will empower people and local communities to help themselves and each other with more integrated local services, building on the strength of existing organisations and partnerships.

4.18. There are a number of service specific issues which budget savings proposals are being developed within the context of:

- **Weather/environment** – a number of services have risks directly related to the weather/environment. For example, the amount of spend on winter maintenance depends on how hard the winter season is and for how long, waste volumes increase during long periods of good weather (green waste like grass cuttings), flooding events impact local communities and the condition of the highway.

- **Waste volumes** – there continues to be an increase in the volumes of residual waste to be disposed of.
- **Concessionary fares** – there continues to be a shortfall in the funding from Government. Another three year deal has been successfully negotiated with bus operators to mitigate this.

4.19. EDT Committee in September considered the potential to bring forward 2018-19 savings. The three year programme of savings agreed by Members in the last budget round has been reviewed and no suitable savings have been identified for early delivery. This was in part because an element of the strategy in the previous budget round was to deliver savings as early as possible, and the savings proposed were 'front loaded' for delivery in 2017-18 as far as possible. It has been identified that the saving of £1.850m relating to reducing waste costs (EDT032) in 2018-19 may not be deliverable and it is likely that this will be proposed to be delayed until 2021-22. This would increase the pressure on next year's budget and is not reflected in the current gap.

4.20. Work is underway to develop a full set of budget proposals for Members to consider at the next meeting in October. This work includes consideration of:-

- Opportunities for new sources of income, maximising current income streams and commercialisation of services. (Note that a paper on commercialisation options for the highways service will be brought to the Committee for discussion in October.)
- Making further back office efficiencies e.g. through better use of our ICT systems and changing some processes.
- Changing the way that some activities funded, in particular considering whether elements can be capitalised to enable a revenue saving.
- Reductions in staffing levels – there has been a recruitment restriction in place in the Department for some time and, with natural turnover, this helps to provide opportunities to change our approach e.g. by combining or reducing roles.
- Opportunities for invest to save – this includes further roll-out of LED street lighting.
- Given the size of the budget savings target, consideration is also being given to the level and standard of service delivery for all services, in the context of ensuring that we have the capacity needed to deliver our statutory responsibilities and Members key priorities. For example, we have a lead role in developing and securing funding for major infrastructure projects for the county, and we need to ensure that we can continue to access sufficient strategic capacity to do this.

Business and Property:

4.21. No budget-setting report was considered in September, the Committee will receive a report on savings proposals for 2018-19 when it meets in October. Various elements of the Norfolk Futures programme are relevant to the business and Property Committee as set out below.

4.22. Local government commercialisation, which has three strands:

- Maximising the return on our assets – Maximising the return on our physical assets, seeking a return on intangible assets, such as data, making productive investments that make a better return and offer social and economic benefits to the people of Norfolk.

- Trading profitably through wholly or partly owned subsidiaries or other trading units.
- Being business-like in the way we manage our finances, our cash, our estate and our people.

4.23. The Norfolk Housing Strategy, which will aim to:

- Develop an NCC strategic approach to housing using an evidence base to define the appropriate interventions.
- Ensure the housing needs of vulnerable people throughout Norfolk are being met.
- Support first-time buyers to buy a home.
- Help to influence the design of new housing and housing developments.
- Support economic growth through targeted housing development.

Digital Innovation and Efficiency:

4.24. Technology driven efficiencies is one of the seven corporate priorities, aiming to make Norfolk a place where all appropriate local government services are available online and are used safely and effectively by most residents, businesses and visitors. The online services are digital by design and provide an easy to use, efficient end-to-end service. This will be delivered through accessible and sustainable technology infrastructure, smarter ways of work and innovative technology.

4.25. Work in the directorates relating to this Committee includes a continued focus on taking forward the digital transformation agenda for the County Council to drive efficiency savings. A full set of savings proposals will be considered in October.

5. Policy and Resources Committee budget planning

5.1. The budgets reporting to Policy and Resources Committee need to identify savings of **£11.712m** for the period to 2021-22, in addition to existing planned savings of £14.256m for the period 2017-18 to 2019-20. It is suggested that Policy and Resources Committee budget saving proposals in response to the Council's financial challenges should be sought through the following key initiatives, which closely link to a number of the seven corporate priorities:

- Commercialisation – exploring various opportunities for income generation through maximising chargeable service provision;
- Income – ensuring the Council maximises income from key sources such as Council Tax and Business Rates;
- Technology – including redesigning processes and services to achieve efficiencies; and
- Capitalisation – seeking further opportunities to capitalise costs where appropriate.

5.2. A full set of savings proposals for Policy and Resources Committee will be presented to the October meeting of the Committee.

6. Next Steps

6.1. Full budget savings proposals as considered by Service Committees will be reported to Policy and Resources Committee in October. This will also represent the start of public consultation on 2018-19 budget proposals. The latest budget setting timetable is set out in Appendix 1 to this report.

7. Financial implications

7.1. Financial implications for the Council's Budget are set out throughout this report.

8. Issues, risks and innovation

8.1. Significant risks or implications have been set out throughout the report. Specific financial risks in this area are also identified in the Corporate Risk Register, including the risk of failing to manage significant reductions in local and national income streams (RM002) and the risk of failure to effectively plan how the Council will deliver services (RM006).

8.2. Decisions about significant savings proposals with an impact on levels of service delivery will require public consultation. As in previous years, saving proposals, and the Council's Budget as a whole, will be subject to equality and rural impact assessments later in the budget-setting process.

9. Background Papers

9.1. Background papers relevant to the preparation of this report are set out below.

Norfolk County Council Revenue and Capital Budget 2017-20, County Council, 20 February 2017, Item 4:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/444/Committee/2/SelectedTab/Documents/Default.aspx

Norfolk County Council Budget Book 2017-20, May 2017:
https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/the-2017-2020-budget-book.pdf?la=en

Caring for your County, Policy and Resources Committee, 3 July 2017, Item 7:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1359/Committee/21/Default.aspx

Strategic and Financial Planning 2018-19 to 2021-22, Policy and Resources Committee, 3 July 2017, Item 9:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1359/Committee/21/Default.aspx

Finance Monitoring Report Outturn, Policy and Resources Committee, 3 July 2017, Item 11:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1359/Committee/21/Default.aspx

Additional Social Care Funding, Adult Social Care Committee, 10 July 2017, Item TBC:

http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1377/Committee/10/SelectedTab/Documents/Default.aspx

Strategic and Financial Planning 2018-19 to 2021-22 reports to Service Committees, September 2017:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings.aspx

Invitation to local authorities in England to pilot 100% business rates retention in 2018 to 2019 and to pioneer new pooling and tier-split models, DCLG, September 2017:
https://www.gov.uk/government/publications/100-business-rates-retention-pilots-2018-to-2019-prospectus

Officer Contact

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2018-19 Budget Timetable

Activity/Milestone	Time frame
County Council agree recommendations for 2017-20 including that further plans to meet the shortfall for 2018-19 to 2019-20 are brought back to Members during 2017-18	20 February 2017
Spring Budget 2017 announced	8 March 2017
Consider implications of service and financial guidance and context, and review / develop service planning options for 2018-20	March – June 2017
Executive Director of Finance and Commercial Services to commission review of 2016-17 outturn and 2017-18 Period 2 monitoring to identify funding from earmarked reserves to support Children's Services budget.	June 2017
Member review of the latest financial position on the financial planning for 2018-20 (Policy and Resources Committee)	July 2017
Member review of budget planning position including early savings proposals	September 2017
Service reporting to Members of service and budget planning – review of progress against three year plan and planning options	October 2017
Consultation on new planning proposals and Council Tax 2018-21	October to December 2017 / January 2018
Further Service Committee review of budget position and savings proposals (if required)	November 2017
Chancellor's Autumn Budget 2017	22 November 2017
Provisional Local Government Finance Settlement	TBC December 2017
Service reporting to Members of service and financial planning and consultation feedback Committees agree revenue budget and capital programme recommendations to Policy and Resources Committee	January 2018
Policy and Resources Committee agree revenue budget and capital programme recommendations to County Council	29 January 2018
Confirmation from Districts of council tax base and Business Rate forecasts	31 January 2018
Final Local Government Finance Settlement	TBC February 2018
County Council agree Medium Term Financial Strategy 2018-19 to 2020-21, revenue budget, capital programme and level of Council Tax for 2018-19	12 February 2018

Policy and Resources Committee

Item No 8

Report title:	**Finance monitoring report P4: July 2017**
Date of meeting:	**25 September 2017**
Responsible Chief Officer:	**Executive Director of Finance and Commercial Services**

Strategic impact

The Annexes to this report summarise the Period 4 (July 2017) forecast financial outturn position for 2017-18, to assist members to maintain an overview of the overall financial position of the Council.

Executive summary

This report gives a summary of the forecast position for the 2017-18 Revenue and Capital Budgets, General Balances, and related financial information.

Members are asked to:

- **note the period 4 forecast Revenue overspend of £2.293m;**
- **note the forecast General Balances at 31 March 2018 of £19.301m, before taking into account any over/under spends;**
- **agree the use of additional social care funding as agreed by 10 July 2017 Adult Social Care Committee, and the creation of a reserve to be used in line with the agreed plan over the planned three year period, as set out in Appendix 1 paragraph 2.10;**
- **approve the write-off of two Residential Care debts totalling £27,512.13, due to the exhaustion of estates, as set out in Appendix 1 paragraph 5.8;**
- **note the revised expenditure and funding of the current 2017-20 capital programme as set out in Appendix 3;**
- **note the addition of £3.130m to the capital programme relating to a completed purchase of a 390.79 acre farm at Marshland St James, plus 48.93 acres of associated farmland;**
- **agree to the re-allocation of library book capital funding towards library property capital maintenance as described in Appendix 3 paragraph 4.**

1. Introduction

1.1 On 20 February 2017, the County Council agreed a net revenue budget of £358.812m. At the end of each month, officers prepare financial forecasts for each service including forecast expenditure and the planned impact on earmarked reserves.

2. Evidence

2.1 Three appendices are attached to this report:

Appendix 1 summarises the forecast revenue outturn position, including:
- Forecast over and under spends
- Changes to the approved budget
- Payments and debt performance

Appendix 2 summarises forecasts relating to services covered by this committee

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

3. Financial Implications

3.1 As stated above, subject to approval for the use of reserves, the forecast revenue outturn for 2017-18 is an overspend of **£2.293m** (month £0.870m).

3.2 The forecast assumes full realisation of savings as set out on page 27 of the 2017-20 budget book, and use of over £20m reserves as set out in the budget book Table 26.

3.3 The Council's capital programme contains schemes approved by County Council on 22 February 2017, other capital funding and schemes brought forward from previous years, and schemes more recently approved.

4. Issues, risks and innovation

Risk implications

4.1 The Council's Corporate Risk Register provides a full description of corporate risks, including corporate level financial risks, mitigating actions and the progress made in managing the level of risk.

4.2 Risk management reports which include the corporate risk register are presented regularly to this Committee. A majority of risks, if not managed, could have significant financial consequences. The risks addressed include finance specific risks, for example of failing to generate income or to realise savings.

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

5. Background

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

5.2 The monthly forecasts in this report are based on detailed cost centre level data supplied by responsible budget officers after the end of each financial period. Moderation by chief officers is completed approximately 18-20 days after each month end.

5.3 As set out in section 5 to Appendix 1, two debts over £10,000 are awaiting Policy & Resources Committee approval. The debts total £27,512.13 with reasons as follows.

Debt Type	Amount	Reason
Residential Care charges	£11,017.12	Estate Exhausted
Residential Care charges	£16,495.01	Estate Exhausted

5.4 The following papers are relevant to the preparation of this report:
Adult Social Care Finance Monitoring Report Period 4 (July) 2017-18 Adult Social Care Committee July 2017 (p15)
Additional Social Care Funding report Adult Social Care Committee September 2017 (p34)

Officer Contact

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Norfolk County Council

Appendix 1: 2017-18 Revenue Finance Monitoring Report Month 4

Report by the Executive Director of Finance and Commercial Services

1 Introduction

This report gives details of:

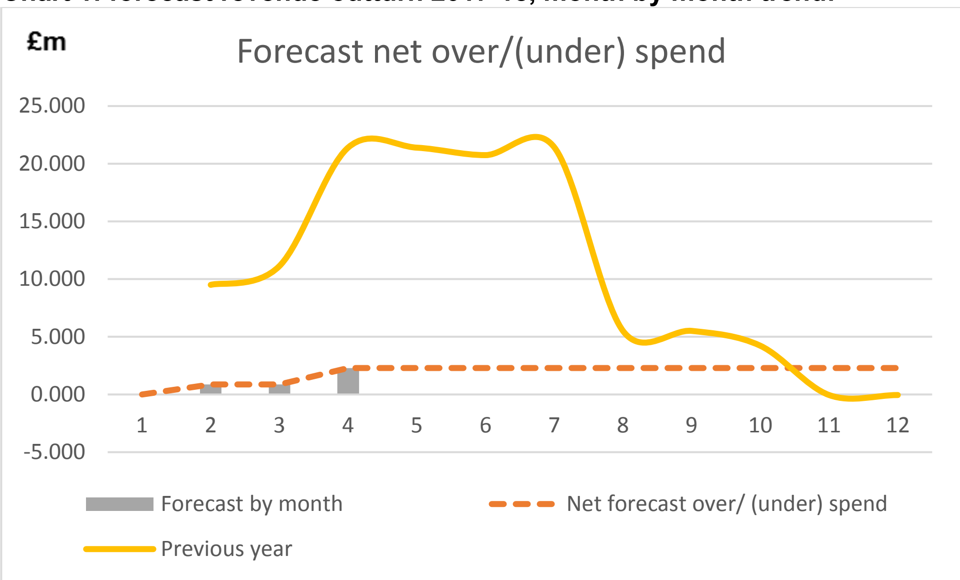
- the latest monitoring position for the 2017-18 Revenue Budget
- forecast General Balances and Reserves use at 31 March 2018 and
- other key information relating to the overall financial position of the Council.

2 Summary of financial monitoring position

At the end of July 2017 (month 4):

An overspend of **£2.293m** (month 2: £0.870m) is forecast on a net budget of £358.812m.

Chart 1: forecast revenue outturn 2017-18, month by month trend:



- The main areas for the forecast overspend are pressures in Children's Services detailed in paragraph 2.6. As can be seen in the chart above, the total forecast overspend at this stage of the year is significantly lower than the corresponding period last year.

Agreed budget, changes and variations

2.1 The 2017-18 budget was agreed by Council on 20 February 2017 and is summarised in the Council's Budget Book 2017-20. A summary of budgets by service is as follows:

Table 1: 2017-18 original and revised net budget by service

Service	**Approved net base budget**	**Revised budget P2**	**Revised budget P3**	**Revised budget P4**
	£m	£m	£m	£m
Adult Social Services	261.453	261.453	261.313	261.313
Children's Services	177.351	177.351	177.351	177.351
Community and Environmental Services	189.342	153.739	154.124	154.124
Managing Director	8.505	8.416	7.531	7.531
Finance and Commercial Services	26.005	26.005	26.646	26.646
Finance General	-303.844	-268.152	-268.152	-268.153
Total	**358.812**	**358.812**	**358.812**	**358.812**

2.2 The budget movements in periods 3 reflect a) the movement of responsibilities for HR payroll from the Managing Director's service to Finance and Commercial Services, and b) agreed Public Health cross cutting savings for 2017-18. There were no budget movements between services in period 4 and the Council's overall net budget remains unchanged.

2.3 **Savings targets**: The key savings targets required for the delivery of a balanced 2017-18 budget are addressed in separate reports to this Policy and Resources Committee.

Revenue outturn – forecast over/underspends

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

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

Table 2: 2017-18 projected forecast (under)/over spends by service

Service	Revised Budget	Projected net (under)/ over spend	%	RAG
	£m	£m		
Adult Social Services	261.313	-		G
Children's Services	177.351	2.510	1.4%	A
Community and Environmental Services	154.124	-		G
Resources - Managing Director	7.531	-		G
Finance and Commercial Services	26.646	-0.018	-0.1%	G
Finance General	-268.153	-0.199	0.1%	G
Totals	**358.812**	**2.293**	**0.6%**	A

Notes:

1) the RAG ratings take into account both the relative (%) and absolute (£m) impact of forecast overspends.

2.6 The forecast overspend at the end of P4 relates to Children's Services budgets due mainly to a significant increase in the number of looked after children currently supported compared to the 16-17 average, with associated cost increases. In addition there are additional costs for extensive nursing support for children with disabilities (net of health contribution) that were not anticipated when the budget was set, plus additional responsibilities for and cost of funding additional further education post 16 high needs places. Management action is being taken to reduce the projected level of overspend and further details are in the Financial Implications section of the September 2017 Children's Services Committee Integrated Performance and Finance Monitoring report.

General balances and reserves

General balances

2.7 On 20 February 2017 Council agreed the recommendation from the Executive Director of Finance and Commercial Services for a minimum level of General Balances of £19.252m through 2017-18. The balance at 1 April 2017 was £19.301m. The forecast at 31 March 2017 is unchanged at £19.301m, assuming a balance budget is achieved.

2.8 **Reserves 2017-18**

The 2017-18 budget was approved on the basis of a total of £14.138m use of earmarked reserves (budget book 2017-18 page 35), including the allocation of £5.813m reserves use approved in detail at the 3 July 2017 meeting of this Committee. The following table sets out balances based on proposed use at budget setting time, and also the latest forecast balances:

Table 3: Use of reserves and provisions

Reserves and provisions by service	Actual balances 1 April 2017	March 2018 Balances based on budget use	Latest forecast 2018 balances
	£m	£m	£m
Adult Social Services	6.230	6.080	4.958
Children's Services (excl LMS)	8.491	8.441	8.379
Community and Environmental Services	39.504	38.528	30.314
Managing Director	2.627		2.343
Finance & Commercial Services	4.304	3.194	1.823
Finance General	26.897	15.045	16.718
Adj. to reconcile to statutory accounts	-0.028	(0.028)	
Total reserves and provisions (excl LMS)	**88.025**	**71.260**	**64.535**
LMS balances	13.954	13.954	12.155
Total reserves and provisions	**101.979**	**87.841**	**76.690**

2.9 **Provisions included in the tables above**

The tables above include provisions of £26.8m at the start of the year. These comprise £10.7m insurance provision, £11.1m landfill provision, £4.2m provision for bad debts, and £0.8m payroll related provisions.

The landfill provision is required for accounting purposes, it is not cash backed and cannot be used to support revenue or capital expenditure.

2.10 **Recommendation from Adult Social Care Committee – Additional Social Care Funding**

The 10 July 2017 Adult Social Care Committee received a report outlining how Adult Social Services proposed to use additional one-off funding announced as part of the budget in March 2017. The ASC Committee agreed to the proposals for the use of the additional monies, as set out as Appendix 1 to the Additional Social Care Funding report, and recommended the proposals to this Committee for agreement.

The additional funding amounts to some £35m over three years and effectively acts as a 'bridge' to the Improved Better Care Fund. It will help manage existing and new pressures in the health and social care system, and will enable preventative activities which reduce and delay the need for formal care and support the safe discharge of people from hospital.

A further update to 4 September 2017 explained that the total grant for 2017-18 will not be utilised fully in this financial year. Setting up a reserve will allow funding to be used in line with the agreed plan over the planned three year period. This will ensure that invest to save projects can be developed and implemented appropriately and give adequate time to enable outcomes to be achieved and evaluated. Subject to the agreement of this Committee, the ASC Committee agreed in principle to set up a reserve to support the planned actions to be delivered through the improved Better Care Fund.

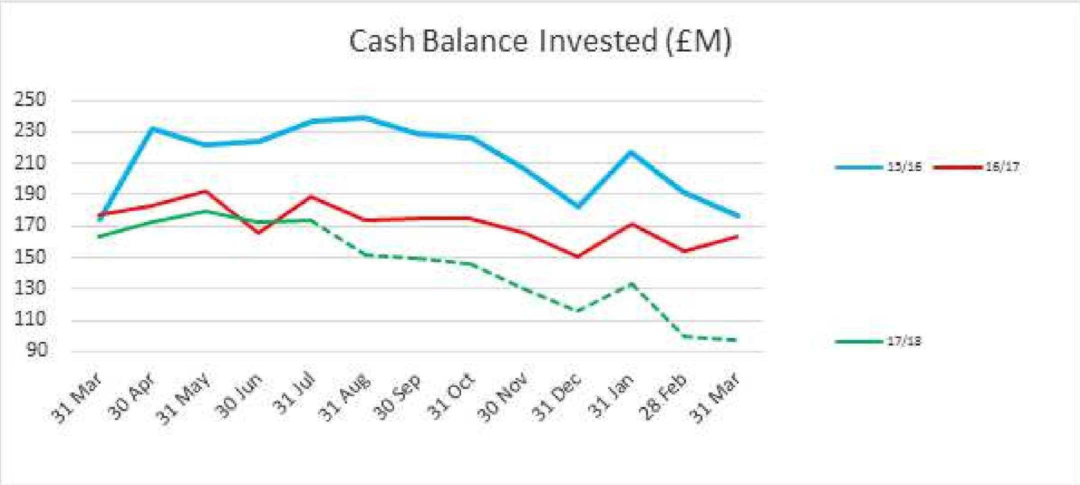
The following papers are relevant to this item:
Adult Social Care Finance Monitoring Report Period 4 (July) 2017-18 Adult Social Care Committee July 2017 (p15)
Additional Social Care Funding report Adult Social Care Committee September 2017 (p34)

3 Treasury management summary

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

3.2 The graph below shows the level of cash balances over the last 2 years and the current financial year with a forecast based on projected receipts and expenditure.

Chart 2a: Treasury Cash Balances

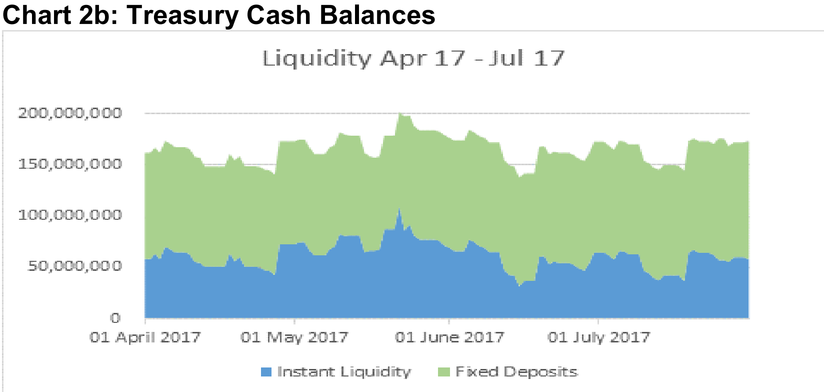


3.3 The projections assumes good progress on the capital programme in 2017-18, including the NDR. The cash balance shown above at the end of March 2017 was bolstered by the addition of £40m PWLB debt into cash balances, all of which is forecast to be spent in 2017-18.

3.4 In accordance with the approved 2017-18 Investment Strategy, the County Council continues to delay new borrowing for the majority of capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term.

3.5 With interest rates very low in "instant access" accounts, the Council maintains a large proportion of its cash balances in fixed deposits. For the first four months of the year the split is as follows:

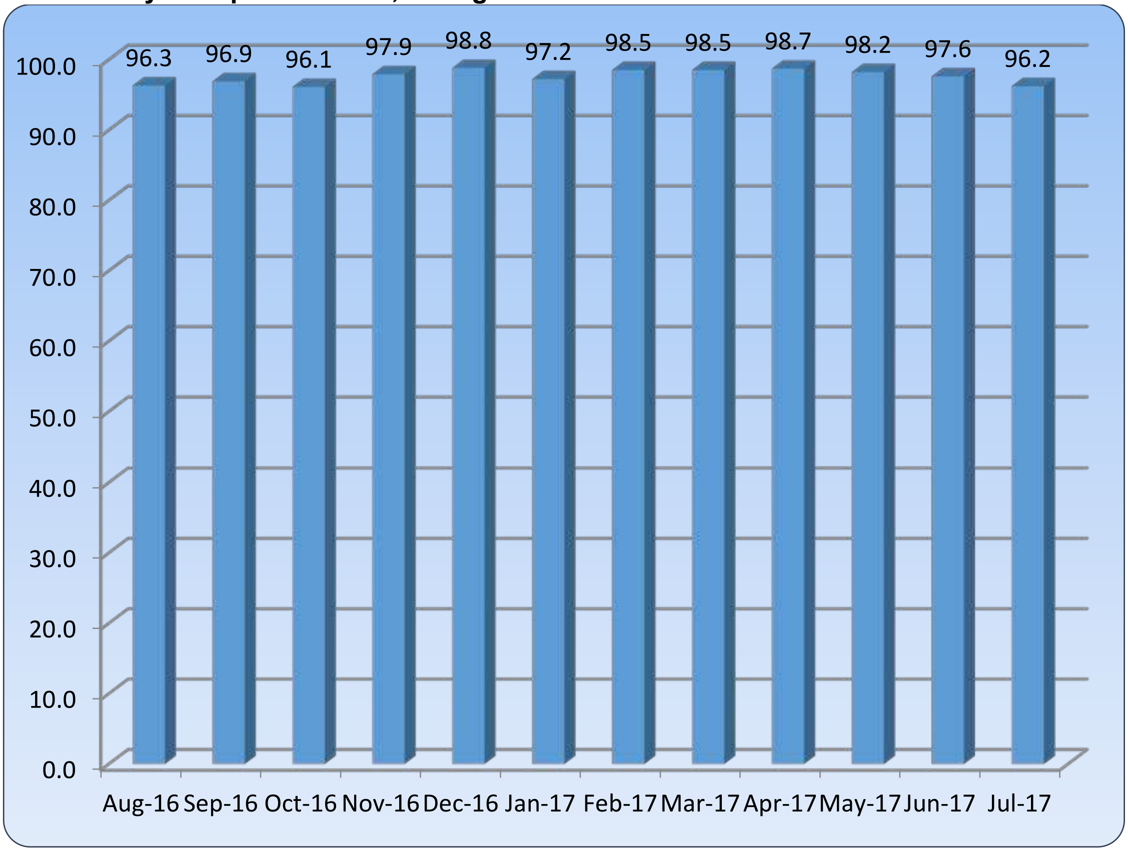
Chart 2b: Treasury Cash Balances



4 Payment performance

4.1 This chart shows the percentage of invoices that were paid by the authority within 30 days of such invoices being received. Some 420,000 invoices are paid annually. 96.2% were paid on time in July 2017. The percentage has not dropped below 96% in the last 12 months.

Chart 3: Payment performance, rolling 12 months



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

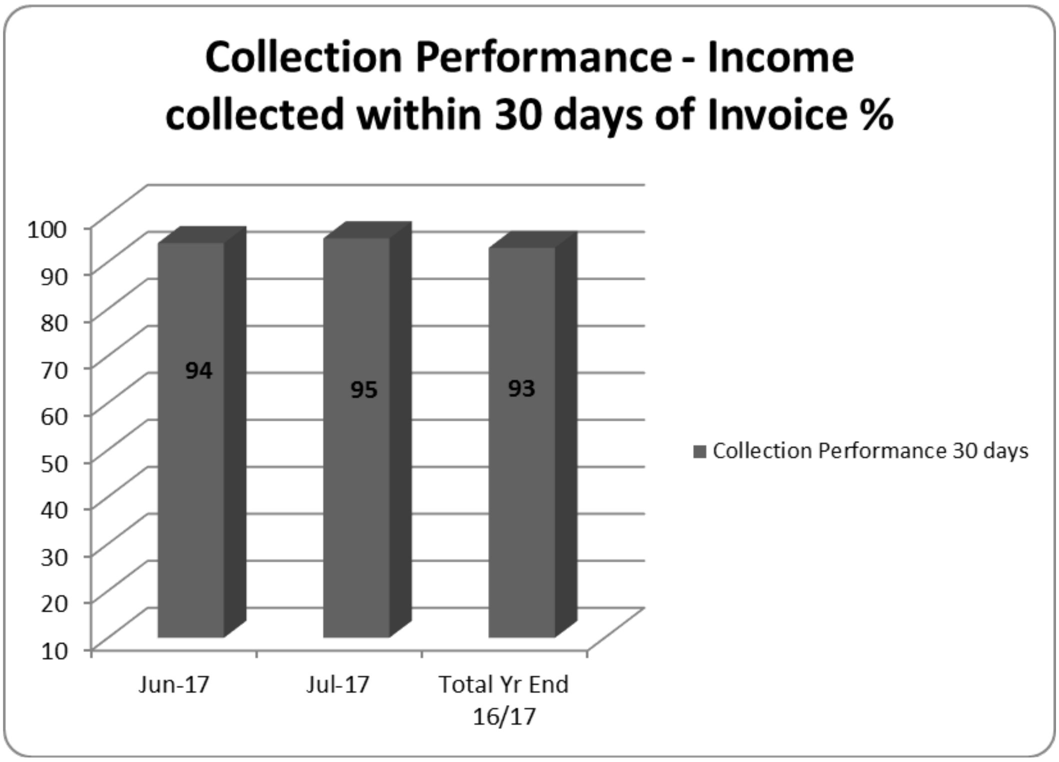
5 Debt recovery

5.1 **Introduction**: Each year the County Council raises over 135,000 invoices for statutory and non-statutory services totalling over £830m. The value of outstanding debt is continuously monitored and recovery procedures are in place to ensure that action is taken to recover all money due to Norfolk County Council. In 2016-17 93% of all invoiced income was collected within 30 days of issuing an invoice, and 98% was collected overall.

5.2 **Debt collection performance measures**

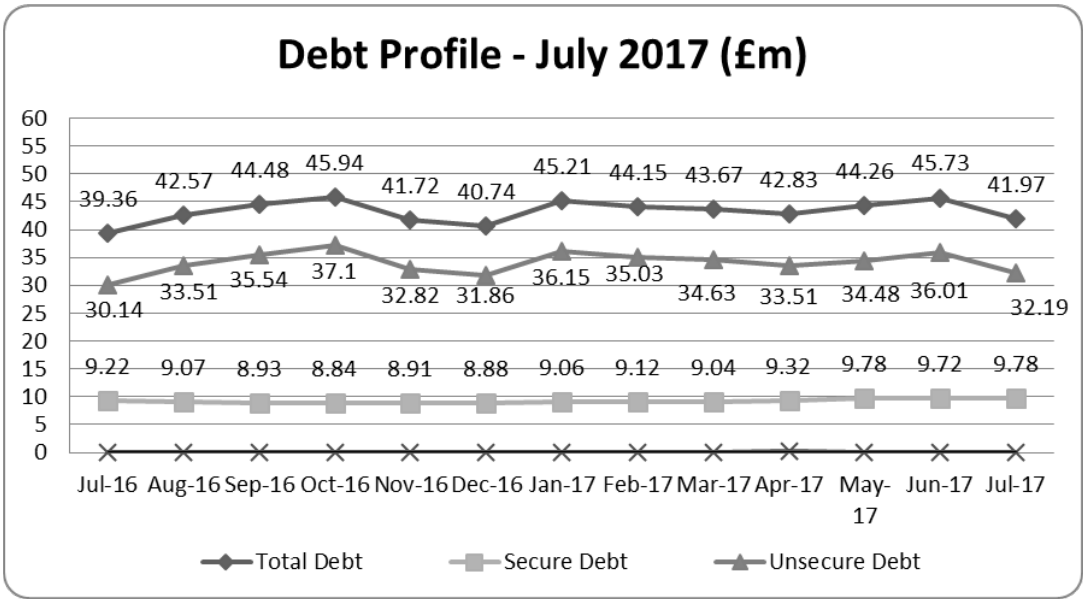
95% of invoiced income was collected within 30 days for the month of July 2017. The percentage is the proportion of income collected within 30 days for invoices raised in the previous month – measured by value.

Latest Collection Performance



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

Debt Profile (Total)



The overall level of unsecure debt has reduced in July. The largest area of unsecure debt relates to charges for social care. Of the £21.7m unsecure social care debt, £9.0m is debt with the CCG's, the majority of which is for shared care, Better Care Pooled Fund, continuing care and free nursing care.

Secured debts amount to £9.8m at 31 July 2017. Within this total £2.7m relates to estate finalisation where the client has died and the estate is in the hands of the executors.

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

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

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

5.7 For the period 1 April 2017 to 31 July 2017, 187 debts less than £10,000 were approved to be written off following approval from the Executive Director of Finance. These debts totalled £129,271.39.

5.8 Two debts over £10,000 is awaiting Policy & Resources Committee approval. This debt totals £27,512.13.

Debt Type	Amount	Reason
Residential Care charges	£11,017.12	Estate Exhausted
Residential Care charges	£16,495.01	Estate Exhausted

Revenue Annex 1

Forecast revenue outturn

Projected revenue outturn by service

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

Service	Revised Budget	Net total over / (under) spend	%	Forecast net spend
	£m	£m		
Adult Social Services	261.313	-		261.313
Children's Services	177.351	2.510	1.4%	179.861
Community and Environmental Services	154.124	-		154.124
Resources (Managing Director)	7.531	-		7.531
Finance and Commercial Services	26.646	-0.018	-0.1%	26.628
Finance General	-268.153	-0.199	0.1%	-268.352
Outturn P4	**358.812**	**2.293**	**0.6%**	**361.105**
Totals previous report – P2	358.812	0.870	0.2%	359.682

Reconciliation between current and previously reported underspend

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

	£m
Forecast overspend brought forward P2	0.870
Movements June/July 2017	
Adult Social Services	-
Children's Services	1.510
Community and Environmental Services	-
Managing Director	-
Finance and Commercial Services	-0.018
Finance General	-0.069
Forecast over/(under) spend P4	**2.293**

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

Table A1c: Corporate resources spend as a proportion of front line spend

Service	Budget	Forecast
	£m	£m
Total "front line" services	592.788	595.298
Total corporate resources (adjusted)	34.177	34.159
Corporate resources as %age	5.8%	5.7%
Corporate resources as ratio	1:17	1:17

Revenue Annex 1 continued

The net underspend is a result of a range of underlying forecast over and underspends which are listed below.

Revenue budget outturn by service – detail

	Projected over spend	Projected under spend	Changes P3/4
	£m	£m	£m
Adult Social Services			
Business Development		(0.366)	(0.366)
Commissioned Services	0.703		0.703
Early Help & Prevention		(0.176)	(0.176)
Services to Users (net)		(1.763)	(1.763)
Management, Finance & HR	1.602		1.602
Forecast over / (under) spend	**2.305**	**(2.305)**	**0**
		0	

Children's Services	Projected over spend	Projected under spend	Changes P3/4
Spending increases and reductions	£m	£m	£m
LAC agency fostering	0.925		0.425
In-house LAC fostering	1.013		0.513
Staying-put fostering	0.248		0.248
Adoption Allowances	0.173		0.173
Children with disabilities client costs	0.526		0.526
LAC agency residential		-0.465	-0.465
Children’s Centres		-0.200	-0.200
Early Help Support		-0.220	-0.220
School / College redundancy / pension costs		-0.222	-0.222
Dedicated schools grant			
FE post 16 High Needs top up funding	0.732		0.732
Forecast over / (under) spend	**3.617**	**-1.107**	**1.510**
	2.510		

Community and Environmental Services	Projected over spend	Projected under spend	Changes P3/4
	£m	£m	£m
Fire	0.170		0.170
Culture & Heritage		-0.020	-0.020
Planning & Economy	0.144		0.144
Public Health	0.210		0.210
Highways	0.013		0.013

Community Information & Learning		-0.057	-0.057
Support & Development		-0.460	-0.460
Better Broadband	-		
Forecast over / (under) spend	**0.537**	**-0.537**	**0**
	0		

Resources, Finance and Finance General	Projected over spend	Projected under spend	Changes P3/4
	£m	£m	£m
Managing Director			
Intelligence & Analytics		-0.061	-0.061
Communications	0.087		0.087
Strategy & Delivery Unit	0.060		0.060
Human Resources	-		-
Democratic Services		-0.251	-0.251
Nplaw	0.165		0.165
MD's Office	-		-
Forecast over / (under) spend	**0.312**	**-0.312**	**0**
	0		
Finance and Commercial Services			
Finance (excl Fin Gen)		-	-
Property		-	-
Procurement		-0.018	-0.018
IMT		**-**	**-**
Forecast over / (under) spend		**-0.018**	**-0.018**
Finance General (see appendix 2 for narrative)			
Adjustment to forecast interest on balances		-0.088	-0.088
Council tax discount administration	0.163		0.163
Members allowances		-0.144	-0.144
Unbudgeted DCLG grant		-0.130	0
Forecast over / (under) spend	**0.163**	**-0.362**	**-0.069**
		-0.199	

Norfolk County Council

Appendix 2: Policy and Resources budget summary

Report by the Executive Director of Finance and Commercial Services

1 Introduction

The Policy and Resources Committee is responsible for the oversight of the budgets listed in the table below, which also summarises the latest forecast outturn position.

2017 / 18	Current Budget	Forecast	Over / (Under) spend
	£m	£m	£m
Managing Director			
Intelligence & Analytics	0.902	0.840	-0.062
Communications	0.765	0.852	0.087
Strategy & Delivery Unit	0.753	0.813	0.060
Human Resources	3.003	3.003	0.000
Democratic Services	2.610	2.359	-0.251
Nplaw	-0.572	-0.407	0.165
MD's Office	0.427	0.427	0.000
Shared Services Contribution	-0.356	-0.356	0.000
	7.532	**7.532**	**-0.000**
Finance and Commercial Services (note 1)			
Finance	6.728	6.728	0.000
Procurement	1.229	1.229	-0.018
	7.957	7.957	-0.018
Finance General			
Adjustment to forecast interest on balances			-0.088
Council tax discount administration			0.163
Members allowances			-0.144
Unbudgeted DCLG grant			-0.130
			-0.199
Total P&R Committee			-0.217

Note 1: this table excludes Corporate Property budgets (Business and Property Committee) and IMT budgets (Digital Innovation and Efficiency Committee)
Note 2: this table may rounding differences.

At the end of Period 4, there is a small Procurement underspend forecast, and a number of Finance General underspends explained below.

2 Finance General over and underspends

Explanations for the Finance General outturn are as follows:

Interest on balances (underspend £0.088m)
The 2017-18 interest payable/receivable budget was prepared on the basis of a number of assumptions including cash flows, interest rates and the extent of actual borrowing. Despite falling back deposit interest rates, a small underspend is forecast due to the use of longer deposit periods.

Council tax discount administration (overspend £0.163m)
The Council has agreed to make a one off contribution to Norfolk district councils towards the administration costs of changing council tax discounts. This is a “spend to save” initiative the impact of which will be to significantly increase the Council’s tax base.

Unbudgeted DCLG grant (underspend £0.130m)
This underspend relates to an unbudgeted DCLG Section 31 grant payment of £0.130m, relating to a reconciliation of the 2016-17 NNDR3 return.

Members allowances (underspend £0.144m)
The forecast expenditure on basic allowances, special responsibility allowances, travel and subsistence is below budget in 2017-18.

Norfolk County Council

Appendix 2: 2017-18 Capital Finance Monitoring Report

Report by the Executive Director of Finance and Commercial Services

1 Capital Programme 2017-18

1.1 On 20 February 2017, the County Council agreed a 2017-18 capital programme of £226.379m with a further £135.508m allocated to future years', giving a total of £361.888m.

1.2 Additional re-profiling from 2016-17 after the budget was set increased the overall capital programme at 1 April 2017 to £384.308m, as shown in the 2016-17 finance outturn report presented to this committee.

Table 1: Capital Programme budget

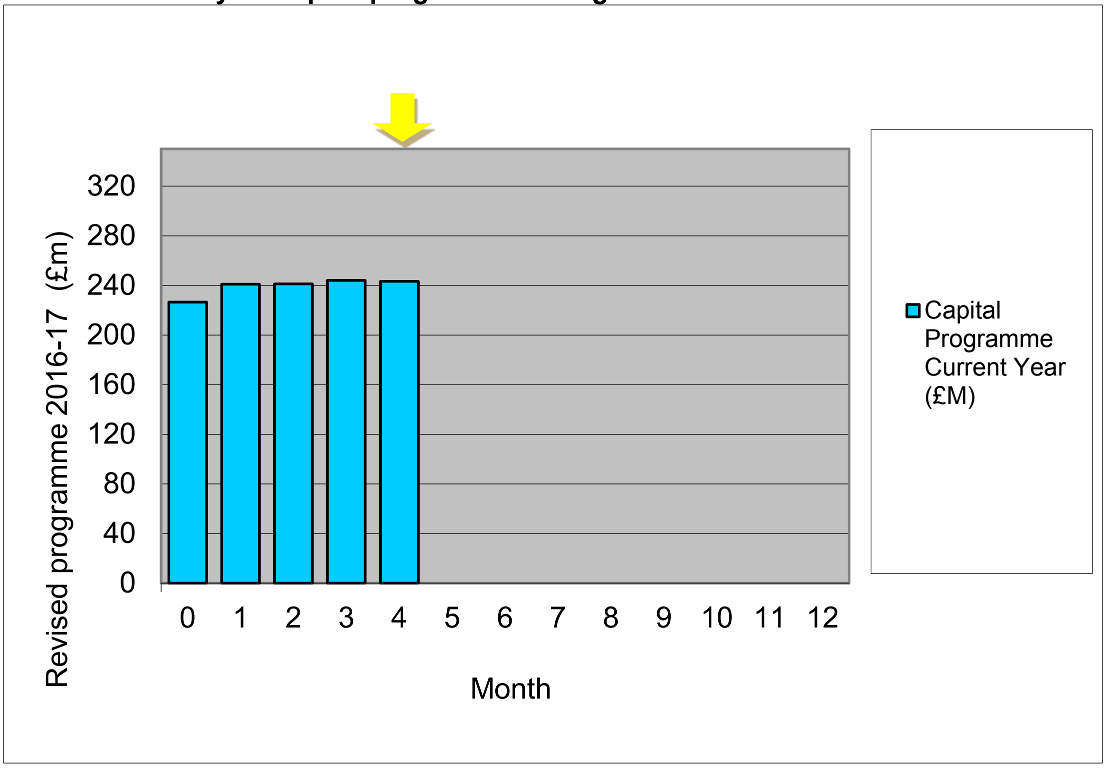
	2017-18 budget	**Future years**
	£m	**£m**
New schemes approved February 2017	45.629	15.600
Previously approved schemes brought forward	180.750	119.909
Totals in 2017-20 Budget Book (total £361.888m)	**226.379**	**135.509**
Schemes re-profiled after budget setting	9.540	6.666
Other Adjustments, including additional grants and re-allocation of underspends	6.212	-
Year-end statutory accounting adjustment	-1.010	
Revised Capital Programme Opening Position (total £383.296m)	**241.121**	**142.175**
Re-profiling since start of year	-2.375	2.375
Other movements	3.389	0
Capital programme budgets	**242.134**	**144.550**
New Source to Payment System, approved at last meeting	0.450	
Current capital programme	**242.584**	**144.550**

Note: this table and the tables below contain rounding differences

Changes to the Capital Programme

1.3 The following chart shows changes to the 2017-18 capital programme through the year.

Chart 1: Current year capital programme through 2017-18



1.4 Month "0" shows the approved capital programme, and month one the revised opening position after re-profiling of unspent budget from 2016-17. The arrow shows the latest position.

1.5 The current year's capital budget for each service is set out in the table below:

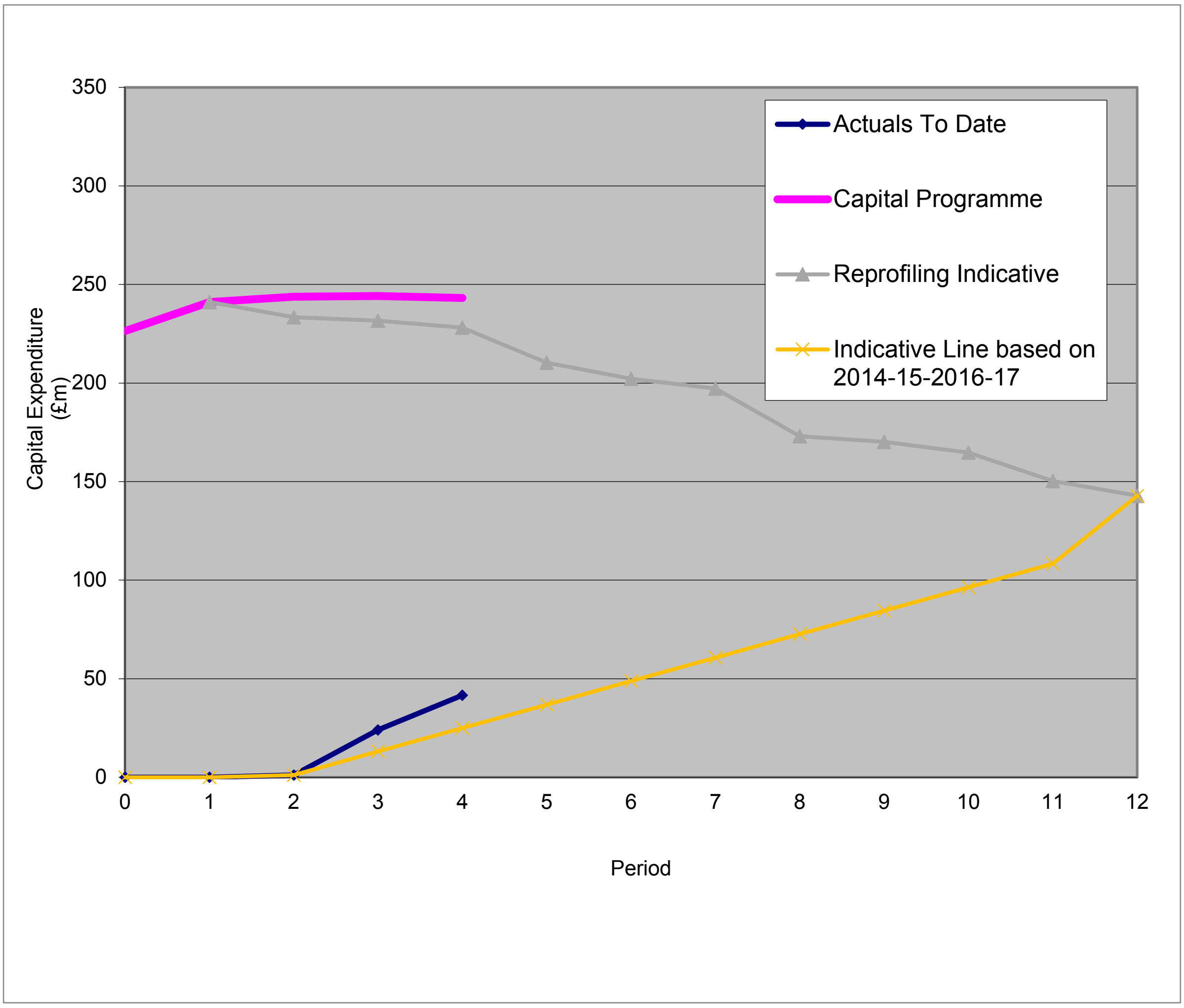
Table 2: Service capital budgets and movements 2017-18

Service	**Revised opening programme**	**Reprofiling since last report**	**Other Changes since last report**	**2017-18 Current Capital Budget**
	£m	**£m**	**£m**	**£m**
Children's Services	66.256	-2.376	3.369	67.250
Adult Social Care	12.721			12.721
Community & Environmental Services	128.811	0.001	0.020	128.831
Managing Director				
Finance & Comm Servs	33.331			33.332
Total	**241.119**	**-2.375**	**3.389**	**242.134**
			1.014	

Note: this table may contain rounding differences

1.6 The trends within the current year's capital programme can be shown as follows.

Chart 1: capital programme trends and progress



This chart shows that further re-profiling is still expected (purple line) to match the indicative expected spend (yellow line). Actual spend in June and July has been higher than anticipated (blue line) due to NDR and schools spending.

1.7 The revised programme for future years (2018-19 to 2020-21) is as follows:

Table 3: Capital programme 2018-21

Service	Revised opening programme	Reprofiling since last report	Other Changes since last report	2017-18 Current Capital Budget
	£m	£m	£m	£m
Children's Services	74.727	2.376	0.000	77.103
Adult Social Care	1.912	0.000	0.000	1.912
Community & Environmental Services	39.268	0.000	0.000	39.268
Managing Director	-			-
Finance & Comm Servs	26.269	0.000	0	26.269
Total	**142.176**	**2.376**	**0.000**	**144.552**
			2.376	

Note: this table may contain rounding differences

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

2 Financing The Programme

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

2.2 The table below identifies the funding of the capital programme:

Table 4: Financing of the capital programme

Funding stream	2017-18 Programme	Future Years Forecast
	£m	£m
Prudential Borrowing	105.955	58.638
Capital Receipts	-	
Revenue & Reserves	0.748	
DfE	48.824	64.477
DfT	58.729	4.400
DoH	7.003	
DCLG	1.552	
DCMS	5.281	3.580
Developer Contributions	10.854	7.364
Other Local Authorities	-	3.580
Other	3.189	2.512
Total	**242.134**	**144.551**

Note: this table may contain rounding differences

2.3 Significant funding from capital receipts are anticipated over the life of the programme, which as and when realised will be used either to re-pay debt as it falls due, or to reduce the call on future prudential borrowing. For the purposes of the table above, it is assumed that all capital receipts will be applied directly to the re-payment of debt. Only capital receipts in excess of this will then be used to reduce the Council's future borrowing requirement.

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

2.5 Developer contributions are funding held in relation to planning applications. Section 106 (Town and Country Planning Act 1990) contributions are held in relation to specific projects: primarily schools, with smaller amounts for libraries and highways. The majority of highways developer contributions are a result of section 278 agreements (Highways Act 1980).

2.6 Contributions from other local authorities relate mainly to projects undertaken with Norfolk districts. Approximately £40m of the prudential borrowing total relates to the NDR.

3 Capital Receipts

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

3.2 The capital programme, approved in February 2017, demonstrated how asset sales can be a) used to reduce the borrowing requirement of the Council's capital programme in that year, (b) held to offset against future capital borrowing requirements or (c) used to repay existing borrowing.

3.3 The current revised schedule for disposals is:

Table 6: Revised disposal schedule £m

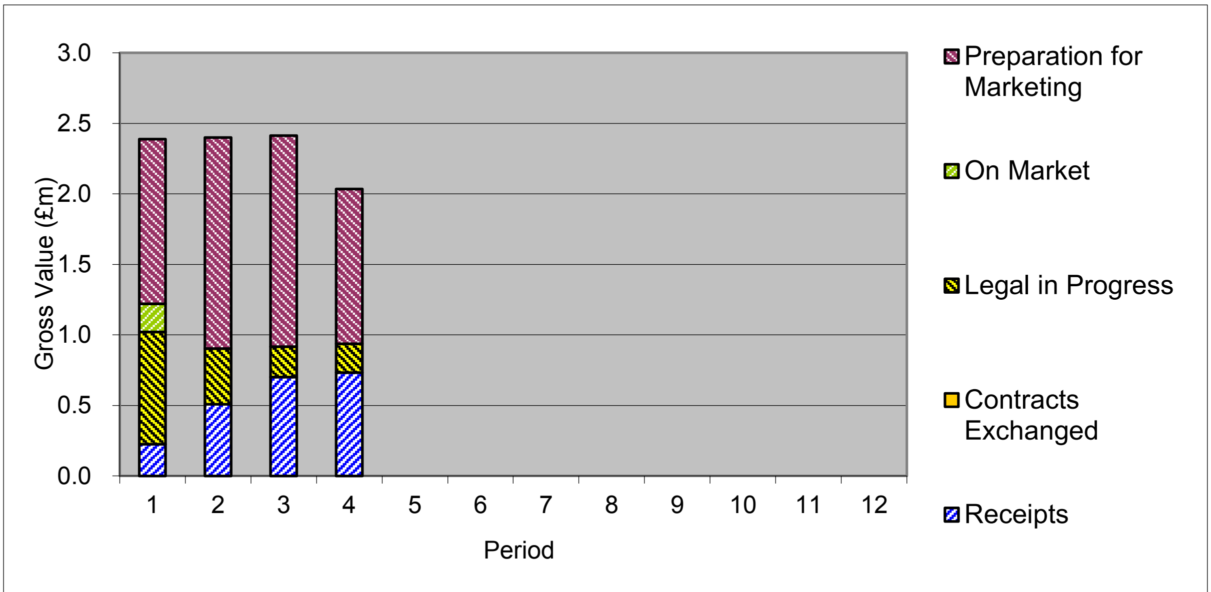
	2017-18 Approved £m	Latest forecast £m
General Capital Receipts	2.465	1.725
County Farms Capital Receipts	1.075	0.310
Major development sites	5.600	
Estimated Total Capital Receipts	**9.140**	**2.035**

3.4 The value of completed sales to date is £0.7m, including plot sales at the Oaks, Harvey Lane site, Drill Hall Aylsham, and a small a number of low value properties offered for auction.

3.5 The main reasons for the reduction in expected receipts in the current year is uncertainty relating to the timing of larger sales, primarily development land at Hopton and Acle.

3.6 Progress on sales is shown in the following chart

Chart 2: property sales progress



4 New and updated capital bids

Purchase of Farmland £3.130m:

4.1 As a result of an urgent decision made under Article 11 of the Council's Constitution, the Council has completed the purchase of a 390.79 acre farm at Marshland St James, plus 48.93 acres of associated farmland.

4.2 As the Council has a number of planned farms disposals, this purchase will provide the headroom to ensure the County Farms Estate, currently standing at 16,299 acres, will not fall below the stated policy minimum of 16,000 acres. The farm will enhance the Council's 3000 acre Stow and Marshland Estate.

4.3 As a result of the decision, the combined purchase cost of £3.130m (including associated expenses and tax), will be added to the 2017-18 capital programme.

4.4 The purchase will be funded from prudential borrowing, on the basis that future capital receipts from the sale of farmland, for example when development opportunities arise, will enable the Council to re-pay the borrowing.

Norfolk Library and Information Service – proposal to re-allocate capital funding including RCD Upgrade to 41 Library Sites:

4.5 This proposal is for the re-allocation of capital funding no longer required for the purchase of library books to libraries capital maintenance.

4.6 A recent inspection of Norfolk library premises found that the majority are not equipped with residual current devices (RCDs, commonly known as circuit breakers). Members of the public regularly bring electrical equipment such as laptops and mobile phones into libraries, taking advantage of the free wifi and wireless printing offered by the library service. The associated risks will be mitigated as long as the properties are fitted with suitable adequate protection. The cost of retro-fitting an RCD is £0.033m.

Policy and Resources Committee

Item No 9

Report title:	**Delivering Financial Savings 2017-18**
Date of meeting:	**25 September 2017**
Responsible Chief Officer:	**Simon George – Executive Director of Finance and Commercial Services**

Strategic impact

This report to Policy and Resources Committee provides details of the forecast delivery of the 2017-18 savings agreed by the County Council at its meeting 20 February 2017.

Executive summary

County Council agreed savings of £47.774m for the year as part of the 2017-18 budget setting process. This report provides details of the forecast delivery of these savings as at period four (July 2017).

The report comments on the exceptions to successful delivery, in particular those items rated RED.

Members are recommended to consider:

a) **the forecast shortfall of savings delivery of £4.768m, which amounts to 10% of total savings for 2017-18;**
b) **the budgeted value of 2017-18 savings projects rated as RED of £6.378m, of which £2.526m are forecast to be delivered;**
c) **the budgeted value of 2017-18 savings projects rated as AMBER of £2.464m, of which £1.547m are forecast to be delivered;**
d) **the budgeted value of 2017-18 savings projects rated as GREEN or BLUE of £38.932m, of which £38.932m are forecast to be delivered; and**
e) **the forecast position of savings delivery for 2018-19 (£2.728m shortfall) and 2019-20 (£0.535m shortfall).**

1. Savings overview

1.1. The County Council, as part of setting its budget for 2017-18, agreed net savings of £47.774m, which include one-off use of reserves relating to savings plans totalling £7.663m as set out in Appendix 1. The detailed categorisation of the total savings, and the savings identified for subsequent years of the Medium Term Financial Strategy agreed as part of the budget process, are also shown in Appendix 1.

2. RAG ratings

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

Table 1: RAG ratings

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

2.2. This report starts with the overall RAG position, as set out at Table 2. The information in the report is derived from the detail at Appendix 3 which is informed by monitoring reports to Service Committees. The decision to rate a project as RED is based on the criteria shown above. This ensures that a common standard is maintained in the monitoring for Policy and Resources Committee.

2.3. A review of savings projects has been completed, with the result that the RAG ratings and forecasts shown in Table 2 and Appendix 3 have been applied. A number of 2017-18 savings have been categorised as BLUE where the actions are certain to be delivered. These include items such as agreed contributions from reserves, the implementation of the Council's MRP policy changes, and the reversal of one-off changes relating to the previous year.

Table 2: 2017-18 savings by RAG status

RAG Status	Budgeted value of savings 2017-18 (a)	Previous forecast savings 2017-18 (Period 2) (b)	Savings Forecast 2017-18 (Period 4) (c)	Change in savings forecast (b)-(c)	Savings shortfall 2017-18 (a)-(c)
	£m	**£m**	**£m**	**£m**	**£m**
Red	-6.378	-0.568	-2.526	1.958	-3.852
Amber	-2.464	0.000	-1.547	1.547	-0.917
Green	-22.981	-34.256	-22.981	-11.275	0.000
Blue	-15.951	-11.768	-15.951	4.183	0.000
Total	**-47.774**	**-46.592**	**-43.006**	**-3.586**	**-4.768**

2.4. Four savings projects have been rated as RED, representing a budgeted total savings value of £6.378m. £2.526m of these savings are forecast to be delivered as set out in the Table 2. This represents a shortfall of £3.852m (8% of total budgeted savings), which relates to RED rated projects.

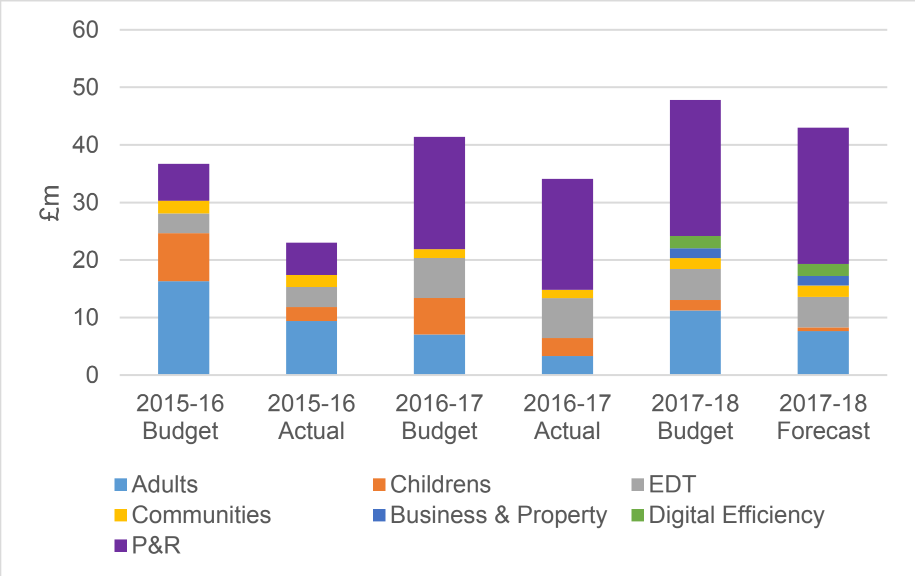
2.5. Four savings projects have been rated as AMBER, representing a budgeted total savings value of £2.464m. £1.547m of these savings are forecast to be delivered. This represents a shortfall of £0.917m (2% of total budgeted savings), which relates to AMBER rated projects. No over-delivery of savings has been identified. This results in a total **forecast shortfall of £4.768m**.

Table 3: Committee analysis of 2017-18 savings by RAG status
Note: This report has now been updated to reflect the savings attributable to the newly established Business and Property and Digital Innovation and Efficiency Committees as shown below.

	Latest forecast savings 2017-18 (c) analysed by Committee							
RAG status	**Adults**	**Children's Services**	**EDT**	**Communities**	**Business and Property**	**Digital Innovation and Efficiency**	**Policy and Resources**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Red	-1.958	-0.568	0.000	0.000	0.000	0.000	0.000	**-2.526**
Amber	-1.547	0.000	0.000	0.000	0.000	0.000	0.000	**-1.547**
Green	-3.731	-2.639	-5.340	-2.811	-1.710	0.006	-6.756	**-22.981**
Blue	-0.390	2.535	0.000	0.905	0.000	-2.111	-16.890	**-15.951**
Total	**-7.626**	**-0.672**	**-5.340**	**-1.906**	**-1.710**	**-2.105**	**-23.646**	**-43.006**
Forecast (shortfall) / over delivery	-3.587	-1.182	0.000	0.000	0.000	0.000	0.000	**-4.768**
Total	**-11.213**	**-1.854**	**-5.340**	**-1.906**	**-1.710**	**-2.105**	**-23.646**	**-47.774**

2.6. The graph below shows the forecast delivery of savings against budget by Committee, with comparative data for 2015-16 and 2016-17.

Figure 1: Savings targets – by Committee



2.7. Table 5 below sets out the categorisation of 2017-18 savings expected at year end based on the updated RAG rating assessment and the latest forecast variance position.

2.8. The 2017-18 budget monitoring report elsewhere on this agenda sets out details of the overall forecast outturn position for the year. Actions will be required within Service budgets including seeking offsetting savings where required to mitigate any non-delivery of savings forecast in this report. The non-delivery of savings in previous years, and a detailed review of the deliverability of planned savings, was taken into account during the preparation of the 2017-18 Budget, with the result that a number of savings were removed or delayed at budget-setting as shown in the 2017-18 Budget report to County Council. There remains a need for both Service Committees and Executive Directors to maintain the focus on the effective delivery of both the previous years' agreed savings and future planned savings. Achievement of the planned savings helps to minimise risks to the Council's overall financial position and the development of the 2018-19 Budget.

2.9. Wider actions that have been taken within each Committee to deliver savings will be reported to Policy and Resources Committee through the year.

3. Delivery of savings

3.1. Savings have been categorised in the 2017-18 budget process under the definitions shown in the table below. Planned savings for 2017-18 have also been analysed to provide the split between back office savings and those with an impact on front line services.

Table 4: Definition of saving categories 2017-18

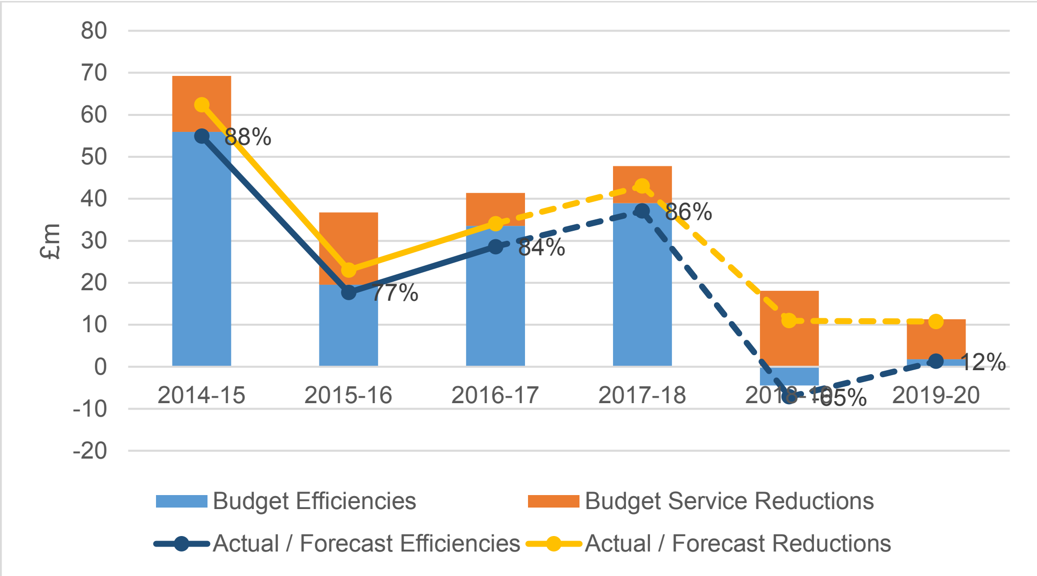
	Definition	Description
A.	Cutting costs through efficiencies	Savings which arise from reducing costs by delivering the same or more with less resources, including: • changes in staffing; • changes in systems; and • developing improved and more cost effective ways of working.
B.	Better value for money through procurement and contract management	Savings delivered through procuring more cost effective agreements with suppliers, and ensuring that existing contracts are managed to deliver maximum value for money.
C.	Service Redesign: Early help and prevention, working locally	Savings achieved by developing new and better ways of working including sharing services with partner organisations, working with voluntary groups, early intervention to reduce costs elsewhere in the system, and working on a locality basis.
D.	Raising Revenue; commercial activities	Savings from generating additional revenue from existing processes and operating in a more business like way, including through income generation, reducing borrowing costs, and maximising the return on our investments.
E.	Maximising property and other assets	Savings delivered through rationalising property, and ensuring we make best use of our assets in the most efficient way.
i.	Back-office	Efficiency savings
ii.	Front-line	Reducing service standards
iii.	Front-line	Ceasing a service
iv.	Front-line	Providing statutory services differently

Table 5: Forecast delivery of savings by categorisation (as agreed at County Council February 2017)

Categorisation of saving	2017-18	2018-19	2019-20	2017-20
	£m	£m	£m	£m
A) Cutting costs through efficiencies	**-32.364**	**11.567**	**0.290**	**-20.507**
(i) Efficiency savings	-32.082	12.189	0.290	-19.603
(ii) Reducing service standards	-0.282	-0.622	0.000	-0.904
B) Better value for money through procurement and contract management	**-0.978**	**-0.794**	**0.000**	**-1.772**
(i) Efficiency savings	-0.978	-0.794	0.000	-1.772
C) Service Redesign: Early help and prevention, working locally	**-5.187**	**-18.411**	**-10.000**	**-33.598**
(i) Efficiency savings	0.479	-0.950	-0.500	-0.971
(ii) Reducing service standards	-1.170	-7.199	-0.800	-9.169
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-4.146	-10.262	-8.700	-23.108
D) Raising Revenue; commercial activities	**-2.714**	**-1.683**	**0.000**	**-4.397**
(i) Efficiency savings	-2.704	-1.683	0.000	-4.387
(ii) Reducing service standards	-0.010	0.000	0.000	-0.010
E) Maximising property and other assets	**-1.763**	**-1.610**	**-1.059**	**-4.432**
(i) Efficiency savings	-1.763	-1.610	-1.059	-4.432
Forecast (shortfall) / over delivery	-4.768	-2.728	-0.535	-8.031
Total	**-47.774**	**-13.659**	**-11.304**	**-72.737**
(i) Efficiency savings	-37.048	7.152	-1.269	-31.165
(ii) Reducing service standards	-1.462	-7.821	-0.800	-10.083
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-4.146	-10.262	-8.700	-23.108
Forecast (shortfall) / over delivery	-4.768	-2.728	-0.535	-8.031
Total	**-47.774**	**-13.659**	**-11.304**	**-72.737**

3.2. The graph shows the share of savings delivered from support services compared to the front line, with comparative information since 2014-15. In 2017-18, 81% of savings are budgeted to be achieved through efficiencies.

Figure 2: Savings – support services compared to front line



3.3. The breakdown of savings by Committee for 2017-18, is shown in Table 6 below. The position for all three years is set out at Appendix 2. The position shown in Appendix 2 reflects risks to previously agreed future year savings identified as part of early 2018-19 budget planning work which have been incorporated in the Strategic and Financial Planning report elsewhere on this agenda.

Table 6: Savings by Committee and categorisation 2017-18

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
2017-18								
A) Cutting costs through efficiencies	**-2.425**	**-0.230**	**-4.222**	**-1.493**	**-0.020**	**-1.063**	**-22.910**	**-32.364**
(i) Efficiency savings	-2.425	-0.230	-4.122	-1.311	-0.020	-1.063	-22.910	**-32.082**
(ii) Reducing service standards	0.000	0.000	-0.100	-0.182	0.000	0.000	0.000	**-0.282**
B) Better value for money through procurement and contract management	**-0.125**	**-0.238**	**-0.080**	**0.000**	**0.000**	**-0.500**	**-0.035**	**-0.978**
(i) Efficiency savings	-0.125	-0.238	-0.080	0.000	0.000	-0.500	-0.035	**-0.978**
C) Service Redesign: Early help and prevention, working locally	**-3.896**	**0.101**	**-1.038**	**-0.354**	**0.000**	**0.000**	**0.000**	**-5.187**
(i) Efficiency savings	-0.150	1.867	-1.038	-0.200	0.000	0.000	0.000	**0.479**
(ii) Reducing service standards	0.900	-1.916	0.000	-0.154	0.000	0.000	0.000	**-1.170**
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	**-0.350**
(iv) Providing statutory services differently	-4.146	0.000	0.000	0.000	0.000	0.000	0.000	**-4.146**
D) Raising Revenue; commercial activities	**-1.180**	**-0.305**	**0.000**	**0.031**	**-0.260**	**-0.299**	**-0.701**	**-2.714**
(i) Efficiency savings	-1.180	-0.305	0.000	0.031	-0.250	-0.299	-0.701	**-2.704**
(ii) Reducing service standards	0.000	0.000	0.000	0.000	-0.010	0.000	0.000	**-0.010**
E) Maximising property and other assets	**0.000**	**0.000**	**0.000**	**-0.090**	**-1.430**	**-0.243**	**0.000**	**-1.763**
(i) Efficiency savings	0.000	0.000	0.000	-0.090	-1.430	-0.243	0.000	**-1.763**
Forecast (shortfall) / over delivery	-3.587	-1.182	0.000	0.000	0.000	0.000	0.000	**-4.768**
Total	**-11.213**	**-1.854**	**-5.340**	**-1.906**	**-1.710**	**-2.105**	**-23.646**	**-47.774**
(i) Efficiency savings	-3.880	1.094	-5.240	-1.570	-1.700	-2.105	-23.646	**-37.048**
(ii) Reducing service standards	0.900	-1.916	-0.100	-0.336	-0.010	0.000	0.000	**-1.462**
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	**-0.350**
(iv) Providing statutory services differently	-4.146	0.000	0.000	0.000	0.000	0.000	0.000	**-4.146**
Forecast (shortfall) / over delivery	-3.587	-1.182	0.000	0.000	0.000	0.000	0.000	**-4.768**
Total	**-11.213**	**-1.854**	**-5.340**	**-1.906**	**-1.710**	**-2.105**	**-23.646**	**-47.774**

4. Commentary on savings rated RED

4.1. Four savings have been rated as RED in respect of 2017-18, representing a savings shortfall of £3.852m within RED rated projects. Commentary on the RED rated savings is provided below.

Adults

- ASC024 Home care commissioning – an improved framework for procuring home care services in Norfolk – shortfall **£0.183m**: A new framework is in place for the Northern, Central and Southern areas and work is being finalised regarding fee structures. The framework is expected to improve stability in this market but is not forecast to achieve immediate savings. The new framework encourages provider collaboration to improve efficiency of home support rounds, which will improve the financial sustainability and support more cost effective commissioning of wider services.

- ASC006 Promoting Independence – Customer Pathway - where the focus will be on connecting people with ways to maintain their wellbeing and independence thereby reducing the numbers of service users receiving care in a residential setting – shortfall **£2.487m**: This initial forecast is based on evidence of the actual impact from reviews completed earlier in the year. However, this is a difficult saving to accurately evidence and savings could still be achieved through other demand management interventions that will enable savings to be achieved across the workstream. Recruitment for additional social workers is underway and the Living Well programme has been launched, which will support approaches that will deliver increased independence for individuals.

4.2. The Adults period 4 monitoring position as a whole is forecasting a balanced budget position for 2017-18. This is due to underspends in other areas around vacancies due to difficulty in recruiting and better than expected income recovery.

Children's

- CHL039 Refocus Education Service in light of Education White Paper – shortfall **£0.837m**: Delivery of savings from changes in the Education Service are forecast to be delayed due to the extended general election purdah period. Investigation is being undertaken by officers with respect to options to utilise one-off monies to offset these in-year costs, and a proposal will be brought to future Committee meetings.

- CHL027 Increase 'Troubled Families' income – shortfall **£0.345m**: The Troubled Families grant from Government is forecast to be lower than originally expected. Investigation is being undertaken by officers with respect to options to utilise one-off monies to offset these in-year costs, and a proposal will be brought to future Committee meetings. A pressure in relation to the reduced grant income has been recognised in budget planning for 2018-19.

5. Commentary on savings rated AMBER

5.1. Four savings have been rated as AMBER in respect of 2017-18, representing a savings shortfall of £0.917m within AMBER rated projects. Commentary on the AMBER rated savings is provided below.

Adults

- ASC026 Review of various commissioning arrangements to identify more cost effective ways of providing services – shortfall **£0.450m**: This saving relates to a number of contract arrangements. Decommissioning and recommissioning of services has delivered savings during 2017-18 towards the £1.1.59m target. However, some contracts have either not been possible to decommission in this financial year or savings will be realised in full in 2018-19. Management of contracts and agreements has resulted in alternative savings and at Period 4 an underspend is forecast for the service level agreement budget.

- ASC013 Radical review of daycare services – shortfall **£0.350m**: The service is working closely with Independence Matters to reshape the contract and service model to enable long term savings to be delivered, however, part of the savings will require reduction in demand for day services and alternative approaches

- ASC009 Promoting Independence – Integrated Community Equipment Service – expand service so through increased availability and access to equipment care costs will be reduced – shortfall **£0.100m**: The service has delivered efficiency savings of £0.150m for this financial year. The moving and handling project is working to deliver the remaining savings through implementing equipment to reduce the need for two people to provide home support, which will reduce the savings shortfall.

- ASC023 A consistent approach to specific laundry needs – shortfall **£0.017m**: The final net saving from reviewing these services is £0.038m. The pressure of £0.017m will be managed within the Norwich purchase of care budget.

6. Commentary on overachieved savings

6.1. At this stage in the year, no 2017-18 savings are forecast to be overachieved.

7. 2018-19 and 2019-20 savings

7.1. Budget setting in 2017-18 saw the approval of £13.659m savings for 2018-19 and £11.304m savings for 2019-20. Early budget planning work for 2018-19 has identified risks totalling **£0.878m for 2018-19** and **£0.535m for 2019-20** in relation to the following savings which are reflected in the forecast position for the future years.

- ASC021 (£0.250m 2018-19) – **removal** of saving relating to recommissioning of information advice and advocacy services.
- CHL017 (£0.450m 2018-19 and £0.535m 2019-20) **removal** of saving relating to reducing the number of social workers we use who work for employment agencies.
- P&R050, P&R063 and P&R064 (£0.300m 2018-19) – **removal** of part of the savings which have been consolidated (original planned total saving was £0.738m). The new approach to central and strategic services has created an operating model which recognises the key areas of focus and prioritises activity to make the most difference. This offers opportunities to make savings by investing in technological solutions to deliver routine activities and support self-sufficiency through simpler and more streamlined central processes.
- P&R066 (-£0.122m 2018-19) – **additional** saving relating to revised second homes estimates.

7.2. In addition, it has been identified that the saving EDT032 relating to a new waste strategy focussed on waste reduction and minimisation (**£1.850m** in 2018-19) – is unlikely to be achievable in 2018-19 resulting in a delay to this saving. This has been reflected in the forecast for 2018-19 and results in a total forecast 2018-19 shortfall of **£2.728m** at this point.

8. Summary

8.1. The forecast position indicates 2017-18 shortfalls of £1.182m and £3.587m expected to arise respectively within Children's Services and Adult Social Care Committee budgets. Service Committees maintaining a strong focus on the delivery of savings in 2017-18 will be critical to supporting the achievement of the Council's budget plans for future years.

Background Papers

Norfolk County Council Revenue and Capital Budget 2017-20 (Item 4, County Council 20 February 2017) http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/444/Committee/2/SelectedTab/Documents/Default.aspx

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

One-off savings in the 2017-18 budget round

	2017-18	2018-19
	£m	£m
Insurance Fund (P&R076)	-1.350	1.350
Use of reserves to be identified (P&R081) (see revenue monitoring report elsewhere on agenda)	-5.813	5.813
Better Broadband Reserve (EDT048)	-0.500	0.500
Total use of reserves and one-off items relating to savings plans 2017-18	**-7.663**	**7.663**

Categorisation of Budget Savings 2017-20 budget round

Categorisation of saving	2017-18	2018-19	2019-20	2017-20
	£m	£m	£m	£m
A) Cutting costs through efficiencies	**-32.813**	**8.967**	**-0.245**	**-24.091**
(i) Efficiency savings	-32.531	9.589	-0.245	-23.187
(ii) Reducing service standards	-0.282	-0.622	0.000	-0.904
B) Better value for money through procurement and contract management	**-1.161**	**-1.044**	**0.000**	**-2.205**
(i) Efficiency savings	-1.161	-1.044	0.000	-2.205
C) Service Redesign: Early help and prevention, working locally	**-8.978**	**-18.411**	**-10.000**	**-37.389**
(i) Efficiency savings	-0.458	-0.950	-0.500	-1.908
(ii) Reducing service standards	-1.170	-7.199	-0.800	-9.169
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-7.000	-10.262	-8.700	-25.962
D) Raising Revenue; commercial activities	**-3.059**	**-1.561**	**0.000**	**-4.620**
(i) Efficiency savings	-3.049	-1.561	0.000	-4.610
(ii) Reducing service standards	-0.010	0.000	0.000	-0.010
E) Maximising property and other assets	**-1.763**	**-1.610**	**-1.059**	**-4.432**
(i) Efficiency savings	-1.763	-1.610	-1.059	-4.432
Total	**-47.774**	**-13.659**	**-11.304**	**-72.737**
(i) Efficiency savings	-38.962	4.424	-1.804	-36.342
(ii) Reducing service standards	-1.462	-7.821	-0.800	-10.083
(iii) Ceasing a service	-0.350	0.000	0.000	-0.350
(iv) Providing statutory services differently	-7.000	-10.262	-8.700	-25.962
Total	**-47.774**	**-13.659**	**-11.304**	**-72.737**

Forecast savings by Committee and categorisation 2017-20 budget round

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
2017-18								
A) Cutting costs through efficiencies	**-2.425**	**-0.230**	**-4.222**	**-1.493**	**-0.020**	**-1.063**	**-22.910**	**-32.364**
(i) Efficiency savings	-2.425	-0.230	-4.122	-1.311	-0.020	-1.063	-22.910	**-32.082**
(ii) Reducing service standards	0.000	0.000	-0.100	-0.182	0.000	0.000	0.000	**-0.282**
B) Better value for money through procurement and contract management	**-0.125**	**-0.238**	**-0.080**	**0.000**	**0.000**	**-0.500**	**-0.035**	**-0.978**
(i) Efficiency savings	-0.125	-0.238	-0.080	0.000	0.000	-0.500	-0.035	**-0.978**
C) Service Redesign: Early help and prevention, working locally	**-3.896**	**0.101**	**-1.038**	**-0.354**	**0.000**	**0.000**	**0.000**	**-5.187**
(i) Efficiency savings	-0.150	1.867	-1.038	-0.200	0.000	0.000	0.000	**0.479**
(ii) Reducing service standards	0.900	-1.916	0.000	-0.154	0.000	0.000	0.000	**-1.170**
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	**-0.350**
(iv) Providing statutory services differently	-4.146	0.000	0.000	0.000	0.000	0.000	0.000	**-4.146**
D) Raising Revenue; commercial activities	**-1.180**	**-0.305**	**0.000**	**0.031**	**-0.260**	**-0.299**	**-0.701**	**-2.714**
(i) Efficiency savings	-1.180	-0.305	0.000	0.031	-0.250	-0.299	-0.701	**-2.704**
(ii) Reducing service standards	0.000	0.000	0.000	0.000	-0.010	0.000	0.000	**-0.010**
E) Maximising property and other assets	**0.000**	**0.000**	**0.000**	**-0.090**	**-1.430**	**-0.243**	**0.000**	**-1.763**
(i) Efficiency savings	0.000	0.000	0.000	-0.090	-1.430	-0.243	0.000	**-1.763**
Forecast (shortfall) / over delivery	-3.587	-1.182	0.000	0.000	0.000	0.000	0.000	**-4.768**
Total	**-11.213**	**-1.854**	**-5.340**	**-1.906**	**-1.710**	**-2.105**	**-23.646**	**-47.774**
(i) Efficiency savings	-3.880	1.094	-5.240	-1.570	-1.700	-2.105	-23.646	**-37.048**
(ii) Reducing service standards	0.900	-1.916	-0.100	-0.336	-0.010	0.000	0.000	**-1.462**
(iii) Ceasing a service	-0.500	0.150	0.000	0.000	0.000	0.000	0.000	**-0.350**
(iv) Providing statutory services differently	-4.146	0.000	0.000	0.000	0.000	0.000	0.000	**-4.146**
Forecast (shortfall) / over delivery	-3.587	-1.182	0.000	0.000	0.000	0.000	0.000	**-4.768**
Total	**-11.213**	**-1.854**	**-5.340**	**-1.906**	**-1.710**	**-2.105**	**-23.646**	**-47.774**

APPENDIX 2

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	£m	£m	£m	£m	£m	£m	£m
2018-19								
A) Cutting costs through efficiencies	**0.000**	**-0.100**	**1.415**	**0.378**	**0.000**	**-0.263**	**10.137**	**11.567**
(i) Efficiency savings	0.000	-0.100	1.415	1.000	0.000	-0.263	10.137	**12.189**
(ii) Reducing service standards	0.000	0.000	0.000	-0.622	0.000	0.000	0.000	**-0.622**
B) Better value for money through procurement and contract management	**-0.824**	**0.000**	**0.030**	**0.000**	**0.000**	**0.000**	**0.000**	**-0.794**
(i) Efficiency savings	-0.824	0.000	0.030	0.000	0.000	0.000	0.000	**-0.794**
C) Service Redesign: Early help and prevention, working locally	**-17.412**	**-0.309**	**-0.200**	**-0.490**	**0.000**	**0.000**	**0.000**	**-18.411**
(i) Efficiency savings	-0.750	0.000	-0.200	0.000	0.000	0.000	0.000	**-0.950**
(ii) Reducing service standards	-6.400	-0.309	0.000	-0.490	0.000	0.000	0.000	**-7.199**
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
(iv) Providing statutory services differently	-10.262	0.000	0.000	0.000	0.000	0.000	0.000	**-10.262**
D) Raising Revenue; commercial activities	**-0.230**	**0.000**	**0.000**	**-0.080**	**-0.051**	**-0.302**	**-1.020**	**-1.683**
(i) Efficiency savings	-0.230	0.000	0.000	-0.080	-0.051	-0.302	-1.020	**-1.683**
(ii) Reducing service standards	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
E) Maximising property and other assets	**0.000**	**0.000**	**0.000**	**0.090**	**-1.700**	**0.000**	**0.000**	**-1.610**
(i) Efficiency savings	0.000	0.000	0.000	0.090	-1.700	0.000	0.000	**-1.610**
Forecast (shortfall) / over delivery	-0.250	-0.450	-1.850	0.000	0.000	-0.161	-0.017	**-2.728**
Total	**-18.716**	**-0.859**	**-0.605**	**-0.102**	**-1.751**	**-0.726**	**9.100**	**-13.659**
(i) Efficiency savings	-1.804	-0.100	1.245	1.010	-1.751	-0.565	9.117	**7.152**
(ii) Reducing service standards	-6.400	-0.309	0.000	-1.112	0.000	0.000	0.000	**-7.821**
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
(iv) Providing statutory services differently	-10.262	0.000	0.000	0.000	0.000	0.000	0.000	**-10.262**
Forecast (shortfall) / over delivery	-0.250	-0.450	-1.850	0.000	0.000	-0.161	-0.017	**-2.728**
Total	**-18.716**	**-0.859**	**-0.605**	**-0.102**	**-1.751**	**-0.726**	**9.100**	**-13.659**

APPENDIX 2

	Adults	Children's Services	EDT	Communities	Business and Property	Digital Innovation and Efficiency	Policy and Resources	Total
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
2019-20								
A) Cutting costs through efficiencies	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.290**	**0.290**
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.290	**0.290**
(ii) Reducing service standards	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
B) Better value for money through procurement and contract management	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
C) Service Redesign: Early help and prevention, working locally	**-10.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-10.000**
(i) Efficiency savings	-0.500	0.000	0.000	0.000	0.000	0.000	0.000	**-0.500**
(ii) Reducing service standards	-0.800	0.000	0.000	0.000	0.000	0.000	0.000	**-0.800**
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
(iv) Providing statutory services differently	-8.700	0.000	0.000	0.000	0.000	0.000	0.000	**-8.700**
D) Raising Revenue; commercial activities	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
(i) Efficiency savings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
(ii) Reducing service standards	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
E) Maximising property and other assets	**0.000**	**0.000**	**0.000**	**0.000**	**-1.000**	**-0.059**	**0.000**	**-1.059**
(i) Efficiency savings	0.000	0.000	0.000	0.000	-1.000	-0.059	0.000	**-1.059**
Forecast (shortfall) / over delivery	0.000	-0.535	0.000	0.000	0.000	0.000	0.000	**-0.535**
Total	**-10.000**	**-0.535**	**0.000**	**0.000**	**-1.000**	**-0.059**	**0.290**	**-11.304**
(i) Efficiency savings	-0.500	0.000	0.000	0.000	-1.000	-0.059	0.290	**-1.269**
(ii) Reducing service standards	-0.800	0.000	0.000	0.000	0.000	0.000	0.000	**-0.800**
(iii) Ceasing a service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
(iv) Providing statutory services differently	-8.700	0.000	0.000	0.000	0.000	0.000	0.000	**-8.700**
Forecast (shortfall) / over delivery	0.000	-0.535	0.000	0.000	0.000	0.000	0.000	**-0.535**
Total	**-10.000**	**-0.535**	**0.000**	**0.000**	**-1.000**	**-0.059**	**0.290**	**-11.304**

2017-18 savings and RAG status detail (2017-20 budget round)

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		Adult Social Care						
		A - Cutting costs through efficiencies						
A(i)	ASC010	Reduce Training & Development spend following implementation of Promoting Independence	-0.200			-0.200	0.000	BLUE
A(i)	ASC022	Review of commissioning structure and wider opportunities to realign staffing structures in localities	-0.155			-0.155	0.000	GREEN
A(i)	ASC026	Review of various commissioning arrangements to identify more cost effective ways of providing services	-1.159			-0.709	-0.450	AMBER
A(i)	ASC027	Multiple small efficiencies within Service Level Agreements	-0.190			-0.190	0.000	BLUE
A(i)	ASC028	Maximise use of apprenticeships	-0.020			-0.020	0.000	GREEN
A(i)	ASC030	Rationalise mobile phones	-0.010			-0.010	0.000	GREEN
A(i)	ASC031	Revised use of Care Act and other funding not previously used for recurrent expenditure	-1.141			-1.141	0.000	GREEN
		B - Better value for money through procurement and contract management						
B(i)	ASC020	Remodel contracts for support to mental health recovery	-0.125	-0.275		-0.125	0.000	GREEN

APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
B(i)	ASC021	Recommissioning of information advice and advocacy services		-0.250			0.000	RED
B(i)	ASC024	Home care commissioning - an improved framework for procuring home care services in Norfolk	-0.183	-0.549		0.000	-0.183	RED
		C - Service Redesign: Early help and prevention, working locally						
C(i)	ASC008	Promoting Independence - Housing with Care - develop non-residential community based care solutions		-0.500	-0.500		0.000	GREEN
C(i)	ASC009	Promoting Independence - Integrated Community Equipment Service - expand service so through increased availability and access to equipment care costs will be reduced	-0.250	-0.250		-0.150	-0.100	AMBER
C(ii)	ASC003	Service users to pay for transport out of personal budgets, reducing any subsidy paid by the Council	0.900	-0.900	-0.800	0.900	0.000	GREEN
C(ii)	ASC016-019	Building resilient lives: reshaping our work with people of all ages requiring housing related support to keep them independent	-2.100	-3.400		-2.100	0.000	GREEN

APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(ii)	COM040	Delay to 14-15, 15-16 and 16-17 saving: Reduce the number of service users we provide transport for	2.100	-2.100		2.100	0.000	GREEN
C(iii)	COM033	Reducing funding within personal budgets to focus on eligible unmet needs	-0.500			-0.500	0.000	GREEN
C(iv)	ASC006	Promoting Independence - Customer Pathway - where the focus will be on connecting people with ways to maintain their wellbeing and independence thereby reducing the numbers of service users receiving care in a residential setting	-4.445	-3.628	-7.538	-1.958	-2.487	RED
C(iv)	ASC007	Promoting Independence - Reablement - net reduction - expand Reablement Service to deal with 100% of demand and develop service for working age adults	-1.500	-0.500		-1.500	0.000	GREEN
C(iv)	ASC011	Move service mix to average of comparator family group or target - all specialisms		-1.444	-0.962		0.000	GREEN
C(iv)	ASC013	Radical review of daycare services	-1.000	-2.500		-0.650	-0.350	AMBER
C(iv)	ASC015	Move service mix to lowest of comparator family group - all specialisms		-2.190	-0.200		0.000	GREEN
C(iv)	ASC023	A consistent approach to specific laundry needs	-0.055			-0.038	-0.017	AMBER

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		D - Raising Revenue; commercial activities						
D(i)	ASC029	Align charging policy to more closely reflect actual disability related expenditure incurred by service users	-1.180	-0.230		-1.180	0.000	GREEN
		Adult Social Care net total	**-11.213**	**-18.716**	**-10.000**	**7.626**	**-3.587**	
		Children's Services						
		REMOVAL OF PRIOR YEAR SAVINGS						
		A - Cutting costs through efficiencies						
A(i)	CHI012	Removal of 2016-17 saving: Reduce the cost of transport for children with Special Educational Needs	0.500			0.500	0.000	BLUE
		C - Service Redesign: Early help and prevention, working locally						
C(i)	CHI001-4	Removal of 2016-17 saving: Increase the number of services we have to prevent children and young people from coming into our care and reducing the cost of LAC	3.000			3.000	0.000	BLUE

APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(iii)	CHI015	Reverse reduced funding for school crossing patrols as recommended by Committee 24-01-17	0.150			0.150	0.000	BLUE
		Subtotal Children's Services reversals	**3.650**	**0.000**	**0.000**	**3.650**	**0.000**	
		SAVINGS						
		A - Cutting costs through efficiencies						
A(i)	CHL013	Update our budget for retirement costs for teachers to reflect how much we are now spending on this - we are not responsible for paying redundancy and retirements costs for teachers that work for the growing number of academy schools	-0.050	-0.100		-0.050	0.000	GREEN

APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	CHL017	Reduce the number of social workers we use who work for employment agencies - we are giving more support to families at an earlier stage so that the challenges they face are resolved quicker and before they turn into more serious problems. As a result the number of families we are working with that need support from a social worker is reducing. We therefore won't need to use as many agency social workers		-0.450	-0.535		0.000	RED
A(i)	CHL029	Early Years Funding Panel – deliver greater efficiency in allocations	-0.100			-0.100	0.000	GREEN
A(i)	CHL034	Children's Legal Costs – review opportunities to reduce expenditure.	-0.050			-0.050	0.000	GREEN
A(i)	CHL035	Performance and Challenge staff budgets – review current establishment	-0.120			-0.120	0.000	GREEN
A(i)	CHL036	Children with Disabilities Short Breaks – return budget to previous level	-0.100			-0.100	0.000	BLUE
A(i)	CHL037	Early Years Settings Panel – achieve saving through prioritisation and targeting of resources	-0.250			-0.250	0.000	GREEN

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	CHL038	Norfolk Institute for Practice Excellence (NIPE) – reduce agency spend by moving NIPE trainees into posts one month earlier, reducing agency spend	-0.060			-0.060	0.000	GREEN
		B - Better value for money through procurement and contract management						
B(i)	CHL009	End Children's Services funding for Homestart - this is a charity who supports families with young children who are struggling to cope	-0.158			-0.158	0.000	BLUE
B(i)	CHL030	East Coast Community Healthcare Speech and Language Contract increased income	-0.050			-0.050	0.000	BLUE
B(i)	CHL033	Service Level Agreement efficiencies – based on current levels of expenditure	-0.030			-0.030	0.000	BLUE
		C - Service Redesign: Early help and prevention, working locally						
C(i)	CHL019	Review of educational services	-0.350			-0.350	0.000	BLUE
C(i)	CHL032	Children's Homes – increase occupancy through review of placements and improving staff to child ratios	-0.100			-0.100	0.000	GREEN
C(i)	CHL039	Refocus Education Service in light of Education White Paper	-1.250			-0.413	-0.837	RED
C(i)	CHL040	Review Early Help Services	-0.270			-0.270	0.000	GREEN

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
C(ii)	CHL010	Change how we provide parenting support - we have contracts with four organisations to provide parenting support programmes, they offer advice and one-to one support. We are proposing to end these contracts. Targeted family support activities will continue to be provided by Early Help staff and other commissioned providers	-0.427			-0.427	0.000	BLUE
C(ii)	CHL012	Change how we provide support to families who are struggling to cope with the challenges they face - we have contracts with two organisations to deliver Family Intervention Projects with families who are struggling to cope with the challenges they face. We are proposing to not renew these contracts when they end. Our 'Troubled Families' team will continue to provide support to these families	-0.580			-0.580	0.000	GREEN
C(ii)	CHL026	Keep all children's centres open and focus their work on supporting the families that need them most	-0.909	-0.309		-0.909	0.000	GREEN
		D - Raising Revenue; commercial activities						
D(i)	CHL027	Increase 'Troubled Families' income. There may be changes nationally which could reduce our ability to generate this extra income	-0.500			-0.155	-0.345	RED

APPENDIX 3

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	CHL028	Education Psychology Service – increase traded income, based on charging more and taking on a greater workload.	-0.050			-0.050	0.000	GREEN
D(i)	CHL031	Woodside Norwich Early Years Hub - increase the income budget to reflect current forecasts	-0.100			-0.100	0.000	GREEN
		Subtotal Children's Services savings	**-5.504**	**-0.859**	**-0.535**	**-4.322**	**-1.182**	
		Children's Services net total	**-1.854**	**-0.859**	**-0.535**	**-0.672**	**-1.182**	
		Environment, Development and Transport						
		A - Cutting costs through efficiencies						
A(i)	EDT028	Intelligent transport systems - put new technology and models in place for delivery of the intelligent transport systems approaching the end of their economic life, including replacing rising bollard technologies at bus gates with camera enforcement and co-locating the control room with another public service provider	-0.383	-0.085		-0.383	0.000	GREEN

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	EDT032	Waste strategy - implementing a new waste strategy focussed on waste reduction and minimisation with a target to reduce the residual waste each household produces by at least one kilogram per week	-0.150	-1.850		-0.150	0.000	GREEN
A(i)	EDT037	Vacancy management and deletion of vacant posts	-0.488			-0.488	0.000	GREEN
A(i)	EDT038	Further reductions in back office spend	-0.128			-0.128	0.000	GREEN
A(i)	EDT042	Rationalise our highway depot provision and change inspection frequency for main roads	-0.473			-0.473	0.000	GREEN
A(i)	EDT044	Further capitalisation of highways maintenance activities to release a revenue saving	-1.000			-1.000	0.000	GREEN
A(i)	EDT045	One off saving - Further capitalisation of highways maintenance activities in 2016-17, to release a revenue saving to carry forward to 2017-18	-1.500	1.500		-1.500	0.000	GREEN
A(ii)	EDT043	Implement new national guidance for winter maintenance	-0.100			-0.100	0.000	GREEN
		B - Better value for money through procurement and contract management						
B(i)	EDT040	Waste – efficiency savings through robust management of costs through open-book accounting	-0.080	0.030		-0.080	0.000	GREEN

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		C - Service Redesign: Early help and prevention, working locally						
C(i)	EDT027	Environment service - redesign the environment service so that it operates at 75% of current budget and increases use of volunteers and interns		-0.200			0.000	GREEN
C(i)	EDT036	Service re-design - introduce a locality based structure for the Community and Environmental Services directorate	-1.038			-1.038	0.000	GREEN
		Environment, Development and Transport net total	**-5.340**	**-0.605**	**0.000**	**-5.340**	**0.000**	
		Communities						
		REMOVAL OF PRIOR YEAR SAVINGS						
		A - Cutting costs through efficiencies						
A(i)	RES082	Efficiency savings arising from utilising Public Health skills and resources to remove duplication – removal due to reduced Public Health Grant	0.805			0.805	0.000	BLUE
		Subtotal Communities reversals	**0.805**	**0.000**	**0.000**	**0.805**	**0.000**	
		-						

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		A - Cutting costs through efficiencies						
A(i)	CMM013	Healthwatch – reduce the Healthwatch grant	-0.150			-0.150	0.000	GREEN
A(i)	CMM033	Cross-cutting savings – Allocation of Public Health Grant to other services delivering Public Health outcomes	-0.250			-0.250	0.000	GREEN
A(i)	CMM034	Vacancy management and deletion of vacant posts	-0.021			-0.021	0.000	GREEN
A(i)	CMM035	Further reductions in back office spend	-0.015			-0.015	0.000	GREEN
A(i)	CMM040	Capitalisation of library books 16-17 resulting in a one-off saving	-1.000	1.000		-1.000	0.000	GREEN
A(i)	CMM041	Capitalisation of library books 17-18 – ongoing revenue saving	-0.680			-0.680	0.000	GREEN
A(ii)	CMM016	Norfolk and Norwich Millennium Library opening times - Reduce the opening times for Norfolk and Norwich Millennium Library but install Open Plus technology to enable the ground floor to be open longer via self service	-0.138			-0.138	0.000	GREEN
A(ii)	CMM022	Libraries self-service - introduce technology (Open Plus) to enable libraries to open with self-service machines		-0.622			0.000	GREEN
A(ii)	CMM026	Special service mobile library service - change the mobile library service for people in residential care, by	-0.044			-0.044	0.000	GREEN

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		encouraging care homes to pay for the service or using volunteers to provide books for individual people						
		C - Service Redesign: Early help and prevention, working locally						
C(i)	CMM018	Customer Service delivery re-design - further re-shaping and re-design of some customer service teams	-0.200			-0.200	0.000	GREEN
C(ii)	CMM023	Fire service operational support reductions and redeployment of WDS staff - re-design the operational support structures to rationalise and remove some teams, and reduce the operational training budget. Re-design of some operational activities and redeployment of associated resource to other community focussed activities	-0.110	-0.490		-0.110	0.000	GREEN
C(ii)	CMM027	Public mobile libraries - reduce the public mobile library mobile fleet from 9 to 8 vehicles, reduce the frequency of some visits and stop Saturday routes	-0.044			-0.044	0.000	GREEN
		D - Raising Revenue; commercial activities						
D(i)	CMM004	One-off sale of some antiquarian and collectible library books that do not relate to Norfolk or its history	0.100			0.100	0.000	BLUE

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	CMM036	Registration service income generation - develop business opportunities within the service to generate additional income		-0.080			0.000	GREEN
D(i)	CMM037	Additional income generation (Museums, Records Office, Trading Standards)	-0.054			-0.054	0.000	GREEN
D(i)	CMM046	Additional income generation (Museums, Records Office, Arts Service)	-0.015			-0.015	0.000	GREEN
		E - Maximising property and other assets						
E(i)	CMM039	One-off saving through re-setting budgets for leased equipment	-0.090	0.090		-0.090	0.000	GREEN
		Subtotal Communities savings	**-2.711**	**-0.102**	**0.000**	**-2.711**	**0.000**	
		Communities net total	**-1.906**	**-0.102**	**0.000**	**-1.906**	**0.000**	
		Business and Property						
		A - Cutting costs through efficiencies						
A(i)	EDT038	Further reductions in back office spend	-0.020			-0.020	0.000	GREEN
		D - Raising Revenue; commercial activities						
D(i)	P&R030	Corporate Property Team approach to sponsorship & advertising	-0.100			-0.100	0.000	GREEN

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	EDT019	Economic development sector grants funding - Cease the direct funding to support economic development projects, and work with others to identify alternative ways to secure funding	-0.050			-0.050	0.000	GREEN
D(i)	EDT020	Economic development match funding - cease providing match funding to Hethel Innovation for European funding bids and seek alternative match funding opportunities		-0.051			0.000	GREEN
D(ii)	EDT039	Reduction in Economic Development project fund	-0.010			-0.010	0.000	GREEN
D(i)	EDT047	Additional income generation Scottow Enterprise Park	-0.100			-0.100	0.000	GREEN
		E - Maximising property and other assets						
E(i)	P&R027	Reduce property costs through reducing area occupied and reducing cost per square metre	-1.430	-1.000	-1.000	-1.430	0.000	GREEN
E(i)	P&R058	Raising revenue: property development - to explore options for the authority regarding direct property development. The Council owns a significant land and building bank for which sale for capital receipt may not be the best option for the authority. Generating a higher capital receipt would reduce future borrowing costs		-0.500			0.000	GREEN
E(i)	P&R060	Property assets: reducing the costs of running the estate - explore what further opportunities we have for further reducing core facilities management standards across the estate, e.g. opening hours, security levels. It		-0.200			0.000	GREEN

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		should be noted that there is already a significant level of property savings already included in the MTFS						
		Business and Property net total	**-1.710**	**-1.751**	**-1.000**	**-1.710**	**0.000**	
		<u>Digital Innovation and Efficiency</u>						
		A - Cutting costs through efficiencies						
A(i)	P&R050	Cutting costs through efficiencies by a zero based review of our services - working with services to establish the base requirement and shape of Resources to support the future needs of the organisation	0.006	-0.339		0.006	0.000	GREEN
A(i)	P&R063	Cutting costs through efficiencies by menu based pricing - the services provided by (former) Resources Department have evolved since the formation of Shared Services in 2010, services have had little visibility of costs or the ability to control them. A full review of the prices of services and equipment would offer visibility and choice to services - alternatives may include self service	-0.269	-0.264		-0.269	0.000	BLUE
A(i)	P&R064	Cutting costs through efficiencies by reducing unit costs - the menu based proposition above offers the opportunity to reduce costs by reduced demand, this proposition offers the opportunity to reduce unit costs,		-0.321			0.000	AMBER

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		e.g. by benchmarking and taking any appropriate resulting actions						
A(i)	EDT048	Use of Better Broadband Reserves	-0.500	0.500		-0.500	0.000	BLUE
A(i)	P&R080	Capitalisation of ICT costs	-0.300			-0.300	0.000	BLUE
		B - Better value for money through procurement and contract management						
B(i)	P&R072	Opportunity to deliver parts of the remaining DNA project more cost effectively - primarily around in-house data storage	-0.220			-0.220	0.000	BLUE
B(i)	P&R073	Change the IT equipment model - renewal and upgrade of server infrastructure	-0.280			-0.280	0.000	BLUE
		D - Raising Revenue; commercial activities						
D(i)	P&R062	Raising revenue through recharging the full costs of our services to external customers - ensuring that ICT services to schools, and other external clients, fully reflect both the direct and indirect costs incurred	-0.299	-0.302		-0.299	0.000	BLUE
		E - Maximising property and other assets						
E(i)	P&R082	Release ICT lease budget no longer required	-0.243		-0.059	-0.243	0.000	BLUE
		Digital Innovation and Efficiency net total	**-2.105**	**-0.726**	**-0.059**	**-2.105**	**0.000**	

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
		<u>**Policy and Resources**</u>						
		REMOVAL OF PRIOR YEAR SAVINGS						
		D - Raising Revenue; commercial activities						
D(i)	P&R023	Remove 2015-16 saving: Optimise car leasing and reduced mileage	0.300			0.300	0.000	BLUE
D(i)	P&R029	Remove 2015-16 saving: Increased income from advertising	0.050			0.050	0.000	BLUE
		Subtotal Policy and Resources reversals	**0.350**	**0.000**	**0.000**	**0.350**	**0.000**	
		SAVINGS						
		A - Cutting costs through efficiencies						
A(i)	P&R049	Review of accounting treatment for notional debt repayment (MRP)	-5.216			-5.216	0.000	BLUE
A(i)	P&R050	Cutting costs through efficiencies by a zero based review of our services - working with services to establish the base requirement and shape of Resources to support the future needs of the organisation	-0.006	-0.286		-0.006	0.000	GREEN

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R052	Cutting costs through efficiencies: staffing - the proposal is to work across Teams to deliver reductions in cost and headcount over two years via various work streams - delayering, critical review of all activities to ensure either we are helping to deliver council outcomes or we are working at a statutory minimum, reduce failure demand, and introduce automation wherever possible	-0.500	-0.500		-0.500	0.000	BLUE
A(i)	P&R063	Cutting costs through efficiencies by menu based pricing - the services provided by (former) Resources Department have evolved since the formation of Shared Services in 2010, services have had little visibility of costs or the ability to control them. A full review of the prices of services and equipment would offer visibility and choice to services - alternatives may include self service	-0.231	-0.236		-0.231	0.000	BLUE

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R064	Cutting costs through efficiencies by reducing unit costs - the menu based proposition above offers the opportunity to reduce costs by reduced demand, this proposition offers the opportunity to reduce unit costs, e.g. by benchmarking and taking any appropriate resulting actions		-0.279			0.000	AMBER
A(i)	P&R068	Insurance Fund saving (reversal of 2016-17 one-off saving)	2.000			2.000	0.000	BLUE
A(i)	P&R069	Use of Organisational Change Reserve to fund Social Care system in 2016-17 (reversal of 2016-17 one-off saving)	0.478			0.478	0.000	BLUE
A(i)	P&R070	Use of Business Risk Reserve to fund reprofiling of COM033 Adults saving in 2016-17 (reversal of 2016-17 one-off saving)	0.500			0.500	0.000	BLUE
A(i)	P&R071	Use of Organisational Change Reserve in 2016-17 (reversal of 2016-17 one-off saving)	0.132			0.132	0.000	BLUE
A(i)	P&R076	Insurance Fund contribution	-1.350	1.350		-1.350	0.000	BLUE
A(i)	P&R077	Implementation of Minimum Revenue Provision policy	-6.904	0.136	0.290	-6.904	0.000	BLUE
A(i)	P&R078	Use of capital receipts in 17-18 to fund MRP	-6.000	4.000		-6.000	0.000	GREEN

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
A(i)	P&R081	One-off use of reserves to be identified in June 2017 (to support 2017-18 investment in Children's Services)	-5.813	5.813		-5.813	0.000	BLUE
		B - Better value for money through procurement and contract management						
B(i)	P&R025	Corporate Banking project - move to Barclays	-0.035			-0.035	0.000	BLUE
		D - Raising Revenue; commercial activities						
D(i)	P&R051	Raising revenue by an increased ESPO dividend - ESPO is a Joint Committee of which Norfolk is the largest member, buying on behalf of schools, councils and others. ESPO plans to reduce its costs and increase its market presence outside of its traditional operating area, resulting in an increased dividend	-0.100	-0.100		-0.100	0.000	BLUE

Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	P&R053	Raising revenue: a business strategy treasury management - our average return on investments is currently 0.75%, a modest increase in risk, e.g. 0.25% on £100m of cash, would produce a saving. The breadth of organisations we lend to and for how long can be reviewed. The average cash balance in 2015-16 was £215m	-0.500			-0.500	0.000	GREEN
D(i)	P&R059	Raising revenue: fraud error and debt - use of data analytical tools to collect debts otherwise considered unrecoverable, largely uncollected council tax, working with district councils. The work would be performed by specialist companies	-0.050			-0.050	0.000	GREEN
D(i)	P&R062	Raising revenue through recharging the full costs of our services to external customers - ensuring that ICT services to schools, and other external clients, fully reflect both the direct and indirect costs incurred	-0.201	-0.198		-0.201	0.000	BLUE
D(i)	P&R066	Second Homes income		-0.600			0.000	GREEN
D(i)	P&R074	Nplaw income growth - establishment of the Alternative Business Structure	-0.100			-0.100	0.000	GREEN

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Classification	Saving reference	Saving	2017-18	2018-19	2019-20	2017-18 forecast	2017-18 forecast variance (shortfall) / over delivery	RAG status
			£m	£m	£m	£m	£m	
D(i)	P&R075	Early payment rebate project	-0.100			-0.100	0.000	GREEN
		Subtotal Policy and Resources savings	**-23.996**	**9.100**	**0.290**	**-23.996**	**0.000**	
		Policy and Resources net total	**-23.646**	**9.100**	**0.290**	**-23.646**	**0.000**	
		Total Norfolk County Council net savings	**-47.774**	**-13.659**	**-11.304**	**-43.006**	**-4.768**	

Policy and Resources Committee

Item No. 10

Report title:	New Anglia Economic Strategy
Date of meeting:	25 September 2017
Responsible Chief Officer:	Tom McCabe, Executive Director, Community and Environmental Services

Strategic impact

The Council is a key partner in the New Anglia Local Enterprise Partnership (NALEP) and has worked with the partnership to shape its new economic strategy for Norfolk and Suffolk. The strategy builds on a refreshed economic evidence report, as well as current Government policy and technology developments. It seeks to ensure the area's growth ambitions and investment priorities are clearly articulated to Government and other stakeholders.

Executive summary

The Strategic Economic Plan (SEP) for Norfolk and Suffolk, submitted to Government in March 2014, was based on data and baselines dating from 2012. The current government has removed its requirements around when and how SEPs should be produced, so New Anglia partners have chosen to refresh the SEP this year, as the data is five years old and much has changed since it was published. The first stage was the production of an updated economic evidence report, which was tested in workshops with local authority leaders, chief executives and economic development officers, as well as business groups and academic institutions. The report will continue to evolve and be updated and will guide future action and investment decisions across all relevant organisations.

The strategy itself (executive summary at **Appendix A**) is high level, focussing on seven ambitions, delivered through five themes, in, broadly, eight 'priority places' (where the evidence shows there are the greatest opportunities and commitment for continued growth). For Norfolk these growth locations are the 'Energy Coast' (Great Yarmouth / Bacton / Lowestoft and Sizewell), the Norwich-Cambridge corridor, Norwich and its surrounding area, the A47 (from Great Yarmouth to King's Lynn) and King's Lynn and the A10 and rail corridor to Cambridge.

In terms of targets, by 2036 the Strategy envisages that Norfolk/Suffolk economy will have grown by £17.5bn, with 88,000 new jobs, 30,000 new businesses, 140,000 new homes, median wages of £200 more per week and 66% of the population educated to NVQL3+ standard.

Of necessity, with a strategy that focusses on two whole counties and a small number of priority places, there are elements of Norfolk's own priorities that cannot be captured in such a high level document. While many of these priorities are set out in local plans, there is currently no single investment plan for Norfolk that brings them together. It is proposed that the Norfolk Strategic Growth Group (the chief executives of Norfolk's local authorities, plus the LEP) develops such a plan, in conjunction with the Council's Business and Property Committee.

Recommendations:

Members are requested to:

i) Recommend the Strategy to Council for endorsement at its 16 October meeting, as part of the Council's policy framework.

ii) Note that a Norfolk investment plan will be developed.

1. The New Anglia Economic Strategy

1.1 Government requested that Local Enterprise Partnerships (LEPs) produce a Strategic Economic Plan (SEP) for their area, which was used to negotiate a six year 'Growth Deal'. The Deal gave access to a Local Growth Fund, worth £2bn nationally, which was designed to contribute to financing economic growth priorities. Norfolk and Suffolk's current allocation (Growth Deal 3) is £69m.

1.2 The SEP was required to be submitted by 31 March 2014, but was based on evidence and baselines dating from 2012.The time is now right for a new economic strategy for Norfolk and Suffolk for a number of reasons, including the change of Government and its revised policy around housing and industry, as well as the country's decision to leave the European Union and the implications of this for business.

1.3 The process was kicked off at a meeting on 9 February of Norfolk and Suffolk local authority leaders, LEP board members and chairs of the Norfolk and Suffolk sector groups, who examined the current political and economic context, as well as anticipated future trends. These groups have also been involved in a number of workshop sessions since then, to help shape the strategy, including a final one on 4 September to agree the actions for inclusion in the strategy.

1.4 A first output from the process has been a revised economic evidence report for the two counties. This was overseen by a team of expert users of data from local authorities and New Anglia (the 'practitioners' group'). In addition to the data practitioners' group, the Council has been represented on the strategy's delivery team and steering group, to help shape the document.

The new data was examined alongside existing local plans and projections of future trends. The Strategy will not replace local plans, but rather sit above them, as an umbrella framework. The executive summary is attached at **Appendix A** and the full strategy document can be found here *(this link will be live from 19 September)*.

1.5 If Policy and Resources Committee is happy to endorse the refreshed strategy, it will be added to the County Council's policy framework, for consideration, at Full Council on 16 October. It will also be launched by New Anglia later that month. While all Norfolk and Suffolk local authorities are key partners in the LEP, they are not required to approve this business-led strategy, but their endorsement of it is keenly sought by New Anglia.

1.6 Of necessity, as a strategy for two counties, the focus is on high level priorities and the most important interventions in those areas due to experience significant growth. It is therefore proposed to produce a Norfolk plan, drawing on the new economic evidence report, as well as local plans, to identify and promote the county's investment priorities to key audiences, such as Government officials, ministers and Norfolk's MPs.

The plan would be developed in conjunction with the Norfolk Strategic Growth Group (the Chief Executives of Norfolk's local authorities, plus the LEP) and the Council's Business and Property Committee.

2. Overview of the strategy

2.1 **Ambitions, themes and priority places**

The strategy comprises seven ambitions (rather than a single vision), delivered through five major themes and, broadly, focussing on eight priority places:

7 ambitions, with investment focussed on…	5 major themes…	8 priority places*
• The place where high growth businesses with aspirations choose to be • An international-facing economy with high value exports • A high performing, productive economy • A well-connected place • An inclusive economy, with a highly skilled workforce • A centre for the UK's clean energy sector • A place with a clear, ambitious offer to the world	• Our offer to the world • Driving business growth and productivity • Driving inclusion and skills • Collaborating to grow • Competitive clusters, close to global centres	• Norwich and the surrounding area • Ipswich and its surrounding area • The Norfolk and Suffolk Energy Coast (including Bacton, Gt Yarmouth, Lowestoft and Sizewell) • The Norwich – Cambridge corridor, connecting two global centres of research • East-West corridors (A47, Gt Yarmouth to King's Lynn and A14, Felixstowe to Cambridge) • King's Lynn - and the A10 and rail corridor to Cambridge

* places where the evidence shows there are the greatest opportunities and commitment for continued growth.

The next two sections flesh out the Ambitions, Themes and proposed actions.

2.2 **The Seven Ambitions**

These seven ambitions collectively form a vision for Norfolk and Suffolk to be:

- **The place where high growth businesses with aspirations choose to be**, with excellent sites to locate, grow and innovate and easy access to support and finance. This will drive business growth, jobs growth and GVA (gross value added – a measure of business productivity).
- **An international-facing economy with high value exports,** where sectors are producing and exporting more value-added goods and services and entering new global markets capitalising on new trade links to other economies. This will drive exports and GVA.
- **A high performing productive economy,** where business has invested in new technology, skills, new techniques, and innovation leading to productivity improvements year on year. This will drive productivity and GVA.
- **A well-connected place**, locally, national and internationally. Investment in housing, roads, rail and broadband is coordinated to build the communities and connections that people and businesses need. This will drive housing and GVA.
- **An inclusive economy with a highly skilled workforce**, where everyone benefits from economic growth and wage levels rise above the national average. Norfolk and Suffolk will continue to promote collaboration between business, higher and further education, schools and the public sector to provide the training opportunities and work experience that enable businesses and people to fulfil their full potential. This will drive skills, employment rate and median wage.
- **A centre for the UK's clean energy sector,** capitalising on the strength and diversity of the sector and supply chain, its strategic location, skills base and

connectivity to other regions. This will drive GVA.

- **A place with a clear, ambitious offer to the world,** which showcases the strengths of Norfolk and Suffolk to the UK and beyond, together with a strong culture and leisure offer, and a clear sense of why people and business chose to live and work here. This will drive GVA, businesses and jobs growth.

2.3 The Five Themes and proposed actions

2.3.1 Norfolk and Suffolk's offer to the world

Build a strong overarching offer, supported by the area's unique brands and culture but reflective of its diversity. Specifically:

- Integrate our inward investment and business location offer, campaigning at scale in new markets and working with national Government.
- Work to ensure that investment markets have the information they need to take the decision to invest in infrastructure of all kinds.
- Use consistent place branding, with an overarching offer, supported by our unique places, culture and diversity.
- Work with Government to ensure that the contribution of the area's energy sector and resources is well understood and supported.
- Improve digital connectivity, especially superfast in rural areas and reliable mobile phone coverage.
- Build the right kind of housing and commercial space where it is needed.
- Develop a year-round visitor offer by investing in strategic projects such as attractions, heritage and cultural institutions that also increase visitor spend.

2.3.2 Driving business growth and productivity

The work to support business is driven by three goals – increasing investment, driving productivity and helping firms move into new markets and products:

- Develop the business support offer, to ensure it meets the changing needs of business, adapting to new ways of working and technology. This includes development of leadership skills and the 'ecosystem' (supporting physical and digital infrastructure and an innovative environment) firms need, to share knowledge and services across sectors.
- Enable SMEs (small and medium enterprises) to grow and increase exports by focusing grant programmes and other support, on growth, innovation and productivity. Linked to this, provide improved access to finance, with a new 'front door' for investment funding support.
- Lead a cross-sector 'trade global, supply local' campaign, to open up the supply chain and collaboration opportunities for local businesses.
- Prioritise digital and physical infrastructure projects to support businesses to develop and provide the space that new and existing businesses need to grow.
- Set up new schemes to help high growth businesses and make it easier to access advice and funding for commercial innovation and commercialising business and university R&D (research and development).
- Establish new centres of excellence to improve productivity and innovation, providing new skills for business leaders and employees.

2.3.3 **Driving inclusion and skills**

The overarching aim is to raise and support aspiration across all ages, provide the right training for increasingly hi-tech sectors and support the development of leadership in the business community:

- Through the development of sector skills plans, produce clear statements about what skills are needed, now and in the future, to influence providers, business investment and personal choices by new students and those already in the workforce.
- Develop an integrated skills offer for businesses, to make it easier to navigate and access the initiatives and providers available. A focus of this work will be long term development of technical skills in the existing workforce.
- Prioritise capital investment on provision that will deliver the future skills that sectors and the workforce need, taking a commissioning approach and using higher level apprenticeships and skills deals to drive innovation.
- Prioritise leadership support for entrepreneurs and those in new high growth businesses, through business mentorship and providing the ecosystem new entrepreneurs need to succeed.
- Deliver the Youth Pledge – an integrated offer that inspires young people about the opportunities available and provides support into employment.
- Work with Government to establish an Institute of Technology that builds on the area's strengths and meets the increasing need for higher level technical skills in key areas such as energy, engineering and manufacturing.
- Develop new approaches and remove barriers to get people back into work, especially those furthest from the job market, and provide support for all into sustained employment.

2.3.4 **Collaborating to Grow**

The ability to work across sectors, organisations, geographic and administrative boundaries will be critical to the area's future success:

- Work across sectors to help businesses cooperate on increasingly common requirements for technical know-how and access to new markets and techniques across sectors that might once have been more distinct, such as telecoms, agricultural and food technology and logistics.
- Work between public and private sectors to explore innovative approaches to funding and finance, driving returns on investment in infrastructure. Partners are also committed to implementing a smoother planning system, linking housing, utilities and infrastructure provision and flexible and integrated investment plans.
- Work with other regions on regional, national and international opportunities, such as transport and new nuclear - partners are working with the South West to maximise the opportunities associated with the proposed Sizewell C nuclear power station in terms of supply chains, employment and skills opportunities and inward investment.

2.3.5 **Competitive clusters, close to global centres**

This theme brings all the above actions to bear in driving the further growth of Norfolk and Suffolk's major sectoral clusters (Clean Energy, Finance & Insurance, Digital and Life Sciences/Biotech), ensuring there is a clear and focussed plan for each that:

- Encourages new companies and commercial investment
- Establishes global and national links

- Maximises local supply chain benefits
- Markets the commercial opportunity
- Develops the ecosystem that enables the cluster to thrive

2.4 **Targets**

Indicator	Target growth rate	Result (all by 2036)
GVA	2% annual growth	Grow our economy by £17.5bn in real terms
Productivity	1% annual growth	GVA per hour of £39
Jobs	0.5% annual growth	88,000 net new jobs
Businesses	2% annual growth	30,000 new successful businesses
Housing	Meet the objectively assessed need	140,000 new homes
Inclusive Growth: Median Wages	1.7% annual growth	£200 more per week
Inclusive Growth: Employment rate	Consistently higher than national average	A higher proportion of people engaged in the labour market than across the UK
Inclusive Growth: Skills	Increase NVQ3+ qualifications by 1.4% average (over each 5 year period)	66% of the population with NVQ3+

2.5 **Delivering the Strategy**

A number of mechanisms will ensure that the Strategy is delivered:

- Short term (four-year) delivery plans, aligned to the above targets.
- A common investment prioritisation framework, to assess projects and actions.
- A shared inclusive growth toolkit, to provide assurance that projects are also judged consistently by their capacity to deliver positive impacts for residents.
- Ongoing monitoring of the above targets, coupled with an annual stocktake of progress by New Anglia partners, to review where changes are needed to reflect new economic or policy circumstances.

3. Background

3.1 Cabinet Paper on the March 2014 New Anglia Strategic Economic Plan (pages 99-114)

Officer Contact

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

Officer name : **Tracy Jessop** **Tel No. :** **01603 223831**

Email address : tracy.jessop@norfolk.gov.uk

IN TRAN communication for all

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THE>EAST

NORFOLK AND SUFFOLK ECONOMIC STRATEGY

A STRATEGY FOR GROWTH AND OPPORTUNITY

EXECUTIVE SUMMARY

OUR POTENTIAL

GROW OUR ECONOMY BY

£17.5 BILLION

IN REAL TERMS BY 2036

GVA PER HOUR OF

£39

BY 2036

30,000

NEW SUCCESSFUL BUSINESSES BY 2036

66%

OF THE POPULATION WITH NVQ3+ BY 2036

INCREASED MEDIAN WAGES BY

£200

MORE PER WEEK BY 2036

88,000

NET NEW JOBS BY 2036

140,000

NEW HOMES BY 2036

A **HIGHER** PROPORTION OF PEOPLE ENGAGED IN THE LABOUR MARKET THAN ACROSS THE UK BY 2036

OUR PLACE


KEY
Clean Energy Cluster
Finance & Insurance Cluster
Digital Cluster
Life Science, Advanced Food Tech & Biotech Cluster
Universities
Enterprise Zone
Oil Rig
Wind Farms
Gas Terminal
Nuclear Power Station
Airport
Shipping Port
The National Stud
RAF Base
75
97.2MW
91
573.3MW
67
402MW
88
316.8MW
Hunstanton
Wells-next-the-Sea
Sheringham
Cromer
Bacton Gas Terminal
To Lincolnshire, & the North
Kings Lynn
A17
A148
A140
North Walsham
Fakenham
A149
A47
Marham
Norwich International Airport
Norwich
A47
Great Yarmouth
Peterborough
Downham Market
A10
A11
Lowestoft
Norwich to London 90 minutes
To the Midlands
Ely
Lakenheath
Thetford
Diss
Mildenhall
Southwold
Eye Airfield
A12
Europe's All Energy Coast
A11
A140
A14
A14
Bury St Edmunds
Sizewell
Cambridge
Newmarket
Stowmarket
A1307
Haverhill
Aldeburgh
Sudbury
Woodbridge
Ipswich
Hadleigh
M11
Felixstowe
A1
Harwich
UK's biggest container port handling 40 per cent of all trade
Stansted
A12
M25
Ipswich to London 60 minutes
London
M25
1800MW
120
TBC
1800MW
120
1800MW
Worldwide destinations and markets 45 minutes away
172
1200MW
102
800MW
TBC
800MW
TBC
714MW
504MW
196
336MW
48
172.8MW
175
630MW
Ijmuiden
The Hook
Amsterdam
Rotterdam
Netherlands
Zeebrugge
Brugge
Antwerpen
Calais
Belgium
France
Lille









FOREWORD

Our economy contributes over £35bn to UK plc, growing by 9% since 2010, faster than many "powerhouse" areas. We have higher than average levels of economic activity and rapidly growing sectors and businesses across our diverse economy. We are well connected to Cambridge, London, European and global markets. Ambitious for further growth we will work with Government and private investors to achieve it.

We have an excellent understanding of our economy and the opportunities ahead. New technologies, techniques and collaborations across sectors will further drive growth, raising productivity and moving firms into new products and markets. Our strategy is to support growth across all sectors, focussing on creating high value, highly skilled jobs and industries, whilst also providing the technical skills, access to innovative techniques and support that all businesses and the wider workforce needs to succeed.

Norfolk and Suffolk have a number of key centres of economic activity, with fast growing urban centres, historic market towns and a large rural economy. Our natural landscape and our rich cultural heritage give Norfolk and Suffolk its distinctive character. We are forward looking and our economy is well positioned to capitalise the opportunities created by further advances in technology and digital connectivity.

We are determined that growth will be inclusive, benefiting all our people. We are looking ahead to the Government's Industrial Strategy, working together as business leaders, local authorities, the voluntary and community sector, Universities and Colleges to drive future success as a place where businesses and residents can thrive and succeed. We are exploring new models of funding and financing the infrastructure we need, because the evidence shows we can deliver returns and growth.

We are confident in our ambitions because they are built on the success of our original 2014 Strategic Economic Plan. This has delivered more jobs, new businesses and housing. **The numbers tell the story.** Since 2014, **43,600 more jobs** and **5,710 new businesses** have been created and **18,850 new homes built. Over £350m of Government funding** has been **secured** and will be invested in the region by 2021 in a wide range of projects to improve skills, drive innovation, support growing businesses and enhance transport and other infrastructure. **Over £260m of private sector funding** has also been **unlocked**, outstripping our original commitment of £199m by 2021.

Collaboration and hard work from all partners has been at the heart of this success. We have achieved much, but there is more to do. Our Economic Strategy reflects the evolving needs and opportunities of our growing local economy and how it responds and succeeds in a fast changing world.

DOUG FIELD
Chairman of
New Anglia Local
Enterprise Partnership

THE STRATEGY

Our strategy looks ahead to 2036, but focusses on the actions we need to take over the next four years to help secure long term success. It is a dynamic and living blueprint to guide the work and investment of many partners. Together we have:

Examined the evidence, making sure we understand our economy in detail and how it works and is changing.

Set challenging but achievable ambitions, which are based on the evidence and describe the place and economy we want Norfolk and Suffolk to be.

Agreed the themes under which we are going to prioritise action and investment.

Agreed the priority places where investment and action is most likely to deliver a strong return.

Identified Economic Indicators and set targets to measure success and drive delivery.

"Our Economic Strategy reflects the evolving needs and opportunities of our growing local economy and how it responds and succeeds in a fast changing world."

OUR SECTORS

CLEAN ENERGY
Global all energy expertise with 50 years expertise in the oil and gas sector, nuclear new build, and the world's largest windfarms in development off our coastline with globally competitive renewables supply chain and support industry.

LIFE SCIENCES
International expertise in the field of food, health and the microbiome, an advanced cluster of animal health and emerging pharmaceutical manufacture on the Cambridge Norwich Corridor.

DIGITAL CREATIVE AND ICT
Centred around Norwich's fast-growing digital creative hub and the world-leading centre of innovation in communications technology at Adastral Park and Innovation Martlesham near Ipswich. We are at the forefront of digital innovation, with strengths in telecoms, cyber security, quantum technology, Internet of Things and UX design, with business coming together under the Tech East brand.

HI-TECH AGRICULTURE, FOOD AND DRINK
Home to some of the most significant food and drink companies in Europe, with a world-leading research base centred at Norwich Research Park (NRP).

FINANCIAL SERVICES AND INSURANCE
One of the largest financial services and insurance clusters in Europe, with growing start up financial service businesses building on a heritage going back 200 years.

VISITOR ECONOMY – TOURISM, HERITAGE AND CULTURE
A varied and rich tourist offer, from coast and countryside, postcard market towns, underpinned by a dynamic and pioneering cultural sector boasting internationally celebrated brands and festivals.

PORTS AND LOGISTICS
The UK's largest container port at Felixstowe on the premier EU/ Asia route and the UK's largest exporter of grain at the port of Ipswich.

CONSTRUCTION AND DEVELOPMENT
Norfolk and Suffolk have a large and diverse construction and development sector, Europe's largest Urban extension in Broadland and emerging specialisation in Passivhaus and sustainable design.

ADVANCED MANUFACTURING
Including national expertise in automotive, civil aviation, composites and pharmaceuticals.

"Many of our growth opportunities involve collaboration and partnership between firms in different sectors."

AMBITIONS, PRIORITY PLACES AND THEMES

AMBITIONS
Based on the evidence we have agreed a set of ambitions. We want Norfolk and Suffolk to be:

- **The place where high growth businesses with aspirations choose to be.**
- **An international facing economy with high value exports.**
- **A high performing productive economy.**
- **A well-connected place.**
- **An inclusive economy with a highly skilled workforce.**
- **A centre for the UK's clean energy sector.**
- **A place with a clear, ambitious offer to the world.**

We will deliver these ambitions through action and investment in priority places and themes. These have been chosen based on the evidence and the engagement and expertise of all the partners involved in creating and delivering this strategy.

OUR PRIORITY PLACES are the areas where the evidence shows there are the greatest opportunities and commitment for continued growth:

- Ipswich and its surrounding area.
- Norwich and the Greater Norwich area.
- The Norfolk and Suffolk Energy Coast, including Bacton, Great Yarmouth, Lowestoft and Sizewell, with assets on and offshore.
- The Norwich to Cambridge corridor - connecting two global centres of research.
- The critical east west growth corridors along the A47 from Great Yarmouth to Kings Lynn and A14 Felixstowe to Cambridge.
- Kings Lynn - and the A10 and rail corridor to Cambridge.

OUR PRIORITY THEMES are those economy wide opportunities where the evidence shows that investment and action will have highest impact on our ambitions and how we will deliver growth in all places across Norfolk and Suffolk.

> "We have agreed to focus action and investment on a clear set of priority places and themes to achieve our ambitions and targets."

OUR OFFER TO THE WORLD

DRIVING BUSINESS GROWTH AND PRODUCTIVITY

DRIVING INCLUSION AND SKILLS

COLLABORATING TO GROW

COMPETITIVE CLUSTERS, CLOSE TO GLOBAL CENTRES

OUR OFFER TO THE WORLD

Improving and communicating a clear, ambitious offer to the world is central to all our ambitions and targets and to attracting the people, investors and businesses of the future. Our economy makes a major contribution to UK plc and global markets, with internationally important strengths in clean energy, ICT, biosciences and financial industries. We have major exporters and attract a net inflow of young people and families. We have a large visitor economy attracting 5 million people a year.

TOGETHER WE WILL:

- Work across all local authorities to **integrate our inward investment and business location offer**, campaigning at scale in new markets and working with national Government.
- **Attract the highly skilled people we need**, through targeted campaigns at specific groups working with sectors and clusters to show people the opportunities that are here.
- Work together to **make sure that investment markets have the information they need** to take the decision to invest in infrastructure of all kinds.
- **Improve digital connectivity**, with a particular focus on super-fast broadband in rural areas and reliable mobile phone coverage for those travelling around the region.
- **Use consistent place branding, with an overarching offer**, supported by our unique places, culture and diversity.
- Work with Government to **ensure that the unique contribution of our energy sector is well understood and supported.**
- **Build the right kind of housing and commercial space where it is needed** and integrate utility, road, rail and green infrastructure to build the communities and places people want to live.
- **Develop a year-round visitor offer** by investing in the strategic projects such as attractions, heritage and cultural institutions that also will increase visitor spend.

Ipswich Waterfront & The Forum, Norwich

DRIVING BUSINESS GROWTH AND PRODUCTIVITY

Our diverse economy is a real strength. Our work to support business will be driven by three goals – increasing investment, driving productivity and helping our firms move into new markets and products.

TOGETHER WE WILL:

- **Re-galvanise our high-quality business support offer** to ensure it meets the changing needs of businesses adapting to new ways of working and technology. This will include leadership development, and the ecosystem firms need to share knowledge and services across sectors.
- **Enable our SMEs to grow and increase exports** by focusing grant programmes and other support on growth, innovation and productivity.
- **Lead a cross sector "trade global, supply local" campaign**, to open up supply chain opportunities for local businesses.
- **Prioritise digital and physical infrastructure projects** to support businesses to develop and provide the space that new and existing firms need to grow.
- **Set up new schemes to help high growth businesses** and make it easier to access advice and funding for commercial innovation and commercialising business and university R&D.

- **Provide improved access to finance and assisting business capability in identifying skills deficits.** We will make it easier to access these services through a new “front door” for investment funding support.
- **Establish new centres of excellent to improve productivity and innovation** providing new skills for business leaders and employees.

DRIVING INCLUSION AND SKILLS

Our people, whether in traditional careers, micro businesses, arts and culture or supporting others in the community are central to all our ambitions and goals. We want to raise and support aspiration across all ages. We have made good progress in raising skill levels, but we want to go further and faster, particularly for those already in work. We will help our young people set their ambitions high and understand the exciting local careers available to them.

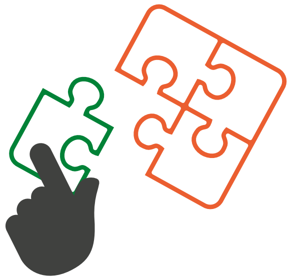
TOGETHER WE WILL:

- The development of sector skills plans we will **produce clear statements about the skills businesses need now and in the future**, to influence providers, business investment and personal choices by new students and those already in the workforce.
- **Develop an integrated skills offer for businesses across Norfolk and Suffolk**, to make it easier for them to navigate and access the initiatives and providers that are available. We will focus particularly on long term development of technical skills in our existing workforce.
- **Prioritise capital investment on provision that will deliver the future skills our sectors and workforce need.** Taking a commissioning approach and being clear about what must be provided. We will use higher level apprenticeships and skill deals to drive innovation.
- **Prioritise leadership support for our entrepreneurs and those in new high growth businesses**, through further accelerator support, business mentorship. Providing the ecosystem that new entrepreneurs need to succeed.
- **Deliver the Youth Pledge for all our young people**, providing an integrated offer that shows and inspires young people about the opportunities that exist and provide support into employment.
- **Work with Government to establish an Institute of Technology** that builds on our strengths and meets the increasing need for higher level technical skills in key areas such as energy, engineering and manufacturing.
- **Develop new approaches and remove barriers to get people back into work**, especially for those furthest from the job markets and provide support for all into sustained employment.

“Driving skills and high-quality employment is fundamental to our goals to create a more inclusive economy, with improving wage levels, living standards and attainment. ”

COLLABORATING TO GROW

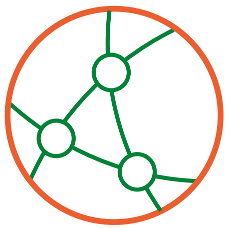
The competition we face does not come from within Norfolk and Suffolk. Many of the opportunities we have come from our proximity to Cambridge and London as well as global markets. The new markets and investment opportunities we seek are national and global.



TOGETHER WE WILL:

- **Work across sectors** to help businesses collaborate on increasingly common requirements for technical know-how and access to new markets and techniques across sectors that might once have been more distinct, such as telecoms, agricultural and food technology and logistics.
- **Work between public and private** to explore innovative approaches to funding and finance, driving returns on investment in infrastructure. We commit to opening up procurement and further empowering businesses through a smoother planning system, linking housing, utilities and infrastructure provision and flexible and integrated investment plans.
- **Work with other regions** on regional, national and international opportunities such as transport and new nuclear.

COMPETITIVE CLUSTERS CLOSE TO GLOBAL CENTRES



Within our business sectors, Norfolk and Suffolk have a number of recognised national and global clusters of businesses with excellent access to national and global markets and to London and Cambridge.

Each of our identified clusters has substantial further growth potential and supports high value jobs. We will support these clusters and their specialisations, working with each to ensure that the commercial opportunity they represent is fully developed and well communicated to Government and investors.

Evidence suggests businesses benefit from locating in these clusters.

TOGETHER WE WILL:

Develop a plan for each cluster that will:

- Encourage new companies and commercial investment.
- Establish global and national links.
- Maximise local supply chain benefits.
- Market the commercial opportunity.
- Develop the ecosystem that enables the cluster to thrive.

CLEAN ENERGY
Our East coast energy cluster is world class, the only place in the UK where expertise and operations in oil, gas, nuclear, renewables, solar and micro generation exist in such close proximity.

FINANCE AND INSURANCE
Two clusters, concentrated in Ipswich and Norwich. Aviva, Marsh, Willis Towers Watson, and Axa are global players in the insurance industry, who sit alongside a growing number of smaller fin-tech businesses.

DIGITAL
At Adastral Park, near Ipswich, we have a globally significant ICT cluster and one of the world's leading Innovation Hubs in information technology, together with a fast-growing digital cluster in Norwich.

LIFE SCIENCES AND BIOTECH
At Norwich Research Park, home to the Earlham Institute, John Innes Centre and the Quadram Institute and in Lowestoft at The Centre for Environment, Fisheries and Aquaculture Science (CEFAS), we have two major UK life science centres.

ECONOMIC INDICATORS

To measure our success we will use eight economic indicators. Each indicator target has been developed using a robust methodology and is based on clear evidence about what is achievable and ambitious.

GVA

TARGET: **2% AVERAGE ANNUAL GROWTH**

RESULT: **GROW OUR ECONOMY BY £17.5BN IN REAL TERMS BY 2036**

JOBS

TARGET: **0.5% ANNUAL GROWTH**

RESULT: **88,000 NET NEW JOBS BY 2036**

HOUSING

TARGET: **MEET THE OBJECTIVELY ASSESSED NEED**

RESULT: **140,000 NEW HOMES BY 2036**

INCLUSIVE GROWTH: EMPLOYMENT RATE

TARGET: **CONSISTENTLY HIGHER THAN NATIONAL AVERAGE**

RESULT: **A HIGHER PROPORTION OF PEOPLE ENGAGED IN THE LABOUR MARKET THAN ACROSS THE UK.**

PRODUCTIVITY

TARGET: **1% ANNUAL GROWTH**

RESULT: **GVA PER HOUR OF £39 BY 2036**

BUSINESSES

TARGET: **2% ANNUAL GROWTH**

RESULT: **30,000 NEW SUCCESSFUL BUSINESSES BY 2036**

INCLUSIVE GROWTH: MEDIAN WAGES

TARGET: **1.7% ANNUAL GROWTH**

RESULT: **£200 MORE PER WEEK**

INCLUSIVE GROWTH: SKILLS

TARGET: **INCREASE NVQ3+ BY 1.4% AVERAGE (OVER EACH 5 YEAR PERIOD.)**

RESULT: **66% OF THE POPULATION WITH NVQ3+**

MAKING IT HAPPEN

Implementation will be delivered and driven through a series of action plans covering each element of the strategy. These will be supported by the evidence base, a common investment prioritisation tool, a shared approach to inclusive growth. We will measure and review progress with all partners annually.

This strategy will not be delivered by one partner alone or by one strand of investment or actions. The ambitions and priorities we have agreed provide the direction and strategic case for a wide range of partners to develop their own plans and interventions that contribute to achieving our shared ambitions.

Our Economic Strategy has been developed in partnership with and endorsed by a wide range of stakeholders:

Policy & Resources Committee

Item No. 11

Report title:	**Rethinking Access to Services**
Date of meeting:	**25 September 2017**
Responsible Chief Officer:	**James Bullion , Executive Director Adults** **Matt Dunkley , Executive Director Childrens**

Strategic impact

NCC currently spends £34m each year transporting young people to school and college and adults with assessed social care needs. We have a specific statutory duty to offer school transport for children based on distance, qualifying school and/or special needs. For vulnerable adults we provide transport where it is the only reasonable means of ensuring a person can access an assessed and eligible service.

A robust monitoring regime is in place and combined with regular re-procurement, client spend transport costs are kept as low as possible. Transport is provided only where necessary or where there is a statutory duty.

Executive summary

Various teams combine across Norfolk County Council Children Services and Adult Social Care to work in close partnership with the Integrated Passenger Transport Unit (IPTU), based in CES, to assess need and eligibility for services. The IPTU work to scrutinise, challenge and where necessary deliver the most appropriate means of travel for clients. The systems and processes used for planning, procurement and monitoring are rigorous to ensure that costs and miles travelled are kept as low as possible. The IPTU also works to forecast and identify trends in activity to inform the commissioners at regular meetings between service areas.

The Children Services Sufficiency Strategy for special educational needs & disability (a statutory requirement) is under revision and offers a position statement on current provision and scale, examining what is working well and not so well as well. The revised Sufficiency Strategy (previously contained within various SEN strategic development work) will work through the Committee Cycle in the Autumn Term and will also be used to secure an additional £2.7m capital available from DfE over a three year period starting April 2018 (a specific government grant for SEND capacity development which has potential to impact positively on Transport costs). The duty on the local authority for the transport of children to their places of learning is clear. There is a clear plan for reducing costs and promoting even greater independence in travel. Future national policy has the potential to impact adversely on travel costs across the county and will need to be explored. Current transport arrangements has impacted positively on educational outcomes and participation post 16. Changes to current approaches, local policy will need to take account of unintended consequences.

Adult Social Services are working to deliver the Adult Transport Policy and Guidance agreed by the Adult Social Care Committee in March 2017. A report at the Adult Social Care Committee on 4th September provided progress and an update on delivery against cost reduction, which seeks a recommendation to re-profile projected transport budget savings as a result in changes of patterns of care from £3m to £0.700m in 2018-19, £0.800m to £1m in 2019-2020. The difference will be met in savings through the Purchase of Care budget.

This report outlines some of the current issues, set against the current service policies and practices, and examination around options towards a reduction in transport costs as part of a longer term strategy.

Recommendations:

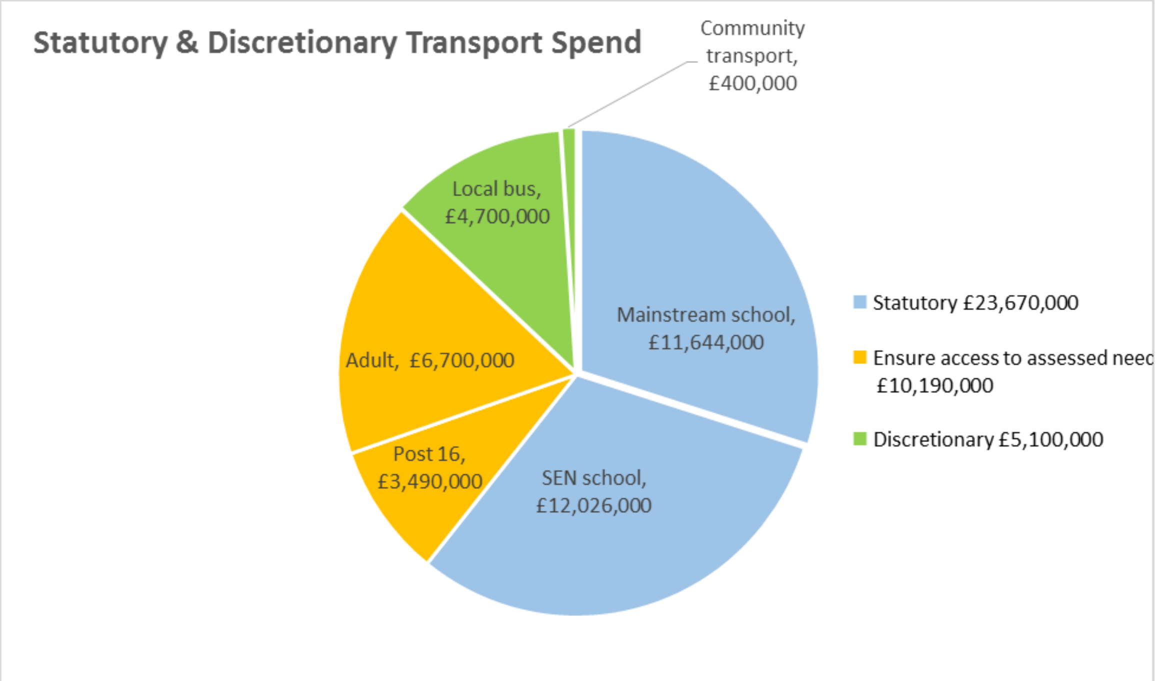
Members are asked to agree:

- **The proposal that the Director Children Services & Director Adult Services with the Managing Director create the appropriate specification to pull together a cross departmental approach of Current and Future demand. To analyse, scrutinise and write businesses cases to examine the proportionality of spend and what options may be viable for future service delivery and design.**

1.	**Proposal (or options)**
1.1	NCC currently has a programme of activities that manage budget, demand and keep transport costs under control where we provide transport for clients. On the supply-side we have efficiencies, ensuring that providers are competitive on price and quality of service, driving down the cost of routes. Our approach to date has been successful and appropriate where we have focused on straight forward efficiency savings but these are reaching their limits. We need to reframe the problem by focussing on the service links, managing demand and overall delivery of outcomes for our clients. There is a high level of confidence that by investing in re-framing service delivery current saving commitments and potential additional savings could be achieved. The proposal is to create capacity to understand the drivers for demand and explore the opportunities to manage: • **Current demand** – are we providing more than we need? Can we work with customers to design a different offer? • **Future demand** – can we prevent or reduce demand, e.g. by supporting young people to be more independent? Using service intelligence to test current approaches. We need to create capacity to pull these elements together to rigorously review current arrangements and identify opportunities to reshape our service so that we reduce cost and is governed through members of CLT.

2. Evidence

2.1.



Children's Services

Children Services spend annually £27 million on transporting children and young people across the county.

- £11.6m spent on children attending their nearest appropriate mainstream school, which is required by law and gives little or no movement for reducing cost.
- £12m on transporting children with special needs to specialist educational provision. There are significant complex challenges with tackling this area of spend (as detailed below), any changes in approach or policy is unable to be implemented quickly but in the long term may see some reduction in spend.
- £3.5m post 16 transport, this is not a statutory duty, however a policy change to not fund provision may have unintended consequences. Currently NEET figures are decreasing and attainment are increasing for this cohort, providing transport is undoubtedly having a positive impact on this group.

NCC currently transports about 2000 children with special needs every day to and from a special school or alternative specialist provisions. At an annual cost of £12m, this equates to an average cost of £6,000 per child per year. Within this are some children with higher end costs (cohort of 35 that cost upwards of 20k per year, 218 with costs of more than 10k per year). Due to needs or capacity issues, many children are placed with independent specialist providers.

Adult Social Care

£6.7m is spent on transporting adults to day services and respite care, this spend does not include where adults are using part of their direct payments to fund transport. The department's budget plan includes transport savings of £3.000m in 2018-19 and £0.800m in 2019-20. Adult Social Services has carried out actions in line with the budgets agreed by Council to deliver transport savings however this has not resulted in the level of transport savings required in previous years. The department does appear to be managing demand in this area, as expenditure has not increased despite there being an increasing demand for services, and some savings have been achieved. However the cultural shift is taking time to embed and therefore revised savings figures have been proposed for this area.

Adult Social Services funds the transport of about 2000 people enabling them to access their social care/community activities. Approximately 1500 have their transport commissioned and arranged by Integrated Passenger Transport Team.

Equating to an average cost of £4,400 per adult per year. When compared to Childrens the cost per individual is generally lower but the issue of miles travelled remains the same with clients coming from places like Cromer, Great Yarmouth and Dereham. Similar provision closer to their home would take away the need to travel, but would need to be balanced against the costs of having smaller units and the increase cost of day centre settings.

The IPTU and Adult Social Services Transport Project Team identified a hotspot in terms of a number of services users with high needs living in Thetford and the surrounding area and travelling to Norwich daily because there was no provision closer to home that could meet their neds. ASS are refurbishing a building to provide day services and respite care service in Thetford, it is estimated it will be operating from May 2018. The estimated annual transport savings from having a suitable service locally in Thetford are £0.250m.

It has been identified that there is a need to assess transition data for children to adults it is essential that business cases are examined for the transition to adults and sustainable solutions are given as options.

Placements and therefore transport requirements are determined within Care Act assessments and therefore there needs to be a robust mechanism in place to ensure that NCC funded travel assistance is only provided if in the opinion of the assessor there is no alternative and appropriate transport available (be it personal, with the assistance of family / friends, or public transport). NCC only provides transport if it is the only reasonable means of ensuring that the service user can be safely transported to an assessed and eligible service and it is the nearest service that can meet the individual's needs. For existing individuals getting Adult Social Services funding, the reframed Transport policy is being introduced in a gradual manner as part of individual's annual reviews and reassessments. This will be part of the reassessments and reviews carried out under the Working Age and Older People projects and the Review of Day Services under the Promoting Independence Programme. Delivery of the bulk of the savings in the ASS transport is dependent on Social Care staff doing a high volume of re-assessments/reviews and having the conversations with new and existing service users based on the new Transport Policy and Guidance.

Benchmarking Statistical Neighbour

	County	**Mainstream school transport costs per pupil travelling**	**SEN Transport costs per pupil travelling**	**In-house adult & social care transport per single passenger trip**	**External adult & social care transport per single passenger trip**
	Norfolk	£874	£5,368	£17.57	£25.07
	Suffolk	£1,049	£6,869	No data	No data
	Lincolnshire	£963	£5,515	No data	£11.97
	Somerset	£970	£5,541	No data	No data
	Devon	£1,146	£8,382	£11.08	£14.66
	East Sussex	£777	£4,295	No data	No data
	Derbyshire	£825	£5,051	£14.30	No data

Data Source: ATCO Passenger Transport Survey 2016

Upon initial look at benchmarked data there is an indication that NCC's school and SEN transport costs are at the lower end of the statistical group but our Adult Social Care costs are high. For the provision we offer through NCC we perform well. An independent review conducted by PWC found that the level of spend was good and that the only way to reduce costs would be to change the system and or reduce the amount of miles needed to be travelled.

It is worth noting that the comparisons are not equal as Lincolnshire significantly subsidise their transport by investing in Core Connect Fleet Vehicles, the figure above does not reflect this.

3. Financial Implications

3.1. Further work is needed to explore the financial implications of not doing anything and of forward planning for any future additional costs that could arise from the national policy direction.

There are many factors which will need to be taken into account if further savings if transport costs are made, or invest to save is developed to ensure that driving down costs in this respect does not increase cost elsewhere.

4. Issues, risks and innovation

4.1. Access to services. Including transport as a whole is complex with no easy direct fix. Yet there is a willingness and ambition to ensure that the system in place is the best and most appropriate service it can be.

Within both the Care Act and the Children & Families Act there is a strong emphasis on choice which needs to be balanced with local authority statutory duties, which can lead to legal challenges.

Schools are more independent, but many schools work very hard to ensure inclusion. The majority of children accessing SEN transport have an Education Health and Care

Plan (EHCP), the school is named and this is therefore legally binding. Changes to school placement require a statutory review of the EHCP and the full support of parents. It is imperative, therefore that parents and their current school need to be persuaded of the benefits of revised travel options and in particular, a change of school. The offer of new specialist provision closer to home must be led by the educational benefits that this provides (as determined by the Children & Families Act 2014 and current NCC Education Services strategy) with travel and transport benefits following from these; in simple terms parents must be given 'first refusal' for changes and our offer to them must be a positive change. As we drive the number of EHCPs for eligible children and young people we may increase expectation and cost.

Previous strategic developments within the LA for special educational need have responded to both major national legislative changes and local policy developments. Over the past ten years we have changed the designation of all of our special schools, leading to a change to complex need with an all age (3-19) model. The special school estate has expanded on current sites, and new school provision is now being put in place within Norfolk via the Academy and Free School routes. These developments will continue as part of our ongoing sufficiency duties, however in addition we also have a track record of developing independence travel training and this is being enhanced further via the new partnership with Hackney Community Transport (HCT) which is a Payment by Results independent travel training scheme. These developments are being coordinated within the new Education High Needs SEND service via a new Invest to Save programme of work, supported via a dedicated project manager and a 12 month fixed term Transport Officer post.

Schools regardless of whether they have a status of Maintained, Academy or free are independent of the LA and each other. Whilst there is a good track record of partnership working between the LA and Head teacher Associations it must be acknowledged that the LA operates within an influencing context and not one of control and command. The influencing role extends to the development of new schools, with the LA now increasingly in the position of responding to Free School proposals put forward by various sponsors rather than the LA dictating new school developments. The LA has recently reviewed and revised its education services to create a new service focus on children and young people with SEND and high needs, and to ensure that there is capacity to drive invest to save more extensively across the county. There is routine engagement with head teachers in relation to school exclusions, a new charging policy to dis-incentivise exclusion and strategies to develop greater local ownership of educational provision to meet needs and associated funding.

Adult Social Care are currently recruiting 50 more social care staff members to deliver the Promoting Independence strategy which focuses on keeping people independent, resilient and well for longer. At its core is the 'Living Well' approach to social work which is based around a Three Conversation model. It frees up social workers to get alongside people and find ways to help them live their lives and get the best possible outcomes. For existing adults getting Adult Social Care funding, the reframed Transport Policy is being introduced in a gradual manner as part of their annual review and reassessment which are carried out under the Working Age and Older People projects and the Review of Day services within the Promoting Independence programme. This is a transformational change programme and the impact will take time to come to fruition. By increasing the number of social workers caseloads will be more manageable and social workers will be coached to have these conversations.

	Risk The Corporate Risk register includes the risk from the Adult Social Services register and failure to make the budgeted transport savings of £3.8m by March 2018. The mitigating actions are outlined in the attached report to ASC 4 September as well as the proposal to amend the savings target. For Children Services the risk register details the variance between SEN transport predicted costs to actual being a demand led service.
5.	**Background Papers**
5.1.	None

Officer Contact

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POLICY AND RESOURCES COMMITTEE

Item No 12

Report title:	**Demand Management & Prevention Strategy: Children's Services**
Date of meeting:	**25 Sept 2017**
Responsible Chief Officer:	**Matt Dunkley. Interim Executive Director of Children's Services**

Strategic Impact

The Policy and Resources Committee agreed in July '17 that as part of the Council's transformation programme there would be 7 corporate priorities badged under the heading of "Norfolk Futures". The Demand Management and Prevention Strategy for Children's Services is one of those 7 priorities and will be at the heart of transforming children's services and making it both financially sustainable by 2022 and fit for the future.

1. Executive summary

1.1 Rising demand and budget pressures mean the current model of delivery for children's services is not financially sustainable. These pressures are driven largely, but not solely, by high looked after children (LAC) numbers, which are above the average for our statistical neighbours and which have risen steadily over the last five years. There are further pressures driven by high levels of demand for social care services which could be better and more effectively managed at a lower level through the provision of more robust early help services.

1.2 In addition, the transformation plans will need to reflect and complement the current Norfolk Safeguarding Improvement Plan, to ensure the current trajectory of improvement in quality is maintained, and issues raised in the last Ofsted inspection continue to be addressed.

1.3 This paper outlines the scale of the challenge facing the department and recommends an evidence based approach to investment, service transformation and subsequent cost avoidance, to achieve financial sustainability at the end of four years. The full detail is contained in the Outline Business Case (OBC) which is appended.

1.4 **Recommendations:**

For the Policy and Resources Committee to agree:

1. The Demand Management and Prevention Strategy as one of the 7 council priorities.
2. The allocation of a one-off investment of £12-15m into children's services over the four years, 2018-2022.
3. That the money be held centrally, overseen by the Director of Finance, and drawn down only in line with the pre-agreed milestones

4. That the committee receive an annual report on the progress of the transformation programme.

2. Purpose of the report

2.1 The Children's Services Leadership team has developed an Outline Business Case (OBC) which sets out its preliminary thinking about the transformation of Children's Services. The OBC sets out a programme of transformational change aimed at addressing concerns around rising demand, budgetary pressures and quality through a number of specific and highly targeted work-streams, and then provides a suggested programme of investment to support these. It contains a number of specific targets against each of these workstreams.

3. Background

3.1 There are significant financial pressures in children's social care, driven largely, but not exclusively, by the above average number of children looked after by the County and the high overall unit costs. The financial situation, combined with our understanding of future demand mean that the current delivery model is financially unsustainable going forwards and requires a transformational change to the way it operates to ensure that it is fit for the future.

3.2 The overall budget for Children's Services in 2016/17 was £161m, which was overspent by £8.575m (reduced by the one-off funding from Public Health of (£1.550m)). The social care element of the 2017/18 budget accounts for approximately £80m; £50m of which is spent on children's placements, with the majority of the remainder being spent on staffing. The 2017/18 budget includes one-off additional £9m growth, mostly for funding pressures relating to Looked After Children (LAC). Despite the additional funding, pressure is already being felt in the service with LAC forecasting a £1m overspend at the early period 2 forecast. This is due to the current LAC numbers and the current mix of services provided.

3.3 Looked after children's numbers have increased consistently over the last 5 yrs. from approximately 1015 in March 2012 to 1107 in March 17. Whilst LAC numbers have risen nationally, the rate of the Norfolk increase has exceeded the national picture. Expressed as a ratio, Norfolk looks after 65.9 children per 10,000 head of child population as at 31 March 2017 against an average amongst our statistical neighbours of 52.5. Nationally, our LAC ratio places us 79th, meaning there are 74 authorities with higher LAC ratios than Norfolk.

3.4 The projections for LAC numbers are that without some reparative activity or a change to the service model, these numbers will continue to rise over the next 4 year period, leading to an additional 122 LAC by 2022, at an approximate additional cost of £5m.

3.5 The placement mix for these children is imbalanced with too many being placed in expensive Independent Fostering Agency (IFA) placements, too few with in-house carers, too many in very expensive residential placements and too many young children in residential placements. Linked to this is an inadequate specialist fostering offer for those children with complex and challenging behaviour.

3.6 There is also a recognition within the department, that there are too many contacts coming into the department (largely from a range of professional partners) through its front door and that social workers spend a disproportionate amount of time carrying out assessment of families which either reveal no significant concerns or which are subsequently closed. Without corrective action, this level of activity will continue to rise utilising resources that could be better deployed elsewhere.

3.7 In addition to these financial pressures, Norfolk Children's Services Department has a range of statutory duties against which it is monitored and measured via a strong regulatory framework. Within that framework Ofsted inspections in 2013 and 2015 have found the department inadequate, resulting in significant activity to improve performance, structure and the experience of children and young people with the service.

3.8 Whilst improvements have been made, our self-assessment and the feedback from external monitoring suggests that we need to increase the pace of change if we are to get to good/outstanding in a timescale that is meaningful to the children and families with whom we work.

3.9 In summary, the challenges currently facing the department are set out above, namely, high LAC numbers, high units costs driven by an inappropriate placement mix and a system that allows concerns to escalate when they could probably be more effectively held lower in the system in early help services. We have projected out likely activity levels over a four year period, using reasonably conservative modelling (based primarily around population growth) and this has evidenced how unsustainable the current approach is without some significant changes to the current operating model.

3.10 The OBC is based on a successful business model developed by East Sussex County Council, adapted for Norfolk. East Sussex, through implementation of "Transformation and Thrive", made a significant difference to their financial forecast and outcomes for vulnerable families.

4. Proposal

4.1 We want to launch and embed an ambitious change programme that is financially sustainable, transformational, long term and which spans across both the Council and the wider children's partnership. We want to build a sustainable system for children's care and well-being in Norfolk, which provides the right level of skilled response to different levels of family need, promptly, cost effectively, and without resources being expended unnecessarily on inefficient and repetitive assessments. Put simply we want to create a step change in existing culture and practice to support more families to resolve their difficulties earlier and make it less necessary and common to have more expensive social care intervention later on in the process. We want to develop and support the wider children's workforce to intervene more effectively and to hold risk more confidently. We will have to achieve this without compromising Children's safety in the process or raising the threshold for admission into care. This will require significant investment in a range of additional services, including some that contribute to a better skilled, more competent and confident workforce.

4.2 To achieve our vision, and based on our analysis, we will work through a number of key work-streams. They are:

4.2.1 We will reduce the numbers of children coming into contact with statutory social care and reduce unnecessary assessments through effective early intervention and more substantial support to hold risk with families below the level of statutory intervention.

We know that it is better and more cost effective to intervene with families earlier, when concerns are beginning to emerge, rather than waiting for them to escalate. We aim to reduce the demand on expensive social work resources, by putting into place a more comprehensive and effective early help service.

4.2.2 We will reduce the number of looked after children over time.

5. We know that our LAC numbers in Norfolk are high and that they have created significant budgetary pressures within social care which we aim to address through this programme. Some of this work has already begun but we need to increase the pace.

4.2.3 We will recruit more Norfolk foster carers and reduce our dependency on expensive Independent Fostering Agency (IFA) placements to reduce the unit costs of our LAC placements.

We recognise that we are overly reliant on IFA placements for our children and that this creates financial pressures due to the higher costs. We aim to have between 100-160 more children placed with in-house carers by the end of this programme.

4.2.4 We will ensure that more children and young people have the opportunity to experience family life by reducing our use of residential care and investing in specialist, well supported alternatives.

We know that we have too many children placed in children's homes (including those under 11 years) and we will tackle this by increasing the range of placement choices that are made available for children and then better managing the use of those options.

4.2.5 We will ensure that care leavers are better supported primarily through the provision of better, high quality and cost effective 16yrs+ provision.

We will ensure that semi-independent provision for looked after children moving to independence (16yrs plus provision) is commissioned more effectively to provide a high quality level of provision within the identified budgets.

4.2.6 We will invest in the training and development of our workforce to ensure they have the right skills to better support the families with whom they work.

The transformational changes that are required, need a workforce with the skills and abilities linked to our priorities and our work-streams. We need to invest in such training to both improve the quality of the work and to help us achieve the outcomes we have identified.

4.2.7 We will manage all of the above work streams within a future operating model which emphasises the need for interventions at the lowest appropriate level and which prevents the need for more expensive high end interventions across the whole social care system.

This new operating model is set out in more detail in the OBC and the link is made with the need for a different set of behaviours or culture to be introduced across the department.

4.3 To support this ambitious programme of transformational change, the department is asking for a one- off investment of £12-15m profiled over a four year period. The approach and the investment proposal are based on a successful model that was used in East Sussex and scaled up to match the size of Norfolk.

4.4 The OBC sets out a range target for LAC reduction, the number of in-house foster carers and the move away from over-use of residential care into family based alternatives and links these to a range of possible savings.

5. Financial implications

5.1 The attached OBC contains a range of demand trajectories (linked to the financial modelling) which range from a "Do Nothing" scenario which would lead to an unbudgeted £5m pa pressure by 2021/22 through to a range of demand and cost management options which could lead to up to £21m less spend than is being projected. This estimate is primarily based upon expected population growth of under 18s combined with a projection based on LAC numbers between 2012 and the current date.

5.2 The high-level financial modelling for alternative trajectories link the creation of a financially sustainable social care model to a four year investment of £12-15m.

5.3 The sustainability of the model is critical to ensuring that reductions in LAC numbers and improvements to the mix of placements continue beyond the end of the transformation programme.

5.4 The proposal is that this money is held in a central pot which the department would then draw down through a formal Investment Draw Down plan in line with key milestones identified in the project plan. Any proposed deviations from the plan would also need to be presented to the Managing Director and CLT for approval in the same way. In the early stages of the programme, there will be two particularly key gateways at which financial assumptions within the plan will need to be tested: January 2018 to review outturn forecasts for Children's Social Care and the first full year spending plan and January 2019, which will be a part year review of the first year of the programme and make decisions about budget release for year 2. This gateway approach will mean that investment monies are only drawn down if they are needed and will allow CLT to review progress.

5.5 The investment, matched against the related savings will be profiled over the four years of the programme with higher levels of investment in the initial years matched against cost avoidance and savings in the latter years. Funding for the investment required will be identified during the budget setting process.

5.6 The successful business model developed by East Sussex County Council, "Transformation and Thrive", made a significant difference to their financial forecast through cost avoidance and savings, as well as the outcomes for vulnerable families. Their report on the impact of the implementation of their programme of change was that for each £1m of one-off investment during the programme, they had a return of £1.5m pa.

6. Issues, risk and innovation

6.1 The risks of doing nothing are well rehearsed above and are explored in greater detail in the attached OBC.

6.2 We know that reducing our looked after children numbers and the costs associated with them is possible. Other local authorities have successfully tackled high LAC numbers, notably Essex, our nominated Improvement Partner. A previous Norfolk LAC reduction policy saw a decrease of 100 looked after children between 2014-16, although this decrease was not sustained. We have analysed the reasons for this (lack of a supported programme approach, the requirement to make savings within that edge of care service, failure to tackle the required cultural changes) and will be tackling those as part of this transformation programme.

6.3 There are significant other risks involved in the transformation programme, some of which are reputational, related to previous under-achievement in such programmes and some of which relate to the scale of the aspirations.

6.4 The council has recognised that the successful achievement of the 7 corporate priorities is central to the success of its transformational Norfolk Futures programme. As such, all the programmes will receive support from the Strategy and Delivery Unit and it's this approach, combined with a recognition that such changes require a detailed programme management approach backed up by very tight management and tracking at the highest level within the organisation which will provide the higher guarantee of success.

7. Background papers

Demand Management and Prevention Strategy: Children's Services. Matt Dunkley. Director of Children's Services. Appendix 1.
Caring for your County. Report to Policy and Resources Committee. Wendy Thomson. Managing Director. 3 July 2017.

8. Officer contact

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Demand Management and Prevention Strategy: Children's Services.

Outline Business Case

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1. Introduction

Norfolk Children's Services Department has a range of statutory duties against which we are monitored and measured via a strong regulatory framework. Within that framework Ofsted inspections in 2013 and 2015 have found the department inadequate, resulting in significant activity to improve performance, the structure of the department and the experience of children and young people with the service. Current improvement activity is outlined in the Children Service Improvement Plan which is overseen by the Improvement Board and is supported by Ofsted's improvement offer and our partner in practice, Essex County Council Children's Service.

The trajectory of demand for children's services within our current service response is not financially sustainable. The need for considerable cost savings and the overall operating environment dictate that significant savings will be necessary if the council is to operate within its budget.

The outturn for 2016/17 for Children Services (excluding Dedicated Schools Grant spend) was an over-spend of over £8.575m on a budget of £161.051m; this gives an indication of the level of challenge for the service. This level of overspend was after one-off funding from Public Health of (£1.550m). Additionally, the Dedicated Schools Grant (DSG) required the full use of the DSG reserve and a loan from schools balances of £2.579m to achieve a balanced position. The 2017/18 budget (excluding DSG) is £177.350m, which includes additional £9m growth funding mostly for funding pressures relating to Looked After Children (LAC). Despite the additional funding, pressure is already being felt in the service with LAC forecasting a £1m overspend at 2 forecast.

These factors dictate that pressures cannot be contained within existing models of service delivery, but also, that a transformational change is required to drive up the quality of services to an acceptable level. This outline business case sets out the rationale for one off investment into a transformational approach to children's services to achieve both a sustainable budget by the end of 2021/22 and the requisite quality improvements. The requirement for Service transformation is acknowledged by both Ofsted and Norfolk County Council. It also supports the County Council's ambition to be rated "Good" by Ofsted within 3 year.

2. Executive Summary

This paper sets out the challenges for children's social care (CSC) in terms of the need to achieve long term financial sustainability, drive up quality, the high demand within the system in relation to high looked after children numbers, the placement mix for looked after children, the cost pressures driven by these requirements and the overall financial position of the council. It concludes by proposing a substantial up-front investment in children's services to allow it to improve quality, reduce numbers of children within the system and their cost and to create a model of children's social care that is affordable with the financial constraints NCC faces.

There are high levels of demand within the system, primarily in respect of too many looked after children. 1107 children are currently looked after by Norfolk County Council, a ratio of 65.9 children per 10,000 head of child population. The statistical neighbour average is 52.5 per 10,000 which translates into a rough difference of 216 children.

There are demand pressures in relation to numbers of referrals into the system and the amount of energy that is expended on assessing these referrals, which are often then closed.

The projections for both LAC numbers and contacts and referrals into the system are that without some reparative activity or a change to the service model, these numbers will continue to rise over the next 4 year period.

The placement mix for these children is unbalanced with too many being placed in expensive Independent Fostering Agency (IFA) placements, too many in very expensive residential placements, too many young children in residential placements and insufficient in-house foster carers. Linked to this is an inadequate specialist fostering offer for those children with complex and challenging behaviour.

The placement mix, combined with our high overall average unit costs and high numbers create significant cost pressures which need to be addressed both urgently and in a comprehensive, effective and sustainable manner.

Children's Services net budget for 2017/18 is £177.350m (excluding DSG). The current budget planning assumptions for the next 4 financial years (2018/19 to 2021/22) include:

(i) £9m of ongoing growth monies from 2018/19 (originally allocated on a one-off basis in 2016/17);

(ii) savings targets of approximately (£24m) over the next four year period. Cross-cutting items for the whole of NCC are being considered, which may have an impact on departmental savings targets;

(iii) previously identified savings of (£0.409m) for 2018/19;

(iv) no funding is allocated for demographic growth from a social care perspective, despite the national trend;

(v) net expenditure within the Dedicated Schools Grant will break-even and not require any additional funding from NCC.

Approximately £80m of the net budget is allocated to social care and £26m to early help. Of these amounts, c. £50m is budgeted on placements, c. £33m on staffing and c. £23m on other spend areas including targeted preventative interventions and Children's Centres. An additional c. £3m funds Independent Reviewing Officers and Quality Assurance staffing.

The current phasing of the allocated savings targets are (£7.134m) 2018/19, (£6.369m) 2019/20 and (£10.013m) 2020/21 (2021/22 savings have been allocated to earlier years). These represent percentage decreases in budget year on year of 4.0%, 3.7% and 6.1% respectively.

As set out above, the vast majority of spend is either on children's placements or staffing. The major controllable spend is placements, with the volume and mix of placements being probably the key area of focus (based upon our understanding of comparable volume figures across NCC's statistical neighbour (SN) cohort). However, whilst our cost comparators indicate unit costs which are not substantially out of line with statistical neighbours, we still believe that there are further savings that can be driven out in this area through more effective commissioning.

The staffing spend is less easily controlled, but the intention behind the model is that a significant proportion of any potential staff savings can be recycled into better preventative services in either early help or social care to drive down, and continue to drive down, high level (tertiary) demand

It argues that the only realistic way to address these pressures in a sustainable and safe way is through a significant programme of transformational change which seeks to reduce spend to sustainable levels and increase quality to a "good" standard through:

1. Reducing demand for services coming to CSC through the front door (Multi Agency Safeguarding Hub, MASH). This means reducing contacts and assessments all of which are very resource heavy.

2. Reconfiguring the whole system so that work is dealt with earlier and more effectively and at a lower level where problems can be tackled (and hopefully resolved) before they require statutory intervention

3. Earlier intervention by early help services will reduce the amount of work moving through to the tertiary service (statutory child protection and looked after services), thereby reducing cost

4. Driving down numbers of looked after children, to a figure that is in line with SN in the first instance

5. Changing the placement mix for those children who are looked after so that placements are more appropriate for children's needs, are more local and more cost effective. This means increasing the numbers of Norfolk foster carers, decreasing our reliance on IFA placements, identifying more specialist (highly skilled) carers to provide placements for children with more challenging needs and reducing our reliance on residential care by both stopping new admissions and moving some existing children into lower cost family based placements.

6. Addressing unit costs through smarter commissioning delivered through consortia based arrangements.

The proposed model, currently in development, is based on a successful approach that was adopted in East Sussex to tackle similar problems of high LAC numbers, cost and high demand in the system. That model worked well, reducing LAC significantly and contributing to significant costs savings over the three years of the project.

The model is based on a requirement to run existing services at the same time as putting into place a range of early help and diversionary services focused on driving down demand for them longer term. The problem with previously utilised change models is that they have attempted to reduce levels of future demand at the same time as operating the day to day aspects of the department without additional resource.". The logic behind this approach is that a tightly managed and monitored programme of change that has a range of agreed targets and related metrics, which is robustly managed with tight governance arrangements in place has a high likelihood of success. Learning will be taken from the adult social care Promoting Independence programme that is based upon the principles of investing grant and reserves monies to realign interventions in prevention to reduce demand. The scale of the success, is, based on the East Sussex experience, related to the scale of the one-off investment. In other words, a larger one-off investment has a greater chance of delivering more substantial results whilst more modest investment will yield more limited success.

3. Analysis and Problem Definition

Demand for social care services in Norfolk is high, with numbers of looked after children significantly above the SN averages and higher than average contacts. Numbers of contacts into the system are high (25% above SN average) although referral numbers are in line with statistical neighbours. A lot of resource is expended on above average numbers of SW assessments and child protection investigations which result in no further action

Looked after numbers
There are 1107 children and young people being looked after in Norfolk at the end of March 2017. Norfolk's LAC population has grown by 13% since March 2011 when it stood at 960. LAC populations nationwide have also experienced sustained growth during this time period with a 6% growth nationally between March 2011 and March 2015.

Norfolk's LAC numbers have however, increased against an already high base and have increased at a higher rate than is the case nationally.

Measuring the rate of LAC per 10,000 in the local population allows comparison of the relative size of Norfolk's LAC population against that of other regions. At the end of March **2017**, 65.9 children and young people were being looked after in Norfolk per 10,000 in the local population. The comparative rates were nationally (60/10,000), statistical neighbour group (52.5/10,000) and Eastern Region (49/10,000). Nationally, our LAC ratio places us 79th out of approximately 150 local authorities in England, meaning there are 74 authorities with higher LAC ratios than Norfolk. The table below shows the historic trends for LAC populations both for Norfolk and for our Statistical Neighbours:

Year	LAC rate per 10,000			LAC Numbers	
	Norfolk	Statistical Neighbour Average	East of England	Norfolk	Statistical Neighbour Average
2010	54	46.5	50	890	461
2011	58	47.7	51	960	500
2012	61	49	51	1,015	524
2013	65	50.8	50	1,080	531
2014	69	51.3	50	1,150	527
2015	64	52.4	48	1,070	534
2016	62	52.1	49	1,045	534
Mar-17 (Provisional)	65.9	52.1	49	1106	534

If the Norfolk LAC population were aligned with the average of our statistical neighbour group or the national average, it would translate into a reduction of between 216 and 265 children.

The annual rate of increase for looked after children suggests that if we do nothing, the numbers of looked after children will have increased to 1222 by 2021/22, an increase of 116.

The age profile of Norfolk's LAC population is skewed significantly towards the 10 years and over age groups with this age group representing 46.6% of Norfolk's under 18 population 61.4% of all children looked after. This over representation is however with the national figure of 60% of LAC nationwide being aged 10 years and over.

Placement type
76% of looked after children are placed in foster care, against a national average of 75%, which is a strong position. However, too many of these are in expensive independent fostering agency (IFA) placements as opposed to being with in-house carers. There are a number of different methods for measuring and benchmarking the ratio between in-house and IFA carers, each of which produces a slightly different target. These are all set out below. A minority are in residential care, but this group is too large and there are too many younger children in such placements. The detailed analysis is set out below

Foster care.
Percentage of children in foster care.
The overall % of looked after children in foster care in Norfolk at 76% is in line with regional average of 75%.

Percentage of children in LA foster care to whole LAC population
In Norfolk 445 children are in NCC fostering placements (365 households), 40.5% of the LAC population. A reasonable benchmark is probably to have this at 50%. This would equate to an increase of in-house placements of 100 children.

Percentage of children in in-house/IFA care against the fostered population

823 children are in foster care (excluding SGO). 445 are placed with in-house carers (54%), 378 with IFA (46%). The national average for children placed in non-LA foster care is 25% of the fostered population.[1] A 20% reduction in use of IFA equates to 160 moving from IFA to in-house placements.

An IMPOWER report in 2014 suggested that nationally 68% of fostered children were with in-house carers against 32% with IFA carers[2]. For Norfolk at 54% in –house, this would equate to 114 additional children placed with in house carers. They further concluded that the typical in-house placement was approx. £17,000 per annum cheaper than the equivalent IFA placement[3]

Residential care
There were 130 young people in residential care in March '17 (reduced to 120 June 17), including CWD. This equates to 11% and 12% of the LAC population respectively. The national average appears to be approximately 10%.

When compared to statistical neighbours our figures appear even higher. The SN average is 11.5% which includes both those in residential care and those in semi-independent 16yrs+ accommodation. Our figure is 15.3%. That equates to a difference of 44 young people, although the figures don't tell us whether this is all residential numbers or a mix of residential and semi-independent.

There are 20 children under 11yrs in res care, which is 15.5% of the residential LAC population (1 CWD). The national average for 0-9yr olds is 3%. Our % for 0-9yrs appears to be 6% (8 children). However, there are only 140 children in residential care in this age band, across the country. This is less than one in each authority. This is too high.

Contacts, referrals and SW assessment activity
As outlined earlier, contact numbers for the department (cases which are referred to us, but prior to a decision being made whether it constitutes a referral or could be simply noted or referred onwards) are approximately 25% above average, although this is not translated into high referral numbers which are in line with averages. Social work teams carry out more SW assessments than they should.

Numbers of contacts into the system are high (25% above SN average) although referral numbers are in line with statistical neighbours. A lot of resource is expended on above average numbers of SW assessments (493 per 10,000 against 455 for SN) and child protection investigations which result in no further action (54% against 45% for SN). Whilst this picture is mixed, it suggests more work is required to damp down low level contacts with the department and the high number of SW assessments and CP investigations which lead to no further action (currently 53%) suggest that an enhanced early help service combined with clearer work on thresholds could reduce work within the system. This view would certainly replicate the view that the high LAC numbers could/should be reduced by making more practical and lower level support available to families at an earlier stage. Section 4 on demand modelling will begin to address this.

4. Future Demand Modelling

This section looks at current demand within the wider context of likely future demand. It examines likely growth models based on population projections and existing trends. It then examines a number of models of demand reduction which can then be linked to indicative cost savings, with the caveat that this is not an exact science and predictions can only ever be that. The importance of a range is therefore important.

[1] Cumbria Sufficiency Strategy. 2015-2018
[2] Ofsted quote 67% and 33% respectively in "Fostering in England 1 April 2014 to 31 March 2015, Ofsted, December 2015, www.gov.uk/government/statistics/fostering-in-england-1-april-2014-to-31-march-2015".
[3] Not clear whether the report calibrated for complexity of needs. Note the difference in in-house percentages

The section then posits how the proposed Transformation Programme is based on not simply reducing demand but also diverting demand to lower levels within the system. This means adopting an approach that, through investment, builds early help and preventative services which can divert young people from expensive Tier 4 services into early help services which prevent escalating demand.

The chart below explains Norfolk LAC numbers in the context of current and future projections based on population growth and straight line projections and places them within the context of best (Derbyshire) and worst (Isle of White) performing statistical neighbours. The table refers to LAC numbers per 10,000 head of child population, referring to a ratio rather than absolute numbers. For completeness sake, the numbers are included in the table immediately following.

For modelling purposes we have used 5 trajectories as follows:

Trajectory 1.	"Do nothing." This maps likely demand, based upon a combination of population growth and historical trend since 2012, which takes account of the impact of the LAC reduction strategy but not the trend of significant growth in previous years, 1222 LAC
Trajectory 2.	Based on reducing to the projected statistical neighbour average, 1016 LAC
Trajectory 3	Based on reducing to the current statistical neighbour average, 927 LAC
Trajectory 4	Based on reducing to the projected best performing statistical neighbour, 784 LAC

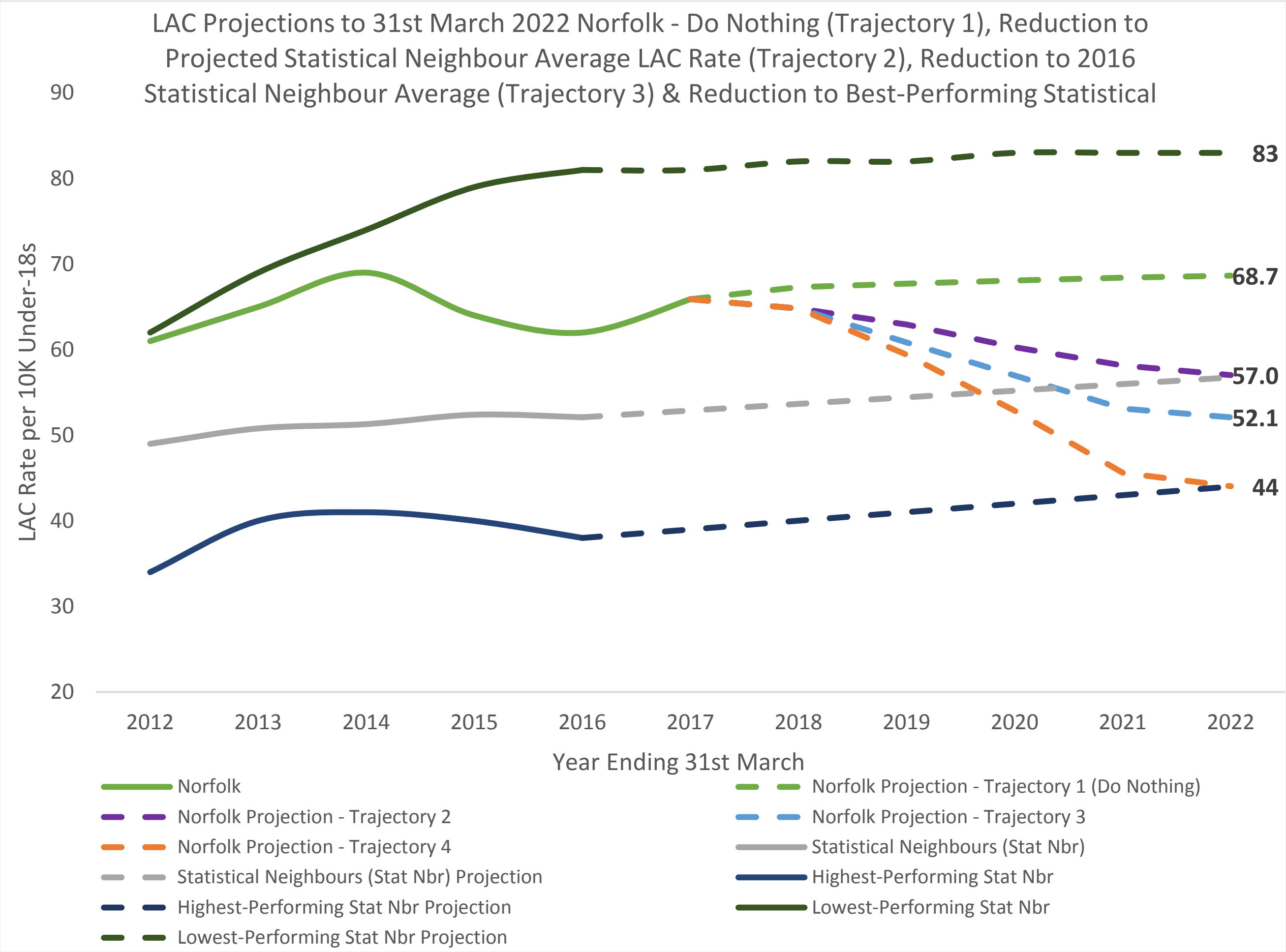


Table 1. LAC rates per 10,000 under 18yrs

The following table provides a diagrammatic illustration of the above chart, with key numbers included. It provides data on 4 trajectories, the first doing nothing, the second, third and fourth providing models with different levels of ambition (and possibly realism) with reductions modelled in different years.

	LAC numbers	LAC rate per 10,000	LAC in foster care
Figs at March 17	1107	65.9	821
Projection at March 18	1107	64.8	821
Trajectory 1 – Do nothing			
18/19	1137	66	978
19/20	1169	67	1005
20/21	1197	67.9	1029
21/22	1222	68.7	1051
Trajectory 2 – Reduction to Projected 2022 Statistical Neighbour Ave. LAC Rate			
18/19 -2%	1085	62.9	805
19/20 -3%	1052	60.3	780
20/21 -2.5%	1026	58.2	761
21/22 -1%	1016	57.1	753
Trajectory 3 – Reduction to 2016 Statistical Neighbour Ave. LAC Rate			
18/19 -5.25%	1049	60.9	778
19/20 -5.25%	994	57	737
20/21 -5.75%	937	53.1	695
21/22 -1%	927	52.1	688
Trajectory 4 – Reduction to Best-Performing Statistical Neighbour Rate			
18/19 -7.5%	1024	59.4	759
19/20 -10%	922	52.8	683
20/21 -12.75%	804	45.6	596
21/22 -2.5%	784	44.0	581

As can be seen from the table above the difference between the “Do Nothing” projection of 1222 LAC and the most ambitious projection of 703 LAC is 519 children.

The scenario of doing nothing would suggest an additional 115 looked after children in 4 years, creating an additional placement cost pressure of approximately £5m pa. The most ambitious projection could lead to a saving in placement costs of approximately £21m pa.[4] Both of these scenarios make clear that the option of “doing nothing” is not a realistic option within the current climate.

The second aspect of demand management for looked after children is the management of the placement mix for those who are looked after. The key pressures here have already been laid out: too many children in IFAs, too few in-house carers, too many children in residential units and too many of those are under 11yrs. The circumstances that led to this situation are complex with no one single cause and there is therefore no single solution. IFA incursion into the authority appears to be at a higher rate than in some neighbouring authorities apparently resulting from a period

[4] Approx. costs / savings are high level calculations based on average unit costs and savings will be offset by any alternative provision required (to be modelled)

when IFAs were actively encouraged by NCC CS to invest in Norfolk. Under investment in the in-house fostering recruitment team will have played a role. Less robust decision making will have contributed to high LAC numbers in residential as will have a lack of robust intensive fostering placements as alternatives, poor support to in-house carers and the absence of a robust approach to monitoring and changing those placements as needs have changed. The high LAC numbers themselves will have affected the whole placement mix, making the department more reliant on IFAs and other alternatives to its own provision due to the sheer scale of the numbers.

There are a number of models which are available to assist with thinking about a change in placement mix.

As set out in the analysis section, there are different ways of estimating what the in-house fostering numbers should be, with the conclusion being that to put ourselves in line with statistical neighbours, between 100 and 164 more children should be placed with our own carers and not be placed with IFA carers. This equates to a 25-33% increase in the number of children placed in-house. This requires a significant leap in the numbers of in-house carers that Norfolk needs to recruit. However, the cost benefits of moving from IFA placement to in-house are approximately £15k pa equating to a potential cost saving of between £1.5-2.5m

Adjusting the placement mix by moving between IFA and in-house carers generates some savings. The bigger savings are however likely to be found in reducing numbers of children in residential care, moving from high cost to lower cost residential care and finally moving from residential care to high spec intensive fostering placements. The table below provides the average costs of each of these placement options and illustrates the scale of potential savings.

Norfolk average unit costs compared to CIPFA[5] national average:

	In-house fostering	**Independent fostering agency**	**In-house residential[6]**	**External residential cost**	**Specialist fostering**
Weekly average cost	£498	£802	£2,504	£3,637	£1,400
Annual average cost	£25,967	£41,818	£130,564	£189,640	£72,999
	CIPFA Benchmark Data Sept 16				2016/17 average

	Average LAC placement cost (including semi-independent)	**Average LAC placement cost (excluding semi-independent)**	**CIPFA Average LAC placement cost (excluding semi-independent)**
Weekly average cost	£968	£959	£1,014
Annual average cost	£50,473	£50,004	£52,893
	CIPFA Benchmark Data Sept 16		

The proposal is to develop a detailed model which maps the move of children from high cost to medium cost residential, medium cost residential to foster care, IFA to in-house care and ultimately from care to home. The detailed modelling and cost/benefit analysis of this will be developed in phase 1 of the project.

Referrals, contacts and assessments

The data suggests that whilst our referral numbers are not disproportionately high, we carry out too many assessments and too many of our child protection assessments result in no further action. This type of activity does not carry the same direct costs as becoming looked after, but it does

[5] CIPFA refers to the Chartered institute of Public Finance Accountancy, which is a benchmarking group that allows authorities to compare services by providing data on cost and volume.

[6] In-house residential is not always fully utilised due to the needs of a placed child / young person (e.g. one LAC placed in a two-bedded unit) – this has the effect of increasing the average unit rate.

mean that we are tying up valuable staffing resource inappropriately and that we are intervening with too many families, which in itself can generate unnecessary work within the system. Child protection assessments (54% of which result in no further action) are an extremely expensive and time consuming resource that with a better more robust approach could be better deployed in other areas.

Our projections indicate once again that without a different approach this work will increase steadily over the next four years.

	Number of contacts	Referrals	Single assessments	Children with CP plans
Figs at March 17	34786	8257	8278	582
Projection at March 18	34786	8257	8278	582
Trajectory 1 – Do nothing				
18/19	38500	8855	8026	584
19/20	38952	8959	8121	591
20/21	39387	9059	8212	597
21/22	39757	9144	8289	603
Trajectory 2 – Reduction to Projected 2022 Statistical Neighbour Ave. LAC Rate				
18/19 -2%	34090	8092	8112	570
19/20 -3%	33068	6878	6896	485
20/21 -2.5%	32241	6706	6723	473
21/22 -1%	31918	6639	6656	468
Trajectory 3 – Reduction to 2016 Statistical Neighbour Ave. LAC Rate				
18/19 -5.25%	32960	7824	7843	551
19/20 -5.25%	31971	6650	6667	469
20/21 -5.75%	31172	6484	6500	457
21/22 -1%	30860	6419	6435	452
Trajectory 4 – Reduction to Best-Performing Statistical Neighbour Rate				
18/19 -7.5%	32177	7638	7657	538
19/20 -10%	28959	6874	6891	485
20/21 -12.75%	25267	5998	6013	423
21/22 -2.5%	24635	5848	5862	412

Future trends
Whilst we don't know what additional externally driven pressures the department will experience, history tells us that the pressure is generally upwards not downwards. Recent initiatives which have increased demand (and therefore cost pressures) on children's social care include: increasing numbers of asylum seekers, Southwark judgement which led to most homeless 16-17 year olds becoming looked after, Staying Put arrangements which drove more 18+ looked after children to remain with their foster carers, and increasing responsibilities for 18+ care leavers amongst others.

5. Our Vision for change

We want to launch and embed an ambitious change programme that is transformational, long term and which spans across both the Council and the wider children's partnership. We want to build a sustainable system for children's care and well-being in Norfolk, which provides the right level of skilled response to different levels of family need, promptly, cost effectively, and without resources being devoted unnecessarily to inefficient and repetitive assessment. Put simply we want to create a step change in existing culture and practice to support more families resolve their difficulties earlier and make it less necessary and common to have more expensive social care intervention later on in the process. We want to develop and support the wider children's workforce to intervene more effectively and to hold risk more confidently. We will have to achieve this without compromising Children's safety in the process or raising the threshold for admission into care. This will require significant investment in a range of additional services, including some that contribute to a better skilled more competent and confident workforce.

Whilst there are clear financial imperatives for transforming social care practice to a sustainable model we also believe that a redesigned system should be able to create the conditions in which good service can thrive and deliver better outcomes for children, families and the wider community with:

- Leadership, management and governance
    - Better outcomes for all children and young people
    - a more confident and skilled workforce that can build stronger families, more resilient, less dependent on services and better able both to nurture their children and to contribute to their communities
    - recruitment of high quality social workers
    - embedded performance management framework driving improvement and embedding learning
    - high quality performance and management information being used to inform and drive a more commissioning based approach to services
    - A children's social care system which is affordable.
- Improve the experiences of children looked after
    - Improve placement choice for looked after children ensuring that more are placed with families, less are in residential care and that the appropriate placement of younger children is prioritised and that all children have access to advocacy
    - Increase the number of foster to adopt placements and ensure timeliness to achieving adoption
    - Improve packages of support for foster households
    - Enhance offer of support around education, employment and training
    - Strengthen IRO roles and ensure team capacity to work with timeliness
    - Prioritisation of the timeliness for health assessments
    - Launch of Skills for Independence programme
    - Improve the Keeping in Touch arrangements for all care leavers
- Strengthening help and protection
    - Better outcomes for those children who are in our care
    - Consistent and clear thresholds including clear transitions (step up/step down)
    - New edge of care service
    - Improvements in the quality of child protection and child in need plans reducing risk
    - Continued use of Signs of Safety alongside safeguarding practice
    - Comprehensive review of the MASH and alignment of Early Help within MASH
    - Peer-audit and mentoring model within performance and quality framework to include early help
    - Strengthen the multi-agency missing and CSE function within the MASH
    - Improve the safety planning processes of Children Looked After in Norfolk placed by other local authorities
    - high quality performance and management information being used to inform and drive a more commissioning based approach to services

This is a complex transformation programme which has many interrelated elements and dependencies which involve not just the Council but a wide range of partners. Within the Children's Services Department a number of services and teams need to be involved in the work and we are linking governance of the transformation programme with that for our wider programme of service reviews and strategic developments.

The key work streams within the programme will be as follows

We will reduce the numbers of children coming into contact with statutory social care and reduce unnecessary assessments through effective early intervention and more substantial support to hold risk with families below the level of statutory intervention.

This feature will be one of the most challenging to establish, and a number of service and strategic developments will need to make a contribution. However, this will both reduce current work in the system in the longer term and manage down the future demand pressures that have been predicted which are not financially sustainable.

In particular:

- ***We need to review the role of children's centres*** to identify more effective ways of reaching out to all families potentially at risk, identifying the young children who are most at risk and targeting effective support towards them. A key, difficult, balance will need to be struck between universal reach and targeted support so that potentially at risk families can be engaged well without stigma (ie through universal service) while ensuring effective targeted support is provided where it is needed.. The review will also need to consider how far the children's centre workforce might be able to contribute to effective key working coordination/broader support for families with multiple problems.
- ***We need to review how early help works*** *to* consider how the current resources, might be used more effectively and with the most accurate targeting.
- ***We need to review how social care works*** to look at how the expertise of social workers can be enhanced and better aligned to the early intervention workforce in both identifying and managing risk, and making a difference for children and families. The level of investment in this support as opposed to direct social care provision/intervention for those with a higher level of need will need careful consideration.

The individual service reviews will not only contribute to the development of the early help strand; they will also be informed by it in their turn. In particular, decisions by the overarching programme team and Executive Board about the groups of children and families to be targeted for early help in the transformation programme, and the allocation of additional resources, will need to be taken into account within individual service reviews and developments, particularly children's centres, early help, edge of care and families with multiple problems.

We will reduce the number of looked after children over time

More children will be better supported to remain with their families. Looked after children will be reduced over a four year period by up to 400 children.

This will be achieved by continuing to develop support to families which are on the edge of breakdown, providing sophisticated therapeutically based support to families who are in the highest need, by putting support into families at the earliest possible time to reduce the need for more expensive provision at a later stage and by actively supporting increasing numbers of children to return to their families where it is appropriate and safe to do so.

Establishment of new **Edge of Care Service** which will support children, young people and families at point of crisis and prevent accommodation where it is safe to do so, supporting short term intensive engagement with families and early reunification for those who do become accommodated in such circumstances.

The use of external investment through a **Social Impact Bond** to increase support to families with the most complex needs which are on the edge of breaking down.

We will recruit more Norfolk foster carers and reduce our dependency on expensive IFA placements to reduce the unit costs of our LAC placements

We aim to place between 100 and 164 more children with in-house rather than IFA carers over a four year period.

This will be achieved through considerable additional investment in the fostering recruitment service, by developing a more commercial approach driven by specialist marketing expertise, by better supporting in-house carers through the provision of targeted specialist support and training to carers both those new to the service and to experienced carers who are looking after our most challenging children, by working alongside non council specialists where there is an evidence base of success and through a very tight programme of tracking and monitoring within the recruitment service.

We will ensure that more children and young people have the opportunity to experience family life by reducing our use of residential care and investing in specialist, well supported alternatives.

We aim to reduce the number of children in residential care from 130 (March 17) to 80 by the end of the four year period.

We will achieve this by better care planning and monitoring of children in residential units, by the provision of specialist support aimed at moving them into family based care and then better supporting them when they are there, by commissioning (internally and externally) specialist highly trained and supported carers able to care for children with the most challenging behaviour, by ensuring that there is a better range of support available to foster carers to prevent the breakdowns that often lead such children into residential care.

We will invest in the training and development of our workforce to ensure they have the right skills to better support the families with whom they work.

We recognise that to achieve such improvements and the savings that accompany them, we need to have a highly trained and skilled workforce, trained in a range of evidence based interventions, which is able to deliver our vision.

We will achieve this through a systematic programme of training for all key staff, focusing especially on the role of front line managers.

We will manage all of the above work streams within a future operating model which emphasises the need for interventions at the lowest appropriate level and which prevents the need for more expensive high end interventions across the whole social care system.

In many respects, the vision ends where it began which is about intervening early to better support families before there is a need for expensive and intrusive high end social care interventions. It recognises that to assess more families than is necessary is both expensive, resource hungry and inappropriate. The feedback from our improvement partners in Essex has been that reducing this level of monitoring is the correct approach, partially because of the risk it creates of scooping families up into the social care system inappropriately.

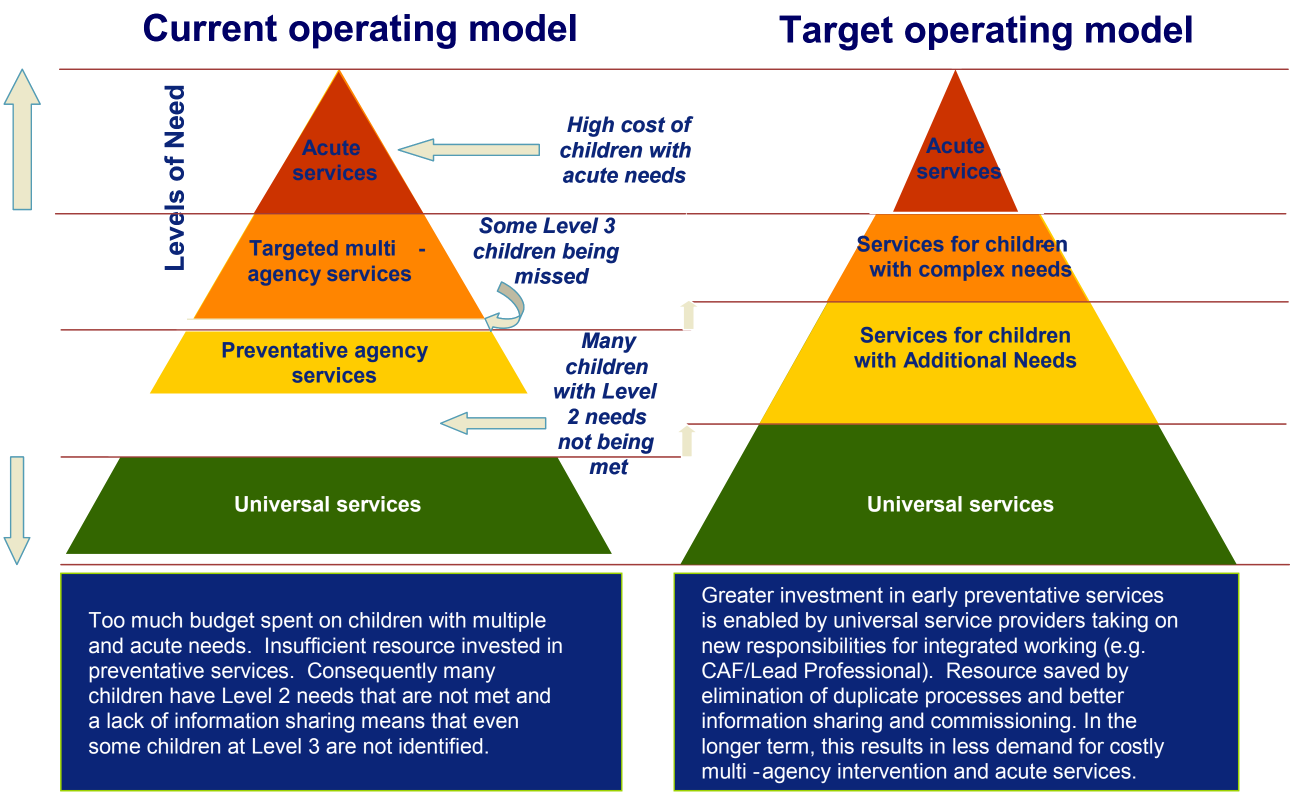
The intention is to create a complete paradigm shift that works actively across the range of services to ensure that need is identified and met earlier, that families under pressure are provided with the support they need when they need it and to prevent the escalation of families with difficulties into the statutory social care services.

At the most obvious level, it is about keeping more children at home with their families, but it is much more wide ranging than this. It involves supporting schools and other universal services to better support children and their families without having to refer onto early help and social care. It will work through the whole system adopting the same approach to forcing down demand and supporting services at lower levels to support families.

It will however, work within Norfolk's agreed threshold guidance to ensure that decisions are appropriate, that children remain safe and that importantly partner agencies understand the approach being taken and the rationale. Ensuring clarity of application of thresholds is key to this approach. Equally, partners must have confidence in the quality of services being offered and we anticipate that once this has been achieved it will begin to reduce the pressure to escalate cases in a bid to ensure that concerns are recognised and responded to appropriately.

The model below is a diagrammatic representation of how we anticipate this new approach working. In due course we hope to be able to attach numbers into some of these tiers to better illustrate the direction of travel and then to evidence the changes.

Figure 5



Finally, is the importance of **cultural change** within this transformation programme. We recognise that a culture has developed within the service, the wider organisation and amongst partners that has influenced behaviour and contributed at some level to the issues that we are now aiming to address. For example, rising LAC numbers are linked to a paucity of targeted edge of care type services, but they are also linked to a culture that is sometimes not challenging enough about alternatives to care and that is unwilling to manage risk in a different way. This is not unusual and more so it is quite common in authorities under intervention.

6. Financial modelling

The financial model for this business case is based around the following:

- A projection of the likely cost to the council of doing nothing, based primarily around demography, increasing LAC numbers and associated placement costs
- A projection that looks at a range of financial scenarios following the 3 savings trajectories identified earlier
- The detail of the investment required to deliver the savings and improvements based on the East Sussex model scaled to match Norfolk
- The estimated programme costs for establishing the programme over the coming 8 months, including some costs to ensure the robust running and management of the programme over the four year period.

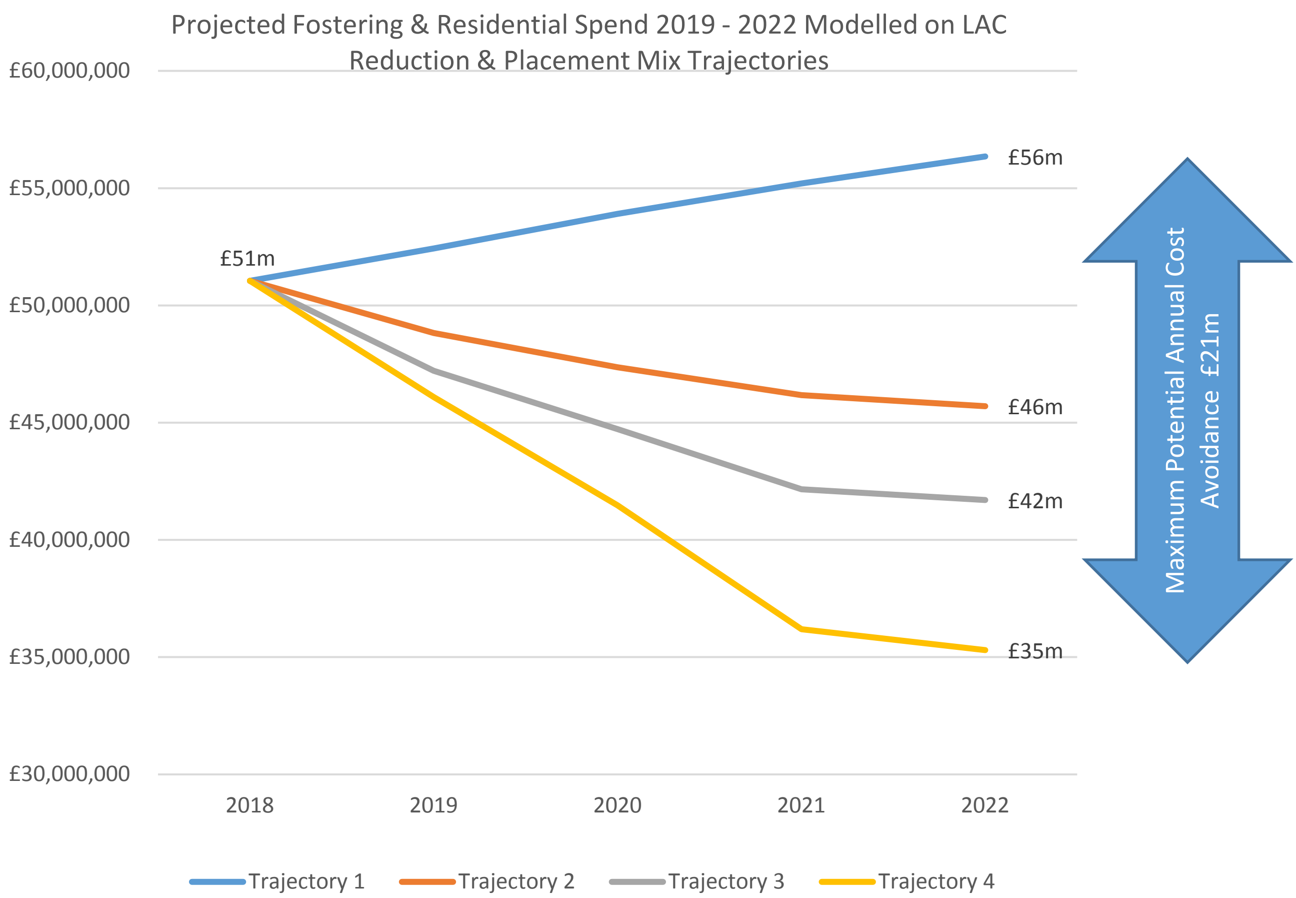
Cost projections based on doing nothing.

The outturn figures for 2016/17 with associated over / (under) spends, and the 2017/18 budget are set out below. The significant change in the social care budget from c. £70m to c. £80m year-on-year is primarily due to additional funding allocated through the budget planning process to meet additional demands within the service. This funding was originally allocated on a one-off basis, and is now proposed to become recurrent funding as part of the 2018-22 budget planning cycle.

Summary	**17-18 Budget** **£m**	**16-17 Budget** **£m**	**16-17 Outturn** **£m**	**16-17 Over / (Under) spend** **£m**
Social Care	80.241	69.660	82.759	13.099
Early Help	26.294	28.886	26.537	(2.349)
Education	36.855	36.627	35.872	(0.755)
Performance and Challenge	4.160	4.030	4.365	0.335
Capital Charges, Pensions (Schools) & Grant Funding (Education Services)	27.358	20.039	19.348	(0.690)
Other	2.442	1.809	0.745	(1.065)
Service Total	**177.350**	**161.051**	**169.626**	**8.575**

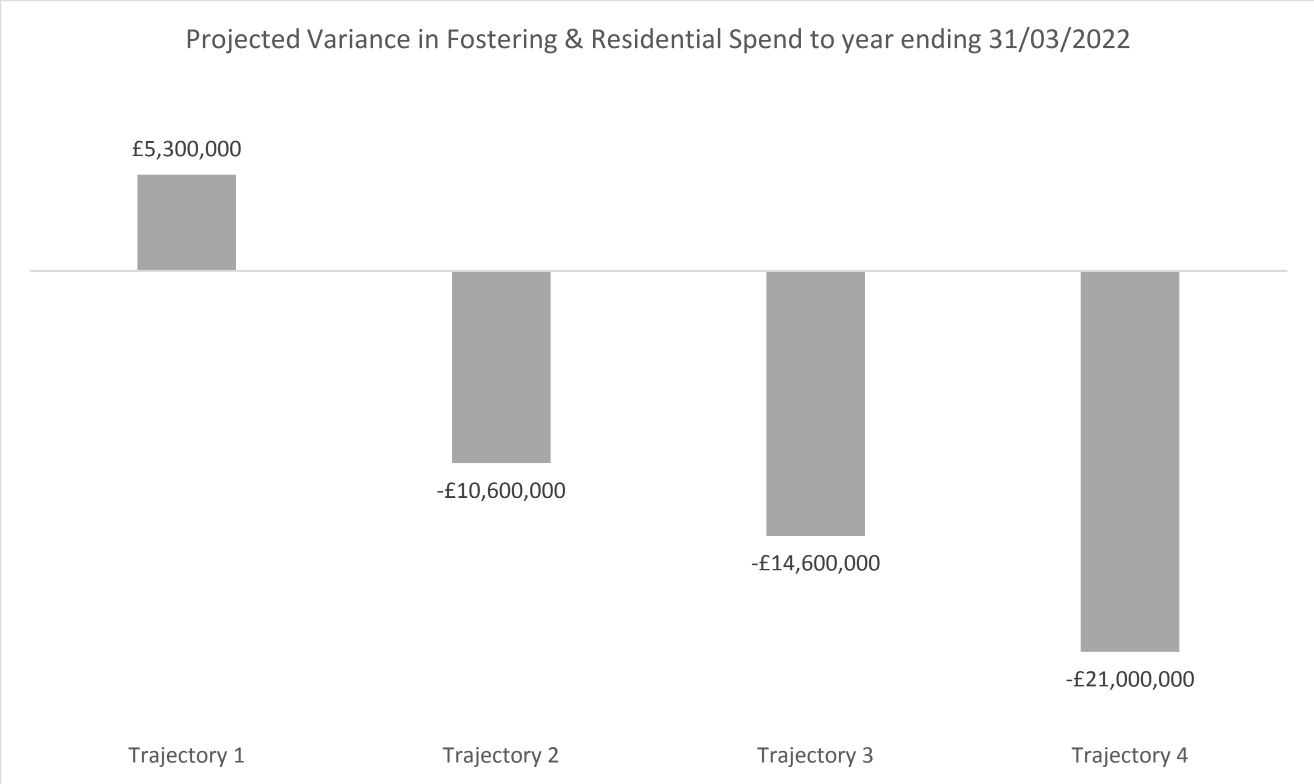
Based on the do-nothing scenario identified above and additional 115 LAC by end of 2022 would cost approximately an additional c. £5m of placement costs. In addition to these costs, the authority would also incur further staff costs, e.g. additional social workers and independent reviewing officers.

Cost projections



Key:

Trajectory 1	Do Nothing,
Trajectory 2	Reduction to 1016 LAC, Projected 2022 Statistical Neighbour Average LAC Rate
Trajectory 3	Reduction to 927 LAC, 2016 Statistical Neighbour Average LAC Rate
Trajectory 4	Reduction to 784 LAC, Best-Performing Statistical Neighbour LAC Rate



Please note that the cost projections are based on reducing the volume of LAC placements and moving towards the CIPFA average placement mix (with the exception of trajectory 1, ‘do nothing’, which presumes the current placement mix. Any move to the placement mix will take time to implement due to the need to recruit and train in-house (including additional specialist) foster carers and to develop the market to provide alternative options. Any additional ongoing costs of support for a child and / or family will reduce savings made. These projections do not include staffing savings that would be expected with reduced workload, which should offset some or all of the alternative interventions / support in the longer term

Conclusions on projected savings model

A number of different projections were provided to illustrate the savings that could be made through four different approaches but also in recognition that there is no exact science to this work and the plans can be affected, positively or negatively, by a range of external factors which are beyond the control of the council.

Trajectory 1 suggests that if we did nothing the additional cost pressures arising purely from LAC costs would amount to approximately c. £5.3m pa by 2022.

Trajectory 4 is the most ambitious with an estimate of both cost avoidance and savings c. £21m pa by 2022. However, this may not be achievable given that this would bring NCC in line with the projected performance of NCC’s best performing statistical neighbour with a reduction in LAC numbers of over 30%.

Conversely, trajectory 2 is the least ambitious, but still requires a significant reduction (over 16%) in the volume of LAC placements, which in turn could generate estimated placement savings and cost avoidance of c. £10m pa by 2022.

Trajectory 3 is a mid-range trajectory and provides an estimate of cost avoidance and savings c. £14.6m pa by 2022.

The financial modelling presumes the placement mix achieved for trajectories 2 to 4 is mid-way between NCC's current placement mix and the CIPFA average mix.

As further work is undertaken to produce more detailed financial models, the approach will be to segment the data into cohorts of children and young people to clarify the work-streams that are expected to impact on the outcomes for each cohort and to identify the expected financial and non-financial outcomes.

Investment requirement for 4 years of project.

Using the East Sussex programme as a model, one-off investment in the region of £12-15m across 4 years would seem an appropriate figure. This will include capital investment to support development of appropriate provision. The scale of Norfolk's challenge to solve is far greater than East Sussex faced; Norfolk's child population is approximately 60% higher than East Sussex, whilst East Sussex's LAC population was approximately 56% of the Norfolk numbers when their programme began. East Sussex achieved a reduction of nearly 12% of their LAC numbers (622 to 548), but the trajectory of 'doing nothing' would lead to an increase of 115 that needs to be avoided purely to prevent any further pressure. On the basis of the East Sussex level of investment, £1m of one-off investment could potentially see cost avoidance of £1.5m by 2022. This financial benefit was achieved through significant improvements in performance across a wide range of indicators as a result of the one-off investment, including the reduction in LAC placements and associated costs.

The suggestion is that this money is held in a central pot which the department would then draw down in line with key milestones identified in the project plan. These milestones would be developed further following the more detailed set up work. It is proposed that an Investment Draw Down Plan be developed during the first three months of the programme. This plan will be presented for approval to the Managing Director and CLT. Any proposed deviations from the plan would also need to be presented for approval in the same way. In the early stages of the programme, there will be two particularly key gateways at which financial assumptions within the plan will need to be tested: January 2018 to review outturn forecasts for Children's Social Care and the first full year spending plan and January 2019, which will be the first full year review of the programme. This gateway approach will mean that investment monies are only drawn down if they are needed to support the transformation and there will be opportunities for CLT to review the progress of the plan prior to approving release of further funding.

We have yet to finalise the profiling of the investment over the period, but we are keen to start the project as soon as possible in recognition of previous concerns around lack of pace, an acknowledgement that such complicated projects are always slow to deliver and the need to press ahead with delivering on the savings. At the very least, we anticipate beginning to pull down some of the programme support money as soon as approval has been given. This would allow us to front load some of the planning and project management, as well as the data analysis that will be key to the project's success. We would then expect to front-load the investment to be able to invest in services for children with complex and additional needs (in line with the target operating model), which would then see increases in the cost reductions in the latter years of the programme.

Our financial profiling will be developed to avoid future revenue pressures and return to financial sustainability. Some savings, possibly from staffing as NCC moves towards the target operating model, will be used to pay for the additional services that have been put into place to realise the savings on an ongoing basis; this is to ensure sustainability of the model. The intention is that whilst the early stages of the project will rely primarily on the one-off investments, as savings begin to be realised, those additional services will increasingly be paid for from within that savings pot. The intention is that by the end of the programme, the profile and configuration of the service model will have been radically altered such that a sustainable alternative model has been put into place and that this is truly transformation in nature to reflect the breadth of our vision.

Programme costs

We know from our previous experiences in Norfolk (which were less successful) and those in other authorities that have achieved substantial organisational change, including East Sussex that ensuring that there is adequate support for the department's transformation programme is one of the keys to its success.
The programme support element of the costs will be relatively modest in comparison to the work stream supports. Whilst not fully identified yet, they will be split into two phases: the set up phase and delivery phase.

The set up phase will start immediately following approval and will run for approximately 6-8 months. This phase will however include aspects of the delivery, phase 2.

The delivery phase will require different types of support to both support the project delivery and to ensure that it is effectively monitored and reported.

The set up phase will require funding for:

- Assistant Director level support to establish the project
- Project management support
- Financial management support
- Data analysis support.
- Administrative support to project (from within existing resources).

7. Governance arrangements

As one of the seven corporate priorities this project will comply with the governance arrangements related to those other corporate priority programmes.

Graham Genoni

10/7/17

Policy and Resources

Item No 13

Report title:	**Restorative Approaches Strategic Board**
Date of meeting:	**25 September 2017**
Responsible Chief Officer:	**Matt Dunkley**
Strategic impact To make the Policy and Resources Committee aware of the Restorative Approaches Strategic Board's (RASB) Terms of Reference and formally agree the governance requirement to report annually to this Committee.	

Executive summary

The Restorative Approaches (RA) Team works across Norfolk County Council (NCC) and the county and is line managed within Norfolk Youth Offending Team (NYOT), which is a partnership. Statutory partners are Health, Police and Probation and NYOT's lead partner is NCC through Children's Service.

The RA Team are required to support and service the RASB.

Recommendations: To formally agree the RASB Terms of Reference (appendix 1)

1. Definition of Restorative Approaches

1.1 Restorative approaches (RA) focus on building, maintaining and repairing relationships. Restorative approaches is used **proactively** to build healthy relationships and prevent challenging behaviour and conflicts as well as **reactively** to address conflict or wrongdoing and repair relationships

2. Purpose of RASB

2.1 The Board's long term goal is for the people of Norfolk to use non-blaming ways to resolve conflicts and repair harm through the use of restorative approaches to build and maintain effective relationships, prevent potential conflict and create restorative communities

3. Background

3.1 To support the development of restorative approaches in Norfolk, a strategic group was established in 2005 and in 2008, the Chair wrote a report for NCC's Cabinet which resulted in dedicated funding for the continued development of restorative approaches. This led to the appointment of a Development Manager and a Co-ordinator by NCC in 2010.

3.2 In 2009 the strategic group became the Restorative Approaches Strategic Board (RASB), chaired by Councillor Brian Hannah. Alison Thomas, Deputy Leader of the Council assumed the chair of the RASB in July 2017.

3.4 Following evidence to the House of Commons Home Affairs Committee on restorative practice in Norfolk in 2011, Mr K. Vaz said: “Norfolk is a prime example of the success restorative justice practices can bring, being used by police and teachers.” House of Commons - oral and written evidence

4. What we want to achieve

4.1 Restorative approaches has many well recognised benefits and we want to build on and continue their use across Norfolk to achieve the following:

a. Reduced prosecution of Looked After Children (LAC)
b. Conflicts between LAC Young People and LAC Young People and staff are managed restoratively to prevent escalation and police involvement
c. Consistent response to children and young people’s challenging behaviour
d. More effective relationships are built for young people in care, resulting in improved stability and a decreased number of placement moves
e. Reduced number of school exclusions
f. Reduction of bullying
g. Improved emotional literacy and conflict resolution skills in children and young people
h. Improved relationships between professionals and service users, leading to better outcomes
i. Families are better equipped to resolve problems and address challenges
j. Reduced number of First Time Entrants to the Youth Justice System
k. Reduction in reoffending rates
l. Victims of crime and anti-social behaviour have access to restorative approaches
m. Improved victim satisfaction rates
n. Reduction in anti-social behaviour
o. Empowered and sustainable communities are built

5. Recommendation

The Committee are asked to agree the RASB Terms of Reference (appendix 1) and the requirement to report annually to the Policy and Resources Committee.

6. Financial Implications

There are no additional financial implication to this recommendation.

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RESTORATIVE APPROACHES IN NORFOLK

Norfolk County Council at your service

Restorative Approaches Strategic Board (RASB)
TERMS OF REFERENCE

Statement of Purpose

To champion the use of restorative approaches to build, maintain and repair relationships between individuals, within and across environments and within and across communities in Norfolk.

Key objective

Our long term goal is for people of Norfolk to use non-blaming ways to resolve conflicts and repair harm through the use of restorative approaches to build and maintain effective relationships, prevent potential conflict and create restorative communities.

Role of the Restorative Approaches Strategic Board

- To develop and oversee a restorative approaches strategy and action plan.
- To champion the use of restorative approaches within their organisations and across Norfolk.
- To be accountable for the effective delivery of the strategy.

Governance

RASB will report to Policy & Resource Committee on an annual basis. This will be shared with NCC Councilors and Leadership Team, as appropriate, the Office of Police & Crime Commissioner for Norfolk and RASB members' organisations.

Membership

- Chair supported by RA Team, Children's Services
- OPCCN
- Norfolk County Council
  *(NYOT, Children's Services, NPLaw, Customer Services & Comms, Trading Standards and *Education)*
- Norfolk Constabulary
- Victim Support
- Adult Safeguarding
- District Councils

- Community Action Norfolk
- Magistrates
- Norfolk Prisons
- Councilor Representation
- + by invitation, on a particular subject, as required
- *Voluntary Sector
- *National Probation Service & Community Rehabilitation Company

** Current membership being progressed*

Role of Member

- To promote, champion and raise awareness of Restorative Approaches and their uses within their own organisation.

- Monitor the delivery of training within their own organisation.

- To work together with other RASB members to promote, champion and raise awareness of Restorative Approaches and their uses across the wider partnership.

- To attend all scheduled RASB Meetings.

Policy and Resources Committee

Item No 14

Report title:	Consents for the appointment of company directors – Repton Property Developments
Date of meeting:	25 September 2017
Responsible Chief Officer:	Simon George – Executive Director of Finance and Commercial Services

Strategic impact

This report helps to ensure that there is transparency about the appointment of directors to companies the County Council has an interest in.

Executive summary

The appointment of directors to Council owned companies requires the consent of Full Council. This report sets out details of proposed appointments for member consideration.

Policy and Resources Committee is recommended to:

1. **Recommend to Full Council the appointment of nominated directors to Repton Property Developments.**

1. Proposal

1.1. Policy and Resources Committee at its meeting of 3 July 2017 resolved to:

1. Agree to the establishment of a commercial property development company and instruct officers to register the company with Norfolk County Council as the sole shareholder.
2. Confirm that the primary purpose of the company is to generate income streams to support service delivery and agree to the secondary objectives as detailed in paragraph 1.2 of the report[1].
3. Confirm the composition of the Company Board to include 2 County Councillors, 2 external Non-Executive Directors and 4 County Council Officers.
4. Confirm the nomination of Councillor Kiddie and Councillor Iles as the founding directors of the new company. Directors will then be appointed annually, as part of the process for appointment to external bodies.
5. Agree that the company will be offered suitable NCC surplus properties and other assets, suitable for development, at full market value (each proposed disposal will be reported to committee in accordance with the usual disposal process).

[1] Direct Property Development Company, Policy and Resources Committee, 3 July 2017, Item 17.

6. Endorse the business objectives and operating model for the company and note that the Board of the new company will focus on the development of a 5 year business plan, to be reported to the Business and Property Committee before commencing trading.
7. Confirm the name of the company will be Repton Property Developments (subject to a final check that this name has not been used elsewhere).

1.2. A company has been duly registered as Repton Property Developments.

1.3. The consent of the County Council is required before the appointment of directors to its companies can be made.

1.4. A summary of all director posts is shown in Table 1 below. Policy and Resources Committee has previously recommended nomination of Councillor Kiddie and Councillor Iles as the County Councillor directors. Proposals for nominated County Council Officer directors are now set out in the table for member approval. The nominations for the 2 external Non-Executive Directors will take place following advertisement of the roles.

Table 1: Nominated Directors for Repton Property Developments

Position	Nomination
County Councillor Director	Councillor Kiddie
County Councillor Director	Councillor Iles
County Council Officer Director	Simon George
County Council Officer Director	Fiona McDiarmid
County Council Officer Director	Harvey Bullen
County Council Officer Director	Al Collier
Non-Executive Director	To be recruited via advertisement
Non-Executive Director	To be recruited via advertisement

2. Financial Implications

2.1. The Council's Financial Regulations require Full Council to approve the appointment of directors to companies in which the Council has an interest. This report ensures that there is transparency about the director appointments made by the Council and supports compliance with Financial Regulations.

2.2. It is anticipated that the non-exec director directors will receive a payment of circa £5k per annum, but this will be decided by the Business and Property Committee in due course.

2.3. While there are no further direct financial implications of this report, Council approval of the appointment of directors will help to ensure that the Council's financial and other interests are effectively safeguarded by appropriate, named representatives, who are accountable to the County Council.

2.4. The financial implications of the establishment of a commercial property development have been set out in the background papers reported previously to Committees.

3. Issues, risks and innovation

3.1. There are no significant risks or implications beyond those set out in the financial implications section of the report.

3.2. The issues and risks associated with the establishment of a commercial property development company have been set out in the background papers reported previously to Committees.

4. Background Papers

4.1. Background papers relevant to the preparation of this report are set out below.

Direct Property Development Company, Business and Property Committee, 20 June 2017, Item 13:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1372/Committee/160/SelectedTab/Documents/Default.aspx

Direct Property Development Company, Policy and Resources Committee, 3 July 2017, Item 17:
http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1359/Committee/21/SelectedTab/Documents/Default.aspx

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Policy and Resources Committee

Item No 15

Report title:	**Preparing for the re-introduction of a Cabinet system**
Date of meeting:	**25 September 2017**
Responsible Chief Officer:	**Wendy Thomson, Managing Director**

Strategic impact

The new administration is considering a return to the Cabinet system from May 2019. In order to ensure an effective system of governance it is important to begin preparations in advance.

Executive summary

The new administration has been clear that it is committed to returning to the Cabinet system of governance from the current Committee system as soon as legally possible, subject to a decision of the Council. Therefore the Leader has proposed early engagement with Members through the establishment of a cross-party task and finish group to develop proposals in advance of any Council decision to revert to such arrangements.

It is proposed this Group will develop the principles for an effective Cabinet system of governance and recommendations for a possible structure. It is envisaged the Group will report regularly to this Committee (and ultimately through this Committee to Council) to ensure maximum Member involvement.

Recommendations:

1. To establish a task and finish group to consider and make recommendations to this Committee on the re-introduction of a Cabinet system of governance;

2. To agree the size and political balance of the Group;

3. That in order to prevent duplication and delay, recommendations in relation to the proposed re-introduction are brought to the Group in place of the Constitution Advisory Group. Once this proposed Group concludes its work the Constitution Advisory Group will review the changes required to the Constitution to effect any agreed change to the governance system.

1. Proposal

1.1 The new administration is committed to reverting to a Cabinet system from the earliest possible date, May 2019. Therefore the Leader has proposed to other Group Leaders early engagement with Members through the establishment of a task and finish group of this Committee. The Group will be tasked to develop proposals in advance of any formal Council decision to revert to Cabinet arrangements. It is proposed this Group will establish the principles of good, effective governance, and develop and recommend details of any structure. The Group will report regularly to this Committee (and ultimately through this Committee to Council) to ensure maximum member involvement.

1.2 The role of the Constitution Advisory Group will be to consider the appropriate changes to the Committee system once the Group's work has concluded and the full Council has taken its decision, which is scheduled for November 2018.

3. Financial Implications

There are no direct financial implications flowing directly from this report.

4. Issues, risks and innovation

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

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

Officer Contact

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Policy and Resources Committee

Item No 16

Report title:	**Petition Scheme – Signature Trigger Points**
Date of meeting:	**25 September 2017**
Responsible Chief Officer:	**Wendy Thomson, Managing Director**

Strategic impact

It is important for the Council to be accountable to its residents and petitions are a way for people to bring their concerns to its attention.

Executive summary

This report sets out details of a petition received by the Council and recommends that the Committee considers whether or not to recommend Council to agree an amendment to the current petition scheme to lower the threshold of the number of signatures that are required for a Council debate. The report also proposes that the provision for a petition to require a senior officer to attend a service committee meeting and give evidence/answer questions is deleted.

Recommendations

To consider and if appropriate recommend to Council:

1. Whether the petition scheme is amended to reduce the number of signatures on a petition for a Council debate;

2. That the provision for a petition to require a senior officer to attend a service committee meeting and give evidence/answer questions is deleted.

1. Proposal

1.1 This report sets out details of a petition received by the Council and asks the Committee to consider whether to recommend a reduction in the number of signatures required to trigger a Council debate (currently 5000). The report also proposes that the provision for a petition to require a senior officer to attend a committee meeting and give evidence/answer questions is deleted from the petition scheme.

2. Evidence

2.1 A petition has been received calling on the Council to amend its petition scheme to reduce the current 5000 signatures requirement to trigger a debate at Council. No petition submitted has ever reached the trigger point for a Council debate since the scheme was agreed in 2010.

2.1 This petition has 63 signatures and has been formally submitted. It is a valid petition and necessitates a response to the organiser. The petition states:

Norfolk County Association of Trades Union Councils highlights the democratic deficit between UK residents seeking to trigger a debate at Westminster and Norfolk residents seeking answers at Norfolk County Council where perversely it is more than three times more difficult through the petition scheme to obtain a debate on an important issue in Norfolk than to do so at Westminster.

We call upon Norfolk County Council to amend its petition scheme so that the number of signatures required as a proportion of population is lower to ensure parity with the UK Government's petition scheme, therefore making it easier for the people of Norfolk to make their voices heard at Norfolk County Council.

2.2 Petitioners also provided the following background information

In the UK 100,000 signatures are needed to trigger a debate at Westminster, in Norfolk 5,000 signatures are needed to trigger a debate at Norfolk County Council. This seems reasonable until you realise that the UK population is 65million and Norfolk's population is 885,000 therefore it is harder to obtain the signatures as a larger proportion of people are needed to agree with you. To gain parity with Westminster/UK approximately 1,360 signatures would be required to trigger a debate at Norfolk County Council. If this was applied then a further ten petitions would have been successful. For context if you applied Norfolk's scheme to the UK then to trigger a debate at Westminster you would need 367,000 signatures, 267,000 more than required today.

2.3 For comparison purposes, Suffolk County Council sets the level at 3,675 (0.5% of the population of Suffolk at May 2010). Cambridgeshire sets the level at 3000. Comparisons with the Westminster scheme are difficult as reaching the threshold only results in a petition being *considered* for a debate – it does not guarantee it unlike the Council’s scheme.

2.4 Group Leaders have considered the petition and were broadly sympathetic to the principle of the points made and asked for a report to be made to this Committee.

2.5 The current scheme also contains provision and a threshold (2500 signatures) for a petitioner to require an officer to attend a meeting of a Council service committee to give evidence and answer questions. This provision is a legacy of the previous Cabinet/Scrutiny governance arrangements and originally referred to requiring attendance of an officer at an Overview and Scrutiny Panel. No petition has ever been submitted making such a request and it recommended that this be deleted from the petition scheme as it is an outdated and overly prescriptive provision.

3. Financial Implications

There are no direct financial implications flowing directly from this report.

4. Issues, risks and innovation

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

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

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Policy and Resources Committee

Item No 17

Report title:	**Notifications of Exemptions Under Contract Standing Orders**
Date of meeting:	**25 September 2017**
Responsible Chief Officer:	**Simon George, Executive Director of Finance**

Brief outline of the paper:

Under the Council's Contract Standing Orders, paragraph 9.11, the Head of Procurement and the Head of Law have the authority to approve the letting of a contract without competition or the negotiation of a contract with one or more suppliers without prior advertisement, subject to the relevant law. Exemptions resulting in the letting of contracts valued at more than £100,000 must be made in consultation with the Chairman of Policy and Resources Committee.

Under paragraph 9.12 an exemption under 9.11 outlined above, relating to the award of a contract valued in excess of £250,000 is to be notified to the Policy and Resources Committee.

The report sets out the exemptions that have been made up to 31 August 2017 under paragraph 9.11 of Contract Standing Orders and that are over £250,000 and therefore need to be notified to the Policy and Resources Committee.

Key decisions/recommendations that Committee need to make:

Recommendations:

As required by paragraph 9.12 of the Council's Contract Standing Orders, Policy and Resources Committee is asked to note the exemptions that have been granted under paragraph 9.11 of Contract Standing Orders by the Head of Procurement and Head of Law in consultation with the Chairman of Policy and Resources Committee that are over £250,000.

Supplier	Value, term and ref	Short description of Contract and Reason for Extension	Date seen by the Chairman of Policy and Resources Committee
Grays Fair Court	£361,037.04 – 1 April 2017 to 31 March 2018 (EX146-17)	**Dedicated respite facilities.** The service will provide 16 residential respite beds for older people and is a countywide resource.	27 March 2017

Include - Catch 22	£1,501,000– 1 September 2017 to 28 June 2019 (EX235-17)	**Provision of Alternative Education Key Stage 3 & 4.** This is required to allow a phased wind-down to the existing contract to enable currently enrolled children to complete their compulsory education.	18 May 2017

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